

West Bonner County School District No. 83

Financial Report

June 30, 2018

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WEST BONNER COUNTY SCHOOL DISTRICT NO. 83
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

The management's discussion and analysis of the financial performance of West Bonner County School District No. 83 provides an overall narrative review of the District's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance. Information contained in this section is supplemented by the more detailed information contained elsewhere in the District's financial statements, notes to financial statements and any accompanying supplementary information. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

The number of students attending West Bonner schools averaged 1,057 students over the entire school year. Our average daily student attendance generated 58.15 units on the July 15th state payment for salary and benefit apportionment. The total reimbursement for last fiscal year was \$3,539,312.75 for salaries and \$671,407.63 for benefits.

The District has had a supplemental levy in place since 2000 that has been used for instructional expenditures, capital purchases and facility improvements. These supplemental levies have been voter-approved levies to provide funding for such items as textbooks, technology, teacher training, furniture, buses, school and library supply funds, extracurricular equipment funds and funding facility needs.

FINANCIAL HIGHLIGHTS

- Total net position for 2018 increased \$697,429, which represents a 53.7% increase from fiscal year 2017.
- In the governmental funds, General Fund revenues for fiscal years 2018 and 2017 account for \$10,097,439 and \$10,095,729, or 82% and 84% of total revenues, respectively. The General Fund consists of the General Fund (Fund 100), Medical Insurance Fund, Contingency Fund, Supplemental Levy Fund, and General Grants Fund. Other state and federal fund revenues, in the form of charges for services and grants and contributions, accounted for \$2,152,428 and \$1,867,704, or 18% and 16% of total revenues for fiscal years 2018 and 2017, respectively.
- In the governmental funds, General Fund expenditures for fiscal years 2018 and 2017 account for \$9,521,591 and \$9,481,698, or 81% and 83% of total expenditures, respectively. Other state and federal fund expenditures accounted for \$2,296,682 and \$1,968,755, or 19% and 17% of total expenditures for fiscal years 2018 and 2017, respectively.

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For the Year Ended June 30, 2018

- The General Fund's fund balance was \$2,337,886 and \$1,973,161 for fiscal years ending 2018 and 2017, respectively. The General Fund's fund balance increased by \$364,725 from 2017 to 2018.
- Long-term debt decreased by \$1,094,596 from 2017. This decrease was due primarily to the Governmental Accounting Standards Board (GASB) Statement No. 68 requirement to report on the Statement of Net Position the District's proportionate share (\$3,196,415) of the PERSI Base Plan's net pension liability as of June 30, 2018, compared to \$4,266,818 as of June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-Wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The district-wide financial statements outline functions of the District that are principally supported by state revenues, property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instruction, and capital assets programs.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

- **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets, which can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental funds financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental fund information does not report on long-term commitments as is reported in the district-wide statements. Therefore, reconciliations of the differences between the governmental funds and the district-wide statements are included as separate statements.
- **Fiduciary funds** – The District serves as a trustee, or fiduciary, for student scholarship trust funds, employee's cafeteria plan funds, and student activity funds. The assets of these organizations belong to the organization, and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process.

The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund.

Additionally, a Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance (formerly, OMB Circular A-133), can be found in this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position. Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$1,997,147 as of June 30, 2018.

By far the largest portion of the District's net position is invested in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less accumulated depreciation and any related debt used to acquire those assets that is still outstanding.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

Table 1 presents the District's summarized Statements of Net Position for the fiscal years ended June 30, 2018 and 2017.

