

**PLUMMER/WORLEY JOINT SCHOOL
DISTRICT NO. 44**

FINANCIAL STATEMENTS

Year Ended June 30, 2017

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Plummer/Worley Joint School District No. 44
Plummer, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Plummer/Worley Joint School District No. 44, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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.

Basis for Qualified Opinion on Governmental Activities

Management has recorded a liability for the implicit rate subsidy of the retiree healthcare. However, the District did not obtain a current actuarial report to determine the current amount of the liability. Accounting principles generally accepted in the United States of America require that the District record a liability for the excess of the age-adjusted health insurance premium over the blended health insurance premium for retirees, which would increase the liabilities, decrease the net position in the statement of net position, and increase expenses in the statement of activities. Since the District did not obtain a current actuarial report, the amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Plummer/Worley Joint School District No. 44, as of June 30, 2017, and the changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Plummer/Worley Joint School District No. 44, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedule of pension funding, and budgetary comparison information on pages 6 through 12 and 38 through 40, respectively, 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 Plummer/Worley Joint School District No. 44's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2017, on our consideration of the Plummer/Worley Joint School District No. 44's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and in considering the Plummer/Worley Joint School District No. 44's internal control over financial reporting and compliance.

PRESNELL GAGE PLLC

October 2, 2017

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Plummer/Worley Joint School District No. 44's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- The District's net position decreased by \$611,558 as a result of this year's operations.
- The total cost of District operations amounted to \$5,693,373 of which \$1,070,836 was generated from program revenues. General revenues amounted to \$4,010,979.
- The District recognized a net pension liability of \$1,777,000 at June 30, 2017. PERSI reflects that the pensions are 87 percent funded.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of four components: 1) District-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) other supplementary information.

- The statement of net position and the statement of activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.
- The Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.
- The remaining statements and schedules provide information about individual funds within the District and the results of their operations compared to budget.

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the District's finances is: "Is the District as a whole better off or worse off as a result of the year's activities"? The statement of net position and the statement of activities report information about the District as a whole and about its activities in a way that may help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

MANAGEMENT'S DISCUSSION AND ANALYSIS

These two statements report the District's net position and changes in them. You can think of the District's net position—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base and student enrollment to assess the overall health of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements. The fund financial statements begin on page 15 and provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received through the Idaho State Department of Education).

Governmental Funds. Most of the District's day-to-day operations are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily 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. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation on pages 16 and 18.

Fiduciary Funds. The District is the fiduciary for its student activity funds and scholarship funds established through the District. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position on page 19. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 21-36.

THE DISTRICT AS A WHOLE

Net position of the District's governmental activities decreased by \$611,558 to a total of \$10,669,487 in fiscal year 2017 as a result of current operations. This is compared to \$11,281,045 in 2016 and \$11,428,198 in 2015. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased from a deficit of \$701,631 at June 30, 2016, to a deficit of \$925,505 at the end of this year.

Total assets decreased to \$12,798,955 in 2017 compared to \$13,332,806 in 2016.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

MANAGEMENT'S DISCUSSION AND ANALYSIS

Payables relating to payroll and taxes increased from \$508,077 to \$543,100.

Table 1 presents the revenues and expenses for the District's programs.

Table 1		
Changes in Net Position		
	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues:		
Charges for services	\$ 12,813	\$ 12,991
Operating grants and contributions	1,058,023	1,022,781
General revenues		
Property taxes, levied for general purposes	589,518	587,625
State base support	2,253,987	2,247,573
State and federal funding not restricted to specific programs	64,263	41,207
P.L. 874 Impact Aid	887,843	1,079,415
Coeur d'Alene Tribe contributions	146,000	225,000
Interest and investment earnings	12,518	5,447
Other general revenues	<u>56,850</u>	<u>291,704</u>
Total revenues	<u>5,081,815</u>	<u>5,513,743</u>
Program Expenses		
Instruction		
Regular programs	2,054,641	1,940,927
Special programs	507,509	477,170
Interscholastic and school activity	114,604	111,361
Support services		
Pupil support	201,203	194,482
Staff support	460,510	537,476
General administration	210,916	192,478
School administration	276,801	274,793
Business services	535,945	545,564
Maintenance and operations	456,940	421,805
Transportation	349,109	344,303
Other support services	46,868	48,659
Food services	310,215	280,139
Community services	129,326	112,410
PERSI retirement actuarial charges	<u>38,786</u>	<u>(84,423)</u>
Total expenses	<u>\$ 5,693,373</u>	<u>\$ 5,397,144</u>
Change in net position	<u>\$ (611,558)</u>	<u>\$ 116,599</u>

The District experienced a revenue decrease during the year ended June 30, 2017. The most notable decreases were from Impact Aid revenues and Coeur d'Alene Tribe contributions. The decrease in Coeur d'Alene Tribe donations is due to the District receiving two years of pledged donations in the prior fiscal year. However, the District's annual donation from the Tribe was increased by \$21,000 in the current fiscal year. The District did receive a slight increase in state support in the current year.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2 presents the cost of each of the District's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	<u>Program Expense</u>	<u>Net Revenue (Expense)</u>
Instruction		
Regular programs	\$ 2,054,641	\$ (1,817,540)
Special programs	507,509	(411,815)
Interscholastic and school activity	114,604	(114,604)
Support services		
Pupil support	201,203	(150,866)
Staff support	460,510	(174,309)
General administration	210,916	(210,916)
School administration	276,801	(276,801)
Business services	535,945	(525,952)
Maintenance and operations	456,940	(437,869)
Transportation	349,109	(349,109)
Other support services	46,868	0
Food services	310,215	(112,470)
Community service	129,326	(1,500)
PERSI retirement actuarial charges	38,786	(38,786)

Net Pension Liability. The District recognized a net pension liability of \$1,777,000 for its share of PERSI's net pension liability. PERSI is one of the strongest retirement systems in the nation, with funding at 87 percent of the pension obligation. The District recognized deferred outflows of \$1,221,141 for payments made towards the net pension liability and deferred inflows of \$581,000 for the District's share of earnings in excess of the minimum expectation by PERSI.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$1,271,104, which decreased from last year's total of \$1,468,879.

General Fund Budgetary Highlights

During the fiscal year, the District amended their operating budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had \$15,072,869 in capital assets, including buildings, computer equipment, and major school equipment. This year's major additions included:

The District purchased a new copy machine for \$12,597.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt

The District does not have any long-term debt outstanding at June 30, 2017.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2017-2018 school year will see changes in the salary based apportionment funding. Due to the Career Ladder funding that legislation put into effect with the 2015-2016 school year, they are increasing beginning teacher salaries from \$33,400 to \$34,600. They are also increasing funding from \$800 to \$1,200 for instructional staff who hold a professional endorsement, a baccalaureate degree, and have attained twenty-four (24) or more credits as well as funding from \$1,400 to \$2,100 for instructional staff who hold a professional endorsement and a master's degree. All three of these areas will gradually increase each year over the next few years as set by legislation through the 2019-2020 school year at which time the beginning teacher salary will be \$37,000.

We will see an increase in funding from the State as the unit funding went from \$25,696 per unit to \$26,748. The unit funding is based on average daily attendance for the whole year. We are estimating our units to be less than the 2016-2017 school year. Last year, our final units were 20.17, which gave us \$518,288 in funding. We are estimating our 2017-2018 units to be at 20.07, which will give us funding at \$536,832. If our estimates are correct, we will see an increase of \$18,598. Our health insurance monthly rates did increase for the 2017-2018 school year by \$17.60 a month per employee. For an estimated 80 employees for the year, this will be an additional \$16,896 we will pay out. The increase in funding by the State should cover the estimated health insurance increase.

We do have a 2-year supplemental levy of \$550,000 per year with the 2017-2018 school year being the first year. The School Board also approved a one year emergency levy in the amount \$93,990 in September of 2017. This was due to an increase in average daily attendance on the 5th day of school of the 2017-2018 school year compared to the 5th day of school of the 2016-2017 school year.

The District is anticipating an increase in Impact Aid for 2017-2018 compared to what was received during 2016-2017 by approximately \$130,891.

In June, the District received Education Donations from the Coeur d'Alene Tribe in the amounts of \$68,000 for our music program, \$50,000 for technology, \$3,000 for field trips, and \$25,000 for playground equipment. We have established a playground equipment fund to equip our elementary school with playground equipment. We anticipate the playground to be done in stages over the next few years and to pay for it with donations, fund raising, and sale of surplus equipment. The cost of the anticipated stages of the playground equipment are anywhere from \$25,000 to \$75,000. When the new elementary school was built, playground equipment was not included in the pricing.

