

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2019**

KENDRICK JOINT SCHOOL DISTRICT NO. 283
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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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
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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows, and the respective changes in financial position, thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the District recorded a prior period adjustment to recognize a deposit account held at the State. Additionally, the District recorded a prior period adjustment as a result of implementing GASB 75 related to other post-employment benefits for sick leave.

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 7-11, budgetary comparison information on pages 49-50, the net pension liability related schedules on page 51, the other post-employment benefits liability schedule on page 52, and the net OPEB asset – sick leave plan related schedules on page 53 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019 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 23, 2019

**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, 2019 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 23, 2019.

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 2019-001, 2019-002, 2019-003, 2019-004, and 2019-005).

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 23, 2019

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

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, 2019.

Financial Highlights

-) Kendrick Joint School District carried a fund balance of \$1,191,953 thru June 30, 2019. Patrons funded a two-year Supplemental Levy in 2017-2018 totaling \$810,000.00 per year. We are in the last year of the two-year Supplemental Levy. The State Department of Education is continuing to follow and fund the Career Ladder Legislation, increasing Instructional and Pupil Service Staff yearly until 2020. Kendrick School District raised the classified wages in July of 2018 approximately 10% on average.
-) The School board authorized the sale of General Obligation Refunding Bonds Series 2018 to refinance the General Obligation School Bond series 2007 last year. We are continuing to pay on this bond thru August 15, 2031.
-) Plant Facility Levy improvements to the Kendrick Jr./Sr. High School completed the classroom remodel project 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 Principal's office. Carpet was also replaced at both schools. The gym floor was resurfaced at the high school.
-) Other improvements expensed from the General Fund were the demolition and removal of the old District Office.

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 \$3,897,909.

Statement of Net Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
Assets			
Current Assets	3,501,954	3,283,622	218,332
Noncurrent Assets	4,220,055	4,254,039	(33,984)
Total Assets	<u>7,722,009</u>	<u>7,537,661</u>	<u>184,348</u>
Deferred Outflows of Resources	<u>359,628</u>	<u>318,638</u>	<u>40,990</u>
Liabilities			
Current Liabilities	501,704	441,954	59,750
Noncurrent Liabilities	2,440,195	2,665,818	(225,623)
Total Liabilities	<u>2,941,899</u>	<u>3,107,772</u>	<u>(165,873)</u>
Deferred Inflows of Resources	<u>1,241,829</u>	<u>1,167,918</u>	<u>73,911</u>
Net Position			
Net investment in capital assets	2,601,066	2,541,551	59,515
Restricted	879,736	788,145	91,591
Unrestricted	417,107	250,913	166,194
Total Net Position	<u><u>\$ 3,897,909</u></u>	<u><u>\$ 3,580,609</u></u>	<u><u>\$ 317,300</u></u>

The largest portions of the District's net position are (66.73%) 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 (22.57%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (10.70%) 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 \$3,944,231 and total expenses of \$3,738,804 that generated an increase in net position of \$205,427.

Changes in Net Position

Government- Wide Financial Analysis Changes in Net Position

	<u>2019-2018</u>	<u>2018 - 2019</u>	<u>Change</u>
Revenues			
Program Revenues:			
Charges for services	47,625	43,893	3,732
Operating grants and contributions	645,238	629,475	15,763
General Revenues:			
Property taxes	1,043,397	1,092,698	(49,301)
Federal and state revenues	1,971,800	1,937,060	34,740
Local revenues	94,524	72,336	22,188
Premium on issuance of debt	141,647	-	141,647
Total Revenues	<u>3,944,231</u>	<u>3,775,462</u>	<u>168,769</u>
Expenses			
Program Expenses:			
Instruction	1,681,314	1,556,073	125,241
Support services	1,544,721	1,462,616	82,105
Child Nutrition	131,051	135,154	(4,103)
Capital Outlay	91,316	53,690	37,626
Debt Service	130,919	85,964	44,955
Depreciation, unallocated	159,483	168,296	(8,813)
Total Expenses	<u>3,738,804</u>	<u>3,461,793</u>	<u>277,011</u>
Change in Net Position	205,427	313,669	(108,242)
Net Position - Beginning	3,580,609	3,543,683	36,926
Prior Period Adjustment	111,873	(276,743)	388,616
Net Position - Ending	<u>\$ 3,897,909</u>	<u>\$ 3,580,609</u>	<u>\$ 317,300</u>

District's Fund Financial Analysis

General Fund. The General fund is the maintenance and operation fund and the most significant budgeted fund. At the end of the current fiscal year, the General Fund balance is \$1,191,953, which is up 3.70% from the ending balance in the prior fiscal year of \$1,148,960. 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 \$3,033,485, a 2.90% increase from the prior year of \$2,947,803. Expenditures in the General Fund totaled \$2,890,397, a 6.78% increase from the prior year of \$2,706,850.

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 \$406,773 at June 30, 2019.

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 \$144,176. This is a \$6,757 decrease from the prior balance of \$150,933.

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Sites	316,248	321,081	(4,833)
Buildings	3,679,379	3,769,812	(90,433)
Equipment	18,481	27,039	(8,558)
Transportation	111,958	136,107	(24,149)
Total Net Assets	<u>\$ 4,126,066</u>	<u>\$ 4,254,039</u>	<u>\$ (127,973)</u>

Long-term debt. *General Obligation Bonds* - The Debt Service Fund has a total fund balance of \$213,634 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 \$1,525,000 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, Kim Taylor at the District’s Administrative Office, P.O. Box 283, Kendrick, ID 83537, by phone at (208) 289-4211.

FINANCIAL STATEMENTS



KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Current assets:

Investments	1,989,310
Taxes receivable	70,704
Unbilled taxes receivable	1,003,146
Other receivables:	
Due from other governments	360,886
Other receivables	77,908
Total current assets	3,501,954

Noncurrent assets:

Non-depreciated capital assets	296,770
Depreciated capital assets	7,257,926
Less: accumulated depreciation	(3,428,630)
Net OPEB asset - sick leave	93,989
Total noncurrent assets	4,220,055

Total assets 7,722,009

DEFERRED OUTFLOWS OF RESOURCES

Pension related items	315,431
Net OPEB - sick leave related items	35,549
Net OPEB related items	8,648

Total deferred outflows of resources 359,628

LIABILITIES

Current liabilities:

Checks written in excess of cash	16,317
Accounts payable and other current liabilities	390,387
Current portion of long-term debt	95,000
Total current liabilities	501,704

Noncurrent liabilities:

Noncurrent portion of long-term debt	1,430,000
Other post-employment benefits liability	306,926
Net pension liability	698,468
Accrued compensated absences	4,801
Total noncurrent liabilities	2,440,195

Total liabilities 2,941,899

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue	1,003,146
Net OPEB - sick leave related items	26,608
Net OPEB related items	9,307
Pension related items	202,768

Total deferred inflows of resources 1,241,829

NET POSITION

Net investment in capital assets	2,601,066
Restricted for:	
Debt service	221,967
Capital projects	146,954
Grant programs	104,042
Medical benefits	406,773
Unrestricted	417,107