Table 1
Statements of Net Position

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	June 30, 2018	June 30, 2017	% Change
Current Assets	\$ 3,996,241	\$ 3,514,195	13.7%
Noncurrent Assets	2,577,219	2,620,204	-1.6%
Deferred Outflows of Resources	1,299,933	2,962,215	-56.1%
Total Assets and Deferred Outflows of Resources	7,873,393	9,096,614	-13.4%
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current Liabilities	1,423,642	1,392,938	2.2%
Noncurrent Liabilities	3,658,553	4,753,149	-23.0%
Deferred Inflows of Resources	794,051	1,650,809	-51.9%
Total Liabilities and Deferred Inflows of Resources	5,876,246	7,796,896	-24.6%
NET POSITION			
Net Investment in Capital Assets	2,577,219	2,620,204	-1.6%
Restricted for Program Requirements	201,493	152,747	31.9%
Restricted for Replacement of Plant Equipment	37,768	37,768	0%
Designated for Specific Purposes	816,762	741,417	10.2%
Unrestricted Net Position	(1,636,095)	(2,252,418)	-27.4%
Total Net Position	\$ 1,997,147	\$ 1,299,718	53.7%

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

Changes in net position. As shown in **Table 2**, the District relies significantly on state support (57%) for funding of its governmental activities. Additionally, local property tax support accounts for 26% of the District's governmental activities. The District had total revenues of \$12,263,290. Total revenues exceeded total expenses by \$697,429.

Table 2
Changes in Net Position

REVENUES	2018	2017
<i>Program Revenues:</i>		
Charges for services	\$ 48,825	\$ 50,391
Operating grants and contributions	1,723,648	1,803,265
<i>General Revenue:</i>		
Property taxes, general purposes	3,215,653	3,220,077
State aid, unrestricted	7,046,102	6,412,824
Federal Forest	49,772	14,048
Other local sources	178,090	420,969
Gain on disposal of capital assets	1,200	4,500
Total Revenues	12,263,290	11,926,074
EXPENSES		
Instructional services	\$ 5,937,950	\$ 6,028,487
Support services	5,069,303	5,024,016
Non-instructional services	534,623	562,204
Debt service	23,985	22,959
Total Expenses	11,565,861	11,637,666
Change in net position	697,429	288,408
Net position, beginning of year	1,299,718	1,186,899
Prior period adjustment	--	(175,589)
Net position, end of year	\$ 1,997,147	\$ 1,299,718

Governmental Activities. The following table presents the cost of the District's major functional activities: instructional programs, support service programs, non-instruction programs, capital asset program, and principal and interest. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

Table 3
Net Cost of Governmental Activities

EXPENSES	2018	2017	% Change
Instructional programs	\$ 5,067,732	\$ 5,098,572	-0.6%
Support service programs	4,650,729	4,618,031	0.7%
Non-instructional programs	50,942	44,448	14.6%
Debt service	23,985	22,959	4.5%
Net Expenses	\$ 9,793,388	\$ 9,784,010	0.1%
REVENUES			
Property taxes	\$ 3,215,653	\$ 3,220,077	-0.1%
Other local revenue	178,090	420,969	-57.7%
State assistance and reimbursements	7,046,102	6,412,824	9.9%
Other federal revenues	49,772	14,048	254.3%
Net Revenues	\$10,067,918	\$10,067,918	4.2%

Net cost of governmental activities was financed primarily by general revenue, which is primarily made up of state support payments of \$7,046,102 for 2018 and \$6,412,824 for 2017.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2,450,095, an increase of \$432,794, which includes a contingency reserve balance of \$1,319,631. The contingency reserve balance is a committed fund balance and can be used only for the specific purposes determined by a formal action of the Board of Trustees. The District has restricted fund balances totaling \$239,261 for General Fund grants and bus acquisitions. Restricted fund balance can only be spent on specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The District has an assigned fund balance of \$196,926 for the Medical Insurance Fund and an assigned fund balance of \$619,836 for instruction. Assigned fund balances are those balances that are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted or committed.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS, CONTINUED

The General Fund is the principal operating fund of the District.

BUDGETARY HIGHLIGHTS

The District adopts an original budget in June for the subsequent year. The budget is then often amended later in the fiscal year, typically in February or March, following determination of the first attendance period and certification of all levies on property taxes.

