

GENESEE JOINT SCHOOL DISTRICT NO. 282

FINANCIAL STATEMENTS

Year Ended June 30, 2018

GENESEE JOINT SCHOOL DISTRICT NO. 282

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Genesee Joint School District No. 282
Genesee, 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 Genesee Joint School District No. 282, 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 not recorded a liability for the implicit rate subsidy of the retiree healthcare. 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. 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 Genesee Joint School District No. 282, 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 Genesee Joint School District No. 282, 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.

Change in Accounting Principle

The net position of the Genesee Joint School District No. 282 as of July 1, 2017, has been adjusted up by \$125,000 to reflect the District’s share of the net other post employment benefit asset of the Public Employee Retirement System of Idaho’s Sick Leave Plan. The Governmental Accounting Standards Board required entities to record this asset and increase their net position as of July 1, 2017.

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 11, and 40 through 42, 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 Genesee Joint School District No. 282'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 supplementary information, as listed in the table of contents, 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, 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 8, 2018, on our consideration of Genesee Joint School District No. 282'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* in considering Genesee Joint School District No. 282's internal control over financial reporting and compliance.

PRESNELL GAGE PLLC

October 8, 2018

GENESEE JOINT SCHOOL DISTRICT NO. 282

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the School District'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 increased by \$71,784 as a result of this year's operations after increasing by \$173,640 in 2017.
- The total cost of District operations increased to \$4,305,939 from \$3,904,848 in 2017. Program revenues consisted of charges for services in the amount of \$93,250 and operating grants and contributions of \$289,731.
- The District made various improvements, repairs, and replacements during the year, primarily induced by the damage caused by the school's flood in the previous fiscal year. The District capitalized \$82,934, which consisted of new basketball hoops, lockers, ice machine, and copiers which were donated to the District. Total depreciation expense during the current year was \$247,861.
- The District recognized a net other post-employment benefit (OPEB) asset of \$121,000 only as a result of implementing new accounting pronouncements for OPEB this year. PERSI reflects that the OPEB liability for sick leave is 137 percent funded.

USING THIS ANNUAL REPORT

This annual report consists of four distinct series of financial statements: The District-wide financial statements; the fund financial statements; the fiduciary financial statements; and supplementary information.

- The statement of net position and the statement of activities (on pages 12 and 13) provide information about the activities of the District as a whole and present a long-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 (on pages 14 to 17) 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 fiduciary funds (on pages 18 to 19) provide information about activities for which the District acts solely as a trustee or agent for the benefit of student groups, individual students, and employees.
- 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.

GENESEE JOINT SCHOOL DISTRICT NO. 282

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Net Position and the Statement of Activities (Continued). 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 the 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.

Fund Financial Statements. The fund financial statements begin on page 14 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—All of the District's basic services 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 readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. 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 at the bottom of the fund financial statements.

Fiduciary Funds—The District is the fiduciary for its student activity funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position on page 18. 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 20-38.

THE DISTRICT AS A WHOLE

Net position of the District's governmental activities increased by \$71,784 to a total of \$2,316,185 in fiscal year 2018 as a result of current operations after net position increased by \$173,640 in the prior year. 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—had a deficit of \$180,719 on June 30, 2018. The District had \$135,788 and \$333,878 restricted net position for capital projects and debt service, respectively. Total assets decreased from \$7,371,773 to \$7,046,374 during fiscal year 2018.

Accounts payable, payroll, and related liabilities decreased from \$439,703 to \$404,008. The District was current on all accounts payable as of June 30, 2018.

GENESEE JOINT SCHOOL DISTRICT NO. 282

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1		
Changes in Net position		
	<u>2018</u>	<u>2017</u>
Revenues		
Program revenues:		
Charges for services	\$ 93,250	\$ 98,613
Operating grants and contributions	289,731	313,478
General revenues		
Property taxes, levied for general purposes	1,195,425	1,220,925
State base support	2,454,589	2,299,004
In lieu revenue	63,226	63,226
State and federal funding not restricted to specific programs	47,412	40,390
Interest and investment earnings	12,322	8,513
Other general revenues	<u>221,768</u>	<u>34,339</u>
Total revenues	<u>4,377,723</u>	<u>4,078,488</u>
Program Expenses		
Instruction		
Regular programs	2,174,444	1,744,655
Special programs	236,403	279,361
Interscholastic and school activity	124,767	133,349
Support services		
Pupil support	159,058	148,907
Staff support	129,796	156,026
General administration	178,603	172,262
School administration	231,930	228,466
Business Services	0	6,251
Maintenance and operations	503,182	310,535
Transportation	217,336	214,922
Food services	134,432	134,774
Debt services	85,267	129,705
Unallocated depreciation	247,861	240,705
PERSI retirement actuarial charges	<u>(117,140)</u>	<u>4,930</u>
Total expenses	<u>4,305,939</u>	<u>3,904,848</u>
Change in net position	<u>\$ 71,784</u>	<u>\$ 173,640</u>

The District experienced an overall revenue increase during the year ended June 30, 2018. The primary increase was related to the insurance proceeds paid to repair the flood damage of the prior fiscal year and the increase of base State Foundation related revenue of \$129,607 from \$2,203,210 in 2017 to \$2,332,817 in 2018.

GENESEE JOINT SCHOOL DISTRICT NO. 282

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.

Table 2 – District Program Expense and Net Cost		
	<u>Expenses</u>	<u>Net (Cost) Revenue</u>
Instruction		
Regular programs	\$ 2,174,444	\$ (1,974,534)
Special programs	236,403	(189,294)
Interscholastic and school activity	124,767	(115,751)
Support services		
Pupil support	159,058	(150,727)
Staff support	129,796	(129,796)
General administration	178,603	(178,603)
School administration	231,930	(231,930)
Maintenance and operations	503,182	(499,073)
Transportation	217,336	(217,336)
Food services	134,432	(19,926)
Debt services	85,267	(85,267)
Unallocated depreciation	247,861	(247,861)
PERSI retirement actuarial charges	(117,140)	117,140
Total	\$ 4,305,939	\$ (3,922,958)

Net Pension Liability. The District recognized a net pension liability of \$1,013,000 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 \$408,159 for payments made towards the net pension liability and deferred inflows of \$195,000 for the District's share of earnings in excess of the minimum expectation by PERSI.

