

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

FINANCIAL STATEMENTS

Year Ended June 30, 2018

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2018, 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, 2018, 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 and OPEB funding, and budgetary comparison information on pages 6 through 12 and 41 through 43, 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 3, 2018, 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 3, 2018

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, 2018.

FINANCIAL HIGHLIGHTS

- The District's net position decreased by \$162,652 as a result of this year's operations.
- The total cost of District operations amounted to \$5,719,329 of which \$1,114,962 was generated from program revenues. General revenues amounted to \$4,441,715.
- The District recognized a net pension liability of \$1,413,000 at June 30, 2018. PERSI reflects that the pensions are 91 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 21-39.

THE DISTRICT AS A WHOLE

Net position of the District's governmental activities decreased by \$162,652 to a total of \$10,682,231 in fiscal year 2018 as a result of current operations. This is compared to \$10,669,487 in 2017 and \$11,281,045 in 2016. 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 decreased from a deficit of \$925,505 at June 30, 2017, to a deficit of \$531,596 at the end of this year.

Total assets decreased to \$12,754,975 in 2018 compared to \$12,798,955 in 2017.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

MANAGEMENT'S DISCUSSION AND ANALYSIS

Payables relating to payroll and taxes increased from \$543,100 to \$558,620.

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

Table 1		
Changes in Net Position		
	<u>2018</u>	<u>2017</u>
Revenues		
Program revenues:		
Charges for services	\$ 13,498	\$ 12,813
Operating grants and contributions	1,101,464	1,058,023
General revenues		
Property taxes, levied for general purposes	687,383	589,518
State base support	2,395,830	2,253,987
State and federal funding not restricted to specific programs	1,804	64,263
P.L. 874 Impact Aid	1,239,637	887,843
Coeur d'Alene Tribe contributions		146,000
Interest and investment earnings	25,663	12,518
Other general revenues	<u>91,398</u>	<u>56,850</u>
Total revenues	<u>5,556,677</u>	<u>5,081,815</u>
Program Expenses		
Instruction		
Regular programs	2,142,106	2,054,641
Special programs	500,609	507,509
Interscholastic and school activity	111,241	114,604
Other instructional programs	6,935	
Support services		
Pupil support	230,625	201,203
Staff support	490,600	460,510
General administration	200,956	210,916
School administration	284,388	276,801
Business services	595,704	535,945
Maintenance and operations	428,089	456,940
Transportation	367,973	349,109
Other support services	44,536	46,868
Food services	307,293	310,215
Community services	97,845	129,326
PERSI retirement actuarial charges	<u>(89,571)</u>	<u>38,786</u>
Total expenses	<u>5,719,329</u>	<u>5,693,373</u>
Change in net position	<u>\$ (162,652)</u>	<u>\$ (611,558)</u>

The District experienced a revenue increase during the year ended June 30, 2018. The most notable increase was from Impact Aid revenues. The decrease in the Coeur d'Alene Tribe donations is due to the District receiving two years of pledged donations in the prior 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	\$ 2,142,106	\$ (1,887,535)
Special programs	500,609	(398,985)
Interscholastic and school activity	111,241	(111,241)
Support services		
Pupil support	230,625	(174,292)
Staff support	490,600	(182,168)
General administration	200,956	(200,956)
School administration	284,388	(284,388)
Business services	595,704	(582,588)
Maintenance and operations	428,089	(399,556)
Transportation	367,973	(367,973)
Other support services	44,536	994
Food services	307,293	(98,051)
Community service	97,845	(264)
PERSI retirement actuarial charges	(89,571)	89,571

Net Pension Liability. The District recognized a net pension liability of \$1,413,000 for its share of PERSI's net pension liability. PERSI is one of the strongest retirement systems in the nation, with funding at 91 percent of the pension obligation. The District recognized deferred outflows of \$585,108 for payments made towards the net pension liability and deferred inflows of \$212,000 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 \$1,316,825, which increased from last year's total of \$1,271,104.

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 2018, the District had \$15,162,419 in capital assets, including buildings, computer equipment, and major school equipment. This year's major additions included:

The District purchased a new bus for \$89,550.

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, 2018.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2018-2019 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 \$34,600 to \$35,800. They are also increasing funding from \$1,200 to \$1,600 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 \$2,100 to \$2,800 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 \$26,748 per unit to \$27,481. The unit funding is based on average daily attendance for the whole year. We are estimating our units to be slightly more than the 2017-2018 school year. Last year, our final units were 19.36, which gave us \$517,841 in funding. We are estimating our 2018-2019 units to be at 19.70, which will give us funding at \$541,376. If our estimates are correct, we will see an increase of \$94,428 with most of that being an increase in salaries and benefits. Our health insurance monthly rates did increase for the 2018-2019 school year by \$25.69 a month per employee. For an estimated 80 employees for the year, this will be an additional \$24,662 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 2018-2019 school year being the second year. We anticipate asking the voters in the spring of 2019 for another 2 year supplemental levy.

The District is anticipating an increase in Impact Aid for 2018-2019 compared to what was received during 2017-2018 by approximately \$23,567.

In August, the District received Education Donations from the Coeur d'Alene Tribe in the amounts of \$72,000 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. At the end of the 2017-2018 school year, the playground equipment fund had a balance of \$29,430. With the funds received during the 2018-2019 school year, the fund will have \$54,430 in it.

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

The District is receiving Federal School Improvement funds to serve the purpose of the School Improvement Program and align with the school's approved schoolwide improvement plan (SWIP). The District will receive funds that will extend through the 2019-2020 school year upon the SWIP application approval which should be sometime early in 2019. Funds will be allocated as: Lakeside Elementary \$90,334, Lakeside Middle School \$60,784, and Lakeside High School \$68,981. The funds can be used for any activity that will help a school identified for comprehensive or targeted support and improvement increase student achievement, and family engagement activities. This will be the first of a 3-year cohort with a similar amount of funding being allocated each year.