State revenues are primarily driven through the measurement of attendance for the first nine weeks of the school year. The changes in state revenues due to this snapshot in time for the purposes of wage and benefits appropriation were addressed in the December amendment process.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. West Bonner County School District No. 83 has \$2,577,219 in capital assets, net of accumulated depreciation and amortization. These assets are made up of a broad range of items including buildings, improvements, transportation equipment and other equipment. The District has a \$5,000 threshold for capitalization of fixed assets. This year's major additions totaled \$244,743 and included building improvements paid by supplemental levy dollars.

Long-Term Debt. The District has no bonded indebtedness. The District has a total of \$3,658,553 of long-term debt, which consists of the noncurrent portion of compensated absences, if any, other postemployment benefits and pension liabilities. The deferred outflows and deferred inflows of resources related to the net OPEB and pension liabilities increase the District's net position by \$505,882.

Table 4 below shows changes in compensated absences along with current maturities.

Table 4
Change in Compensated Absences and
Current Maturities

Balance, July 1, 2017	\$63,152
Additions	89,931
Retirements/Payments	96,256
Balance, June 30, 2018	\$56,827

Additional information on the District's compensated absences can be found in Note 12 included in this report. Additional information on the District's other long-term, which consists of other postemployment benefits and pension liabilities, can be found in Notes 13 and 14, respectively.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83
MANAGEMENT'S DISCUSSION AND ANALYSIS
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CURRENT ISSUES

Currently known factors that will impact the District's financial status in the future are:

- The District relies solely on state support for salaries, benefits and fixed costs such as utilities and fuel. This approach to budget-building makes it more difficult each year to present an adopted budget without budget reductions. Since our state revenues are generated by student enrollment and average daily attendance, the percentage of time a student attends school determines the funding level for that student. The current funding levels from state support do not pay 100% of the District's salaries and benefits. Any expenses above state reimbursed salaries and benefits are paid by entitlement funds or *Discretionary Funds* and voter approved supplemental levy funds.
- Discretionary Funds are paid through state support to the District on a per unit dollar amount – units are calculated from student average daily attendance. The average entitlement amount paid to school districts since 2000 is \$23,641 per unit. Each year fixed costs such as fuel and utilities have increased substantially, yet the funding school districts receive to pay these costs have not increased at the same rate or level. West Bonner County School District must be able to pay for its fixed costs and sometimes the Board must make budget reductions to have a balanced budget.

FY	Entitlement	Inc(Decr)	% Change
1999-2000	\$ 23,217.27		
2000-01	24,440.40	\$ 1,223.13	5.27%
2001-02	22,935.54	(1,504.86)	-6.16%
2002-03	23,128.74	193.20	0.84%
2003-04	24,447.00	1,318.26	5.70%
2004-05	24,450.00	3.00	0.01%
2005-06	24,695.00	245.00	1.00%
2006-07	25,436.00	741.00	3.00%
2007-08	25,442.00	6.00	0.02%
2008-09	25,696.00	254.00	1.00%
2009-10	25,459.00	(237.00)	-0.92%
2010-11	21,795.00	(3,664.00)	-14.39%
2011-12	19,626.00	(2,169.00)	-9.95%
2012-13	19,706.00	80.00	0.41%
2013-14	20,000.00	294.00	1.49%
2014-15	22,401.00	2,401.00	12.01%
2015-16	23,868.00	1,467.00	6.55%
2016-17	25,696.00	1,828.00	7.66%
2017-18	26,748.00	1,052.00	4.09%

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

- On March 14, 2018 the District's voters approved a two-year supplemental levy that primarily supports the District, the co-curricular and extra-curricular programs, and facility improvements. Due to the state reductions throughout the years, the District is unable to continue to fund these expenditures from its General Fund discretionary dollars. These expenditures will continue to be supplemental levy expenditures until such time the state supports the funding of these programs.