Net OPEB Asset. The District recognized a net OPEB asset of \$121,000 for its share of PERSI's net OPEB asset for the sick leave plan. PERSI is one of the strongest retirement systems in the nation, with funding at 137 percent of the OPEB obligation. The District recognized deferred outflows of \$25,532 for payments made to increase the net OPEB asset.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$1,213,622, which decreased from last year's total of \$1,324,141.

General Fund Budgetary Highlights

During the fiscal year, the District did not amend its operating budget.

GENESEE JOINT SCHOOL DISTRICT NO. 282

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had \$5,272,238 in net capital assets, including buildings, computer equipment, and major school equipment. The District acquired new basketball hoops, lockers, ice machine, and copiers which were donated to the District.

Debt

At year-end, the District's balance of its long-term debt outstanding was \$3,245,000 in general obligation bonds. The District also has bond premiums of \$268,896 related to the initial issuance of the general obligation bonds. This amount is amortized over the life of the loan with the net annual amortization being charged against interest expense.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District has completed many maintenance and construction projects during the past several years. Maintenance and construction projects for 2018-2019 will include:

- Installing water fountains with bottle fillers
- Restoration of the original brickwork of the building
- Asbestos abatement

The State Department of Education reimburses the District approximately 50 percent of the transportation costs per year. The District has continued to run four bus routes and is reducing extra-curricular travel when possible.

The School District's average daily attendance has increased over the past few years, which has had a relative increase in the State Foundation Program funding for the District. The revenues for the 2018-2019 school year are anticipated to be the same as the past year.

The District has increased staff for the 2018-2019 school year. Due to the State Board of Education Literacy Plan, our District has continued kindergarten as a full-day session. The District has increased the elementary staff by splitting first grade into two classes due to increased enrollment.

The District is maintaining 1:1 electronic devices for students grades 7-12. The District is also maintaining the electronic devices used in grades K-6. The School Board Strategic Plan includes maintaining and developing this program for future years.

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 330 West Ash Street, Genesee, Idaho 83832.

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GENESEE JOINT SCHOOL DISTRICT NO. 282

STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 360,628
Investments	852,941
Property taxes receivable	369,888
Accounts receivable	69,679
Total current assets	<u>1,653,136</u>
Noncurrent assets	
Net OPEB asset	121,000
Capital assets	9,097,629
Less accumulated depreciation	<u>(3,825,391)</u>
Total noncurrent assets	<u>5,393,238</u>
 Total assets	 <u>7,046,374</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB plan	25,532
Defined benefit pension	408,159
Total deferred outflows of resources	<u>433,691</u>
LIABILITIES	
Current liabilities	
Accounts payable	70,925
Payroll and taxes payable	333,083
Accrued interest payable	34,533
Unearned revenue	3,443
Bond premium, to be amortized within one year	24,261
General obligation bonds, due within one year	215,000
Total current liabilities	<u>681,245</u>
Noncurrent liabilities	
Bond premium, to be amortized after one year	244,635
General obligation bonds, due after one year	3,030,000
Net pension liability	1,013,000
Total noncurrent liabilities	<u>4,287,635</u>
 Total liabilities	 <u>4,968,880</u>
DEFERRED INFLOWS OF RESOURCES	
Defined benefit pension	<u>195,000</u>
NET POSITION	
Invested in capital assets, net of related debt	2,027,238
Restricted for:	
Capital projects	135,788
Debt service	333,878
Unrestricted	<u>(180,719)</u>
 Total net position	 <u>\$ 2,316,185</u>

See accompanying notes

GENESEE JOINT SCHOOL DISTRICT NO. 282

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
Functions/Programs				Governmental Activities
Instruction				
Regular programs	\$ 2,174,444	\$ 25,094	\$ 174,816	\$ (1,974,534)
Special programs	236,403		47,109	(189,294)
Interscholastic and school activity	124,767	9,016		(115,751)
Support services				
Pupil support	159,058		8,331	(150,727)
Staff support	129,796			(129,796)
General administration	178,603			(178,603)
School administration	231,930			(231,930)
Maintenance and operations	503,182		4,109	(499,073)
Transportation	217,336			(217,336)
Food services	134,432	59,140	55,366	(19,926)
Debt services	85,267			(85,267)
Unallocated depreciation	247,861			(247,861)
PERSI retirement actuarial charges	(117,140)			117,140
Total governmental activities	<u>\$ 4,305,939</u>	<u>\$ 93,250</u>	<u>\$ 289,731</u>	<u>(3,922,958)</u>
General revenues:				
Property taxes, levied for general purposes				1,195,425
State base support				2,454,589
In lieu revenue				63,226
Other state and federal funding not restricted to specific programs				47,412
Interest and investment earnings				12,322
Other general revenues				221,768
				<u>3,994,742</u>
Change in net position				71,784
Net position, beginning				2,119,401
Change in accounting principle				125,000
Net position, ending				<u>\$ 2,316,185</u>

See accompanying notes

GENESEE JOINT SCHOOL DISTRICT NO. 282

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	General	School Lunch	Bond Redemption	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 47,765	\$ 31,945		\$ 175,638	\$ 105,280	\$ 360,628
Investments	588,231		\$ 264,710			852,941
Property taxes receivable	284,002		85,886			369,888
Accounts receivable	67,304				2,375	69,679
Interfund balances	9,326				311	9,637
Total assets	\$ 996,628	\$ 31,945	\$ 350,596	\$ 175,638	\$ 107,966	\$ 1,662,773
LIABILITIES						
Accounts payable	\$ 18,152	\$ 217		\$ 39,850	\$ 12,706	\$ 70,925
Payroll and taxes payable	312,016	8,037			13,030	333,083
Interfund balances			\$ 8,537		1,100	9,637
Unearned revenue					3,443	3,443
Total liabilities	330,168	8,254	8,537	39,850	30,279	417,088
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	23,882		8,181			32,063
Total deferred inflows of resources	23,882	0	8,181	0	0	32,063
FUND BALANCES						
Restricted for capital improvements				135,788		135,788
Restricted for retirement of long-term debt			333,878			333,878
Assigned, reported in:						
Special revenue funds		23,691			77,687	101,378
Unassigned, reported in:						
General fund	642,578					642,578
Total fund balances	642,578	23,691	333,878	135,788	77,687	1,213,622
Total liabilities, deferred inflows of resources, and fund balances	\$ 996,628	\$ 31,945	\$ 350,596	\$ 175,638	\$ 107,966	\$ 1,662,773