The District received grant funding in the amount of \$98,376 from the Idaho State Board of Education to assist in the school improvement effort.

During the 2017-2018 school year, we estimated that we would need to transfer \$311,228 from Fund 420, which is our School Plant Fund. We ended up not transferring any funds from that fund. For the 2018-2019 school year, in order to balance our budget we have estimated that we may need to transfer \$216,679. 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 2018-2019 school year, which is part of the schools 10-year plan. One of the projects is at the middle school, where we are updating the cafeteria with new counter tops and lighting. This project is estimated at \$15,000 and will come from State of Idaho Lottery funds. The middle school hallways and two classrooms will also have new lighting installed. The middle school will also have one electrical panel updated (four were updated during the 2017-2018 school year). In the High School gym we will be installing new lighting as well as replacing the stage. The high school will have the outer bricks sealed during the summer of 2018 at a cost of \$19,800, which will come out of the School Plant Facility Fund. At the elementary school we will be raising three double sets of heat pumps that were installed incorrectly during the building of the elementary school. This project is estimated to cost around \$5,000, which will come from Idaho Lottery Funds. We will also be replacing at the elementary school's two coils due to improper installation also at time of build. Estimated cost is \$11,000, which will be funded from Impact Aid Construction funds.

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, 2018

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 19,741
Investments	1,485,919
Property taxes receivable	265,507
Accounts receivable	209,659
Total current assets	<u>1,980,826</u>
Noncurrent assets	
Net OPEB asset	168,000
Capital assets	15,162,419
Less accumulated depreciation	(4,556,270)
Total noncurrent assets	<u>10,774,149</u>
Total assets	<u>12,754,975</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB plan	33,750
Defined benefit pension	551,358
Total deferred outflows of resources	<u>585,108</u>
LIABILITIES	
Current liabilities	
Accounts payable	15,000
Payroll and taxes payable	558,620
Unearned revenue	30,820
Total current liabilities	<u>604,440</u>
Noncurrent liabilities	
Accrued post-employment benefits	428,412
Net pension liability	1,413,000
Total noncurrent liabilities	<u>1,841,412</u>
Total liabilities	<u>2,445,852</u>
DEFERRED INFLOWS OF RESOURCES	
Defined benefit pension	<u>212,000</u>
NET POSITION	
Net investment in capital assets	10,606,149
Restricted for:	
Capital projects	558,596
Grant programs	49,082
Unrestricted	<u>(531,596)</u>
Total net position	<u>\$ 10,682,231</u>

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

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	\$ 2,142,106	\$ 3,600	\$ 250,971	\$ (1,887,535)
Special programs	500,609		101,624	(398,985)
Interscholastic and school activity	111,241			(111,241)
Other instructional programs	6,935			(6,935)
Support services				
Pupil support	230,625		56,333	(174,292)
Staff support	490,600		308,432	(182,168)
General administration	200,956			(200,956)
School administration	284,388			(284,388)
Business services	595,704		13,116	(582,588)
Maintenance and operations	428,089		28,533	(399,556)
Transportation	367,973			(367,973)
Other support services	44,536		45,530	994
Food services	307,293	9,675	199,567	(98,051)
Community services	97,845		97,581	(264)
PERSI retirement actuarial charges	(89,571)			89,571
Total governmental activities	\$ 5,719,329	\$ 13,275	\$ 1,101,687	(4,604,367)
General revenues:				
Property taxes, levied for general purposes				687,383
State base support				2,395,830
State and federal funding not restricted to specific programs				1,804
P.L. 874 Impact Aid				1,239,637
Interest and investment earnings				25,663
Other general revenues				91,398
				<u>4,441,715</u>
Change in net position				(162,652)
Net position, beginning				10,669,487
Prior period adjustment				<u>175,396</u>
Net position, ending				<u>\$ 10,682,231</u>

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	General	Food Service	School Plant Facilities Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 19,741				\$ 19,741
Investments	450,212		\$ 1,035,707		1,485,919
Property taxes receivable	265,507				265,507
Accounts receivable	75,643			\$ 134,016	209,659
Interfund balances	221,006	\$ 29,086		301,193	551,285
Total assets	\$ 1,032,109	\$ 29,086	\$ 1,035,707	\$ 435,209	\$ 2,532,111
LIABILITIES					
Accounts payable	\$ 15,000				\$ 15,000
Payroll and taxes payable	406,326	\$ 27,269		\$ 125,025	558,620
Interfund balances	2,196		\$ 517,513	31,576	551,285
Unearned revenue	6,049			24,771	30,820
Total liabilities	429,571	27,269	517,513	181,372	1,155,725
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	59,561				59,561
Total deferred inflows of resources	59,561	0	0	0	59,561
FUND BALANCES					
Restricted for capital projects			518,194	40,402	558,596
Restricted for grant programs				49,082	49,082
Assigned for sick leave	27,063				27,063
Assigned, reported in:					
Special revenue funds		1,817		160,159	161,976
Unassigned, reported in:					
General fund	515,914			4,194	520,108
Total fund balances	542,977	1,817	518,194	253,837	1,316,825
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,032,109	\$ 29,086	\$ 1,035,707	\$ 435,209	\$ 2,532,111