Total net position \$ 3,897,909

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
				<u>Governmental Activities</u>	
FUNCTIONS/PROGRAMS					
Governmental activities:					
Instruction	1,681,314	-	295,543	-	(1,385,771)
Support Services					
Pupil support	180,099	-	126,332	-	(53,767)
Staff support	60,949	-	-	-	(60,949)
General administration	130,415	-	-	-	(130,415)
School/business administration	494,188	-	-	-	(494,188)
Operation and maintenance	351,947	-	-	-	(351,947)
Transportation	202,196	-	134,934	-	(67,262)
Community services	124,927	-	-	-	(124,927)
Child nutrition	131,051	47,625	88,429	-	5,003
Capital outlay	91,316	-	-	-	(91,316)
Debt services	130,919	-	-	-	(130,919)
Depreciation, unallocated	159,483	-	-	-	(159,483)
Total School District	<u>\$ 3,738,804</u>	<u>\$ 47,625</u>	<u>\$ 645,238</u>	<u>\$ -</u>	<u>(3,045,941)</u>
General revenues					
Taxes					
Property taxes levied for general purposes				846,900	
Property taxes levied for debt service				145,896	
Property taxes levied for capital projects				50,601	
Federal and State aid not restricted to specific purposes				1,971,800	
Other				46,729	
Interest and investment earnings				47,795	
Total general revenues				<u>3,109,721</u>	
Special items:					
Premium on issuance of debt				141,647	
Change in net position				205,427	
Net position - beginning				3,580,609	
Prior period adjustment (Note 14)				111,873	
Net position - ending				<u>\$ 3,897,909</u>	

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Investments	1,449,089	96,047	37,401	1,582,537
Due from other funds	-	74,463	274,840	349,303
Taxes receivable	56,833	10,382	3,489	70,704
Unbilled taxes receivable	798,486	154,660	50,000	1,003,146
Other receivables:				
Due from other governments	252,941	41,075	66,870	360,886
Other receivables	77,908	-	-	77,908
Total assets	<u>2,635,257</u>	<u>376,627</u>	<u>432,600</u>	<u>3,444,484</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 2,635,257</u></u>	<u><u>\$ 376,627</u></u>	<u><u>\$ 432,600</u></u>	<u><u>\$ 3,444,484</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Checks written in excess of cash	16,317	-	-	16,317
Due to other funds	325,331	-	23,972	349,303
Accrued payroll and benefits	257,538	-	60,118	317,656
Other liabilities	149	-	47,514	47,663
Total liabilities	<u>599,335</u>	<u>-</u>	<u>131,604</u>	<u>730,939</u>
Deferred inflows of resources:				
Deferred revenue	45,483	8,333	2,778	56,594
Unavailable property tax revenue	798,486	154,660	50,000	1,003,146
Total deferred inflows of resources	<u>843,969</u>	<u>162,993</u>	<u>52,778</u>	<u>1,059,740</u>
Fund balances:				
Restricted	-	213,634	248,218	461,852
Unassigned	1,191,953	-	-	1,191,953
Total fund balances	<u>1,191,953</u>	<u>213,634</u>	<u>248,218</u>	<u>1,653,805</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 2,635,257</u></u>	<u><u>\$ 376,627</u></u>	<u><u>\$ 432,600</u></u>	<u><u>\$ 3,444,484</u></u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2019

Total fund balances - governmental funds	1,653,805
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	7,554,696
Accumulated depreciation	(3,428,630)
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.	56,594
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.	406,773
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	315,431
Deferred inflows of resources	(202,768)
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	8,648
Deferred inflows of resources	(9,307)
Certain OPEB Sick Leave related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:	
Deferred outflow of resources	35,549
Deferred inflow of resources	(26,608)
Total Net OPEB asset for PERSI sick leave is a long-term asset and is not available to pay current year expenditures, therefore is not reported as an asset in governmental funds	93,989
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.	(25,068)
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	(4,801)
General obligation bonds	(1,525,000)
Other post-employment benefits liability	(306,926)
Net pension liability	(698,468)
Total net position - governmental activities	<u>\$ 3,897,909</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, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	935,759	154,507	99,585	1,189,851
State	2,097,726	8,707	104,935	2,211,368
Federal	-	-	405,670	405,670
Total revenues	<u>3,033,485</u>	<u>163,214</u>	<u>610,190</u>	<u>3,806,889</u>
EXPENDITURES				
Instruction	1,520,033	-	175,563	1,695,596
Support	1,366,756	-	126,332	1,493,088
Non-instruction	3,608	-	255,158	258,766
Capital asset program	-	-	79,113	79,113
Debt service	-	1,746,692	-	1,746,692
Total expenditures	<u>2,890,397</u>	<u>1,746,692</u>	<u>636,166</u>	<u>5,273,255</u>
Excess (deficiency) of revenue over (under) expenditures	<u>143,088</u>	<u>(1,583,478)</u>	<u>(25,976)</u>	<u>(1,466,366)</u>
Other financing sources (uses)				
Proceeds of refunding bonds	-	1,550,000	-	1,550,000
Premium on issuance of debt	-	141,647	-	141,647
Cost of issuance	-	(66,883)	-	(66,883)
Payment to refunding bond escrow agent	-	(29,764)	-	(29,764)
Transfer in	-	-	20,095	20,095
Transfer out	<u>(100,095)</u>	<u>-</u>	<u>-</u>	<u>(100,095)</u>
Total other financing sources (uses)	<u>(100,095)</u>	<u>1,595,000</u>	<u>20,095</u>	<u>1,515,000</u>
Net change in fund balance	42,993	11,522	(5,881)	48,634
Fund balance-beginning of year	<u>1,148,960</u>	<u>202,112</u>	<u>254,099</u>	<u>1,605,171</u>
Fund balance-end of year	<u>\$ 1,191,953</u>	<u>\$ 213,634</u>	<u>\$ 248,218</u>	<u>\$ 1,653,805</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, 2019**

Net change in fund balances - total governmental funds		48,634
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	31,510	
Depreciation expense	<u>(159,483)</u>	(127,973)
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.		
		(12,487)
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.		
		1,700,000
Bond proceeds from general bonded indebtedness is revenue in the governmental funds, but it increases long-term liabilities in the statement of net position and do not affect the statement of activities.		
		(1,550,000)
Net pension liability adjustments:		
Fiscal year 2018 employer PERSI contributions recognized as pension expense in the current year	(184,404)	
Fiscal year 2019 employer PERSI contributions deferred to subsequent year	193,309	
Pension related amortization expense	<u>54,061</u>	62,966
Net OPEB asset - sick leave adjustment:		
Fiscal year 2018 employer PERSI Sick Leave contributions recognized as OPEB expense in the current year	(17,623)	
Fiscal year 2019 employer PERSI Sick Leave contributions deferred to subsequent year	18,655	
OPEB related amortization revenue (expense)	<u>(9,976)</u>	(8,944)
Net OPEB liability adjustment		
Change in other post-employment liability	(15,088)	
OPEB related amortization expense	<u>5</u>	(15,083)
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.		
		12,420
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.		
		88,182
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>7,712</u>
Total change in net position - governmental activities		<u>\$ 205,427</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
June 30, 2019**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets:

Investments 406,773

Deferred outflows of resources -

Total assets and deferred outflows of resources 406,773

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Liabilities -

Deferred inflows of resources -

Total liabilities and deferred inflows of resources -

NET POSITION

Restricted for medical payments 406,773

Total net position \$ 406,773

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND
ACTUAL
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Local:			
Earnings on investments	8,182	3,000	5,182
Total revenues	<u>8,182</u>	<u>3,000</u>	<u>5,182</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	8,182	3,000	5,182
Other financing sources:			
Transfer out	-	(85,000)	85,000
Transfer in	80,000	-	80,000
Total other financing sources	<u>80,000</u>	<u>(85,000)</u>	<u>165,000</u>
Net change in net position	88,182	<u>\$ (82,000)</u>	<u>\$ 170,182</u>
Net position-beginning of year	<u>318,591</u>		
Net position-end of year	<u>\$ 406,773</u>		