See accompanying notes
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GENESEE JOINT SCHOOL DISTRICT NO. 282

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2018

	Total Governmental Funds
Total fund balances - Governmental Funds	<u>\$ 1,213,622</u>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Excess funding of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds:</p>	
Net OPEB asset	121,000
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:</p>	
Cost of capital assets	9,097,629
Accumulated depreciation	(3,825,391)
<p>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.</p>	
Deferred outflows	433,691
Deferred inflows	(195,000)
<p>Long-term liabilities, including bonds payable and associated charges, are not due and payable in the current period and, therefore, are not reported in the funds.</p>	
Long-term debt	(3,548,429)
Net pension liability	(1,013,000)
<p>Property taxes receivable to be collected this year; but are not available soon enough to pay for the current period's expenditures and, therefore, are considered unavailable in the funds.</p>	
	<u>32,063</u>
Total net position - Governmental Activities	<u><u>\$ 2,316,185</u></u>

See accompanying notes

GENESEE JOINT SCHOOL DISTRICT NO. 282

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	General	School Lunch	Bond Redemption	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds
REVENUES						
General property taxes	\$ 895,496		\$ 294,632			\$ 1,190,128
State foundation program	2,431,846					2,431,846
Other state revenue	103,319		11,081	\$ 18,981	\$ 99,265	232,646
Federal revenue		\$ 55,366			139,167	194,533
Charges for services	24,456	59,140			9,654	93,250
Earnings on investments	7,943		1,448	2,931		12,322
Other revenues	43,066			18,600		61,666
Total revenues	<u>3,506,126</u>	<u>114,506</u>	<u>307,161</u>	<u>40,512</u>	<u>248,086</u>	<u>4,216,391</u>
EXPENDITURES						
Instruction						
Regular programs	1,886,661				283,716	2,170,377
Special programs	189,294				47,109	236,403
Interscholastic and school activity	124,767					124,767
Support services						
Pupil support	156,253				6,872	163,125
Staff support	99,331			18,000	30,465	147,796
General administration	178,603					178,603
School administration	231,930					231,930
Maintenance and operations	298,767			218,850	5,074	522,691
Transportation	217,336					217,336
Food services		134,432				134,432
Capital outlay				45,425		45,425
Debt services			310,060			310,060
Total expenditures	<u>3,382,942</u>	<u>134,432</u>	<u>310,060</u>	<u>282,275</u>	<u>373,236</u>	<u>4,482,945</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>123,184</u>	<u>(19,926)</u>	<u>(2,899)</u>	<u>(241,763)</u>	<u>(125,150)</u>	<u>(266,554)</u>
OTHER FINANCING SOURCES (USES)						
Refunds of prior year expenditures					10,786	10,786
Proceeds from insurance	1,251			143,998		145,249
Transfers from other funds	6,984	30,000		125,000	60,311	222,295
Transfers to other funds	(205,311)				(16,984)	(222,295)
Total other financing sources (uses)	<u>(197,076)</u>	<u>30,000</u>	<u>0</u>	<u>268,998</u>	<u>54,113</u>	<u>156,035</u>
NET CHANGE IN FUND BALANCES	<u>(73,892)</u>	<u>10,074</u>	<u>(2,899)</u>	<u>27,235</u>	<u>(71,037)</u>	<u>(110,519)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>716,470</u>	<u>13,617</u>	<u>336,777</u>	<u>108,553</u>	<u>148,724</u>	<u>1,324,141</u>
FUND BALANCES AT END OF YEAR	<u>\$ 642,578</u>	<u>\$ 23,691</u>	<u>\$ 333,878</u>	<u>\$ 135,788</u>	<u>\$ 77,687</u>	<u>\$ 1,213,622</u>

See accompanying notes

GENESEE JOINT SCHOOL DISTRICT NO. 282

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Total Governmental Funds
Net Change in Fund Balances - Total Governmental Funds	<u>\$ (110,519)</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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:</p>	
Current year capital outlay	82,934
Current year depreciation	(247,861)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>	
Current year repayment General Obligation Bonds, Series 2007	175,000
Current year interest associated with change in accrued interest	25,532
Current year amortization of bond premium	24,261
<p>Net pension liability and the related deferred outflows and deferred inflows are not considered available for the governmental funds in the current year.</p>	
Current year net pension liability, deferred outflows, and deferred inflows	95,608
Current year net OPEB asset	21,532
<p>Some revenue will not be collected for several months after the fiscal year-end and they are not considered available revenues in the governmental funds. Instead, they are counted as unavailable tax revenues. They are, however, recorded as revenues:</p>	
Current year taxes receivable	32,063
Prior year taxes receivable	<u>(26,766)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 71,784</u></u>

See accompanying notes

GENESEE JOINT SCHOOL DISTRICT NO. 282

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

	Private-Purpose Trusts			Agency Funds
	Employee Benefit Fund	Student Scholarship Fund	Total	Student Body Funds
ASSETS				
Current assets				
Cash		\$ 55,515	\$ 55,515	\$ 35,848
Prepaid expenses				372
Total current assets	\$ 0	55,515	55,515	36,220
Total assets	0	55,515	55,515	36,220
LIABILITIES				
Current liabilities				
Due to student groups				36,220
Total liabilities	0	0	0	\$ 36,220
NET POSITION				
Held for benefit of others		55,515	55,515	
Total net position	\$ 0	\$ 55,515	\$ 55,515	