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, 2018

Total fund balances - Governmental Funds		\$ 1,316,825
Amounts reported for governmental activities in the statement of net position are different because:		
Excess funding of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Net OPEB asset		168,000
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	\$ 15,162,419	
Accumulated depreciation	<u>(4,556,270)</u>	
		10,606,149
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		585,108
Deferred inflows		<u>(212,000)</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.		
		59,561
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>(1,413,000)</u>
Total net position - Governmental Activities		<u><u>\$ 10,682,231</u></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, 2018

	<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	\$ 687,382				\$ 687,382
State foundation program	2,375,772				2,375,772
Other state revenue	4,386			\$ 145,716	150,102
Federal revenue	1,239,637	\$ 197,028		776,432	2,213,097
Charges for services		9,675		3,600	13,275
Earnings on investments	25,663				25,663
Other revenues	72,205			19,080	91,285
Total revenues	<u>4,405,045</u>	<u>206,703</u>	<u>\$ 0</u>	<u>944,828</u>	<u>5,556,576</u>
EXPENDITURES					
Instruction					
Regular programs	1,472,341			330,832	1,803,173
Special programs	401,141			99,468	500,609
Interscholastic and school activity	111,241				111,241
Other instructional programs				6,935	6,935
Support services					
Pupil support	166,414			61,377	227,791
Staff support	186,245			304,248	490,493
General administration	200,226			657	200,883
School administration	284,388				284,388
Business services	579,129			16,682	595,811
Maintenance and operations	354,316		39,679	35,605	429,600
Transportation	320,634				320,634
Other support services				44,609	44,609
Food services		304,754		2,539	307,293
Community services				97,845	97,845
Capital outlay				89,550	89,550
Total expenditures	<u>4,076,075</u>	<u>304,754</u>	<u>39,679</u>	<u>1,090,347</u>	<u>5,510,855</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>328,970</u>	<u>(98,051)</u>	<u>(39,679)</u>	<u>(145,519)</u>	<u>45,721</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	2,679	97,000		65,706	165,385
Transfers to other funds	<u>(137,706)</u>			<u>(27,679)</u>	<u>(165,385)</u>
Total other financing sources (uses)	<u>(135,027)</u>	<u>97,000</u>	<u>0</u>	<u>38,027</u>	<u>0</u>
NET CHANGES IN FUND BALANCES	193,943	(1,051)	(39,679)	(107,492)	45,721
FUND BALANCES AT BEGINNING OF YEAR	<u>349,034</u>	<u>2,868</u>	<u>557,873</u>	<u>361,329</u>	<u>1,271,104</u>
FUND BALANCES AT END OF YEAR	<u>\$ 542,977</u>	<u>\$ 1,817</u>	<u>\$ 518,194</u>	<u>\$ 253,837</u>	<u>\$ 1,316,825</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, 2018

Net changes in fund balances - Total Governmental Funds	\$ 45,721
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	89,550
Current year depreciation	(387,495)
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	63,217
Current year net OPEB asset	26,354
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	59,561
Prior year taxes receivable	(59,560)
Change in net position - Governmental Activities	\$ (162,652)

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
June 30, 2018

	Private-Purpose Trusts		Agency Funds
	Lloyd Selder Scholarship Fund	Wilson Scholarship Fund	Student Body Funds
ASSETS			
Current assets			
Cash	\$ 8,213	\$ 19,431	\$ 9,859
Investments			111,600
Total current assets	<u>8,213</u>	<u>19,431</u>	<u>121,459</u>
LIABILITIES			
Current liabilities			
Due to student groups			121,459
Total current liabilities	<u>0</u>	<u>0</u>	<u>121,459</u>
NET POSITION			
Held for benefit of others	<u>8,213</u>	<u>19,431</u>	<u>0</u>
Total net position	<u>\$ 8,213</u>	<u>\$ 19,431</u>	<u>\$ 0</u>

See accompanying notes

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 FIDUCIARY FUNDS
 Year Ended June 30, 2018

	Private-Purpose Trusts	
	Lloyd Selder Scholarship Fund	Wilson Scholarship Fund
ADDITIONS		
Contributions	\$ 1,200	\$ 10,000
Earnings on investments	3	
Total additions	<u>1,203</u>	<u>10,000</u>
DEDUCTIONS		
Scholarships	<u>1,200</u>	<u>9,000</u>
Total deductions	<u>1,200</u>	<u>9,000</u>
Change in net position	3	1,000
NET POSITION AT BEGINNING OF YEAR	<u>8,210</u>	<u>18,431</u>
NET POSITION AT END OF YEAR	<u><u>\$ 8,213</u></u>	<u><u>\$ 19,431</u></u>

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.

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

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

Table with 3 columns: Fund Name, Budget, Expenditures. Rows include Driver's Education, Small Rural Schools, Perkins IV - Professional Technical Act, Gear Up, Confluence Project, and Food Service.

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

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2018, the District's carrying amount of deposits was \$19,741 for government activities. The District's carrying amount of deposits was \$37,503 for fiduciary funds. The bank balance was \$101,186 for governmental activities and \$37,503 for fiduciary funds. All of the bank balances were covered by Federal Depository Insurance.

Investments. At June 30, 2018, 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.