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 demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

West Bonner County School District
Jennifer Anselmo, Business Manager
JenniferAnselmo@sd83.org
134 Main Street
Priest River, Idaho 83856
(208) 448-4439



Report of Independent Auditor

Board of Trustees
West Bonner County School District No. 83
Priest River, 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 West Bonner County School District No. 83 ("the District"), 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Bonner County School District No. 83, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Notes 5 and 18 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. The financial statements as of and for the year ended June 30, 2017 have been restated for this change. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison schedule on page 48, the other postemployment benefits schedules on pages 50 through 52, and the pension schedules on pages 54 and 55, 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, which 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 District's basic financial statements. The combining and individual General Fund and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual General Fund and nonmajor fund financial statements, and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate 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 combining and individual General Fund and nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are 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 a separate report dated October 2, 2018, on our consideration of the District'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 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 the District's internal control over financial reporting and compliance.

DeCoria, Maichel, & Teague, PS

DeCoria, Maichel & Teague, P.S.
Spokane, Washington

October 2, 2018

West Bonner County School District No. 83
Statement of Net Position - District-Wide
June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents (Note 6)	\$ 2,159,258
Receivables (Note 7)	1,750,939
Prepaid expenses	68,069
Inventory	<u>17,975</u>
Total current assets	3,996,241
Noncurrent assets:	
Capital assets, net of accumulated depreciation and amortization (Note 8)	<u>2,577,219</u>
Total assets	<u>6,573,460</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to the net other postemployment benefit (OPEB) liability (Note 13)	74,186
Deferred outflows related to the net pension liability (Note 14)	<u>1,225,747</u>
Total deferred outflows of resources	<u>1,299,933</u>
LIABILITIES	
Current liabilities:	
Accounts payable	86,467
Accrued payroll and related liabilities	1,227,677
Unearned grant revenue	52,671
Accrued compensated absences, due within one year (Note 12)	<u>56,827</u>
Total current liabilities	<u>1,423,642</u>
Noncurrent liabilities:	
Net other postemployment benefit (OPEB) liability (Note 13)	462,138
Net pension liability (Note 14)	<u>3,196,415</u>
Total noncurrent liabilities	<u>3,658,553</u>
Total liabilities	<u>5,082,195</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to the net OPEB liability (Note 13)	166,170
Deferred inflows related to the net pension liability (Note 14)	<u>627,881</u>
Total deferred inflows of resources	<u>794,051</u>
Commitments and contingencies (Notes 15 and 17)	
NET POSITION	
Net investment in capital assets	2,577,219
Restricted for program requirements	201,493
Restricted for replacement of plant equipment	37,768
Designated for specific purposes	816,762
Unrestricted net position	<u>(1,636,095)</u>
Total net position	<u>\$ 1,997,147</u>

The accompanying notes are an integral part of the basic financial statements.

West Bonner County School District No. 83
Statement of Activities - District-Wide
Year Ended June 30, 2018

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction:				
Elementary programs	\$ 2,424,994	\$ -	\$ 453,709	\$ (1,971,285)
Secondary programs	1,882,859	-	122,890	(1,759,969)
Alternative school programs	99,690	-	-	(99,690)
Vocational education	209,682	-	-	(209,682)
Exceptional child, gifted and talented programs	1,012,956	-	293,619	(719,337)
Interscholastic and school activity programs	289,122	-	-	(289,122)
Summer school	18,647	-	-	(18,647)
Total instruction	5,937,950	-	870,218	(5,067,732)
Support services:				
Attendance, guidance and health	318,332	-	94,173	(224,159)
Special services	570,935	-	-	(570,935)
Instruction improvement and educational media	811,751	-	193,452	(618,299)
District administration	347,271	-	120,823	(226,448)
School administration	620,423	-	10,126	(610,297)
Business operations	301,206	-	-	(301,206)
Custodial and maintenance	1,470,577	-	-	(1,470,577)
Transportation	628,808	-	-	(628,808)
Total support services	5,069,303	-	418,574	(4,650,729)
Non-instruction programs:				
Child nutrition program	532,235	48,825	432,468	(50,942)
Community service programs	2,388	-	2,388	-
Total non-instruction programs	534,623	48,825	434,856	(50,942)
Debt service	23,985	-	-	(23,985)
Total capital assets and debt service	23,985	-	-	(23,985)
Total governmental activities	\$ 11,565,861	\$ 48,825	\$ 1,723,648	(9,793,388)
GENERAL REVENUES				
Property taxes, general purposes				3,215,653
Other local sources				178,090
State aid, unrestricted				7,046,102
National forest reserve				49,772
Gain on disposal of capital assets				1,200
Total general revenue				10,490,817
Change in net position				697,429
Total net position, beginning of year (Note 18)				1,299,718
Total net position, end of year				\$ 1,997,147

The accompanying notes are an integral part of the basic financial statements.