See accompanying notes

GENESEE JOINT SCHOOL DISTRICT NO. 282

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

	Private-Purpose Trusts		
	Employee Benefit Fund	Student Scholarship Fund	Total
ADDITIONS			
Contributions	\$ 5,718		\$ 5,718
Local revenue		\$ 21,394	21,394
Earnings on investments	6		6
Total additions	<u>5,724</u>	<u>21,394</u>	<u>27,118</u>
DEDUCTIONS			
Employee insurance payments	9,799		9,799
Professional and contract services	2,586		2,586
Scholarships		17,900	17,900
Total deductions	<u>12,385</u>	<u>17,900</u>	<u>30,285</u>
Change in net position	(6,661)	3,494	(3,167)
NET POSITION AT BEGINNING OF YEAR	<u>6,661</u>	<u>52,021</u>	<u>58,682</u>
NET POSITION AT END OF YEAR	<u>\$ 0</u>	<u>\$ 55,515</u>	<u>\$ 55,515</u>

See accompanying notes

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

1. **SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity. Genesee Joint School District No. 282 is based in Genesee, Idaho, and located within Latah and Nez Perce Counties. The District operates two school facilities: an elementary school for grades kindergarten through 6th grade and a 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 and, 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 that would exercise such oversight, which would result 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 accounting policies of Genesee Joint School District No. 282 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 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.

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

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 (Continued)

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 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.

Unassigned

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

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

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

District-Wide Financial 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 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. Program expenses are allocated to restricted program revenue first when both restricted and unrestricted net position are available.

Fund Financial Statements. The Fund financial statements provide information about the District's fund categories. Separate statements for each fund category - governmental, proprietary 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 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

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. 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.

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

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

Fund Financial Statements (Continued).

Governmental Funds (Continued)

- Bond Redemption. District patrons authorized borrowing under a bond arrangement in 2007 for the purpose of constructing a new gymnasium. The patrons authorized a special tax levy to repay the bond over the 25 years ending in 2031.
- 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's three private purpose trusts are the Employee Benefit, Student Scholarship, and District Administration Bonus Funds. 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.

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 that management uses.

Basis of Presentation.

Deposits and Investments

Cash and cash equivalents include the amounts of cash on hand, demand deposits, and highly liquid short-term investments with an original maturity of three months or less.

The District's investments consist of deposits in the Idaho State Treasurer's Local Government Investment Pool (LGIP) and are stated at fair value. Deposits in the LGIP represent an interest in the pool rather than ownership of specific securities. The State Treasurer is the custodian of the LGIP and no other regulatory oversight for the pool is established. 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
- Corporate Bond/s Notes
- U.S. Government Securities
- Money Market Funds

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

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

Basis of Presentation (Continued).

Deposits and Investments (Continued)

The participating entities' interest in the pool 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 and reduce the risk of default.

The District's policy allows for investment of idle funds consistent with *Idaho Code* 67-1210 and 67-1210A.

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.

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; transportation equipment – 10 years; general equipment – 5 to 7 years.

Property Taxes

The District's property tax is levied by Latah and Nez Perce 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.

Deferred Outflows/Inflows of Resources

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its District-wide statement of net position. Deferred outflows of resources reported in this year's District-wide financial statements include amounts related to the District's participation in PERSI as outlined in Note 10 – Defined Benefit Pension Plan and in Note 11 – OPEB Sick Leave Plan. No deferred outflows of resources affect the fund financial statements in the current year.

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

Basis of Presentation (Continued).

Deferred Outflows/Inflows of Resources (Continued)

The District reports increases in net assets that relate to future periods as deferred inflows in a separate section of the District-wide statement of net position and the District's governmental fund balance sheet. Deferred inflows of resources reported in this year's District-wide financial statements include amounts related to the District's participation in PERSI as outlined in Note 10 – Defined Benefit Pension Plan. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this year's governmental funds balance sheet as *unavailable revenue*. 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.

Budgets

Annual non-appropriated budgets are adopted for all governmental and proprietary 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.

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.

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.

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued).

Compensated Absences

District employees are granted vacation and sick leave days in varying amounts under the terms of District policy. Employees are not compensated for unused sick leave. The estimated amount of compensation for future absences is immaterial to these financial statements and, accordingly, no liability has been recorded.

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 District did not amend the 2017-2018 budget.

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

	<u>Budget</u>	<u>Expenditures</u>
General Fund	\$ 3,473,383	\$ 3,588,253
Forest Reserve	0	4,766
Drivers Education	6,827	7,881
Professional Technical	24,876	29,983
Title VI-B School-Age	36,632	45,609
School Lunch	122,000	134,432
School Plant Facility Reserve	95,000	282,275

The additional expenditures were incurred due to the availability carryovers in the fund. Some funds did receive a transfer from the general fund to cover deficit fund balances.

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

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2018, the District had deposits of \$360,628 for governmental activities and had a cash balance of \$91,363 for fiduciary funds. The bank balance was \$422,793 for governmental activities and \$46,157 for fiduciary funds, of which \$336,714 was considered covered by NCUA Federal Depository Insurance, with the remaining balance considered to be uninsured and uncollateralized.

Investments. At June 30, 2018, all District investments were held in the Idaho State Treasurer's Local Government Investment Pool (LGIP). The fair value in the LGIP was \$852,941 at June 30, 2018. Investments in the LGIP are uninsured and uncollateralized.

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.

Credit Risk

Credit risk is the risk that a borrower will fail to repay principal and interest in a timely manner. 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.

Fair Value

Investments are measured on a recurring basis within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investment in the Idaho State Treasurer's Local Government Investment Pool is measured with Level 2 inputs, which is the same inputs as the pool uses for its underlying investments.