The District received a 3-year \$556,389 federal School Improvement Turnaround Grant (SIG), which ended with the 2016-2017 school year. The District also had one-year \$50,000 and one-year \$9,000 federal grants for the elementary school and a \$20,000 federal grant for the Jr High school for the 2016-2017 school year. The District was awarded a \$100,000 federal grant for the 2017-2018 school year to continue on with the SIG grant as year four. The District received a \$259,039 grant, which will help fund the rest of the \$100,000 grant as well as fund a 5th year for the 2018-2019 school year.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the 2016-2017 school year, we estimated that we would need to transfer \$107,212 from Fund 420, which is our School Plant Fund. We ended up not transferring any funds from that fund. For the 2017-2018 school year, in order to balance our budget we have estimated that we may need to transfer \$311,228. We will only do that depending on actual revenues and expenditures throughout the school year.

The District is looking to do several maintenance projects during the 2017-2018 school year, which is part of the schools 10-year plan. One of the projects is at the Middle School, where we will be installing a canopy over the entry into the building as a safety issue during the winter. This was scheduled to be completed in the fall of 2016, but the bids were higher than the anticipated \$25,000. The project was held off and quotes were done again with the project starting in the summer of 2017. The project is estimated to be around \$42,395. Another project that was started during the 2016-2017 school year was tucking the mortar and sealing the outside of the high school. The project was completed during the 2017-2018 school year with a cost of \$8,055. The District is also replacing carpet as needed with an estimated cost of \$5,000. Some of these projects will be funded with lottery dollars from the State, which is estimated to be around \$38,105. Other funding sources will be from the Worley property insurance fund that is in the District's Plant Facility Fund.

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 and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Business Office at 1255 E. Street, Plummer, Idaho.

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PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 159,057
Investments	1,225,473
Property taxes receivable	244,528
Accounts receivable	265,803
Total current assets	<u>1,894,861</u>
Noncurrent assets	
Capital assets	15,072,869
Less accumulated depreciation	(4,168,775)
Total noncurrent assets	<u>10,904,094</u>
Total assets	<u>12,798,955</u>
DEFERRED OUTFLOWS OF RESOURCES	
Defined benefit pension	<u>1,221,141</u>
LIABILITIES	
Current liabilities	
Payroll and taxes payable	543,100
Unearned revenue	21,097
Total current liabilities	<u>564,197</u>
Noncurrent liabilities	
Accrued post-employment benefits	428,412
Net pension liability	1,777,000
Total noncurrent liabilities	<u>2,205,412</u>
Total liabilities	<u>2,769,609</u>
DEFERRED INFLOWS OF RESOURCES	
Defined benefit pension	<u>581,000</u>
NET POSITION	
Net investment in capital assets	10,904,094
Restricted for:	
Capital projects	652,563
Grant programs	38,335
Unrestricted	<u>(925,505)</u>
Total net position	<u>\$ 10,669,487</u>

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Instruction				
Regular programs	\$ 2,054,641	\$ 2,925	\$ 234,176	\$ (1,817,540)
Special programs	507,509		95,694	(411,815)
Interscholastic and school activity	114,604			(114,604)
Support services				
Pupil support	201,203		50,337	(150,866)
Staff support	460,510		286,201	(174,309)
General administration	210,916			(210,916)
School administration	276,801			(276,801)
Business services	535,945		9,993	(525,952)
Maintenance and operations	456,940		19,071	(437,869)
Transportation	349,109			(349,109)
Other support services	46,868		46,868	
Food services	310,215	9,888	187,857	(112,470)
Community services	129,326		127,826	(1,500)
PERSI retirement actuarial charges	38,786			(38,786)
Total governmental activities	\$ 5,693,373	\$ 12,813	\$ 1,058,023	(4,622,537)
General revenues:				
Property taxes, levied for general purposes				589,518
State base support				2,253,987
State and federal funding not restricted to specific programs				64,263
P.L. 874 Impact Aid				887,843
Coeur d'Alene Tribe contributions				146,000
Interest and investment earnings				12,518
Other general revenues				56,850
				<u>4,010,979</u>
Change in net position				(611,558)
Net position, beginning				<u>11,281,045</u>
Net position, ending				<u>\$ 10,669,487</u>

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	General	Food Service	School Plant Facilities Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 159,057				\$ 159,057
Investments	667,600		\$ 557,873		1,225,473
Property taxes receivable	244,528				244,528
Accounts receivable	69,945			\$ 195,858	265,803
Interfund balances	15,983	\$ 29,513		388,283	433,779
Total assets	\$ 1,157,113	\$ 29,513	\$ 557,873	\$ 584,141	\$ 2,328,640
LIABILITIES					
Payroll and taxes payable	\$ 394,604	\$ 26,645		\$ 121,851	\$ 543,100
Interfund balances	347,866			85,913	433,779
Unearned revenue	6,049			15,048	21,097
Total liabilities	748,519	26,645	\$ 0	222,812	997,976
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	59,560				59,560
Total deferred inflows of resources	59,560	0	0	0	59,560
FUND BALANCES					
Restricted for capital projects			557,873	94,690	652,563
Restricted for grant programs				38,335	38,335
Assigned for sick leave	26,708				26,708
Assigned, reported in:					
Special revenue funds		2,868		228,304	231,172
Unassigned, reported in:					
General fund	322,326				322,326
Total fund balances	349,034	2,868	557,873	361,329	1,271,104
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,157,113	\$ 29,513	\$ 557,873	\$ 584,141	\$ 2,328,640

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

**RECONCILIATION OF THE STATEMENT OF NET POSITION
TO THE BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2017

Total fund balances - Governmental Funds		\$ 1,271,104
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 the governmental funds		
Cost of capital assets	\$ 15,072,869	
Accumulated depreciation	<u>(4,168,775)</u>	
		10,904,094
Deferred outflows and deferred inflows for pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred outflows		1,221,141
Deferred inflows		<u>(581,000)</u>
Property taxes receivable to be collected this year, but not available soon enough to pay for the current period's expenditures are, therefore, deferred in the funds.		
		59,560
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Post-employment benefits		(428,412)
Net pension liability		<u>(1,777,000)</u>
Total net position - Governmental Activities		<u>\$ 10,669,487</u>

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	<u>General</u>	<u>Food Service</u>	<u>School Plant Facilities Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
General property taxes	\$ 588,468				\$ 588,468
State foundation program	2,253,987			\$ 4,050	2,258,037
Other state revenue	2,229			104,413	106,642
Federal revenue	887,843	\$ 185,910		825,684	1,899,437
Charges for services		9,888		2,925	12,813
Earnings on investments	12,518				12,518
Other revenues	46,624	7,100		149,126	202,850
Total revenues	<u>3,791,669</u>	<u>202,898</u>	<u>\$ 0</u>	<u>1,086,198</u>	<u>5,080,765</u>
EXPENDITURES					
Instruction					
Regular programs	1,414,149			300,380	1,714,529
Special programs	411,815			95,694	507,509
Interscholastic and school activity	114,604				114,604
Support services					
Pupil support	147,395			51,383	198,778
Staff support	170,011			290,287	460,298
General administration	211,011				211,011
School administration	276,801				276,801
Business services	525,641			10,364	536,005
Maintenance and operations	368,671		70,166	19,071	457,908
Transportation	302,717				302,717
Other support services				46,925	46,925
Food services		307,585		1,947	309,532
Community services				129,326	129,326
Capital outlay				12,597	12,597
Total expenditures	<u>3,942,815</u>	<u>307,585</u>	<u>70,166</u>	<u>957,974</u>	<u>5,278,540</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(151,146)</u>	<u>(104,687)</u>	<u>(70,166)</u>	<u>128,224</u>	<u>(197,775)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	31,783	105,000		32,580	169,363
Transfers to other funds	<u>(137,580)</u>			<u>(31,783)</u>	<u>(169,363)</u>
Total other financing sources (uses)	<u>(105,797)</u>	<u>105,000</u>	<u>0</u>	<u>797</u>	<u>0</u>
NET CHANGES IN FUND BALANCES	(256,943)	313	(70,166)	129,021	(197,775)
FUND BALANCES AT BEGINNING OF YEAR	<u>605,977</u>	<u>2,555</u>	<u>628,039</u>	<u>232,308</u>	<u>1,468,879</u>
FUND BALANCES AT END OF YEAR	<u>\$ 349,034</u>	<u>\$ 2,868</u>	<u>\$ 557,873</u>	<u>\$ 361,329</u>	<u>\$ 1,271,104</u>