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, 2018, are as follows:

State of Idaho -- Foundation program	\$ 75,643
State of Idaho -- State grant funds	2,091
State of Idaho -- Federal grant funds	97,819
U.S. Government -- Federal grant funds	34,106
	<u>\$ 209,659</u>

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

5. PROPERTY TAXES

Details of property taxes receivable at June 30, 2018, are as follows:

	<u>Governmental Funds</u>
Benewah County, taxes, penalties and interest	\$ 81,692
Kootenai County, taxes, penalties and interest	<u>183,815</u>
	<u>\$ 265,507</u>

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	451,880			451,880
Buses and vehicles	<u>1,049,532</u>	\$ 89,550		<u>1,139,082</u>
	<u>\$ 15,072,869</u>	<u>\$ 89,550</u>	<u>\$ 0</u>	<u>15,162,419</u>
Accumulated depreciation				
Structures and improvements	\$ 2,946,696	\$ 307,193		3,253,889
Equipment	338,393	32,963		371,356
Buses and vehicles	<u>883,686</u>	47,339		<u>931,025</u>
	<u>\$ 4,168,775</u>	<u>\$ 387,495</u>	<u>\$ 0</u>	<u>4,556,270</u>
Capital assets, net				<u>\$ 10,606,149</u>

Depreciation of \$387,495 was charged to the following programs in the statement of activities:

Instruction, regular program	\$ 340,156
Support services, transportation	<u>47,339</u>
	<u>\$ 387,495</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.

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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.

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, 2018, it was 6.79 percent (6.79 percent in 2017 and 2016) 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 2017 and 2016) 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 \$329,358, \$316,141, and \$289,927 for the three years ended June 30, 2018, 2017, and 2016, respectively.

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

At June 30, 2018, the District reported a liability of \$1,413,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, the District's proportion was .0899172 percent.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2018, the District recognized a net pension benefit of \$63,217. At June 30, 2018, 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, 2017	\$ 329,358	
Differences between expected and actual experience	\$ 196,000	\$ 127,000
Changes in assumptions or other inputs	\$ 26,000	
Net difference between projected and actual earnings on pension plan investments		\$ 85,000

Deferred outflows of resources in the amount of \$329,358 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, 2019.

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, 2016, the beginning of the measurement period ended June 30, 2017, is 4.9 and 4.9 for the measurement period June 30, 2016.

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:

2019	\$ (77,000)
2020	133,000
2021	38,000
2022	(84,000)

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.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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, 2017, is based on the results of an actuarial valuation date July 1, 2017.

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

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

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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)	\$ 3,285,000	\$ 1,413,000	\$ (142,000)

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. OTHER POST EMPLOYMENT BENEFIT PLANS

Insurance Extension

Retired employees can remain on the District's insurance policy after retirement if the retired employee pays the monthly cost. This arrangement is referred to as an "implicit subsidy" since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. The estimated amount of this implicit subsidy is considered material to these financial statements, however, the District has no plans to currently fund this liability. The "implicit subsidy" for retired employees is paid each year on a pay-as-you-go basis. The balance recorded by the District is \$428,412 at June 30, 2018.

Sick Leave Plan

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan), which is a cost-sharing, multiple-employer, defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI. The Sick Leave Insurance Retirement Fund is made up of two trust funds, one for school district employee benefits and one for state employee benefits. 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 the financial statement and the required supplementary information for the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

11. OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

Sick Leave Plan (Continued)

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company. The amount available for benefit is limited to one-half of the employee's eligible sick leave balance and rate of compensation at retirement. The benefit terms are established and may be amended by the Idaho Senate.

The contribution rates for school members are set by statute based on the number of sick days offered by the District to certified teachers. The contribution rate of 1.16 percent for members with nine or ten sick days and 1.26 percent for members with 11-14 sick days. If a member has more than 14 days of sick leave, then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The school districts are responsible for any unfunded obligations through contribution rate adjustments. The District's contributions were \$33,750 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported an asset of \$168,000 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2016, and rolled forward to June 30, 2017. The District's proportion of the net OPEB asset was based on the District's share of contributions in the OPEB plan relative to the total contributions of all participating employers. At June 30, 2017, the District's proportion was 0.2192492 percent.

For the year ended June 30, 2018, the District recognized an OPEB benefit offset of \$26,354. \$33,750 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2019.

Actuarial Assumptions

The assumptions used by the actuary to measure the OPEB plan liability are the same assumptions used to measure the defined benefit pension plan liability. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact. These assumptions can be found in Note 10.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

11. OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 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 OPEB liability (asset)	\$ (149,423)	\$ (168,000)	\$ (190,363)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

12. 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

13. 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, 2018, amounted to \$97,000.

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 \$39,323 to the school bus reserve fund.

14. 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

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Individual Fund Interfund Receivable and Payable Balances. Such balances at June 30, 2018, were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 221,006	\$ 2,196
Federal Forest Reserve	5,128	
Soar Grant	15,967	
CDA Bingo Donation	128,456	
Block Fest	500	
Playground Equipment	29,430	
Culturally Responsive	1,872	
Driver Education		420
Vocational Education	152	
Public School Technology Grant	44,590	
Safe & Drug Free	5,776	
Title I-A Improving Basic Programs		239
Title VI-B School Age		2
Title VI-B Preschool		3
Title V-A Innovative Programs	1,379	
Title VI-A Rural Education		7
Perkins IV Professional Technical Act	2,161	
Title VII Indian Education		10
Johnson O'Malley	25,380	
Title II-A Improving Teacher Quality		27
Twenty-First Century		9,875
Gear Up		20,993
Food Service	29,086	
School Plant Facilities Reserve		517,513
School Bus Reserve	34,890	
School Building Maintenance Reserve	5,512	

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).

16. 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.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

NOTES TO FINANCIAL STATEMENTS

17. CHANGE IN ACCOUNTING PRINCIPLE

Net position as of June 30, 2017, has been restated as follows for the implementation of GASB Statement No. 75, as amended by GASB Statement No. 85. PERSI has not completed actuarial studies to determine the balances for years prior to June 30, 2017 for the OPEB plan, so comparative information has not been disclosed for the year ended June 30, 2017.