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019**

Cash Flows from Operating Activities		<u>-</u>
Cash Flows From Noncapital Financing Activities		<u>-</u>
Cash received from other funds	<u>80,000</u>	
Net cash used in noncapital financing activities		80,000
Cash Flows From Investing Activities		
Earnings on investments	<u>8,182</u>	
Net cash provided by investing activities		<u>8,182</u>
Cash Flows From Financing Activities		<u>-</u>
Net change in cash and cash equivalents		88,182
Cash and cash equivalents- beginning of year		<u>318,591</u>
Cash and cash equivalents - end of year		<u><u>\$ 406,773</u></u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

FIDUCIARY FUNDS AND COMPONENT UNIT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	Agency Funds	Component Unit - Kendrick Juliaetta & 7 Ridges Education Foundation, Inc.
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Cash	93,720	37,101
Investments	-	677,477
Total assets	93,720	714,578
Deferred outflows of resources	-	-
Total assets and deferred outflows of resources	93,720	714,578
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities:		
Due to student groups	93,720	-
Deferred inflows of resources	-	-
Total liabilities and deferred inflows of resources	93,720	-
NET POSITION		
Unrestricted	-	22,050
Temporarily restricted	-	692,528
Total net position	\$ -	\$ 714,578

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2019

REVENUES

Donations	46,882
Interest and dividends	26,820
Net investment income (loss)	<u>11,713</u>

Total revenues 85,415

EXPENSE

Grant awards	9,849
Administrative expenses	<u>19,084</u>

Total expense 28,933

Change in net position 56,482

Net Position - beginning 658,096

Net Position - ending \$ 714,578

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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.

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

NOTE 1 Summary of Significant Accounting Policies (Continued)

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 Capital 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 \$4,801 at June 30, 2019. 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, 2019, there were 80 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 2019 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, 2018 upon which the 2018 levy was based was \$138,046,657.

The District's actual levy was 3.62196% per \$100 for plant facility acquisitions and 10.41749% 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, 2019 was 57.77054% per \$100, which means that the District was required to pass an override levy in the amount of 57.77054% per \$100. The total tax levy for the year ended June 30, 2019 was \$1,005,263 with total tax collections being \$965,792.

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, 2019 were 96.07% of the tax levy. Property taxes levied for 2018 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 2019 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The total property taxes levy for 2019 of \$1,003,146 is recorded as uncollected but are not considered available at June 30, 2019. The entire receivable is considered a deferred inflow of resources.

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Total taxes receivable at June 30, 2019	56,833	10,382	3,489	70,704
Less: Taxes collected by the County Treasurer by August 31, 2019	(11,350)	(2,049)	(711)	(14,110)
Deferred revenue	<u>\$ 45,483</u>	<u>\$ 8,333</u>	<u>\$ 2,778</u>	<u>\$ 56,594</u>

NOTE 3 Deposits and Investments

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking and Savings Accounts	<u>\$77,403</u>	<u>\$275,337</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 \$25,337 is in excess of the FDIC insured limit and is uncollateralized and unsecured.

Investments

Detail of investments at June 30, 2019 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>\$1,449,089</u>	<u>\$96,047</u>	<u>\$37,401</u>	<u>\$406,773</u>	<u>\$1,989,310</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>\$1,989,310</u>	<u>\$1,989,310</u>	<u>\$1,989,310</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 Deposits 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, 2018</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets not being depreciated					
Land	296,770	-	-	-	296,770
Capital assets being depreciated					
Land Improvements	244,173	-	-	-	244,173
Buildings	6,135,173	31,510	-	-	6,166,683
Equipment	188,374	-	-	-	188,374
Transportation	658,696	-	-	-	658,696
Total depreciated assets	<u>7,226,416</u>	<u>31,510</u>	<u>-</u>	<u>-</u>	<u>7,257,926</u>

NOTE 4 Changes in General Fixed Assets (Continued)

	Balance June 30, 2018	Additions	Transfers	Deletions	Balance June 30, 2019
Less: Accumulated Depreciation					
Land Improvements	(219,862)	(4,833)	-	-	(224,695)
Buildings	(2,365,361)	(121,943)	-	-	(2,487,304)
Equipment	(161,335)	(8,558)	-	-	(169,893)
Transportation	(522,589)	(24,149)	-	-	(546,738)
Total accumulated depreciation	<u>(3,269,147)</u>	<u>(159,483)</u>	-	-	<u>(3,428,630)</u>
Governmental Activities Assets (Net)	<u>\$ 4,254,039</u>	<u>\$ (127,973)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,126,066</u>

NOTE 5 Long-Term Debt

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

Bonds payable @ July 1, 2018	1,675,000
Principal payments	(1,700,000)
Debt issued	<u>1,550,000</u>
Bonds payable @ June 30, 2019	<u>\$1,525,000</u>

2018 Series – General Obligation Bonds

Original issue of \$1,550,000 due August 15, 2031

Interest rate is 4% \$1,525,000

The District refinanced the 2007 Series – General Obligation Bonds in this fiscal year with the Series 2018 – General Obligation Refunding Bonds. The following is a schedule of the Series 2018 – General Obligation Refunding Bonds.

SERIES 2018

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
8/15/2019	4.00%	95,000	30,500	125,500
2/15/2020			28,600	28,600
8/15/2020	4.00%	100,000	28,600	128,600
2/15/2021			26,600	26,600

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	26,600	126,600
2/15/2022			24,600	24,600
8/15/2022	4.00%	105,000	24,600	129,600
2/15/2023			22,500	22,500
8/15/2023	4.00%	110,000	22,500	132,500
2/15/2024			20,300	20,300
8/15/2024	4.00%	115,000	20,300	135,300
2/15/2025			18,000	18,000
8/15/2025	4.00%	120,000	18,000	138,000
2/15/2026			15,600	15,600
8/15/2026	4.00%	125,000	15,600	140,600
2/15/2027			13,100	13,100
8/15/2027	4.00%	130,000	13,100	143,100
2/15/2028			10,500	10,500
8/15/2028	4.00%	130,000	10,500	140,500
2/15/2029			7,900	7,900
8/15/2029	4.00%	135,000	7,900	142,900
2/15/2030			5,200	5,200
8/15/2030	4.00%	140,000	5,200	145,200
2/15/2031			2,400	2,400
8/15/2031	4.00%	<u>120,000</u>	<u>2,400</u>	<u>122,400</u>
		<u>\$1,525,000</u>	<u>\$421,100</u>	<u>\$1,946,100</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, 2019 the Legal Debt Margin was:

Market Value at January 1, 2018	\$138,046,657
Percentage allowed	<u>5%</u>
Debt limitation	6,902,333
Less: Bonded debt at June 30, 2019	<u>(1,525,000)</u>
Legal Debt Margin	<u>\$5,377,333</u>

As of June 30, 2019, \$213,634 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 \$406,773 by the end of FY 2018-2019. 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, 2018. All amounts are as of June 30, 2018 unless otherwise noted.