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Net changes in fund balances - Total Governmental Funds	\$ (197,775)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation:	
Current year capital outlay	12,597
Current year depreciation	(388,644)
Net pension liability and the related deferred outflows and deferred inflows are not considered available for the governmental funds in the current year.	
Current year net pension liability, deferred outflows and deferred inflows	(38,786)
Some property taxes will not be collected for several months after the fiscal year-ends and they are not considered available revenues in the governmental funds. Instead, they are counted as deferred tax revenues. They are, however, recorded as revenues on the statement of activities:	
Current year taxes receivable	59,560
Prior year taxes receivable	<u>(58,510)</u>
Change in net position - Governmental Activities	<u>\$ (611,558)</u>

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
June 30, 2017

	Private-Purpose Trusts		Agency Funds
	Lloyd Selder Scholarship Fund	Wilson Scholarship Fund	Student Body Funds
ASSETS			
Current assets			
Cash	\$ 8,210	\$ 18,431	\$ 10,119
Investments			135,978
Total current assets	<u>8,210</u>	<u>18,431</u>	<u>146,097</u>
LIABILITIES			
Current liabilities			
Due to student groups			146,097
Total current liabilities	<u>0</u>	<u>0</u>	<u>\$ 146,097</u>
NET POSITION			
Held for benefit of others	<u>8,210</u>	<u>18,431</u>	
Total net position	<u>\$ 8,210</u>	<u>\$ 18,431</u>	

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 FIDUCIARY FUNDS
 Year Ended June 30, 2017

	Private-Purpose Trusts	
	Lloyd Selder Scholarship Fund	Wilson Scholarship Fund
ADDITIONS		
Contributions	\$ 1,201	\$ 25,431
Earnings on investments	1	
Total additions	<u>1,202</u>	<u>25,431</u>
DEDUCTIONS		
Scholarships	<u>1,200</u>	<u>7,000</u>
Total deductions	<u>1,200</u>	<u>7,000</u>
Change in net position	2	18,431
NET POSITION AT BEGINNING OF YEAR	<u>8,208</u>	<u>0</u>
NET POSITION AT END OF YEAR	<u><u>\$ 8,210</u></u>	<u><u>\$ 18,431</u></u>

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

1. **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Plummer/Worley Joint School District No. 44 conform to United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

Reporting Entity. Plummer/Worley Joint School District No. 44 is based in Plummer, Idaho, and is located in Kootenai and Benewah Counties. The District operates two school facilities: an elementary school for grades kindergarten through 6th grade and a junior/senior high school for grades 7 through 12.

The District has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the District, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval of assets, etc.). The District has determined that no other outside agency meets the above criteria; therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight, resulting in the District being considered a component unit of that entity.

The District's reporting entity includes the District government and all the student activity funds for which the District exercises oversight responsibility. The District does not exercise oversight responsibilities for any booster organizations or related groups such as Parent-Teacher Organizations.

Measurement Focus and Basis of Accounting. The District uses the following two bases of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting

Under this measurement focus, 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, entitlements, 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, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under this measurement focus, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 30 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes, the state foundation program, federal and state grants, and interest are considered to be susceptible to accrual.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Focus and Basis of Accounting (Continued).

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

The District reports unearned revenue in its Fund Financial Statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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 debt and acquisitions under capital leases are reported as other financing sources.

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of net position/fund balance restrictions when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB #54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB #54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable

Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted

Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed

Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned

Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Restricted Resources (Continued).

Unassigned

Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

District-Wide Statements. The statement of net position and the statement of activities display information about the overall District except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements reflect only governmental activities of the District since there are no “business-type activities” within the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District-wide financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting.

The statement of activities presents a comparison between direct expenses and program revenues for the different functions of the District's governmental activities. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity, direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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, are presented as general revenues.

Program Revenue. The statement of activities reflects all restricted federal and state grants as program revenue, as well as all charges to students for classes, activities, and school lunches. In addition, a substantial portion of the State Foundation Program is restricted based upon salaries paid and related payroll benefits and has been treated as program revenue. Program expenses are allocated to restricted program revenue first when both restricted and unrestricted net positions are available

Fund Financial Statements. The fund financial statements provide information about the District's fund categories. Separate statements for each fund category--governmental and fiduciary--are presented. The emphasis of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental 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 of the District, except those required to be accounted for in another fund.
- **School Lunch.** The federal government provides cash grants and food allotments to school districts to make a school lunch program available. These grants are based upon the number of children eating school lunch. In addition, the District charges students for lunch and breakfast.
- **School Plant Facility Reserve.** The State of Idaho allows the District to establish a special fund and levy a special property tax to acquire, purchase, and improve school sites, and build school buildings upon a vote of the District patrons.

Fiduciary Funds. The District reports two types of fiduciary funds: private purpose trusts and agency funds. Private purpose trusts are reported using the economic resources measurement focus and the accrual basis of accounting. The District has two private purpose trusts, namely the Lloyd Selder Scholarship Fund and the Wilson Scholarship Fund. The agency fund is used to account for monies held on behalf of Student Activity Funds. Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Budgets. Annual non-appropriated budgets are adopted for the governmental funds. Expenditures may not exceed the budget at the individual fund level.

Pensions. For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PERSI. 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.

Encumbrances. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are included in the following year's budgeted expenditures.

Investments. The District's investments consist of deposits in the Idaho State Treasurer's Local Government Investment Pool.

Deposits in the State Treasurer's Local Government Investment Pool are stated at cost, which approximates market. The State Treasurer combines deposits from all governmental entities in the State, which participate in the pool and purchases the following types of investments:

Local Certificates of Deposit
Repurchase Agreements
U.S. Government Securities

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued). The entities participating in the pool own a percentage of each investment held. This percentage is calculated by dividing the individual entity's deposits by the total deposits held in the pool. The purpose of this is to:

- Increase the overall rate of return.
- Reduce the risk of default.
- Place each entity under the FDIC and FSLIC limits of \$250,000.

Investments are authorized by Board policy as permitted by *Idaho Code*, Section 67-1210.

Prepaid Supplies. The District does not capitalize its supplies inventory at year end. All supplies are recorded as expenditures in the period in which they were purchased. Supplies purchased after the current school year for use in the subsequent school year are reflected as prepaid expenses at June 30.

Capital Assets. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The District records all capital assets at their original cost. Assets acquired prior to 2003 are recorded at their estimated original cost. Interest is capitalized on capital assets during the construction period.

The District capitalizes equipment with an original unit cost of \$5,000 or more and an expected life of more than five years. The District capitalizes property improvements with an original cost of \$10,000 or more that is expected to extend the property life by 10 years or more. Equipment with an original unit cost of between \$100 and \$5,000 is not capitalized for depreciation purposes, but is recorded for inventory tracking purposes only.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 40 years; vehicles - 5 years; buses - 10 years; machinery and equipment - 7 years; computer equipment - 5 years.

Property Taxes. The District's property tax is levied by Benewah and Kootenai counties in November and payable on December 20 and June 20 following the levy date. Taxes are remitted to the District in the month following collection. The taxes are delinquent and a lien is filed the day following the due dates. A tax deed is issued on property three years from the date of delinquency.

Pensions. For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PERSI. The liability is measured as of July 01, 2016, and current year payments are reported as deferred outflows. PERSI records investments at fair value and benefit payments are recorded when due.

Compensated Absences. District employees are granted vacation and sick leave days in varying amounts under the terms of the *Plummer/Worley School District Personnel Manual*. Employees are not compensated for unused sick leave. The estimated amount of compensation for future absences is believed to be immaterial to these financial statements and, accordingly, no liability has been recorded.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates. Management of the District uses estimates and assumptions in preparing financial statements in accordance with United States generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates management uses.

2. LEGAL COMPLIANCE - BUDGETS

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.
5. During the fiscal year, a revised budget can be prepared and adopted to reflect more accurate revenue and expenditure projections. The Board must hold public hearings and publish the proposed budget prior to adoption. The Board did not amend the budget during the current fiscal year.

Expenditures may not exceed the budget at the individual fund level. The District incurred expenditures in excess of budget in the following funds:

	<u>Budget</u>	<u>Expenditures</u>
Title VII Indian Education	\$ 48,105	\$ 45,149
Twenty-First Century	114,718	128,132

Deficit Fund Balance in Individual Funds. At fiscal year-end, no funds had a deficit fund balance.

3. DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2017, the District's carrying amount of deposits was \$159,057 for government activities. The District's carrying amount of deposits was \$36,760 for fiduciary funds. The bank balance was \$244,050 for governmental activities and \$36,760 for fiduciary funds. All of the bank balances were covered by Federal Depository Insurance.

Investments. At June 30, 2017, all District investments were held in the Idaho State Treasurer's Local Government Investment Pool. The carrying value of investments approximates market value.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will reduce the value of the District's investments. The District does not have a policy regarding interest rate risk.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued).

Custodial Risk. Custodial risk is the risk that, in the event of the failure of the investment custodian, the District will not be able to recover the value of its investments or collateral securities that are in the possession of the custodian. The District owns a percentage of each investment held by the Idaho State Treasurer's Local Government Investment Pool and all investments are held in the name of the pool.

Credit Risk. Credit risk is the risk that a borrower will fail to repay principal and interest in a timely manner. The District owns a percentage of each investment held by the Idaho State Treasurer's Local Government Investment Pool and the Pool diversifies investments to minimize credit risk to any individual government. The District's investment in the Idaho State Treasurer's Local Government Investment Pool has not been issued an external credit quality rating.

Concentration of Credit Risk. The District has no policy on the amount they may invest in any one issuer.

4. ACCOUNTS RECEIVABLE

Details of accounts receivable at June 30, 2017, are as follows:

State of Idaho -- Foundation program	\$ 69,945
State of Idaho -- State grant funds	8,105
State of Idaho -- Federal grant funds	166,276
U.S. Government -- Federal grant funds	21,477
	<u>\$ 265,803</u>

5. PROPERTY TAXES

Details of property taxes receivable at June 30, 2017, are as follows:

	Governmental Funds
Benewah County, taxes, penalties and interest	\$ 77,831
Kootenai County, taxes, penalties and interest	<u>166,697</u>
	<u>\$ 244,528</u>

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets				
Land	\$ 280,751			\$ 280,751
Structures and improvements	13,290,706			13,290,706
Equipment	439,283	\$ 12,597		451,880
Buses and vehicles	1,049,532			1,049,532
	<u>\$ 15,060,272</u>	<u>\$ 12,597</u>	<u>\$ 0</u>	<u>15,072,869</u>
Accumulated depreciation				
Structures and improvements	\$ 2,639,503	\$ 307,193		2,946,696
Equipment	303,334	35,059		338,393
Buses and vehicles	837,294	46,392		883,686
	<u>\$ 3,780,131</u>	<u>\$ 388,644</u>	<u>\$ 0</u>	<u>4,168,775</u>
Capital assets, net				<u>\$ 10,904,094</u>

Depreciation of \$388,644 was charged to the following programs in the statement of activities:

Instruction, regular program	\$ 341,569
Support services, transportation	46,392
Food services	<u>683</u>
	<u>\$ 388,644</u>

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category in the current year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. NET POSITION FLOW ASSUMPTION

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

9. FUND BALANCE FLOW ASSUMPTIONS

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

10. DEFINED BENEFIT PENSION PLAN

The District contributes to the Base Plan, which is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Public Employee Retirement System of Idaho (PERSI) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

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

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.

The Base Plan provides for retirement, disability, death, and survivor benefits of eligible members or beneficiaries. Benefits are based upon members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with 5 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 classifications. The annual service retirement allowance for each month of credited service is 2.0 percent of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1 percent minimum cost of living increase per year provided the *Consumer Price Index* increases 1 percent 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 percent, whichever is less; however, any amount above the 1 percent minimum is subject to review by the Idaho Legislature.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The contribution rates for employees are set by statute at 60 percent of the employer rate for general employees. As of June 30, 2017, it was 6.79 percent (6.79 percent in 2016 and 2015) for general employees. The employer contribution rate, as a percentage of covered payroll, is set by the Retirement Board and was 11.32 percent (11.32 percent in 2016 and 2015) for general employees. The District also pays 1.16 percent of eligible wages to the fund for future medical benefits to be provided. The District's contributions required and paid were \$316,141, \$289,927, and \$269,504 for the three years ended June 30, 2017, 2016, and 2015, respectively.

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

At June 30, 2017, the District reported a liability of \$1,777,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2016, the District's proportion was .000876633 percent.

For the year ended June 30, 2017, the District recognized a net pension expense of \$38,786. At June 30, 2017, 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
Employer contributions made subsequent to the measurement date of June 30, 2016	\$ 316,141	
Differences between expected and actual experience		\$ 177,000
Changes in assumptions or other inputs	\$ 40,000	
Net difference between projected and actual earnings on pension plan investments	\$ 865,000	\$ 404,000

Deferred outflows of resources in the amount of \$316,141 related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

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

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

2017	\$	317,941
2018		1,800
2019		206,700
2020		113,700

Actuarial Assumptions

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

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

Inflation	3.25%		
Salary inflation	3.75%	Salary increases	4.25%-10.00%
Investment rate of return	7.1%	Cost-of-living adjustments	1%

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

- Set back 3 years for teachers
- Set back one year for all general employees and all beneficiaries

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

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

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

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

CAPITAL MARKET ASSUMPTIONS

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

<u>Total Fund</u>	<u>Expected Return</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

Expected arithmetic return net of fees and expenses

Actuarial Assumptions

Assumed inflation – mean	3.25%
Assumed inflation – standard deviation	2.00%
Portfolio arithmetic mean return	8.42%
Portfolio long-term expected geometric rate of return	7.50%
Assumed investment expenses	<u>0.40%</u>
Long-term expected geometric rate of return, Net of investment expenses	<u>7.10%</u>

Discount Rate

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

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

	1 % Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability (asset)	\$ 3,486,000	\$ 1,777,000	\$ 356,000

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.

11. RISK MANAGEMENT

The District has the following insurance coverage:

- Property coverage - Replacement cost coverage with a \$2,500 deductible.
- Boiler and Machinery - \$50,000,000 limit per occurrence with a \$2,500 deductible.
- Crime - \$125,000 limit for school officials and employees with a \$1,000 deductible.
- General Liability - \$1,000,000 limit per occurrence and \$2,000,000 in aggregate. There is no deductible.
- Automobiles
 - Liability - \$1,000,000 per occurrence; \$250,000 uninsured motorist; and \$5,000 medical payment. There is no deductible.
 - Comprehensive and Collision - Coverage on 1996 passenger vehicles and newer; 1996 drivers training vehicles and newer. Owned buses are not covered.
- Educators Legal Liability - \$1,000,000 limit per occurrence and \$2,000,000 in aggregate. There is a \$1,000 deductible.
- Abuse and Molestation Coverage - \$3,000,000 limit per occurrence no deductible.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

12. TRANSFERS TO/FROM OTHER FUNDS

The State Department of Education requires that the District pay for the costs of school lunch personnel's' Social Security and retirement expense from general fund revenues as a condition of participation in the National School Lunch Program. The amount transferred from the general fund to the food service fund for the year ended June 30, 2017, amounted to \$105,000.

Idaho Code, Section 33-901, requires that any amount paid by the State of Idaho to a school district for depreciation of school facilities shall be deposited in the plant facilities funds. Accordingly, the School District has transferred State foundation funds paid for depreciation of school buses in the amount of \$30,884 to the school bus reserve fund.

13. FUND BALANCE RESERVES AND DESIGNATIONS

Restricted Net Position. Restricted net position on the District-wide statements represents amounts whose use is restricted by creditors, grantors, laws and regulations of other governments, or through enabling legislation. Net position restricted for capital projects are restricted by *Idaho Code* for selected facilities' repairs and improvements and school bus purchases. Net position restricted for building maintenance is restricted by *Idaho Code* for maintenance on student occupied buildings. Net position restricted for debt service is restricted by *Idaho Code* for debt service on outstanding bonds. Net position restricted for federal grant programs is restricted by the granting agency for specific educational programs. These net positions are reflected as restricted since they are not available for general education expenditures.

Restricted Fund Balances. The fund balances of certain individual funds are restricted for particular purposes by the *Idaho Code* or by the granting agency. These fund balances are reflected as a restricted portion of fund balance in the fund financial statements since the funds are not available for general education expenditures.