West Bonner County School District No. 83
Balance Sheet - Governmental Funds
June 30, 2018

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Assets:			
Cash and cash equivalents	\$ 1,997,868	\$ 161,390	\$ 2,159,258
Receivables	1,312,785	438,154	1,750,939
Prepaid expenses	-	68,069	68,069
Inventory	-	17,975	17,975
Due from other funds	401,440	-	401,440
Total assets	<u>\$ 3,712,093</u>	<u>\$ 685,588</u>	<u>\$ 4,397,681</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 86,417	\$ 50	\$ 86,467
Accrued payroll and related liabilities	1,018,459	209,218	1,227,677
Unearned grant revenue	-	52,671	52,671
Due to other funds	90,000	311,440	401,440
Total liabilities	<u>1,194,876</u>	<u>573,379</u>	<u>1,768,255</u>
Deferred inflows of resources:			
Deferred property tax revenue	179,331	-	179,331
Total deferred inflows of resources	<u>179,331</u>	<u>-</u>	<u>179,331</u>
Fund balances:			
Nonspendable:			
Prepaid expenses	-	68,069	68,069
Inventories	-	17,975	17,975
Restricted for:			
Program requirements	201,493	-	201,493
Replacement of plant equipment	-	37,768	37,768
Committed for:			
Unforeseen expenditures	1,319,631	-	1,319,631
Assigned to:			
Instruction	619,836	-	619,836
Support services	196,926	-	196,926
Unassigned	-	(11,603)	(11,603)
Total fund balances	<u>2,337,886</u>	<u>112,209</u>	<u>2,450,095</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,712,093</u>	<u>\$ 685,588</u>	<u>\$ 4,397,681</u>

West Bonner County School District No. 83
Reconciliation of the Balance Sheet - Governmental Funds
with the Statement of Net Position - District-Wide
June 30, 2018

Amounts reported for governmental activities in the Statement of Net Position - District-Wide are different because:

Total fund balances - Governmental Funds		\$ 2,450,095	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.			
The cost of capital assets is	\$ 13,423,667		
Accumulated depreciation is	<u>(10,846,448)</u>		
			2,577,219
Property taxes receivable will be collected, but are not available soon enough to pay for current period liabilities, and are therefore reported as deferred inflows of resources in the governmental funds.			179,331
Noncurrent liabilities, including accrued compensated absences, other postemployment benefit (OPEB) liabilities and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds:			
Accrued compensated absences, due within one year	(56,827)		
Net OPEB liability	(462,138)		
Net pension liability	<u>(3,196,415)</u>		
			(3,715,380)
Deferred outflows and deferred inflows of resources pertaining to the net pension and other postemployment benefit (OPEB) liabilities are not financial resources and therefore are not reported in the governmental funds.			
Deferred outflows related to the net OPEB liability	74,186		
Deferred inflows related to the net OPEB liability	(166,170)		
Deferred outflows related to the net pension liability	1,225,747		
Deferred inflows related to the net pension liability	<u>(627,881)</u>		
			<u>505,882</u>
Total net position - District-Wide		<u>\$ 1,997,147</u>	

West Bonner County School District No. 83
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2018