NOTE 7 Pension Plan (Continued)

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

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

NOTE 7 Pension Plan (Continued)

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2019 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 \$193,309, \$184,404 and \$181,883 for the three years ended June 30, 2019, 2018, and 2017, respectively.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability as of June 30, 2018. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the District's proportion was 0.0473532 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, 2019 has not been completed at the time of issuance. The pension expense (revenue) for the year ending June 30, 2018 was calculated at \$140,078.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	76,672	52,751
Changes in assumptions or other inputs	45,450	-
Change in proportionate share	-	72,413
Net difference between projected and actual earning on pension plan investments	-	77,604
Employer contributions subsequent to the measurement date	<u>193,309</u>	<u>-</u>
Total	<u>\$315,431</u>	<u>\$698,468</u>

NOTE 7 Pension Plan (Continued)

\$193,309 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:

For the Year Ending June 30:	Amount to be Recognized
2020	\$56,777
2021	\$6,690
2022	\$(57,234)
2023	\$(14,466)

Actuarial Assumptions

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

Inflation	3.00%
Salary Increases including inflation	3.75%
Investment rate of return	7.05% net of investment expenses
Cost-of-living adjustments	1.00%

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 Callan Associates 2016 capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

NOTE 7 Pension Plan (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Asset Class	Target Allocation	Long - Term Expected Nominal Rate of (Arithmetic)	Long - Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the 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 7.05 percent, as well as what the Employer's proportionate

NOTE 7 Pension Plan (Continued)

share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$1,748,423	\$698,468	\$(170,938)

Pension plan fiduciary net position

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

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

Payables to the pension plan

At June 30, 2019, 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 Other Post-Employment Benefit Plan – Sick Leave Plan

In accordance with GASB 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions, which became effective for the year ended June 30, 2018, 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, 2018. All amounts are as of June 30, 2018 unless otherwise noted.

Plan Description

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

NOTE 8 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

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

OPEB Benefits

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

Employer Contributions

The contribution rate for employees are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The District's contributions required and paid were \$18,655, \$17,623 and \$18,119 for the three years ended June 30, 2019, 2018, and 2017, respectively.

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

At June 30, 2019, the District reported an asset for its proportionate share of the net OPEB asset as of June 30, 2018. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2018, the District's proportion was 0.01133146 percent.

The District's OPEB expense (expense offset) is calculated and made available as part of PERSI's annual audit. PERSI's audit for the year ended June 30, 2019 has not been completed at the time of issuance. The OPEB expense (expense offset) for the year ending June 30, 2018 was calculated at \$5,144.

NOTE 8 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	10,634	-
Changes in assumptions or other inputs	476	-
Change in proportionate share	5,784	21,025
Net difference between projected and actual earning on pension plan investments	-	5,583
Employer contributions subsequent to the measurement date	<u>18,655</u>	<u>-</u>
Total	<u>\$35,549</u>	<u>\$26,608</u>

The \$18,655 reported as deferred outflows of resources resulted from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year June 30, 2019.

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

<u>For the Year Ending June 30:</u>	<u>Amount to be Recognized</u>
2020	340
2021	340
2022	340
2023	1,736
Thereafter	2,430

NOTE 8 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

Actuarial Assumptions

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

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

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses

The long-term expected rate of return on OPEB plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact.

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

NOTE 8 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

Asset Class	Target Allocation	Long - Term Expected Nominal Rate of (Arithmetic)	Long - Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the OPEB plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

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

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

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net OPEB liability (asset)	\$(82,989)	\$(93,989)	\$(104,319)

NOTE 8 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

OPEB plan fiduciary net position

Detailed information about the OPEB plan’s fiduciary net position is available in a 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.

Payable to the OPEB plan

At June 30, 2019, the District reported payables to the defined benefit OPEB 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 9 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 10 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, 2019:

<u>Fund</u>	<u>Excess</u>
IDEA Part B (611 School Age 3-21)	3,053
School-Based Medicare	21,787

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 11 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 School Plant Facility – Bus Depreciation to cover the depreciation reimbursement. Total transfers are as follows:

	<u>Out</u>	<u>In</u>
General	100,095	-
Internal Service Fund	-	80,000
School Plant Facility – Bus Depreciation	-	<u>20,095</u>
Totals	<u>\$100,095</u>	<u>\$100,095</u>

The composition of interfund receivables and payables as of June 30, 2019 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	-	325,331
Special Revenue Funds:		
Child Nutrition	17,817	-
Drivers Education	1,745	-
Federal Forest	71,986	-
Technology - State	11,139	-
Title V-B, Rural Education Initiative Program	-	5,279
Title I-A, ESSA – Improving Basic Programs	7,677	-
IDEA Part B (611 School Age 3-21)	11,052	-
State Professional Technical	1,866	-
Title II-A, ESEA–Supporting Effective Instruction	1,638	-
Substance Abuse – State	10,605	-
Title IV-A, ESSA – Student Support and Academic Enrichment	-	13,209
Title IV-A, ESEA – Safe & Drug-Free School	-	237
School-Based Medicaid	-	5,247
Debt Service	74,463	-
School Plant Facility	85,568	-
School Plant Facility – Bus Depreciation	53,747	-
Totals	<u>\$ 349,303</u>	<u>\$ 349,303</u>

NOTE 12 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 13 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 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.

NOTE 13 Other Post-Employment Benefits (Continued)

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).

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, 2019, the Employer reported a liability of \$306,926 of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, 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, 2019, the Employer recognized OPEB expense of \$37,222. At June 30, 2019, 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	8,648	-
Changes of assumptions	<u>-</u>	<u>9,307</u>
Total	<u>\$8,648</u>	<u>\$9,307</u>

NOTE 13 Other Post-Employment Benefits (Continued)

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

Year ended June 30:	
2020	(4)
2021	(4)
2022	(4)
2023	(4)
Thereafter	\$(639)

Actuarial assumptions

Valuation Date June 30, 2017

Measurement Date June 30, 2017

Rollforward Date June 30, 2018

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.

NOTE 13 Other Post-Employment Benefits (Continued)

Sensitivity Disclosures

The following presents the net OPEB liability of the Plan as of June 30, 2019, 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:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Net OPEB liability	Unavailable	\$306,926	Unavailable

The following presents the net OPEB liability of the Plan as of June 30, 2019, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	Unavailable	\$306,926	Unavailable

Summary of the Change in OPEB Liability

<i>Total OPEB Liability – Beginning of Year</i>	291,838
Service Cost	24,962
Interest	12,260
Plan Design Changes	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	-
Benefit Payments (Estimated)	<u>(22,134)</u>
<i>Total OPEB Liability – End of Year</i>	<u>\$306,926</u>

NOTE 14 Prior Period Adjustment

As a result of implementing GASB 75 related to other post-employment benefits – sick leave plan, a prior period adjustment was made to record the estimated asset in the amount of \$94,250 as of June 30, 2018. The adjustment increased deferred outflows of resources by \$17,623 and increased unrestricted net position by \$111,873.