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

4. ACCOUNTS RECEIVABLE

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

State of Idaho -- Foundation program	\$ 49,335
State of Idaho -- State grant funds	5,225
State of Idaho -- Federal grant funds	2,684
U.S. Government -- Federal grant funds	1,667
Other	10,768
	<u>\$ 69,679</u>

5. PROPERTY TAXES

Details of property tax revenue at June 30, 2018, are as follows:

	Governmental <u>Funds</u>
Latah County, taxes, penalties and interest	\$ 935,553
Nez Perce County, taxes, penalties and interest	237,582
Other	16,993
	<u>\$ 1,190,128</u>

6. CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>6/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2018</u>
Capital assets not being depreciated				
Land	\$ 6,319			\$ 6,319
Capital assets being depreciated				
Structures and improvements	8,237,999			8,237,999
Equipment	230,066	\$ 82,934	\$ (9,865)	303,135
Transportation	550,176			550,176
	<u>\$ 9,024,560</u>	<u>\$ 82,934</u>	<u>\$ (9,865)</u>	<u>9,097,629</u>
Accumulated depreciation				
Structures and improvements	\$ (3,010,377)	\$ (200,749)		(3,211,126)
Equipment	(195,770)	(14,514)	\$ 9,865	(200,419)
Transportation	(381,248)	(32,598)		(413,846)
	<u>\$ (3,587,395)</u>	<u>\$ (247,861)</u>	<u>\$ 9,865</u>	<u>(3,825,391)</u>
Capital assets, net				<u>\$ 5,272,238</u>

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (CONTINUED)

Depreciation expense for governmental activities has not been allocated to any of the District's individual functions. Rather, the District has included all depreciation related to governmental funds as a single line item on the statement of activities. The total depreciation charged during the current year was \$247,861.

7. GENERAL LONG-TERM DEBT

Bonds Payable. The District approved the issuance of General Obligation Bonds, Series 2007 in March 2007 to finance the construction of a new gymnasium. On February 2, 2017, the remaining balance of \$3,665,000 was refinanced with General Obligation Refunding Bonds, Series 2017 at interest rates ranging from 2 to 4 percent.

Future payments under bonds payable as of June 30, 2018, are as follows:

Fiscal <u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 215,000	\$ 115,175
2020	225,000	108,575
2021	225,000	101,825
2022	235,000	94,925
2023	240,000	87,800
2024-2028	1,370,000	288,200
2029-2030	735,000	36,300
	<u>\$ 3,245,000</u>	<u>\$ 832,800</u>

Interest expense of \$85,267 has been reported as a separate function on the statement of activities. There is no interest expense included in other function expenses.

Changes in General Long-term Debt Account Group. A summary of changes in general long-term debt follows:

	Balance <u>7/1/17</u>	<u>Additions</u>	<u>Repayment</u>	Balance <u>6/30/18</u>
General Obligation Refunding				
Bonds, Series 2017	\$ 3,420,000		\$ 175,000	\$ 3,245,000
Total	<u>\$ 3,420,000</u>	<u>\$ 0</u>	<u>\$ 175,000</u>	<u>\$ 3,245,000</u>

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

10. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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.

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 1.26 percent of eligible wages to the fund for future medical benefits to be provided. The District's contributions required and paid were \$249,159, \$226,551, and \$224,481 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 \$1,013,000 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 .0644359 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$(95,608). 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
District's contributions made subsequent to the measurement date of June 30, 2017	\$ 249,159	
Differences between expected and actual experience	\$ 140,000	\$ 91,000
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions		\$ 43,000
Changes in assumptions or other inputs	\$ 19,000	
Net difference between projected and actual earnings on pension plan investments		\$ 61,000

Deferred outflows of resources in the amount of \$249,159 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.

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	\$ (66,000)
2020	84,000
2021	16,000
2022	(70,000)

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

- Set back 3 years for teachers
- Set back 1 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 are as of January 1, 2017.

GENESEE JOINT SCHOOL DISTRICT NO. 282

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	8.08%
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 plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

GENESEE JOINT SCHOOL DISTRICT NO. 282

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)	\$ 2,354,000	\$ 1,013,000	\$ (102,000)

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 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 and has not recorded the liability in the government-wide financial statements. The implicit subsidy for retired employees is paid each year on a pay-as-you-go basis.

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 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.

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

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 \$25,532 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 \$121,000 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 0.1571209 percent.

For the year ended June 30, 2018, the District recognized an OPEB expense offset of \$21,532. \$25,532 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.

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)	\$ (107,000)	\$ (121,000)	\$ (136,000)

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

11. OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

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 purchases commercial insurance to cover the risks of property loss and legal liability. A general summary of the insurance coverage in effect at June 30, 2018, is as follows:

- Flood Damage - \$5,000,000 limit per occurrence and in aggregate with a \$500,000 deductible per building.
- General Liability - \$2,000,000 limit per occurrence and \$3,000,000 in aggregate and a \$0 deductible.
- Equipment Breakdown - \$1,000,000 limit per occurrence and \$10,000,000 in aggregate with a \$2,500 deductible.
- Crime - \$500,000 limit per occurrence with a \$2,500 deductible.
- Abuse and Molestation - \$2,000,000 limit per occurrence and in aggregate with a \$0 deductible.
- Educator's Legal Liability - \$2,000,000 limit per occurrence and in aggregate with a \$0 deductible.
- Automobiles - \$3,000,000 limit per occurrence and \$300,000 uninsured motorist per occurrence; with \$0 deductible.

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 school lunch fund for the year ended June 30, 2018, amounted to \$30,000.

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 District has transferred State foundation funds paid for depreciation of school buses in the amount of \$26,318 to the plant facilities fund.

The general fund transferred \$311 to other funds to balance revenue and expenditures for the year.

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

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 are 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 fund balances classified as assigned are for use for specific purposes but do not rise to the level of restricted. The forest reserve fund balance is restricted by *Idaho 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. The District also has assigned balances that include assignments for driver education, public school technology, and school lunch funds.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

United States generally accepted accounting principles require disclosure, as part of the combined statement overview, of certain information concerning individual funds, including:

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 9,326	
Driver Education		\$ 1,100
Professional Technical	311	
Bond Redemption		8,537

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).

GENESEE JOINT SCHOOL DISTRICT NO. 282

NOTES TO FINANCIAL STATEMENTS

16. CONTINGENT LIABILITIES

The District participates in a number of state and federally assisted grant programs, mainly Title I, Title VI-B, Carl Perkins Vocational Education, 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.