Assigned Fund Balances. The forest reserve fund balance is restricted by *State Code* for capital improvements. However, if the Board of Trustees decides that these funds are not currently needed for capital improvements, then the funds may be expended for general educational purposes. This fund balance is reflected as an assigned portion of fund balance in the fund financial statements since the Board of Trustees has some discretion in using the funds for general educational expenditures. Additionally, multiple other funds have had their fund balances restricted where specific purposes are assigned, such as with sick leave, special revenue, and some state programs in the general fund.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

14. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Individual Fund Interfund Receivable and Payable Balances. Such balances at June 30, 2017, were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 15,983	\$ 347,866
Federal Forest Reserve	1,560	
CDA Bingo Donation	225,086	
Block Fest	500	
Playground Equipment	1,350	
Culturally Responsive	1,891	
Showcase Award	478	
Driver Education		60
Vocational Education		6,545
Public School Technology Grant	36,775	
Safe & Drug Free	7,155	
Title I-A Improving Basic Programs		39,748
Title VI-B School Age		6,524
Title VI-B Preschool		553
Title VI-A Rural Education	1,696	
Perkins IV Professional Technical Act		598
School Health Project	2,539	
Johnson O'Malley	12,509	
Title II-A Improving Teacher Quality		3,131
Twenty-First Century		16,787
Gear Up		11,967
Confluence Project	2,054	
Food Service	29,513	
School Bus Reserve	85,117	
School Building Maintenance Reserve	9,573	

The District uses a pooled cash arrangement whereby all receipts are deposited to the general fund on behalf of all District funds. Expenditures are paid out of this pooled account and charged to all District funds. The excess (deficiency) of receipts over expenditures is recorded as a short-term interfund receivable (payable).

15. CONTINGENT LIABILITIES

The District participates in a number of state and federally assisted grant programs, mainly Impact Aid, Title I, Title VI-B, and the National School Lunch Program. These programs can be subject to financial and compliance audits by the grantors. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

16. OTHER POST-EMPLOYMENT BENEFITS

Description. The District does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, retired employees can remain on the District insurance policy after retirement if the retired employee pays the monthly cost. This arrangement is referred to as an “implicit rate subsidy” since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. Governmental Accounting Standards require the cost of such benefits to be recognized (accrued as an expense and liability) in the accounting period in which it is earned, rather than when paid. The cost that is calculated is referred to as the Annual Required Contribution (ARC). The District is required to calculate the ARC at least once every three years.

Actuarial Valuation. The District did not obtain an actuarial valuation for this year. Due to this fact, the information necessary to provide complete and accurate disclosure is not available.

REQUIRED SUPPLEMENTARY INFORMATION

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

SCHEDULE OF PENSION FUNDING
Year Ended June 30, 2017

Fiscal Year	Statutorily Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll	Share of PERSI Net Pension Liability		Net Pension Liability as % of Covered Payroll	Plan Fiduciary Net Position as % of Total Pension Liability
						%	Amount		
2007	\$ 327,174	\$ 327,174	\$ 0	\$ 3,148,931	10.39%	(1)	(1)		
2008	313,037	313,037	0	3,012,861	10.39%	(1)	(1)		
2009	313,777	313,777	0	3,019,992	10.39%	(1)	(1)		
2010	292,732	292,732	0	2,817,441	10.39%	(1)	(1)		
2011	271,113	271,113	0	2,609,366	10.39%	(1)	(1)		
2012	268,840	268,840	0	2,587,486	10.39%	(1)	(1)		
2013	247,163	247,163	0	2,378,854	10.39%	(1)	(1)		
2014	263,752	263,752	0	2,345,636	11.24%	(1)	\$ 1,645,000	70%	86%
2015	269,504	269,504	0	2,380,777	11.32%	0.000860%	633,000	27%	95%
2016	289,927	289,927	0	2,561,196	11.32%	0.000850%	1,119,000	44%	91%
2017	316,141	316,141	0	2,792,766	11.32%	0.000850%	1,777,000	64%	87%

(1) PERSI has not provided calculations for years prior to implementation of GASB Statement No. 68.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 585,332	\$ 569,332	\$ 588,468	\$ 19,136
State foundation program	2,270,762	2,224,750	2,253,987	29,237
Other state revenue	3,133	3,133	2,229	(904)
Federal revenue	784,652	784,652	887,843	103,191
Earnings on investments	3,500	3,500	12,518	9,018
Other revenues	18,600	18,600	46,624	28,024
Total revenues	<u>3,665,979</u>	<u>3,603,967</u>	<u>3,791,669</u>	<u>187,702</u>
EXPENDITURES				
Instruction				
Payroll	1,328,091	1,341,210	1,339,744	1,466
Payroll burden and employee benefits	562,476	563,642	550,634	13,008
Purchased services	46,250	48,048	34,630	13,418
Supplies and materials	40,831	24,700	17,597	7,103
Support services				
Payroll	849,861	827,797	809,790	18,007
Payroll burden and employee benefits	338,254	333,755	326,502	7,253
Purchased services	468,795	475,756	403,894	71,862
Supplies and materials	133,303	148,944	120,569	28,375
Capital outlay	4,400	2,690	789	1,901
Insurance	42,000	41,954	37,550	4,404
Pupil transportation	300,956	311,356	301,116	10,240
Total expenditures	<u>4,115,217</u>	<u>4,119,852</u>	<u>3,942,815</u>	<u>177,037</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(449,238)</u>	<u>(515,885)</u>	<u>(151,146)</u>	<u>364,739</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	139,107	138,995	31,783	(107,212)
Transfers to other funds	(180,447)	(195,091)	(137,580)	57,511
Total other financing sources (uses)	<u>(41,340)</u>	<u>(56,096)</u>	<u>(105,797)</u>	<u>(49,701)</u>
NET CHANGES IN FUND BALANCE	<u>(490,578)</u>	<u>(571,981)</u>	<u>(256,943)</u>	<u>315,038</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>490,578</u>	<u>571,981</u>	<u>605,977</u>	<u>33,996</u>
FUND BALANCE AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 349,034</u>	<u>\$ 349,034</u>

Note: The budgetary comparison schedule is presented on the modified accrual basis of accounting, which is the same basis of accounting used by the District in the fund financial statements.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

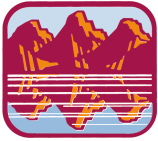
FOOD SERVICE FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Federal revenue	\$ 156,000	\$ 156,000	\$ 185,910	\$ 29,910
Charges for services	7,800	7,800	9,888	2,088
Other revenues		7,100	7,100	
Total revenues	163,800	170,900	202,898	31,998
Transfers from other funds	142,616	140,582	105,000	(35,582)
Total revenues and transfers	306,416	311,482	307,898	(3,584)
EXPENDITURES				
Food services				
Payroll	98,792	96,999	97,359	(360)
Payroll burden and employee benefits	68,624	68,383	66,564	1,819
Purchased services	4,600	4,600	852	3,748
Supplies and materials	131,400	131,400	141,138	(9,738)
Capital outlay	3,000	10,100	1,672	8,428
Total expenditures	306,416	311,482	307,585	3,897
NET CHANGES IN FUND BALANCE	0	0	313	313
FUND BALANCE AT BEGINNING OF YEAR			2,555	2,555
FUND BALANCE AT END OF YEAR	\$ 0	\$ 0	\$ 2,868	\$ 2,868

Note: The budgetary comparison schedule is presented on the modified accrual basis of accounting, which is the same basis of accounting used by the District in the fund financial statements.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT - GOVERNMENT AUDITING STANDARDS

Board of Trustees
Plummer/Worley Joint School District No. 44
Plummer, 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 the governmental activities, each major fund, and the aggregate remaining fund information of the Plummer/Worley Joint School District No. 44, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 2, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Plummer/Worley Joint School District No. 44's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (see finding #2017-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plummer/Worley Joint School District No. 44's financial statements are free of 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 the 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*.

Plummer/Worley Joint School District No. 44's Response to Findings

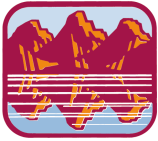
Plummer/Worley Joint School District No. 44's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Plummer/Worley Joint School District No. 44's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

PRESNELL GAGE PLLC

October 2, 2017



INDEPENDENT AUDITOR'S REPORT – *UNIFORM GUIDANCE*

Board of Trustees
Plummer/Worley Joint School District No. 44
Plummer, Idaho

Report on Compliance for Each Major Federal Program

We have audited the Plummer/Worley Joint School District No. 44's compliance with the types of compliance requirements described in the OMB's *Compliance Supplement*, that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The Plummer/Worley Joint School District No. 44's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Plummer/Worley Joint School District No. 44's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Plummer/Worley Joint School District No. 44's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Plummer/Worley Joint School District No. 44's compliance.

Opinion on Each Major Federal Program

In our opinion, Plummer/Worley Joint School District No. 44 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with *Uniform Guidance*.