REQUIRED SUPPLEMENTARY INFORMATION



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, 2019

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
REVENUES					
Local:					
Taxes	800,503	800,503	857,155	56,652	56,652
Earnings on investments	10,000	10,000	31,875	21,875	21,875
Other	6,700	6,700	46,729	40,029	40,029
Total local	817,203	817,203	935,759	118,556	118,556
State:					
Base program	1,555,059	1,550,582	1,554,417	(642)	3,835
Transportation	120,000	121,025	134,934	14,934	13,909
Exceptional child support	-	-	-	-	-
Benefit apportionment	211,854	210,735	210,941	(913)	206
Other state support	107,650	128,746	124,548	16,898	(4,198)
Lottery/additional state maintenance	20,000	34,472	34,472	14,472	-
Revenue in lieu of taxes	36,665	36,665	26,238	(10,427)	(10,427)
Other state revenue	1,800	1,800	12,176	10,376	10,376
Total state	2,053,028	2,084,025	2,097,726	44,698	13,701
Federal:					
Unrestricted	3,300	2,562	-	(3,300)	(2,562)
Total revenues	2,873,531	2,903,790	3,033,485	159,954	129,695
EXPENDITURES					
Instruction:					
Salaries	1,028,828	1,039,108	1,009,653	19,175	29,455
Benefits	490,811	453,257	412,852	77,959	40,405
Purchased services	154,726	162,026	50,529	104,197	111,497
Supply-materials	104,400	101,400	46,949	57,451	54,451
Capital objects	-	-	50	(50)	(50)
Insurance - judgment	4,322	-	-	4,322	-
Total instruction	1,783,087	1,755,791	1,520,033	263,054	235,758
Support:					
Salaries	727,976	664,668	630,882	97,094	33,786
Benefits	407,671	312,476	287,052	120,619	25,424
Purchased services	319,782	321,946	273,372	46,410	48,574
Supply-materials	146,960	148,460	99,244	47,716	49,216
Capital objects	73,500	83,600	51,624	21,876	31,976
Insurance - judgment	20,260	24,582	24,582	(4,322)	-
Total support	1,696,149	1,555,732	1,366,756	329,393	188,976
Non-instruction:					
Benefits	4,200	4,200	3,548	652	652
Supply-materials	-	-	60	(60)	(60)
Total non-instruction	4,200	4,200	3,608	592	592
Contingency reserve	143,000	145,189	-	143,000	145,189
Total expenditures	3,626,436	3,460,912	2,890,397	736,039	570,515
Excess (deficiency) of revenues over (under) expenditures	(752,905)	(557,122)	143,088	895,993	700,210
Other financing sources (uses)					
Transfer in	85,000	85,000	-	(85,000)	(85,000)
Transfer out:					
School plant facility-bus depreciation	(6,443)	(6,443)	(20,095)	(13,652)	(13,652)
Internal service fund	(25,652)	(25,652)	(80,000)	(54,348)	(54,348)
Total other financing sources (uses)	52,905	52,905	(100,095)	(153,000)	(153,000)
Net change in fund balance	\$ (700,000)	\$ (504,217)	42,993	\$ 742,993	\$ 547,210
Fund balance-beginning of year			1,148,960		
Fund balance-end of year			\$ 1,191,953		

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, 2019

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
REVENUES					
Local:					
Taxes	143,630	143,630	147,575	3,945	3,945
Earnings on investments	-	-	6,932	6,932	6,932
Total local	<u>143,630</u>	<u>143,630</u>	<u>154,507</u>	<u>10,877</u>	<u>10,877</u>
State:					
Other state support	7,000	6,500	7,615	615	1,115
Revenue in lieu of/ag equip taxes	-	-	1,092	1,092	1,092
Total state	<u>7,000</u>	<u>6,500</u>	<u>8,707</u>	<u>1,707</u>	<u>2,207</u>
Total revenues	<u>150,630</u>	<u>150,130</u>	<u>163,214</u>	<u>12,584</u>	<u>13,084</u>
EXPENDITURES					
Debt service:					
Purchased services	-	1,500	-	-	1,500
Principal	109,202	109,202	1,700,000	(1,590,798)	(1,590,798)
Interest	43,365	43,365	46,692	(3,327)	(3,327)
Total expenditures	<u>152,567</u>	<u>154,067</u>	<u>1,746,692</u>	<u>(1,594,125)</u>	<u>(1,592,625)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,937)	(3,937)	(1,583,478)	1,606,709	1,605,709
Other financing sources (uses):					
Proceeds of refunding bonds	-	-	1,550,000	1,550,000	1,550,000
Premium on issuance of debt	-	-	141,647	141,647	141,647
Cost of issuance	-	-	(66,883)	(66,883)	(66,883)
Payment to refunding bond escrow agent	-	-	(29,764)	(29,764)	(29,764)
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>1,595,000</u>	<u>1,595,000</u>	<u>1,595,000</u>
Net change in fund balance	<u>\$ (1,937)</u>	<u>\$ (3,937)</u>	11,522	<u>\$ (1,581,541)</u>	<u>\$ (1,579,541)</u>
Fund balance-beginning of year			<u>202,112</u>		
Fund balance-end of year			<u>\$ 213,634</u>		

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

NET PENSION LIABILITY SCHEDULES

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

PERSI - Base Plan
As of June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's portion of the net pension liability	Unavailable	0.0473532%	0.0503533%	0.0539339%	0.0582280%	0.0577604%
Employer's proportionate share of the net pension liability	Unavailable	698,468	791,467	1,093,323	766,769	425,207
Employer's covered employee payroll	1,702,641	1,523,525	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	Unavailable	45.85%	50.61%	69.31%	47.01%	27.17%
Plan fiduciary net position as a percentage of the total	Unavailable	91.69%	90.68%	87.26%	91.38%	94.95%

Schedule of District Contributions*

PERSI - Base Plan
As of June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	192,739	172,463	177,038	178,562	184,624	177,136
Contributions in relation to the statutorily required contribution	(192,739)	(172,463)	(177,038)	(178,562)	(184,624)	(177,136)
Contribution (deficiency) excess	-	-	-	-	-	-
Employer's covered employee payroll	1,702,641	1,523,525	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%	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.

NOTES TO THE NET PENSION LIABILITY SCHEDULES

As of June 30, 2018 (most recently issued PERSI information)

Change of Assumptions. Actuarial assumptions were adjusted for the year ended June 30, 2018 as follows:

- Inflation changed to 3.0% from 3.25%
- Salary increase changed to 3.75% from 4.25 - 10.00%
- Investment rate of return changed to 7.05% from 7.10%

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

OTHER POST EMPLOYMENT LIABILITY SCHEDULE

As of June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service Cost	24,962	26,262	28,074
Interest	12,260	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	<u>(22,134)</u>	<u>(22,437)</u>	<u>(16,767)</u>
Net change in total OPEB Liability	15,088	9,648	27,509
Total OPEB liability - beginning	291,838	282,190	254,681
Total OPEB liability - ending	<u>\$ 306,926</u>	<u>\$ 291,838</u>	<u>\$ 282,190</u>
Covered-employee payroll	1,702,641	1,390,207	1,339,959
Total OPEB liability as a percentage of covered-employee payroll	18.0%	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, 2019

Change of Assumptions. There were no changes of assumption as of June 30, 2019.

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

Schedule of the District's Share of Net OPEB Asset - Sick Leave Plan*

PERSI - OPEB Plan

As of June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's portion of the net OPEB asset	Unavailable	0.1133146%	0.1227812%
Employer's proportionate share of the net OPEB asset	Unavailable	93,989	94,250
Employer's covered payroll	1,592,586	1,523,534	1,563,966
Employer's proportional share of the net OPEB asset as a percentage of its covered payroll	Unavailable	6.17%	6.03%
Plan fiduciary net position as a percentage of the total OPEB asset	Unavailable	135.69%	136.78%

Schedule of the District's Contributions*

PERSI - OPEB Plan

As of June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	18,474	17,673	18,142
Contributions in relation to the statutorily required contribution	(18,474)	(17,673)	(18,142)
Contribution (deficiency) excess	-	-	-
Employer's covered payroll	1,592,586	1,523,534	1,563,966
Contributions as a percentage of covered payroll	1.16%	1.16%	1.16%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

As of June 30, 2018 (most recently issued PERSI information)

Change of Assumptions. Actuarial assumptions were adjusted for the year ended June 30, 2018 as follows:

-Inflation changed to 3.0% from 3.25%

-Investment rate of return changed to 7.05% from 7.10%

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, 2019**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION			
Elementary school program:			
Salaries	426,707	407,700	(19,007)
Benefits	177,201	187,204	10,003
Purchased services	12,561	19,000	6,439
Supply-materials	38,224	58,000	19,776
Total elementary school program	<u>654,693</u>	<u>671,904</u>	<u>17,211</u>
Secondary school program:			
Salaries	316,403	346,919	30,516
Benefits	137,908	150,781	12,873
Purchased services	12,695	19,650	6,955
Supply-materials	8,588	30,000	21,412
Total secondary school program	<u>475,594</u>	<u>547,350</u>	<u>71,756</u>
Vocational-technical program:			
Salaries	84,109	84,109	-
Benefits	37,129	38,662	1,533
Purchased services	2,833	2,500	(333)
Supply-materials	(617)	6,400	7,017
Total vocational-technical program	<u>123,454</u>	<u>131,671</u>	<u>8,217</u>
Special education program:			
Salaries	121,868	141,013	19,145
Benefits	51,635	64,425	12,790
Purchased services	16,613	15,000	(1,613)
Supply-materials	754	3,500	2,746
Capital objects	50	-	(50)
Total special education program	<u>190,920</u>	<u>223,938</u>	<u>33,018</u>
Gifted & talented program:			
Purchased services	-	1,800	1,800
Supply-materials	-	1,500	1,500
Total gifted & talented program	<u>-</u>	<u>3,300</u>	<u>3,300</u>
Interscholastic program:			
Salaries	56,314	54,266	(2,048)
Benefits	8,102	11,138	3,036
Purchased services	5,647	3,000	(2,647)
Total interscholastic program	<u>70,063</u>	<u>68,404</u>	<u>(1,659)</u>
School activity program:			
Salaries	4,252	5,101	849
Benefits	877	1,047	170
Purchased services	180	1,100	920
Total school activity program	<u>5,309</u>	<u>9,248</u>	<u>3,939</u>
TOTAL INSTRUCTION			
Salaries	1,009,653	1,039,108	29,455
Benefits	412,852	453,257	40,405
Purchased services	50,529	162,026	111,497
Supply-materials	46,949	101,400	54,451
Capital objects	50	-	(50)
Total instruction	<u>\$ 1,520,033</u>	<u>\$ 1,755,791</u>	<u>\$ 235,758</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, 2019**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT			
Attendance - guidance - health program:			
Salaries	38,936	39,177	241
Benefits	17,870	18,470	600
Purchased services	1,049	3,000	1,951
Supply-materials	1,537	560	(977)
Total attendance - guidance - health program	<u>59,392</u>	<u>61,207</u>	<u>1,815</u>
Special education support services program:			
Salaries	28,998	28,982	(16)
Benefits	17,954	20,826	2,872
Purchased services	41,488	47,000	5,512
Supply-materials	674	500	(174)
Total special education support services program	<u>89,114</u>	<u>97,308</u>	<u>8,194</u>
Instruction improvement program			
Purchased services	685	-	(685)
Educational media program:			
Salaries	13,558	15,048	1,490
Benefits	8,031	11,328	3,297
Purchased services	-	950	950
Supply-materials	2,930	3,000	70
Total educational media program	<u>24,519</u>	<u>30,326</u>	<u>5,807</u>
Instruction-related technology program:			
Salaries	13,722	14,133	411
Benefits	2,869	2,901	32
Purchased services	580	2,650	2,070
Supply-materials	1,475	5,000	3,525
Total instruction-related technology program	<u>18,646</u>	<u>24,684</u>	<u>6,038</u>
District administration program:			
Salaries	62,900	65,333	2,433
Benefits	28,299	33,317	5,018
Purchased services	33,383	36,000	2,617
Supply-materials	2,047	3,500	1,453
Insurance - judgment	4,378	4,378	-
Total district administration program	<u>131,007</u>	<u>142,528</u>	<u>11,521</u>
School administration program:			
Salaries	172,554	181,782	9,228
Benefits	79,486	85,844	6,358
Purchased services	5,641	8,000	2,359
Supply-materials	5,010	7,700	2,690
Total school administration program	<u>262,691</u>	<u>283,326</u>	<u>20,635</u>
Business operation program:			
Salaries	72,052	79,286	7,234
Benefits	39,866	47,684	7,818
Purchased services	19,275	20,000	725
Supply-materials	7,115	8,000	885
Insurance - judgment	57	57	-
Total business operation program	<u>138,365</u>	<u>155,027</u>	<u>16,662</u>
Administrative technology service program:			
Salaries	15,436	14,133	(1,303)
Benefits	3,012	3,303	291
Purchased services	3,640	5,000	1,360
Supply-materials	8,781	12,000	3,219
Capital objects	36,943	40,000	3,057
Total administrative technology service program	<u>67,812</u>	<u>74,436</u>	<u>6,624</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, 2019**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued)			
Buildings - care program (custodial):			
Salaries	49,108	58,500	9,392
Benefits	33,515	32,888	(627)
Purchased services	134,337	130,000	(4,337)
Supply-materials	10,683	17,000	6,317
Insurance - judgment	12,123	12,123	-
Total buildings - care program (custodial)	<u>239,766</u>	<u>250,511</u>	<u>10,745</u>
Maintenance - non-student occupied:			
Salaries	2,398	2,470	72
Benefits	1,178	1,059	(119)
Purchased services	-	3,000	3,000
Supplies-materials	-	5,000	5,000
Capital objects	84	24,000	23,916
Total maintenance - non-student occupied	<u>3,660</u>	<u>35,529</u>	<u>31,869</u>
Maintenance - student-occupied buildings:			
Salaries	45,587	44,463	(1,124)
Benefits	21,344	18,966	(2,378)
Purchased services	13,712	9,000	(4,712)
Supply-materials	17,081	19,500	2,419
Capital objects	14,597	14,600	3
Total maintenance - student-occupied buildings	<u>112,934</u>	<u>107,142</u>	<u>(5,792)</u>
Maintenance - grounds:			
Salaries	2,398	2,470	72
Benefits	1,179	1,059	(120)
Purchased services	3,861	2,500	(1,361)
Supply-materials	4,541	3,500	(1,041)
Total maintenance - grounds	<u>11,979</u>	<u>9,529</u>	<u>(2,450)</u>
Security program			
Capital objects	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Pupil-to-school transportation program:			
Salaries	102,816	99,321	(3,495)
Benefits	31,006	30,814	(192)
Purchased services	13,871	36,500	22,629
Supply-materials	35,881	58,000	22,119
Insurance - judgment	104	4,308	4,204
Total pupil-to-school transportation program	<u>183,678</u>	<u>228,943</u>	<u>45,265</u>
Pupil-activity transportation program:			
Salaries	10,419	19,570	9,151
Benefits	1,443	4,017	2,574
Total pupil-activity transportation program	<u>11,862</u>	<u>23,587</u>	<u>11,725</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, 2019**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued)			
General transportation program:			
Purchased services	365	7,250	6,885
Supply-materials	1,489	5,200	3,711
Insurance - judgment	7,307	3,103	(4,204)
Total general transportation program	<u>9,161</u>	<u>15,553</u>	<u>6,392</u>
Other support services program:			
Purchased services	<u>1,485</u>	<u>11,096</u>	<u>9,611</u>
TOTAL SUPPORT			
Salaries	630,882	664,668	33,786
Benefits	287,052	312,476	25,424
Purchased services	273,372	321,946	48,574
Supply-materials	99,244	148,460	49,216
Capital objects	51,624	83,600	31,976
Insurance - judgment	24,582	24,582	-
Total support	<u>\$ 1,366,756</u>	<u>\$ 1,555,732</u>	<u>\$ 188,976</u>
NON-INSTRUCTION:			
Child nutrition program			
Benefits	<u>3,548</u>	<u>4,200</u>	<u>652</u>
Community services program			
Supply-materials	<u>60</u>	<u>-</u>	<u>(60)</u>
TOTAL NON-INSTRUCTION			
Benefits	<u>3,548</u>	<u>4,200</u>	<u>652</u>
Supply-materials	<u>60</u>	<u>-</u>	<u>(60)</u>
Total Non-Instruction	<u>\$ 3,608</u>	<u>\$ 4,200</u>	<u>\$ 592</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

NONMAJOR SPECIAL REVENUE FUNDS

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

Federal Forest 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.