Net position as previously reported at June 30, 2017	<u>\$ 10,669,487</u>
Change in accounting principle:	
Net OPEB asset (measurement date as of June 30, 2017)	143,000
Deferred outflows:	
District contributions made during fiscal year 2017	<u>32,396</u>
Total change in accounting principle	<u>175,396</u>
Net position as restated June 30, 2017	<u>\$ 10,844,883</u>

REQUIRED SUPPLEMENTARY INFORMATION

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

SCHEDULE OF PENSION AND OPEB FUNDING
Year Ended June 30, 2018

SCHEDULE OF PENSION FUNDING

Fiscal Year	Statutorily Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution		Share of PERSI Net Pension Liability		Net Pension Liability as % of Covered Payroll	Plan Fiduciary Net Position as % of Total Pension Liability
					as a % of Covered Payroll	Covered Payroll	%	Amount		
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%	0.0860042%		633,000	27%	95%
2016	289,927	289,927	0	2,561,196	11.32%	0.0849982%		1,119,000	44%	91%
2017	316,141	316,141	0	2,792,766	11.32%	0.0876633%		1,777,000	64%	87%
2018	329,358	329,358	0	2,909,524	11.32%	0.0899172%		1,413,000	49%	91%

SCHEDULE OF OPEB FUNDING

Fiscal Year	Statutorily Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution		Share of PERSI Net OPEB Asset		Net OPEB Asset as % of Covered Payroll	Plan Fiduciary Net Position as % of Total OPEB Liability
					as a % of Covered Payroll	Covered Payroll	%	Amount		
2009	\$ 35,032	\$ 35,032	\$ 0	\$ 3,019,992	1.16%		(2)	(2)		
2010	32,682	32,682	0	2,817,441	1.16%		(2)	(2)		
2011	30,269	30,269	0	2,609,366	1.16%		(2)	(2)		
2012	30,015	30,015	0	2,587,486	1.16%		(2)	(2)		
2013	27,595	27,595	0	2,378,854	1.16%		(2)	(2)		
2014	27,209	27,209	0	2,345,636	1.16%		(2)	(2)		
2015	27,617	27,617	0	2,380,777	1.16%		(2)	(2)		
2016	29,710	29,710	0	2,561,196	1.16%		(2)	(2)		
2017	32,396	32,396	0	2,792,766	1.16%		(2)	\$ 143,000	5%	135%
2018	33,750	33,750	0	2,909,524	1.16%	0.2192492%		168,000	6%	137%

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

(2) PERSI has not provided calculations for years prior to implementation of GASB Statement No. 75.

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 573,500	\$ 666,633	\$ 687,382	\$ 20,749
State foundation program	2,319,113	2,344,502	2,375,772	31,270
Other state revenue	3,133	3,133	4,386	1,253
Federal revenue	1,259,621	1,098,393	1,239,637	141,244
Earnings on investments	10,000	10,000	25,663	15,663
Other revenues	26,653	37,857	72,205	34,348
Total revenues	<u>4,192,020</u>	<u>4,160,518</u>	<u>4,405,045</u>	<u>244,527</u>
EXPENDITURES				
Instruction				
Payroll	1,408,975	1,396,187	1,362,913	33,274
Payroll burden and employee benefits	573,823	564,923	557,093	7,830
Purchased services	42,677	50,731	27,590	23,141
Supplies and materials	22,600	43,353	35,482	7,871
Capital outlay		2,270	1,645	625
Support services				
Payroll	897,402	876,217	855,840	20,377
Payroll burden and employee benefits	361,351	347,215	337,518	9,697
Purchased services	438,814	501,555	436,927	64,628
Supplies and materials	104,245	119,772	99,699	20,073
Capital outlay	1,400	2,400	1,300	1,100
Insurance	40,000	40,000	39,434	566
Pupil transportation	322,456	339,255	320,634	18,621
Total expenditures	<u>4,213,743</u>	<u>4,283,878</u>	<u>4,076,075</u>	<u>207,803</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(21,723)</u>	<u>(123,360)</u>	<u>328,970</u>	<u>452,330</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds			2,679	2,679
Transfers to other funds	(161,439)	(176,269)	(137,706)	38,563
Total other financing sources (uses)	<u>(161,439)</u>	<u>(176,269)</u>	<u>(135,027)</u>	<u>41,242</u>
NET CHANGES IN FUND BALANCE	<u>(183,162)</u>	<u>(299,629)</u>	<u>193,943</u>	<u>493,572</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>204,136</u>	<u>6,687</u>	<u>349,034</u>	<u>342,347</u>
FUND BALANCE AT END OF YEAR	<u>\$ 20,974</u>	<u>\$ (292,942)</u>	<u>\$ 542,977</u>	<u>\$ 835,919</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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Federal revenue	\$ 158,000	\$ 158,000	\$ 197,028	\$ 39,028
Charges for services	7,700	7,700	9,675	1,975
Total revenues	<u>165,700</u>	<u>165,700</u>	<u>206,703</u>	<u>41,003</u>
EXPENDITURES				
Food services				
Payroll	100,846	100,846	100,991	(145)
Payroll burden and employee benefits	69,700	69,700	68,725	975
Purchased services	3,900	3,900	1,204	2,696
Supplies and materials	125,700	125,700	131,575	(5,875)
Capital outlay	2,500	2,500	2,259	241
Total expenditures	<u>302,646</u>	<u>302,646</u>	<u>304,754</u>	<u>(2,108)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(136,946)</u>	<u>(136,946)</u>	<u>(98,051)</u>	<u>38,895</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	136,946	136,946	97,000	(39,946)
Total other financing sources (uses)	<u>136,946</u>	<u>136,946</u>	<u>97,000</u>	<u>(39,946)</u>
NET CHANGES IN FUND BALANCE	0	0	(1,051)	(1,051)
FUND BALANCE AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>2,868</u>	<u>2,868</u>
FUND BALANCE AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,817</u>	<u>\$ 1,817</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.