Report on Internal Control Over Compliance

Management of the Plummer/Worley Joint School District No. 44, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Plummer/Worley Joint School District No. 44's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Plummer/Worley Joint School District No. 44's internal control over compliance.

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

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

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

PRESNELL GAGE PLLC

October 2, 2017

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
DEPARTMENT OF AGRICULTURE				
Passed through the State of Idaho - Department of Education				
National School Breakfast Program	10.553	201616N109947	None	\$ 42,737
National School Lunch Program	10.555	201616N109947	None	120,577
Summer Food Service Program	10.559	201616N109947	None	1,597
Subtotal School Lunch Cluster				<u>164,911</u>
Child and Adult Care Food Program	10.558	201616N202047	None	11,196
Fresh Fruit and Vegetable Program	10.582	201616L160347	None	9,803
Total Department of Agriculture				<u>185,910</u>
DEPARTMENT OF INTERIOR				
Direct Programs				
Indian Education Assistance to School	15.130	CTP00X90401	None	<u>1,776</u>
ENVIRONMENTAL PROTECTION AGENCY				
Passed through the University of Idaho Environmental Education Grant				
	66.951	ETK515-SB-004	None	<u>2,160</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the State of Idaho - Department of Education Nutrition and Physical Activity Programs				
	93.649		None	<u>1,947</u>
DEPARTMENT OF EDUCATION				
Direct Programs				
Impact Aid, P.L. 81-874	84.041	SO41B-2016-1419	None	<u>887,843</u>
Indian Education - Grants to Local Educational Agencies	84.060A		None	<u>45,149</u>
Rural Education Achievement Program	84.358		None	<u>9,294</u>
Passed through St. Maries School District Career and Technical Education - Basic Grants to States	84.048		None	<u>10,909</u>
Passed through the State of Idaho - Department of Education				
Title I-A	84.010	S010A150012	None	<u>234,288</u>
Title VI-B	84.027	H027A150088	None	89,917
Title VI-B Preschool	84.173	H173A150030	None	6,960
Subtotal Title VI-B Cluster				<u>96,877</u>
Twenty-First Century Community Learning Centers	84.287	S287C140012	None	127,632
Gear Up	84.334	P334S110016	None	48,296
Improving Teacher Quality	84.367	S367A150011	None	35,161
School Improvement Grants	84.377	S377A120013	None	211,396
Total Department of Education				<u>1,706,845</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 1,898,638</u></u>

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: DE MINIMIS INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis cost rate.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

* Material weakness(es) identified ___ yes X no

* Significant deficiency(ies) identified that are not considered to be material weaknesses? X yes ___ none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified ___ yes X no

* Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance? ___ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid P.L. 81-874

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ___ yes X no

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

Finding #2017-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

Condition: The Plummer/Worley Joint School District No. 44 has concentrated many accounting duties to a limited number of individuals such that the desired segregation of duties is not possible. There are a limited number of personnel available to provide for the desired “segregation of duties.”

Effect: Many accounting duties are performed by a limited number of personnel with limited oversight available within the Plummer/Worley Joint School District No. 44.

Response: The District’s management and Board of Trustees believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

Recommendation: We concur with the District’s response.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is also often referred to as the M&O (Maintenance and Operations) Fund. The District uses this fund to account for the basic educational programs of the District. In general, these programs are operated with a great deal of local input and control.

The general fund primarily receives funding from the State of Idaho through the Educational Foundation Program and through local general property taxes. The District is authorized to levy a tax upon property within the District boundaries for liability insurance. The District is authorized to levy an additional amount if approved by a majority of voters in a supplemental levy election.

Other sources of funds that are restricted are accounted for in the special revenue, capital projects, and trust funds.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources, or to finance specific activities as required by law or administrative regulations. Although there is local input and control over the use of these proceeds, the party who provides the proceeds also has some type of external restriction on the use of the proceeds.

LOCAL SPECIAL PROJECTS

Federal Forest Reserve - The U.S. Forest Service pays a percentage of timber sales from federal forests to the County where the federal forest is located. In the State of Idaho, 30 percent of this amount is allocated to the public schools based upon their average daily attendance. These proceeds are restricted for the purchase of school sites, construction, or remodeling of school buildings. When, within the discretion of the trustees of the District, the proceeds are not needed for the foregoing items, they may be expended for current expenses. These proceeds may be accumulated for future projects.

Whole Kids – This is a grant to be used toward the success of your school garden. It is a one-time grant. Funds are very flexible allowing schools to start new gardens or expand existing ones and use funds for supplies, structure, curriculum, training, or educational events.

CDA Bingo Donation – The Coeur d’Alene Tribe contributes funds to the District from time-to-time. While the funds are not restricted by the donor, they are used primarily for the purchase or renovation of capital assets.

Culturally Responsive Grant – This is Re-Awakening Culture Within Our School. This grant was written by one of our elementary teachers last year. She wanted to achieve a kiosk near the front of our school that would allow students, staff, and community members to access parts of the Coeur d’Alene language and history. She wrote in the grant that we have a brand new building but new buildings do not come with the details that make a school feel like home in the community and we would like to request funds to help us change our building from being one “IN” the community to a building “OF” the community. They want to do several murals on a wall and stairway telling about two important legends of the Coeur d’Alene people.

Playground Equipment – This fund was established as a local, special-revenue fund that takes donations from the community to support funding for new playground equipment for the District.

Driver Education - The State of Idaho will reimburse the District for expenses up to \$125 per student who completes the driver education class at the District. In addition, the District charges students a \$225 fee to enroll in the class. The general fund of the District pays expenses in excess of the above proceeds; however, the goal of the District is to make it a self-sufficient fund.

Vocational Education - The State of Idaho will reimburse the District for expenses incurred in operating certain vocational education programs. The State establishes a maximum reimbursement at the beginning of each school year based upon courses offered and numbers of students involved. The general fund of the District pays expenses in excess of the above proceeds.

Public School Technology Grant - The State of Idaho awards technology grants on a noncompetitive basis to schools based upon average daily attendance. The grants provide equipment and resources to integrate information age technology into the classroom and to connect the classrooms with external telecommunications services. The general fund of the District pays expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year.

Safe & Drug Free – The State of Idaho taxes the sale of tobacco products and uses a portion of the proceeds to provide substance abuse programs in the public school system. Proceeds are allocated to schools on a noncompetitive basis upon average daily attendance. The general fund of the District pays expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year.

Schools Health Project - This program is to prevent, reduce, or eliminate dependency; to achieve or maintain self sufficiency; and to prevent neglect, abuse, or exploitation of children and adults.

Showcase Award - The Plummer/Worley Middle School received an award from the State of Idaho for creating innovative programs and raising student achievement over the past year.

Block Fest – This program is designed to help parents support the development of pre-math and science skills through block play for children ages eight months to eight years.

FEDERALLY FUNDED PROJECTS

Title I-A Improving Basic Programs - The federal government provides Title I grants to improve the education of children who are at risk of not meeting academic standards and who reside in areas with high concentrations of children from low income families. The program is administered by the State and funds are allocated to the District based upon average daily attendance. Funds are modified based upon student counts from low income families. The District uses the grant primarily to provide additional classroom aides. The general fund of the District pays expenses in excess of the grant. In general, unused grant proceeds may be carried over to the following school year.

Title VI-B School Age - The federal government provides Title VI-B IDEA grants for special education to school-age children with disabilities. The program is administered by the State and funds are allocated to the District based upon a child count of eligible students as of December 1 of the prior year. Supplemental awards are also available. The District must meet nonsupplanting tests and maintenance of effort tests. These tests are to ensure that the District continues to provide the basic education curriculum and that the federal dollars provide additional educational opportunities. The general fund of the District pays expenses in excess of the grant. In general, unused grant proceeds may be carried over to the following school year.

Title VI-B Preschool - The federal government provides Title VI-B IDEA Preschool grants for special education to children with disabilities between the ages of three and five. The program is administered by the State and funds are allocated to the District based upon a child count of eligible students as of December 1 of the prior year. Supplemental awards are also available. The District must meet nonsupplanting tests and maintenance of effort tests. These tests are to ensure that the District continues to provide the basic education curriculum and that the federal dollars provide additional educational opportunities. The general fund of the District pays expenses in excess of the grant. In general, unused grant proceeds may be carried over to the following school year.

Title VI-A Rural Education - The federal government provides grants under the Rural Education Achievement Program to schools with an average daily attendance of less than 600 students to provide activities allowed under Title I; Eisenhower Professional Development State Grants; and Technology Literacy Challenge Fund Grants. The District has used the grant to pay teachers' salaries and benefits during the current year.