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 3,203,430	\$ -	\$ 3,203,430
Other local revenue	178,090	48,825	226,915
State assistance and reimbursements	6,715,919	225,961	6,941,880
National Forest Reserve	-	49,772	49,772
Other federal revenues	-	1,827,870	1,827,870
Total revenues	10,097,439	2,152,428	12,249,867
EXPENDITURES			
Instruction:			
Elementary programs	1,870,348	514,920	2,385,268
Secondary programs	1,733,585	122,890	1,856,475
Alternative school programs	104,179	-	104,179
Vocational education programs	217,975	-	217,975
Exceptional child, gifted and talented programs	752,037	293,619	1,045,656
Interscholastic and school activity programs	293,072	-	293,072
Summer school	19,217	-	19,217
Total instruction	4,990,413	931,429	5,921,842
Support services:			
Attendance, guidance and health	280,916	94,173	375,089
Special services	229,152	321,185	550,337
Instruction improvement and educational media	664,042	193,452	857,494
District administration	214,596	120,823	335,419
School administration	632,221	10,126	642,347
Business operations	305,546	-	305,546
Custodial and maintenance	1,473,301	-	1,473,301
Transportation	549,284	-	549,284
Total support services	4,349,058	739,759	5,088,817
Non-instruction programs:			
Child nutrition programs	13,062	523,436	536,498
Community service programs	-	2,388	2,388
Total non-instruction programs	13,062	525,824	538,886
Capital asset programs	145,073	99,670	244,743
Debt service	23,985	-	23,985
Total capital assets and debt service	169,058	99,670	268,728
Total expenditures	9,521,591	2,296,682	11,818,273
Excess (deficiency) of revenues over (under) expenditures	575,848	(144,254)	431,594
OTHER FINANCING SOURCES (USES)			
Proceeds from sales of capital assets	-	1,200	1,200
Transfers from (to) other funds	(211,123)	211,123	-
Net changes in fund balances	364,725	68,069	432,794
Total fund balances, beginning of year	1,973,161	44,140	2,017,301
Total fund balances, end of year	\$ 2,337,886	\$ 112,209	\$ 2,450,095

The accompanying notes are an integral part of the basic financial statements.

West Bonner County School District No. 83

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds with the Statement of Activities - District-Wide
Year Ended June 30, 2018**

**Amounts reported for governmental activities in the Statement of Activities - District-Wide
are different because:**

Net changes in fund balances - Governmental Funds	\$ 432,794
Capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities - District-Wide, the cost of these assets is allocated over their estimated useful lives as depreciation. This is the amount by which depreciation, \$287,728, exceeds capital outlays, \$244,743, during the current fiscal year.	(42,985)
Some property taxes will not be collected until several months after the District's fiscal year end, and therefore will not be available to pay liabilities of the current period. Accordingly, they are recorded as deferred inflows of resources. They are, however, recorded as revenue in the Statement of Activities - District-Wide. The change in unearned property taxes during the current fiscal year is an adjustment.	12,223
In the Statement of Activities - District-Wide, certain operating expenses (e.g., compensated absences) and certain non-pension retirement benefits (e.g., other postemployment benefits) are measured by the amount earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (i.e., the amount actually paid). In the current year, compensated absences and other postemployment benefits earned exceeded compensated absences and other postemployment benefits paid.	47,938
In the Statement of Activities - District-Wide, pension expense (revenue) is actuarially determined and adjusted by amortization of deferred outflows and deferred inflows of resources. In the governmental funds, however, pension expenditures are measured by the amount of financial resources used (i.e., the amount of contributions actually paid). The difference between contributions paid and the changes in the District's proportionate share of the Base Plan's net pension liability and the related deferred outflows and deferred inflows of resources is an adjustment.	<u>247,459</u>
Change in net position - District-Wide	<u>\$ 697,429</u>

West Bonner County School District No. 83
Statement of Net Position - Fiduciary Funds
June 30, 2018

	Student Scholarship Fund	AFLAC Cafeteria Plan Fund	Student Activity Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,022	\$ 39,185	\$ 171,676
Total assets	<u>2,022</u>	<u>\$ 39,185</u>	<u>\$ 171,676</u>
LIABILITIES			
Current liabilities:			
Deposits due to employees	-	\$ 39,185	\$ -
Due to student groups	-	-	171,676
Total liabilities	<u>-</u>	<u>\$ 39,185</u>	<u>\$ 171,676</u>
NET POSITION			
Held for benefit of others	<u>\$ 2,022</u>		