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 – 21st Century Community Learning Centers - To account for restricted Federal revenue to be spent on 21st century community learning activities.

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2019**

	<u>Child Nutrition</u>	<u>Federal Forest Reserve</u>	<u>Drivers Education State</u>	<u>State Professional Technical</u>	<u>Technology - State</u>	<u>Substance Abuse - State</u>	<u>Title I-A, ESSA Improving Basic Programs</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Assets:							
Due from other funds	17,817	71,986	1,745	1,866	11,139	10,605	7,677
Other receivables:							
State reimbursement	-	-	900	-	-	-	-
Federal reimbursement	-	-	-	-	-	-	-
Total assets	<u>17,817</u>	<u>71,986</u>	<u>2,645</u>	<u>1,866</u>	<u>11,139</u>	<u>10,605</u>	<u>7,677</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 17,817</u></u>	<u><u>\$ 71,986</u></u>	<u><u>\$ 2,645</u></u>	<u><u>\$ 1,866</u></u>	<u><u>\$ 11,139</u></u>	<u><u>\$ 10,605</u></u>	<u><u>\$ 7,677</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Due to other funds	-	-	-	-	-	-	-
Accrued payroll and benefits	10,310	-	-	1,866	(160)	-	7,677
Total liabilities	<u>10,310</u>	<u>-</u>	<u>-</u>	<u>1,866</u>	<u>(160)</u>	<u>-</u>	<u>7,677</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted	<u>7,507</u>	<u>71,986</u>	<u>2,645</u>	<u>-</u>	<u>11,299</u>	<u>10,605</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 17,817</u></u>	<u><u>\$ 71,986</u></u>	<u><u>\$ 2,645</u></u>	<u><u>\$ 1,866</u></u>	<u><u>\$ 11,139</u></u>	<u><u>\$ 10,605</u></u>	<u><u>\$ 7,677</u></u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2019

	IDEA Part B (611 School Age 3-21)	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
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Assets:								
Due from other funds	11,052	-	-	-	-	1,638	-	135,525
Other receivables:								
State reimbursement	-	-	-	-	-	-	-	900
Federal reimbursement	5,013	13,758	237	5,279	-	-	27,420	51,707
Total assets	<u>16,065</u>	<u>13,758</u>	<u>237</u>	<u>5,279</u>	<u>-</u>	<u>1,638</u>	<u>27,420</u>	<u>188,132</u>
Deferred outflows of resources	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 16,065</u>	<u>\$ 13,758</u>	<u>\$ 237</u>	<u>\$ 5,279</u>	<u>\$ -</u>	<u>\$ 1,638</u>	<u>\$ 27,420</u>	<u>\$ 188,132</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Due to other funds	-	5,247	237	5,279	-	-	13,209	23,972
Accrued payroll and benefits	16,065	8,511	-	-	-	1,638	14,211	60,118
Total liabilities	<u>16,065</u>	<u>13,758</u>	<u>237</u>	<u>5,279</u>	<u>-</u>	<u>1,638</u>	<u>27,420</u>	<u>84,090</u>
Deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	-	-	-	-	-	-	-	104,042
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 16,065</u>	<u>\$ 13,758</u>	<u>\$ 237</u>	<u>\$ 5,279</u>	<u>\$ -</u>	<u>\$ 1,638</u>	<u>\$ 27,420</u>	<u>\$ 188,132</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019**

	Child Nutrition	Federal Forest Reserve	Drivers Education State	State Professional Technical	Technology - State	Substance Abuse - State	Title I-A, ESSA Improving Basic Programs
REVENUES							
Local:							
Lunch sales	47,625	-	-	-	-	-	-
Total local	47,625	-	-	-	-	-	-
State:							
Other state support	-	-	-	24,876	74,002	4,856	-
Driver education program	-	-	900	-	-	-	-
Total state	-	-	900	24,876	74,002	4,856	-
Federal:							
School lunch reimbursement	88,429	-	-	-	-	-	-
Restricted	-	7,052	-	-	-	-	29,026
Total federal	88,429	7,052	-	-	-	-	29,026
Total revenues	136,054	7,052	900	24,876	74,002	4,856	29,026
EXPENDITURES							
Instruction:							
Salaries	-	-	1,602	9,455	-	-	21,439
Benefits	-	-	303	1,979	-	-	4,555
Purchased services	-	-	-	5,314	-	-	2,125
Supply-materials	-	-	-	8,128	-	-	907
Insurance	-	-	90	-	-	-	-
Total instruction	-	-	1,995	24,876	-	-	29,026
Support:							
Salaries	-	-	-	-	27,443	-	-
Benefits	-	-	-	-	5,746	-	-
Purchased services	-	-	-	-	4,022	-	-
Supply-materials	-	-	-	-	51,725	1,735	-
Capital objects	-	-	-	-	675	-	-
Total support	-	-	-	-	89,611	1,735	-
Non-instruction							
Salaries	50,811	-	-	-	-	-	-
Benefits	24,589	-	-	-	-	-	-
Purchased services	829	-	-	-	-	-	-
Supply-materials	52,318	-	-	-	-	-	-
Total non-instruction	128,547	-	-	-	-	-	-
Total expenditures	128,547	-	1,995	24,876	89,611	1,735	29,026
Excess (deficiency) revenues over (under) expenditures	7,507	7,052	(1,095)	-	(15,609)	3,121	-
Other financing sources (uses)							
Transfer in	-	-	-	-	-	-	-
Net change in fund balance	7,507	7,052	(1,095)	-	(15,609)	3,121	-
Fund balance - beginning of year	-	64,934	3,740	-	26,908	7,484	-
Fund balance - end of year	\$ 7,507	\$ 71,986	\$ 2,645	\$ -	\$ 11,299	\$ 10,605	\$ -

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, 2019

	IDEA Part B (611 School Age 3-21)	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
REVENUES								
Local:								
Lunch sales	-	-	-	-	-	-	-	47,625
Total local	-	-	-	-	-	-	-	47,625
State:								
Other state support	-	-	-	-	-	-	-	103,734
Driver education program	-	-	-	-	-	-	-	900
Total state	-	-	-	-	-	-	-	104,634
Federal:								
School lunch reimbursement	-	-	-	-	-	-	-	88,429
Restricted	69,524	61,787	-	18,554	-	4,687	126,611	317,241
Total federal	69,524	61,787	-	18,554	-	4,687	126,611	405,670
Total revenues	69,524	61,787	-	18,554	-	4,687	126,611	557,929
EXPENDITURES								
Instruction:								
Salaries	34,321	18,555	-	-	-	3,585	-	88,957
Benefits	34,724	9,297	-	10,483	-	1,102	-	62,443
Purchased services	-	2,679	-	3,971	-	-	-	14,089
Supply-materials	479	-	-	370	100	-	-	9,984
Insurance	-	-	-	-	-	-	-	90
Total instruction	69,524	30,531	-	14,824	100	4,687	-	175,563
Support:								
Salaries	-	-	-	-	-	-	-	27,443
Benefits	-	-	-	-	-	-	-	5,746
Purchased services	-	31,256	-	-	-	-	-	35,278
Supply-materials	-	-	-	3,730	-	-	-	57,190
Capital objects	-	-	-	-	-	-	-	675
Total support	-	31,256	-	3,730	-	-	-	126,332
Non-instruction								
Salaries	-	-	-	-	-	-	84,760	135,571
Benefits	-	-	-	-	-	-	28,176	52,765
Purchased services	-	-	-	-	-	-	7,126	7,955
Supply-materials	-	-	-	-	-	-	6,549	58,867
Total non-instruction	-	-	-	-	-	-	126,611	255,158
Total expenditures	69,524	61,787	-	18,554	100	4,687	126,611	557,053
Excess (deficiency) revenues over (under) expenditures	-	-	-	-	(100)	-	-	876
Other financing sources (uses)								
Transfer in	-	-	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	(100)	-	-	876
Fund balance - beginning of year	-	-	-	-	100	-	-	103,166
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,042