Perkins IV Professional Technical Act - The District is part of a consortium along with the St. Maries and Kootenai School Districts for this grant. Funds are used to give students opportunities and provide vocational training.

Title VII Indian Education - The grant funds are used to hire one staff person at each school facility to tutor Native American students.

Title II-A Improving Teacher Quality - The federal government provides Title II-A ESEA grants to provide assistance to classroom teachers. The District uses the funds generally for two purposes:

The District provides additional professional education for teachers in the core academic subjects by paying the costs for teachers to attend specific workshops designed to enhance their skills in teaching math and science classes. The program is administered through the State, and funds are allocated based upon student enrollment. The general fund of the District pays expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year.

The District can also use the grant to pay for an additional teaching position in the elementary grades. The goal of the program is to reduce the student-to-teacher ratio to 18 students per class. The program is administered through the State and funds are allocated based upon census poverty data (80 percent) and student enrollment (20 percent). The general fund of the District pays expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year.

Twenty-First Century - This five-year grant began in fiscal year 2005 and is used to fund after-school programs designed to meet unique needs of students performing below grade level. By providing exciting cultural and academic opportunities, students will have assistance to overcome difficult challenges and experience academic and personal success.

Gear Up – This program supports entities in providing or maintaining a guarantee to eligible low-income students who obtain a secondary diploma of the financial assistance necessary to permit the students to attend an institution of higher education; and supports eligible entities in providing additional counseling, mentoring, academic support, outreach, and supportive services to elementary and middle school, and secondary school students who are at risk of dropping out of school.

Food Service - The federal government provides cash grants and food allotments to school districts to make a school lunch program available. These grants are based upon the number of children eating school lunch and breakfast. In addition, the District charges adults for lunch and breakfast. Lunch and breakfast are served free to all students. Meals must meet certain dietary and nutrition requirements. The general fund pays Social Security taxes and retirement benefits as a "matching contribution" to the program. The general fund of the District pays expenses in excess of the revenue generated. Excess revenue may be carried over to the following school year.

Johnson O'Malley – The federal government provides grants in order to provide supplementary financial assistance to meet the unique and specialized educational needs of Indian children.

Confluence Project – The Confluence Project is a grant cooperative with the University of Idaho and several other local schools to provide graduate level students and other resources to study the drainage system of Lake Coeur d'Alene.

CAPITAL PROJECTS FUND

School Plant Facilities Reserve Funds - The District has established School Plant Facility Reserve Funds. The funds may be used to acquire, purchase, and improve school sites, and build school buildings.

The Trustees of the District can request an election to approve a property tax levy of up to .4 percent of assessed market value in addition to the authorized general Fund tax levies.

- The Plant Facility levy requires 55 percent voter approval if the total levy (including any previously approved levies) is less than .2 percent of the assessed value.
- The Plant Facility levy requires 60 percent voter approval if the total levy (including any previously approved levies) is between .2 percent and .3 percent of the assessed value.
- The Plant Facility levy requires 66 2/3 percent voter approval if the total levy (including any previously approved levies) is between .3 percent and .4 percent of the assessed value.

School Bus Reserve Fund – The District has established this fund to accumulate funds for the future purchase of school buses.

School Building Maintenance Reserve - The District has established this fund in order to track the revenue and expenses related to the repair and maintenance of school buildings.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS

June 30, 2017

	General Fund	Federal Forest Reserve	Whole Kids	CDA Bingo Donation	Culturally Responsive	Playground Equipment	Driver Education	Vocational Education
ASSETS								
Cash	\$ 159,057							
Investments	667,600							
Property taxes receivable	244,528							
Accounts receivable	69,945						\$ 1,560	\$ 6,545
Interfund balances	15,983	\$ 1,560		\$ 225,086	\$ 1,891	\$ 1,350		
Total assets	\$ 1,157,113	\$ 1,560	\$ 0	\$ 225,086	\$ 1,891	\$ 1,350	\$ 1,560	\$ 6,545
LIABILITIES								
Payroll and taxes payable	\$ 394,604			\$ 10,302				
Interfund balances	347,866						\$ 60	\$ 6,545
Unearned revenue	6,049							
Total liabilities	748,519	\$ 0	\$ 0	10,302	\$ 0	\$ 0	60	6,545
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	59,560							
Total deferred inflows of resources	59,560	0	0	0	0	0	0	0
FUND BALANCES								
Restricted for capital projects								
Restricted for grant programs		1,560						
Assigned for sick leave	26,708							
Assigned for special revenue				214,784	1,891	1,350	1,500	
Unassigned	322,326							
Total fund balances	349,034	1,560	0	214,784	1,891	1,350	1,500	0
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,157,113	\$ 1,560	\$ 0	\$ 225,086	\$ 1,891	\$ 1,350	\$ 1,560	\$ 6,545

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2017

	<u>Public School Technology Grant</u>	<u>Safe & Drug Free</u>	<u>Title I-A Improving Basic Programs</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>	<u>Title VI-A Rural Education</u>	<u>Perkins IV Professional Technical Act</u>
ASSETS							
Cash							
Investments							
Property taxes receivable							
Accounts receivable			\$ 100,010	\$ 17,586	\$ 1,696		\$ 2,376
Interfund balances	\$ 36,775	\$ 7,155				\$ 1,696	
Total assets	<u>\$ 36,775</u>	<u>\$ 7,155</u>	<u>\$ 100,010</u>	<u>\$ 17,586</u>	<u>\$ 1,696</u>	<u>\$ 1,696</u>	<u>\$ 2,376</u>
LIABILITIES							
Payroll and taxes payable		\$ 1,408	\$ 60,262	\$ 11,062	\$ 1,143	\$ 1,696	\$ 1,778
Interfund balances			39,748	6,524	553		598
Unearned revenue							
Total liabilities	<u>\$ 0</u>	<u>1,408</u>	<u>100,010</u>	<u>17,586</u>	<u>1,696</u>	<u>1,696</u>	<u>2,376</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes							
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES							
Restricted for capital projects							
Restricted for grant programs	36,775						
Assigned for sick leave							
Assigned for special revenue		5,747					
Unassigned							
Total fund balances	<u>36,775</u>	<u>5,747</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,775</u>	<u>\$ 7,155</u>	<u>\$ 100,010</u>	<u>\$ 17,586</u>	<u>\$ 1,696</u>	<u>\$ 1,696</u>	<u>\$ 2,376</u>

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2017

	<u>Schools Health Project</u>	<u>Title VII Indian Education</u>	<u>Title II-A Improving Teacher Quality</u>	<u>Twenty-First Century</u>	<u>Gear Up</u>	<u>Food Service</u>	<u>School Plant Facilities Reserve</u>
ASSETS							
Cash							
Investments							\$ 557,873
Property taxes receivable							
Accounts receivable		\$ 5,407	\$ 12,298	\$ 32,310	\$ 16,070		
Interfund balances	\$ 2,539					\$ 29,513	
Total assets	<u>\$ 2,539</u>	<u>\$ 5,407</u>	<u>\$ 12,298</u>	<u>\$ 32,310</u>	<u>\$ 16,070</u>	<u>\$ 29,513</u>	<u>\$ 557,873</u>
LIABILITIES							
Payroll and taxes payable		\$ 5,407	\$ 9,167	\$ 15,523	\$ 4,103	\$ 26,645	
Interfund balances			3,131	16,787	11,967		
Unearned revenue	\$ 2,539						
Total liabilities	<u>2,539</u>	<u>5,407</u>	<u>12,298</u>	<u>32,310</u>	<u>16,070</u>	<u>26,645</u>	<u>\$ 0</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes							
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES							
Restricted for capital projects							557,873
Restricted for grant programs							
Assigned for sick leave							
Assigned for special revenue						2,868	
Unassigned							
Total fund balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,868</u>	<u>557,873</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,539</u>	<u>\$ 5,407</u>	<u>\$ 12,298</u>	<u>\$ 32,310</u>	<u>\$ 16,070</u>	<u>\$ 29,513</u>	<u>\$ 557,873</u>

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PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2017