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>\$ 2,119,401</u>
Change in accounting principle:	
Net OPEB asset (measurement date as of June 30, 2017)	102,000
Deferred outflows:	
District contributions made during fiscal year 2017	<u>23,000</u>
Total change in accounting principle	<u>125,000</u>
Net position as restated June 30, 2017	<u>\$ 2,244,401</u>

REQUIRED SUPPLEMENTARY INFORMATION

GENESEE JOINT SCHOOL DISTRICT NO. 282

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 as a % of		Share of PERSI Net Pension Liability		Net Pension Liability as % of Covered Payroll	Plan Fiduciary Net Position as % of Total Pension Liability
					Covered Payroll	Covered Payroll	%	Amount		
2009	\$ 197,100	\$ 197,100	\$ 0	\$ 1,897,014	10.39%		(1)	(1)		
2010	187,014	187,014	0	1,799,946	10.39%		(1)	(1)		
2011	178,805	178,805	0	1,720,938	10.39%		(1)	(1)		
2012	177,208	177,208	0	1,705,567	10.39%		(1)	(1)		
2013	184,072	184,072	0	1,771,629	10.39%		(1)	(1)		
2014	198,946	198,946	0	1,817,877	10.94%		(1)	\$ 1,260,000	69%	86%
2015	216,442	216,442	0	1,912,028	11.32%	0.0658505%		485,000	25%	95%
2016	224,481	224,481	0	1,983,052	11.32%	0.0682630%		899,000	45%	91%
2017	226,551	226,551	0	2,001,337	11.32%	0.0675848%		1,370,000	68%	87%
2018	249,159	249,159	0	2,201,049	11.32%	0.0644359%		1,013,000	46%	91%

SCHEDULE OF OPEB FUNDING

Fiscal Year	Statutorily Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of		Share of PERSI Net OPEB Asset		Net OPEB Asset as % of Covered Payroll	Plan Fiduciary Net Position as % of Total OPEB Liability
					Covered Payroll	Covered Payroll	%	Amount		
2009	\$ 22,005	\$ 22,005	\$ 0	\$ 1,897,014	1.16%		(2)	(2)		
2010	20,879	20,879	0	1,799,946	1.16%		(2)	(2)		
2011	19,963	19,963	0	1,720,938	1.16%		(2)	(2)		
2012	19,785	19,785	0	1,705,567	1.16%		(2)	(2)		
2013	20,551	20,551	0	1,771,629	1.16%		(2)	(2)		
2014	21,087	21,087	0	1,817,877	1.16%		(2)	(2)		
2015	22,180	22,180	0	1,912,028	1.16%		(2)	(2)		
2016	23,003	23,003	0	1,983,052	1.16%		(2)	(2)		
2017	23,216	23,216	0	2,001,337	1.16%		(2)	102,000	5%	135%
2018	25,532	25,532	0	2,201,049	1.16%	0.1571209%		121,000	5%	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.

GENESEE JOINT SCHOOL DISTRICT NO. 282

BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts Original & Final	Actual Amounts Budgetary Basis	Variance With Final Budget
REVENUES			
General property taxes	\$ 880,075	\$ 895,496	\$ 15,421
State foundation program	2,311,560	2,431,846	120,286
Other state revenue	84,847	103,319	18,472
Charges for services	32,500	24,456	(8,044)
Earnings on investments	6,000	7,943	1,943
Other revenues	5,500	43,066	37,566
Total revenues	<u>3,320,482</u>	<u>3,506,126</u>	<u>185,644</u>
EXPENDITURES			
Payroll	2,063,607	2,173,531	(109,924)
Payroll burden and employee benefits	765,488	787,084	(21,596)
Purchased services	265,413	244,729	20,684
Supplies and materials	141,900	155,285	(13,385)
Capital outlay	5,500		5,500
Insurance	26,475	22,313	4,162
Total expenditures	<u>3,268,383</u>	<u>3,382,942</u>	<u>(114,559)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>52,099</u>	<u>123,184</u>	<u>71,085</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from insurance		1,251	1,251
Transfers from other funds		6,984	6,984
Transfers to other funds	(205,000)	(205,311)	(311)
Total other financing sources (uses)	<u>(205,000)</u>	<u>(197,076)</u>	<u>7,924</u>
NET CHANGE IN FUND BALANCES	(152,901)	(73,892)	79,009
FUND BALANCES AT BEGINNING OF YEAR	<u>152,901</u>	<u>716,470</u>	<u>563,569</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 642,578</u>	<u>\$ 642,578</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.

GENESEE JOINT SCHOOL DISTRICT NO. 282

BUDGETARY COMPARISON SCHEDULE -
SCHOOL LUNCH
Year Ended June 30, 2018

	Budgeted Amounts Original & Final	Actual Amounts Budgetary Basis	Variance With Final Budget
REVENUES			
Federal revenue	\$ 28,000	\$ 55,366	\$ 27,366
Charges for services	57,000	59,140	2,140
Total revenues	<u>85,000</u>	<u>114,506</u>	<u>29,506</u>
EXPENDITURES			
Payroll	41,500	44,877	(3,377)
Payroll burden and employee benefits	25,715	26,681	(966)
Purchased services	800	1,622	(822)
Supplies and materials	52,485	61,252	(8,767)
Capital outlay	1,500		1,500
Total expenditures	<u>122,000</u>	<u>134,432</u>	<u>(12,432)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(37,000)</u>	<u>(19,926)</u>	<u>17,074</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	30,000	30,000	0
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(7,000)	10,074	17,074
FUND BALANCES AT BEGINNING OF YEAR	<u>7,000</u>	<u>13,617</u>	<u>6,617</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 23,691</u>	<u>\$ 23,691</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
Genesee Joint School District No. 282
Genesee, 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 Genesee Joint School District No. 282, 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 8, 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 (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Genesee Joint School District No. 282's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 responses 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 Genesee Joint School District No. 282'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*.

Genesee Joint School District No. 282's Response to Findings

Genesee Joint School District No. 282's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Genesee Joint School District No. 282'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 8, 2018

GENESEE JOINT SCHOOL DISTRICT NO. 282

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2018

Section I – Financial Statement Findings

SIGNIFICANT DEFICIENCY

Finding #2018-001

Criteria: The District's internal control procedures require all expenditures to have proper documentation and approval prior to payment.