West Bonner County School District No. 83
Statement of Changes in Net Position - Fiduciary Funds
Year Ended June 30, 2018

	Student Scholarship Fund
	<hr/>
Additions:	
Interest and investment earnings	\$ -
	<hr/>
Total additions	-
	<hr/>
Deductions:	
Scholarships	-
	<hr/>
Total deductions	-
	<hr/>
Change in net position	-
	<hr/>
Net position, beginning of year	2,022
	<hr/>
Net position, end of year	\$ 2,022
	<hr/> <hr/>

West Bonner County School District No. 83
Notes to Financial Statements
June 30, 2018

1. Organization

West Bonner County School District No. 83 ("the District") is governed by a locally elected five-member Board of Trustees ("the Board"), which has governance responsibilities over all activities related to public elementary and secondary school education in western Bonner County, Idaho. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding entities. The District is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since board members are elected by the public; have decision-making authority; have the power to designate management; have the responsibility to significantly influence operations; and have primary accountability for fiscal matters. Additionally, the District has no component units which are required to be included in its reporting entity.

2. District-Wide and Fund Financial Statements

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (GASB No. 34) defines the financial reporting requirements and the reporting model for the annual financial reports of state and local governments. The financial information required by GASB No. 34 includes:

Management's Discussion and Analysis

The management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities in a narrative format. An analysis of the District's overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

District-Wide Financial Statements

The district-wide financial statements, including the Statement of Net Position – District-Wide and the Statement of Activities – District-Wide, report information on all of the non-fiduciary activities of the District. These statements report the *governmental activities* of the District. Governmental transactions are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions.

In general, the effect of interfund transactions has been eliminated from the district-wide financial statements. Exceptions to this general rule are transactions between the District's governmental and fiduciary activities. Elimination of these transactions would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Activities – District-Wide presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. The District does not charge indirect expenses to programs or functions. Program revenues include (a) fees, fines 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.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

2. District-Wide and Fund Financial Statements, Continued

Fund Financial Statements

The fund financial statements provide information on the District's funds, including its fiduciary funds. Separate statements for each fund category – *Governmental* and *Fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, with each displayed separately.

Budgetary Comparison Schedule

The budgetary comparison schedule is presented as required supplementary information to demonstrate whether resources were obtained and used in accordance with the District's legally adopted budget (see Note 4). The District may revise the original budget over the course of the year for various reasons. Under the reporting model prescribed by GASB No. 34, budgetary information continues to be provided, and includes comparisons of the District's original adopted budget to the final budget and actual results.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The district-wide and fiduciary funds financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange 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. 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 stipulated by the provider have been met and satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined, and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences, early retirement liabilities, other postemployment benefit liabilities and net pension liabilities, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

The District reports the following major governmental fund:

General Fund: The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The revenue of the fund consists primarily of local property taxes and state funds. This is a budgeted fund, and any unassigned or unencumbered fund balances are considered as resources available for use.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

The District reports the following fiduciary funds:

Student Scholarship Fund: The Student Scholarship Fund is a private-purpose trust fund used to account for funds donated for scholarships awarded to graduating seniors who will be attending college, vocational or technical training schools. This fund does not include revenues and expenditures for general operations of the District.

AFLAC Cafeteria Plan Fund: The AFLAC Cafeteria Plan Fund is an agency fund used to account for funds withheld from employees' paychecks for reimbursement of medical expenses. This fund has no net position, assets are equal to liabilities, and it does not include revenues and expenditures for general operations of the District.

Student Activity Funds: The Student Activity Funds are agency funds used to account for activities of student groups and other types of activities requiring clearing accounts. These funds have no net position, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the District.