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, 2018, 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 3, 2018.

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 #2018-001).

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 3, 2018



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, 2018. 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, 2018.

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 3, 2018

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

	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	\$ 48,530
National School Lunch Program	10.555	201616N109947	None	128,541
Summer Food Service Program	10.559	201616N109947	None	1,642
Subtotal School Lunch Cluster				<u>178,713</u>
Child and Adult Care Food Program	10.558	201616N202047	None	8,885
State Administrative Expenses for Child Nutrition	10.560	201717N253347	None	223
Fresh Fruit and Vegetable Program	10.582	201616L160347	None	9,208
Passed through Benewah and Kootenai County Federal Forest	10.665		None	1,500
Total Department of Agriculture				<u>198,529</u>
DEPARTMENT OF INTERIOR				
Direct Programs				
Indian Education Assistance to School	15.130	CTP00X90401	None	<u>2,385</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>2,539</u>
DEPARTMENT OF EDUCATION				
Direct Programs				
Impact Aid, P.L. 81-874	84.041	SO41B-2016-1419	None	<u>1,239,637</u>
Indian Education - Grants to Local Educational Agencies	84.060A		None	<u>42,224</u>
Rural Education Achievement Program	84.358		None	<u>15,794</u>
Passed through St. Maries School District Career and				
Technical Education - Basic Grants to States	84.048		None	<u>13,644</u>
Passed through the State of Idaho - Department of Education				
Title I-A	84.010	S010A150012	None	<u>214,163</u>
Title VI-B	84.027	H027A150088	None	94,552
Title VI-B Preschool	84.173	H173A150030	None	7,072
Subtotal Title VI-B Cluster				<u>101,624</u>
Twenty-First Century Community Learning Centers	84.287	S287C140012	None	97,581
Gear Up	84.334	P334S110016	None	51,067
Improving Teacher Quality	84.367	S367A150011	None	30,033
School Improvement Grants	84.377	S377A120013	None	192,538
Student Support and Academic Enrollment	84.424	S424A170013	None	7,772
Total Department of Education				<u>2,006,077</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 2,209,530</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, 2018. 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, 2018

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 the OMB's *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, 2018

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

Finding #2018-001

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.

Soar Grant – This is a grant program through the University of Idaho that aims to improve student achievement and classroom instruction.

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 V-A Innovative Programs – The federal government provides Title V-A grants to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access. Funding may be used for the following purposes: To support local education reform efforts; to provide funding to enable the implementation of promising education reform programs and school improvement programs that rely on scientifically based research; to provide a continuing source of innovation and education improvement, including support programs that provide library services and instructional and media materials; to meet the education needs of all students, including at-risk youths; and to develop and implement education programs to improve school, student, and teacher performance, including professional development activities and class-size reduction programs.

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, 2018

	General Fund	Federal Forest Reserve	Soar Grant	CDA Bingo Donation	Culturally Responsive	Playground Equipment	Driver Education	Vocational Education
ASSETS								
Cash	\$ 19,741							
Investments	450,212							
Property taxes receivable	265,507							
Accounts receivable	75,643						\$ 2,000	\$ 91
Interfund balances	<u>221,006</u>	<u>\$ 5,128</u>	<u>\$ 15,967</u>	<u>\$ 128,456</u>	<u>\$ 1,872</u>	<u>\$ 29,430</u>		<u>152</u>
Total assets	<u>\$ 1,032,109</u>	<u>\$ 5,128</u>	<u>\$ 15,967</u>	<u>\$ 128,456</u>	<u>\$ 1,872</u>	<u>\$ 29,430</u>	<u>\$ 2,000</u>	<u>\$ 243</u>
LIABILITIES								
Accounts payable	\$ 15,000							
Payroll and taxes payable	406,326		\$ 9,512	\$ 10,953	\$ 1,872			
Interfund balances	2,196						\$ 420	
Unearned revenue	6,049							\$ 152
Total liabilities	<u>429,571</u>	<u>\$ 0</u>	<u>9,512</u>	<u>10,953</u>	<u>1,872</u>	<u>\$ 0</u>	<u>420</u>	<u>152</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	59,561							
Total deferred inflows of resources	<u>59,561</u>	<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		5,128						
Assigned for sick leave	27,063							
Assigned for special revenue			6,455	117,503		29,430	1,580	
Unassigned	515,914							91
Total fund balances	<u>542,977</u>	<u>5,128</u>	<u>6,455</u>	<u>117,503</u>	<u>0</u>	<u>29,430</u>	<u>1,580</u>	<u>91</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,032,109</u>	<u>\$ 5,128</u>	<u>\$ 15,967</u>	<u>\$ 128,456</u>	<u>\$ 1,872</u>	<u>\$ 29,430</u>	<u>\$ 2,000</u>	<u>\$ 243</u>