Condition: Genesee Joint School District No. 282 did not consistently perform all of the tasks required by the District's internal control system. Examples of tasks that were not performed are invoice retention, and approved purchase orders including invoices with board meeting expenditure listing.

Effect: Genesee Joint School District No. 282's internal control system is not operating as intended. This opens the District up to a greater risk of a material misstatement.

Response: The District's management will implement the District approved controls and monitor the performance as well as emphasizing these results to the staff involved.

Recommendation: We concur with the District's response.

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 and Capital Projects 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

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.

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 \$250 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.

Professional Technical - 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 the number of students involved. The General Fund of the District pays expenses in excess of the above proceeds.

Public School Technology – 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.

Substance Abuse – 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 based 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.

FEDERALLY FUNDED PROJECTS

Title I 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 of Idaho, and funds are allocated to the District based upon average daily attendance and 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 IV-A – The federal government provides Title IV-A grants to provide students with a well-rounded education, support safe and healthy students, and support the effective use of technology. The program is administered by the State of Idaho, and funds are allocated by the same formula as Title 1. If a District receives more than \$30,000, it must conduct a needs assessment and must spend 20 percent of its grant on safe and healthy school activities and 20 percent on well-rounded education programs. The remaining 60 percent can be spent on all three priorities, including technology. There is a 15 percent cap on spending for devices, equipment, software and digital content. If a District receives less than \$30,000, there is no law requiring the District to set aside a percent to be used towards one of the three priorities however, the 15 percent cap still applies.

Title VI-B School-Age – The federal government provides Title VI-B IDEA grants to provide special education to school-age children with disabilities. The program is administered by the State of Idaho, 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 to provide special education to children with disabilities between the ages of 3 and 5. The program is administered by the State of Idaho, 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 Rural Ed Initiative – Districts with an average daily attendance less than 600 students are eligible for grants under the Rural and Low-Income School Program. The federal government awards grants on a noncompetitive formula basis. The District may use program funds for: teacher recruitment and retention; teacher professional development; educational technology; parental involvement activities; activities authorized under Safe and Drug-Free Schools and Communities; activities authorized under Title I; and activities authorized under Language Instruction for Limited English Proficient and Immigrant Students. 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.

Medicaid – The Idaho Department of Health and Welfare administers federal funds that assist in special education with reimbursements that are received from Medicaid eligible students. The District pays matching funds up front for the program and then receives reimbursements for services provided. The General Fund of the District is responsible for expenses in excess of the grant.

Carl Perkins Local Revenue – The District is part of a consortium with other districts and funds are used to give students opportunities and provide vocational training.

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 of Idaho, 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 of Idaho, 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.

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 and breakfast. In addition, the District charges students for lunch and breakfast. Lunch and breakfast are served free or at a reduced price to children from households with income below certain levels. 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.

DEBT SERVICE

Bond Redemption – In March 2007, the District issued general obligation bonds to finance the construction and equipping of additional school facilities and remodeling the current locker rooms. The bond proceeds were also used to retire a prior plant facility limited obligation note. The authorization included a special tax levy to repay the bond issued. The bond redemption fund receives all the proceeds of the special tax levy and makes the payments of bond principal and interest.

CAPITAL PROJECTS

School Plant Facility Reserve Fund – The District has established a School Plant Facility Reserve Fund. The fund may be used to acquire, purchase, and improve school sites, build school buildings, and purchase school buses.

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.

GENESEE JOINT SCHOOL DISTRICT NO. 282

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2018

	General	Forest Reserve	Driver Education	Professional Technical	Public School Technology	Substance Abuse	Title I Improving Basic Programs	Title IV-A	Title VI-B School-Age
ASSETS									
Cash	\$ 47,765			\$ 4,902	\$ 43,932	\$ 5,526	\$ 27,535		\$ 12,404
Investments	588,231								
Property taxes receivable	284,002								
Accounts receivable	67,304		\$ 2,375						
Interfund balances	9,326			311					
Total assets	\$ 996,628	\$ 0	\$ 2,375	\$ 5,213	\$ 43,932	\$ 5,526	\$ 27,535	\$ 0	\$ 12,404
LIABILITIES									
Accounts payable	\$ 18,152		\$ 169	\$ 3,782	\$ 195		\$ 217		\$ 39
Payroll and taxes payable	312,016			1,431					11,599
Interfund balances			1,100						
Unearned revenue									766
Total liabilities	330,168	\$ 0	1,269	5,213	195	\$ 0	217	\$ 0	12,404
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue-property taxes	23,882								
Total deferred inflows of resources	23,882	0	0	0	0	0	0	0	0
FUND BALANCES									
Restricted for capital improvements									
Restricted for retirement of long-term debt									
Assigned									
Special revenue funds			1,106		43,737	5,526	27,318		
Unassigned									
General fund	642,578								
Total fund balances	642,578	0	1,106	0	43,737	5,526	27,318	0	0
Total liabilities, deferred inflows of resources, and fund balances	\$ 996,628	\$ 0	\$ 2,375	\$ 5,213	\$ 43,932	\$ 5,526	\$ 27,535	\$ 0	\$ 12,404

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GENESEE JOINT SCHOOL DISTRICT NO. 282