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

CAPITAL PROJECTS FUNDS

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

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

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

ALL CAPITAL PROJECTS FUNDS**COMBINING BALANCE SHEET**

June 30, 2019

	<u>School Plant Facility</u>	<u>School Plant Facility - Bus Depreciation</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Investments	37,401	-	37,401
Due from other funds	85,568	53,747	139,315
Taxes receivable	3,489	-	3,489
Unbilled taxes receivable	50,000	-	50,000
Other receivables:			
Due from other governments	14,263	-	14,263
Total assets	<u>190,721</u>	<u>53,747</u>	<u>244,468</u>
Deferred outflows of resources	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	<u>\$ 190,721</u>	<u>\$ 53,747</u>	<u>\$ 244,468</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	<u>47,514</u>	-	<u>47,514</u>
Deferred inflows of resources:			
Deferred revenue	2,778	-	2,778
Unavailable property tax revenue	50,000	-	50,000
Total deferred inflows of resources	<u>52,778</u>	-	<u>52,778</u>
Fund balance:			
Restricted	<u>90,429</u>	<u>53,747</u>	<u>144,176</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	<u>\$ 190,721</u>	<u>\$ 53,747</u>	<u>\$ 244,468</u>

KENDRICK JOINT SCHOOL DISTRICT NO. 283
Kendrick, Idaho

ALL CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2019

	School Plant Facility	School Plant Facility - Bus Depreciation	Total
REVENUES			
Local:			
Taxes	51,154	-	51,154
Earnings on investments	806	-	806
Total local	51,960	-	51,960
State:			
Revenue in lieu of taxes	301	-	301
Total revenues	52,261	-	52,261
EXPENDITURES			
Capital asset program:			
Purchased services	8,636	-	8,636
Capital objects	70,477	-	70,477
Total capital asset program	79,113	-	79,113
Total expenditures	79,113	-	79,113
Excess (deficiency) of revenues over (under) expenditures	(26,852)	-	(26,852)
Other financing sources (uses)			
Transfer in	-	20,095	20,095
Net change in fund balance	(26,852)	20,095	(6,757)
Fund balance-beginning of year	117,281	33,652	150,933
Fund balance-end of year	\$ 90,429	\$ 53,747	\$ 144,176

KENDRICK JOINT SCHOOL DISTRICT NO. 283

Kendrick, Idaho

**NONMAJOR FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

	Final Budgeted Revenue	Actual Revenue	Final Budgeted Expenditures	Actual Expenditures	Operating Transfers	Beginning Fund Balance	Ending Fund Balance
Special Revenue:							
Child Nutrition	127,000	136,054	139,000	128,547	-	-	7,507
Federal Forest Reserve	5,000	7,052	45,000	-	-	64,934	71,986
Drivers Education State	2,450	900	6,190	1,995	-	3,740	2,645
State Professional Technical	24,876	24,876	24,876	24,876	-	-	-
Technology - State	73,350	74,002	100,258	89,611	-	26,908	11,299
Substance Abuse - State	4,856	4,856	12,340	1,735	-	7,484	10,605
Title I-A, ESSA Improving Basic Programs	39,988	29,026	42,101	29,026	-	-	-
IDEA Part B (611 School Age 3-21)	54,807	69,524	66,471	69,524	-	-	-
School-Based Medicaid	40,000	61,787	40,000	61,787	-	-	-
Title IV-A, ESSA Student Support and Academic Enrichment	10,000	-	10,236	-	-	-	-
Title V-B, Rural Education Initiative	18,554	18,554	22,852	18,554	-	-	-
Perkins III - Professional Technical Act	2,562	-	2,662	100	-	100	-
Title II-A, ESEA Supporting Effective Instruction	6,237	4,687	7,126	4,687	-	-	-
Title IV-B, ESEA - 21st Century Community Learning Centers	126,611	126,611	126,611	126,611	-	-	-
Capital Projects:							
School Plant Facility	50,000	52,261	87,500	79,113	-	117,281	90,429
School Plant Facility - Bus Depreciation	-	-	-	-	20,095	33,652	53,747
Total	\$ 586,291	\$ 610,190	\$ 733,223	\$ 636,166	\$ 20,095	\$ 254,099	\$ 248,218

KENDRICK JOINT SCHOOL DISTRICT
Kendrick, Idaho

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

Finding 2019-001 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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

Finding 2019-002 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

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

Finding 2019-003 Year-end Financial Close and Reporting

Condition	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.
Criteria	Year-end financial close and reporting procedures should be formalized and documented.
Cause	Size and limited resources.
Potential Effect of Condition	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.
Recommendation	We recommend that management further develops year-end closing procedures to reduce necessary audit adjustments by training and education the Business Manager to perform these procedures.
Management's Response	Management has agreed that this is an important control and will continue to implement a financial close and reporting process as recommended.

KENDRICK JOINT SCHOOL DISTRICT
Kendrick, Idaho

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

Finding 2019-004 Review of Payroll

Condition	Throughout our testing, we did not find effective internal control processes for the review of payroll at the superintendent level. We discussed internal controls with management and inquired as to the controls over the process of reviewing payroll to ensure it is accurate, reasonable and coded correctly. Based on the responses from management, we determined that no controls over review of payroll were in place during the year.
Criteria	Effective internal control includes a process of reviewing payroll.
Cause	Deficiency in design of controls over payroll.
Potential Effect of Condition	Misstatements on the financial statements due to error or fraud by not reporting in accordance with generally accepted accounting principles.
Recommendation	We recommend that management implement a review process by the superintendent of payroll before it is processed to ensure it is accurate, reasonable and coded correctly.
Management's Response	Management has agreed that this is an important control and will implement a review process as recommended.

KENDRICK JOINT SCHOOL DISTRICT
Kendrick, Idaho

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

Finding 2019-005 Approval of Disbursements

Condition	Throughout our testing, we did not find effective internal control processes for the approval of disbursements. We discussed internal controls with management and inquired as to the controls over cash disbursements. Based on the responses from management, we determined that no controls over disbursements were in place during the year.
Criteria	Effective internal control includes a process for evaluating and approving expenditures to ensure that they are reasonable and appropriate.
Cause	Deficiency in controls over cash disbursements.
Potential Effect of Condition	Misstatements on the financial statements due to error or fraud by not approving and possibly allowing unauthorized expenditures.
Recommendation	We recommend that management review invoices to determine if District should include related expenditures and to ensure that corresponding disbursements are reasonable and authorized.
Management's Response	Management has agreed that this is an important control and will implement review of disbursements process as recommended.

KENDRICK JOINT SCHOOL DISTRICT
Kendrick, Idaho

STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

Finding 2018-001 Bank reconciliation process and review.

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.

Status This finding still exists and is reported as Finding 2019-001.

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.

Status This finding still exists and is reported as Finding 2019-002.

Finding 2018-003 Year-end closing procedures.

Condition 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.

Status This finding still exists and is reported as Finding 2019-003.