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2018

	Public School Technology Grant	Safe & Drug Free	Title I-A Improving Basic Programs	Title VI-B School Age	Title VI-B Preschool	Title V-A Innovative Programs	Title VI-A Rural Education
ASSETS							
Cash							
Investments							
Property taxes receivable							
Accounts receivable			\$ 57,753	\$ 5,570	\$ 1,216		\$ 2,778
Interfund balances	\$ 44,590	\$ 5,776				\$ 1,379	
Total assets	<u>\$ 44,590</u>	<u>\$ 5,776</u>	<u>\$ 57,753</u>	<u>\$ 5,570</u>	<u>\$ 1,216</u>	<u>\$ 1,379</u>	<u>\$ 2,778</u>
LIABILITIES							
Accounts payable							
Payroll and taxes payable	\$ 636	\$ 1,085	\$ 57,514	\$ 5,568	\$ 1,213	\$ 1,379	\$ 2,771
Interfund balances			239	2	3		7
Unearned revenue							
Total liabilities	<u>636</u>	<u>1,085</u>	<u>57,753</u>	<u>5,570</u>	<u>1,216</u>	<u>1,379</u>	<u>2,778</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	43,954						
Assigned for sick leave							
Assigned for special revenue		4,691					
Unassigned							
Total fund balances	<u>43,954</u>	<u>4,691</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>\$ 44,590</u>	<u>\$ 5,776</u>	<u>\$ 57,753</u>	<u>\$ 5,570</u>	<u>\$ 1,216</u>	<u>\$ 1,379</u>	<u>\$ 2,778</u>

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2018

	Perkins IV Professional Technical Act	Title VII Indian Education	Title II-A Improving Teacher Quality	Twenty-First Century	Gear Up	Food Service	School Plant Facilities Reserve
ASSETS							
Cash							
Investments							\$ 1,035,707
Property taxes receivable							
Accounts receivable	\$ 2,309	\$ 4,956	\$ 7,942	\$ 23,029	\$ 26,372		
Interfund balances	2,161					\$ 29,086	
Total assets	<u>\$ 4,470</u>	<u>\$ 4,956</u>	<u>\$ 7,942</u>	<u>\$ 23,029</u>	<u>\$ 26,372</u>	<u>\$ 29,086</u>	<u>\$ 1,035,707</u>
LIABILITIES							
Accounts payable							
Payroll and taxes payable	\$ 4,470	\$ 4,946	\$ 7,915	\$ 13,154	\$ 1,276	\$ 27,269	
Interfund balances		10	27	9,875	20,993		\$ 517,513
Unearned revenue							
Total liabilities	<u>4,470</u>	<u>4,956</u>	<u>7,942</u>	<u>23,029</u>	<u>22,269</u>	<u>27,269</u>	<u>517,513</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							518,194
Restricted for grant programs							
Assigned for sick leave							
Assigned for special revenue						1,817	
Unassigned					4,103		
Total fund balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,103</u>	<u>1,817</u>	<u>518,194</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,470</u>	<u>\$ 4,956</u>	<u>\$ 7,942</u>	<u>\$ 23,029</u>	<u>\$ 26,372</u>	<u>\$ 29,086</u>	<u>\$ 1,035,707</u>

PLUMMER/WORLEY JOINT SCHOOL DISTRICT NO. 44

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2018

	<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							\$ 19,741
Investments							1,485,919
Property taxes receivable							265,507
Accounts receivable							209,659
Interfund balances	\$ 34,890		\$ 500	\$ 5,512	\$ 25,380		551,285
Total assets	<u>\$ 34,890</u>	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 5,512</u>	<u>\$ 25,380</u>	<u>\$ 0</u>	<u>\$ 2,532,111</u>
LIABILITIES							
Accounts payable							\$ 15,000
Payroll and taxes payable					\$ 761		558,620
Interfund balances							551,285
Unearned revenue					24,619		30,820
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>25,380</u>	<u>\$ 0</u>	<u>1,155,725</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes							59,561
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>59,561</u>
FUND BALANCES							
Restricted for capital projects	34,890			5,512			558,596
Restricted for grant programs							49,082
Assigned for sick leave							27,063
Assigned for special revenue			500				161,976
Unassigned							520,108
Total fund balances	<u>34,890</u>	<u>0</u>	<u>500</u>	<u>5,512</u>	<u>0</u>	<u>0</u>	<u>1,316,825</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,890</u>	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 5,512</u>	<u>\$ 25,380</u>	<u>\$ 0</u>	<u>\$ 2,532,111</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, 2018

	General Fund	Federal Forest Reserve	Soar Grant	CDA Bingo Donation	Culturally Responsive	Playground Equipment	Driver Education	Vocational Education
REVENUES								
General property taxes	\$ 687,382							
State revenue	2,380,158						\$ 2,000	\$ 45,891
Federal revenue	1,239,637	\$ 5,068						
Charges for services							3,600	
Earnings on investments	25,663							
Other revenues	72,205		\$ 16,000			\$ 3,080		
Total revenues	<u>4,405,045</u>	<u>5,068</u>	<u>16,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>3,080</u>	<u>5,600</u>	<u>45,891</u>
EXPENDITURES								
Instruction								
Regular programs	1,472,341			66,810			5,520	45,800
Special programs	401,141							
Interscholastic and school activity	111,241							
Other instructional programs								
Support services								
Pupil support	166,414							
Staff support	186,245		9,545	2,012	1,891			
General administration	200,226							
School administration	284,388							
Business services	579,129			3,459				
Maintenance and operations	354,316	1,500						
Transportation	320,634							
Other support services								
Food services								
Community services								
Capital outlay								
Total expenditures	<u>4,076,075</u>	<u>1,500</u>	<u>9,545</u>	<u>72,281</u>	<u>1,891</u>	<u>0</u>	<u>5,520</u>	<u>45,800</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>328,970</u>	<u>3,568</u>	<u>6,455</u>	<u>(72,281)</u>	<u>(1,891)</u>	<u>3,080</u>	<u>80</u>	<u>91</u>
OTHER FINANCING SOURCES (USES)								
Transfers from other funds	2,679					25,000		
Transfers to other funds	(137,706)			(25,000)				
Total other financing sources (uses)	<u>(135,027)</u>	<u>0</u>	<u>0</u>	<u>(25,000)</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>0</u>
NET CHANGES IN FUND BALANCES	193,943	3,568	6,455	(97,281)	(1,891)	28,080	80	91
FUND BALANCES AT BEGINNING OF YEAR	349,034	1,560	0	214,784	1,891	1,350	1,500	0
FUND BALANCES AT END OF YEAR	<u>\$ 542,977</u>	<u>\$ 5,128</u>	<u>\$ 6,455</u>	<u>\$ 117,503</u>	<u>\$ 0</u>	<u>\$ 29,430</u>	<u>\$ 1,580</u>	<u>\$ 91</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, 2018