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2018

	Title VI-B Preschool	Title VI-B Rural Ed Initiative	Medicaid	Carl Perkins Local Revenue	Title II-A Improving Teacher Quality	School Lunch	Bond Redemption	School Plant Facility Reserve	Combined
ASSETS									
Cash		\$ 1,403	\$ 873	\$ 7,170	\$ 1,535	\$ 31,945		\$ 175,638	\$ 360,628
Investments							\$ 264,710		852,941
Property taxes receivable							85,886		369,888
Accounts receivable									69,679
Interfund balances									9,637
Total assets	\$ 0	\$ 1,403	\$ 873	\$ 7,170	\$ 1,535	\$ 31,945	\$ 350,596	\$ 175,638	\$ 1,662,773
LIABILITIES									
Accounts payable		\$ 14		\$ 7,170	\$ 1,120	\$ 217		\$ 39,850	\$ 70,925
Payroll and taxes payable						8,037			333,083
Interfund balances							\$ 8,537		9,637
Unearned revenue		1,389	\$ 873		415				3,443
Total liabilities	\$ 0	1,403	873	7,170	1,535	8,254	8,537	39,850	417,088
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue-property taxes							8,181		32,063
Total deferred inflows of resources	0	0	0	0	0	0	8,181	0	32,063
FUND BALANCES									
Restricted for capital improvements								135,788	135,788
Restricted for retirement of long-term debt							333,878		333,878
Assigned									
Special revenue funds						23,691			101,378
Unassigned									
General fund									642,578
Total fund balances	0	0	0	0	0	23,691	333,878	135,788	1,213,622
Total liabilities, deferred inflows of resources, and fund balances	\$ 0	\$ 1,403	\$ 873	\$ 7,170	\$ 1,535	\$ 31,945	\$ 350,596	\$ 175,638	\$ 1,662,773

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GENESEE JOINT SCHOOL DISTRICT NO. 282

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	General	Forest Reserve	Driver Education	Professional Technical	Public School Technology	Substance Abuse	Title I Improving Basic Programs	Title IV-A	Title VI-B School-Age
REVENUES									
General property taxes	\$ 895,496								
State foundation program	2,431,846								
Other state revenue	103,319		\$ 2,375	\$ 29,672	\$ 61,347	\$ 5,871			
Federal revenue		\$ 3,801					\$ 42,872	\$ 10,000	\$ 45,609
Charges for services	24,456		5,900		3,745				
Earnings on investments	7,943								
Other revenues	43,066								
Total revenues	<u>3,506,126</u>	<u>3,801</u>	<u>8,275</u>	<u>29,672</u>	<u>65,092</u>	<u>5,871</u>	<u>42,872</u>	<u>10,000</u>	<u>45,609</u>
EXPENDITURES									
Instruction									
Regular programs	1,886,661		7,881	22,999	145,900		78,377		
Special programs	189,294								45,609
Interscholastic and school activity	124,767								
Support services									
Pupil support	156,253					37			
Staff support	99,331				30,465				
General administration	178,603								
School administration	231,930								
Maintenance and operations	298,767	4,766				308			
Transportation	217,336								
Food services									
Capital outlay									
Debt services									
Total expenditures	<u>3,382,942</u>	<u>4,766</u>	<u>7,881</u>	<u>22,999</u>	<u>176,365</u>	<u>345</u>	<u>78,377</u>	<u>0</u>	<u>45,609</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>123,184</u>	<u>(965)</u>	<u>394</u>	<u>6,673</u>	<u>(111,273)</u>	<u>5,526</u>	<u>(35,505)</u>	<u>10,000</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)									
Refunds of prior year expenditures					10,786				
Proceeds from insurance	1,251								
Transfers from other funds	6,984			311	40,000		20,000		
Transfers to other funds	(205,311)			(6,984)			(10,000)		
Total other financing sources (uses)	<u>(197,076)</u>	<u>0</u>	<u>0</u>	<u>(6,673)</u>	<u>50,786</u>	<u>0</u>	<u>20,000</u>	<u>(10,000)</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(73,892)	(965)	394	0	(60,487)	5,526	(15,505)	0	0
FUND BALANCES AT BEGINNING OF YEAR	<u>716,470</u>	<u>965</u>	<u>712</u>	<u>0</u>	<u>104,224</u>	<u>0</u>	<u>42,823</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 642,578</u>	<u>\$ 0</u>	<u>\$ 1,106</u>	<u>\$ 0</u>	<u>\$ 43,737</u>	<u>\$ 5,526</u>	<u>\$ 27,318</u>	<u>\$ 0</u>	<u>\$ 0</u>

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GENESEE JOINT SCHOOL DISTRICT NO. 282

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	Title VI-B Preschool	Title VI-B Rural Ed Initiative	Medicaid	Carl Perkins Local Revenue	Title II-A Improving Teacher Quality	School Lunch	Bond Redemption	School Plant Facility Reserve	Combined
REVENUES									
General property taxes							\$ 294,632		\$ 1,190,128
State foundation program									2,431,846
Other state revenue							11,081	\$ 18,981	232,646
Federal revenue	\$ 1,500	\$ 19,206	\$ 4,067	\$ 3,691	\$ 8,421	\$ 55,366			194,533
Charges for services		9				59,140			93,250
Earnings on investments							1,448	2,931	12,322
Other revenues								18,600	61,666
Total revenues	1,500	19,215	4,067	3,691	8,421	114,506	307,161	40,512	4,216,391
EXPENDITURES									
Instruction									
Regular programs		16,447		3,691	8,421				2,170,377
Special programs	1,500								236,403
Interscholastic and school activity									124,767
Support services									
Pupil support		2,768	4,067						163,125
Staff support								18,000	147,796
General administration									178,603
School administration									231,930
Maintenance and operations								218,850	522,691
Transportation									217,336
Food services						134,432			134,432
Capital outlay								45,425	45,425
Debt services							310,060		310,060
Total expenditures	1,500	19,215	4,067	3,691	8,421	134,432	310,060	282,275	4,482,945
EXCESS OF REVENUES OVER EXPENDITURES	0	0	0	0	0	(19,926)	(2,899)	(241,763)	(266,554)
OTHER FINANCING SOURCES (USES)									
Refunds of prior year expenditures									10,786
Proceeds from insurance								143,998	145,249
Transfers from other funds						30,000		125,000	222,295
Transfers to other funds									(222,295)
Total other financing sources (uses)	0	0	0	0	0	30,000	0	268,998	156,035
NET CHANGE IN FUND BALANCES	0	0	0	0	0	10,074	(2,899)	27,235	(110,519)
FUND BALANCES AT BEGINNING OF YEAR	0	0	0	0	0	13,617	336,777	108,553	1,324,141
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,691	\$ 333,878	\$ 135,788	\$ 1,213,622

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