	<u>School Bus Reserve</u>	<u>Showcase Award</u>	<u>Block Fest</u>	<u>School Building Maintenance Reserve</u>	<u>Johnson O'Malley</u>	<u>Confluence Project</u>	<u>Combined</u>
ASSETS							
Cash							\$ 159,057
Investments							1,225,473
Property taxes receivable							244,528
Accounts receivable							265,803
Interfund balances	\$ 85,117	\$ 478	\$ 500	\$ 9,573	\$ 12,509	\$ 2,054	433,779
Total assets	<u>\$ 85,117</u>	<u>\$ 478</u>	<u>\$ 500</u>	<u>\$ 9,573</u>	<u>\$ 12,509</u>	<u>\$ 2,054</u>	<u>\$ 2,328,640</u>
LIABILITIES							
Payroll and taxes payable							\$ 543,100
Interfund balances							433,779
Unearned revenue					\$ 12,509		21,097
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>12,509</u>	<u>\$ 0</u>	<u>997,976</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes							59,560
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>59,560</u>
FUND BALANCES							
Restricted for capital projects	85,117			9,573			652,563
Restricted for grant programs							38,335
Assigned for sick leave							26,708
Assigned for special revenue		478	500			2,054	231,172
Unassigned							322,326
Total fund balances	<u>85,117</u>	<u>478</u>	<u>500</u>	<u>9,573</u>	<u>0</u>	<u>2,054</u>	<u>1,271,104</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 85,117</u>	<u>\$ 478</u>	<u>\$ 500</u>	<u>\$ 9,573</u>	<u>\$ 12,509</u>	<u>\$ 2,054</u>	<u>\$ 2,328,640</u>

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General Fund	Federal Forest Reserve	Whole Kids	CDA Bingo Donation	Culturally Responsive	Playground Equipment	Driver Education	Vocational Education
REVENUES								
General property taxes	\$ 588,468							
State revenue	2,256,216						\$ 1,560	\$ 23,188
Federal revenue	887,843	\$ 799						
Charges for services							2,925	
Earnings on investments	12,518							
Other revenues	46,624			\$ 146,000	\$ 230	\$ 1,350		
Total revenues	<u>3,791,669</u>	<u>799</u>	<u>\$ 0</u>	<u>146,000</u>	<u>230</u>	<u>1,350</u>	<u>4,485</u>	<u>23,188</u>
EXPENDITURES								
Instruction								
Regular programs	1,414,149			63,173			4,485	23,188
Special programs	411,815							
Interscholastic and school activity	114,604							
Support services								
Pupil support	147,395							
Staff support	170,011			2,390				
General administration	211,011							
School administration	276,801							
Business services	525,641			371				
Maintenance and operations	368,671							
Transportation	302,717							
Other support services								
Food services								
Community services			1,000					
Capital outlay				12,597				
Total expenditures	<u>3,942,815</u>	<u>0</u>	<u>1,000</u>	<u>78,531</u>	<u>0</u>	<u>0</u>	<u>4,485</u>	<u>23,188</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(151,146)</u>	<u>799</u>	<u>(1,000)</u>	<u>67,469</u>	<u>230</u>	<u>1,350</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)								
Transfers from other funds	31,783							
Transfers to other funds	(137,580)							
Total other financing sources (uses)	<u>(105,797)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGES IN FUND BALANCES	<u>(256,943)</u>	<u>799</u>	<u>(1,000)</u>	<u>67,469</u>	<u>230</u>	<u>1,350</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>605,977</u>	<u>761</u>	<u>1,000</u>	<u>147,315</u>	<u>1,661</u>	<u>0</u>	<u>1,500</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 349,034</u>	<u>\$ 1,560</u>	<u>\$ 0</u>	<u>\$ 214,784</u>	<u>\$ 1,891</u>	<u>\$ 1,350</u>	<u>\$ 1,500</u>	<u>\$ 0</u>

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	Public School Technology Grant	Safe & Drug Free	Title I-A Improving Basic Programs	Title VI-B School Age	Title VI-B Preschool	Title VI-A Rural Education	Perkins IV - Professional Technical Act
REVENUES							
General property taxes							
State revenue	\$ 49,780	\$ 6,259					
Federal revenue			\$ 445,684	\$ 89,917	\$ 6,960	\$ 9,294	\$ 10,909
Charges for services							
Earnings on investments							
Other revenues							
Total revenues	<u>49,780</u>	<u>6,259</u>	<u>445,684</u>	<u>89,917</u>	<u>6,960</u>	<u>9,294</u>	<u>10,909</u>
EXPENDITURES							
Instruction							
Regular programs		4,044	194,475				10,909
Special programs				88,734	6,960		
Interscholastic and school activity							
Support services							
Pupil support		858		1,183			
Staff support	22,514		223,120			10,990	
General administration							
School administration							
Business services	9,993						
Maintenance and operations		968					
Transportation							
Other support services							
Food services							
Community services			194				
Capital outlay							
Total expenditures	<u>32,507</u>	<u>5,870</u>	<u>417,789</u>	<u>89,917</u>	<u>6,960</u>	<u>10,990</u>	<u>10,909</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>17,273</u>	<u>389</u>	<u>27,895</u>	<u>0</u>	<u>0</u>	<u>(1,696)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds						1,696	
Transfers to other funds			(27,895)				
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(27,895)</u>	<u>0</u>	<u>0</u>	<u>1,696</u>	<u>0</u>
NET CHANGES IN FUND BALANCES	17,273	389	0	0	0	0	0
FUND BALANCES AT BEGINNING OF YEAR	<u>19,502</u>	<u>5,358</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 36,775</u>	<u>\$ 5,747</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	Schools Health Project	Title VII Indian Education	Title II-A Improving Teacher Quality	Twenty-First Century	Gear Up	Food Service	School Plant Facilities Reserve
REVENUES							
General property taxes							
State revenue							
Federal revenue	\$ 1,947	\$ 45,149	\$ 35,161	\$ 127,632	\$ 48,296	\$ 185,910	
Charges for services						9,888	
Earnings on investments							
Other revenues				500	1,046	7,100	
Total revenues	<u>1,947</u>	<u>45,149</u>	<u>35,161</u>	<u>128,132</u>	<u>49,342</u>	<u>202,898</u>	<u>\$ 0</u>
EXPENDITURES							
Instruction							
Regular programs							
Special programs							
Interscholastic and school activity							
Support services							
Pupil support					49,342		
Staff support			31,273				
General administration							
School administration							
Business services							
Maintenance and operations							70,166
Transportation							
Other support services		45,149					
Food services	1,947					307,585	
Community services				128,132			
Capital outlay							
Total expenditures	<u>1,947</u>	<u>45,149</u>	<u>31,273</u>	<u>128,132</u>	<u>49,342</u>	<u>307,585</u>	<u>70,166</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>0</u>	<u>3,888</u>	<u>0</u>	<u>0</u>	<u>(104,687)</u>	<u>(70,166)</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds						105,000	
Transfers to other funds			(3,888)				
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(3,888)</u>	<u>0</u>	<u>0</u>	<u>105,000</u>	<u>0</u>
NET CHANGES IN FUND BALANCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>313</u>	<u>(70,166)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,555</u>	<u>628,039</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,868</u>	<u>\$ 557,873</u>

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PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	<u>School Bus Reserve</u>	<u>Showcase Award</u>	<u>Block Fest</u>	<u>School Building Maintenance Reserve</u>	<u>Johnson O'Malley</u>	<u>Confluence Project</u>	<u>Combined</u>
REVENUES							
General property taxes							\$ 588,468
State revenue				\$ 27,676			2,364,679
Federal revenue					\$ 1,776	\$ 2,160	1,899,437
Charges for services							12,813
Earnings on investments							12,518
Other revenues							202,850
Total revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>27,676</u>	<u>1,776</u>	<u>2,160</u>	<u>5,080,765</u>
EXPENDITURES							
Instruction							
Regular programs						106	1,714,529
Special programs							507,509
Interscholastic and school activity							114,604
Support services							
Pupil support							198,778
Staff support							460,298
General administration							211,011
School administration							276,801
Business services							536,005
Maintenance and operations				18,103			457,908
Transportation							302,717
Other support services					1,776		46,925
Food services							309,532
Community services							129,326
Capital outlay							12,597
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,103</u>	<u>1,776</u>	<u>106</u>	<u>5,278,540</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,573</u>	<u>0</u>	<u>2,054</u>	<u>(197,775)</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	30,884						169,363
Transfers to other funds							(169,363)
Total other financing sources (uses)	<u>30,884</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGES IN FUND BALANCES	30,884	0	0	9,573	0	2,054	(197,775)
FUND BALANCES AT BEGINNING OF YEAR	<u>54,233</u>	<u>478</u>	<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,468,879</u>
FUND BALANCES AT END OF YEAR	<u>\$ 85,117</u>	<u>\$ 478</u>	<u>\$ 500</u>	<u>\$ 9,573</u>	<u>\$ 0</u>	<u>\$ 2,054</u>	<u>\$ 1,271,104</u>