	Public School Technology Grant	Safe & Drug Free	Title I-A Improving Basic Programs	Title VI-B School Age	Title VI-B Preschool	Title V-A Innovative Programs	Title VI-A Rural Education	Perkins IV - Professional Technical Act
REVENUES								
General property taxes								
State revenue	\$ 61,904	\$ 5,891						
Federal revenue			\$ 406,701	\$ 94,552	\$ 7,072	\$ 7,772	\$ 15,794	\$ 13,644
Charges for services								
Earnings on investments								
Other revenues								
Total revenues	<u>61,904</u>	<u>5,891</u>	<u>406,701</u>	<u>94,552</u>	<u>7,072</u>	<u>7,772</u>	<u>15,794</u>	<u>13,644</u>
EXPENDITURES								
Instruction								
Regular programs		3,625	189,527			818	3,765	13,644
Special programs				92,396	7,072			
Interscholastic and school activity								
Other instructional programs								
Support services								
Pupil support		1,811		2,156		8,337	386	
Staff support	41,502		216,253				9,947	
General administration			657					
School administration								
Business services	13,223							
Maintenance and operations		1,511						
Transportation								
Other support services								
Food services								
Community services			264					
Capital outlay								
Total expenditures	<u>54,725</u>	<u>6,947</u>	<u>406,701</u>	<u>94,552</u>	<u>7,072</u>	<u>9,155</u>	<u>14,098</u>	<u>13,644</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>7,179</u>	<u>(1,056)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,383)</u>	<u>1,696</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)								
Transfers from other funds						1,383		
Transfers to other funds							(1,696)	
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,383</u>	<u>(1,696)</u>	<u>0</u>
NET CHANGES IN FUND BALANCES	<u>7,179</u>	<u>(1,056)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT BEGINNING 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>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 43,954</u>	<u>\$ 4,691</u>	<u>\$ 0</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, 2018

	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					\$ 1,497		
Federal revenue	\$ 2,539	\$ 42,224	\$ 30,033	\$ 97,581	51,067	\$ 197,028	
Charges for services						9,675	
Earnings on investments							
Other revenues							
Total revenues	<u>2,539</u>	<u>42,224</u>	<u>30,033</u>	<u>97,581</u>	<u>52,564</u>	<u>206,703</u>	<u>\$ 0</u>
EXPENDITURES							
Instruction							
Regular programs							
Special programs							
Interscholastic and school activity							
Other instructional programs			6,935				
Support services							
Pupil support					48,461		
Staff support			23,098				
General administration							
School administration							
Business services							
Maintenance and operations							39,679
Transportation							
Other support services		42,224					
Food services	2,539					304,754	
Community services				97,581			
Capital outlay							
Total expenditures	<u>2,539</u>	<u>42,224</u>	<u>30,033</u>	<u>97,581</u>	<u>48,461</u>	<u>304,754</u>	<u>39,679</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,103</u>	<u>(98,051)</u>	<u>(39,679)</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds						97,000	
Transfers to other funds							
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>97,000</u>	<u>0</u>
NET CHANGES IN FUND BALANCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,103</u>	<u>(1,051)</u>	<u>(39,679)</u>
FUND BALANCES AT BEGINNING 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>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,103</u>	<u>\$ 1,817</u>	<u>\$ 518,194</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, 2018

	School Bus Reserve	Showcase Award	Block Fest	School Building Maintenance Reserve	Johnson O'Malley	Confluence Project	Combined
REVENUES							
General property taxes							\$ 687,382
State revenue				\$ 28,533			2,525,874
Federal revenue					\$ 2,385		2,213,097
Charges for services							13,275
Earnings on investments							25,663
Other revenues							91,285
Total revenues	\$ 0	\$ 0	\$ 0	28,533	2,385	\$ 0	5,556,576
EXPENDITURES							
Instruction							
Regular programs		478				845	1,803,173
Special programs							500,609
Interscholastic and school activity							111,241
Other instructional programs							6,935
Support services							
Pupil support						226	227,791
Staff support							490,493
General administration							200,883
School administration							284,388
Business services							595,811
Maintenance and operations				32,594			429,600
Transportation							320,634
Other support services					2,385		44,609
Food services							307,293
Community services							97,845
Capital outlay	89,550						89,550
Total expenditures	89,550	478	0	32,594	2,385	1,071	5,510,855
EXCESS OF REVENUES OVER EXPENDITURES	(89,550)	(478)	0	(4,061)	0	(1,071)	45,721
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	39,323						165,385
Transfers to other funds						(983)	(165,385)
Total other financing sources (uses)	39,323	0	0	0	0	(983)	0
NET CHANGES IN FUND BALANCES	(50,227)	(478)	0	(4,061)	0	(2,054)	45,721
FUND BALANCES AT BEGINNING OF YEAR	85,117	478	500	9,573	0	2,054	1,271,104
FUND BALANCES AT END OF YEAR	\$ 34,890	\$ 0	\$ 500	\$ 5,512	\$ 0	\$ 0	\$ 1,316,825