4. Budgetary Information

Budgets are adopted on a modified accrual basis, consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a) The District publishes a proposed budget for public review.
- b) Public hearings are held to obtain taxpayer comments.
- c) Prior to July 1, the budget is adopted by resolution of the Board of Trustees and published.
- d) The final budget is then filed with the State Department of Education. Expenditures may not legally exceed budgeted appropriations at the functional level. The legal level of budgetary control is the functional level at which the Board must approve any over-expenditures of appropriations or transfers of appropriated amounts.

During the fiscal year ended June 30, 2018, the budget was amended to reflect revised revenue and expense estimates. The amendment was properly approved by the Board of Trustees.

5. Summary of Significant Accounting Policies

Accounting Principles Generally Accepted in the United States of America

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The District has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. The primary objective of Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Statement No. 75 is effective for the District beginning in the fiscal year ending June 30, 2018. Implementation required the restatement of amounts previously reported as liabilities and amounts previously not reported as deferred inflows of resources on the District's Statement of Net Position – District-Wide for the fiscal year ended June 30, 2017 (see Note 18).

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Statement No. 84 is effective for the District beginning in the fiscal year ending June 30, 2020. The District is currently evaluating the financial statement impact of adopting this statement.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Specifically, Statement No. 85 addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and “negative” goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements;

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

Statement No. 85 will be effective for the District beginning in the fiscal year ending June 30, 2018. Implementation of this statement did not have a material financial statement impact.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments leasing activities. Statement No. 87 is effective for the District beginning in the fiscal year ending June 30, 2021. The District is currently evaluating the financial statement impact of adopting this statement.

Cash and Cash Equivalents

Cash received by the District in its governmental funds is pooled for investment purposes. Interest earned on the balances in the pooled accounts is allocated to the participating funds in proportion to the average daily balances in each fund. The District considers investments in the cash management pool and all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Additionally, deposits in the State of Idaho Treasurer's Local Government Investment Pool (LGIP), if any, are available to the District on demand and, accordingly, are considered to be cash equivalents.

Investments

At times, the District invests in the LGIP. Investments are authorized by Board policy as permitted by Idaho Code, section 67-1210. Deposits in the LGIP are stated at fair market value, which approximates cost, and consist of local certificates of deposit, repurchase agreements and U.S. government securities.

Inventories

Inventories, which consist of food supplies, are reported at the lower of cost (first-in, first out) or net realizable value, or if donated, at fair value when received. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the Child Nutrition Fund as revenue and expense when received.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

5. Summary of Significant Accounting Policies, Continued

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. When considered necessary, management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the current status of individual receivables from grants, contracts and others. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable. Because management expects all June 30, 2018 receivables to be collectible, no allowance for doubtful accounts has been provided as of that date.

Capital Assets

Capital assets are reported in the district-wide financial statements and as expenditures in the governmental fund financial statements. Purchased or constructed capital assets are reported at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Donated capital assets are recorded at estimated fair market value at the date of donation, less accumulated depreciation. Costs of routine repairs and maintenance that do not improve or extend the useful lives of the related assets are not capitalized. The District uses a capitalization threshold of \$5,000. When capital assets are sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is recorded in the Statement of Activities – District-Wide.

All reported capital assets except land and construction in progress are depreciated. Depreciation is calculated on capital assets using the straight-line method over the estimated useful lives of those assets, as follows:

	<u>Years</u>
Buildings, building improvements and portable units	20 to 40
Furniture and equipment	3 to 20
Buses	8
Other vehicles	3 to 5

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the District's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the District. At June 30, 2018, there were no assets or liabilities of the District that were measured at fair value on a recurring basis.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The District had no assets or liabilities measured at fair value on a nonrecurring basis during 2018.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

5. Summary of Significant Accounting Policies, Continued

Accrued Liabilities and Long-Term Obligations

Liabilities shown on the governmental fund financial statements are those that have become due and payable at the end of the fiscal year, which are expected to be paid during the upcoming fiscal year, and are reported as an expenditure and fund liability of the governmental fund that will pay it. On the district-wide financial statements, liabilities that become due and payable within one year after the financial statement date are included in current liabilities, while liabilities that become due and payable after that time are shown as noncurrent liabilities.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences* (GASB No. 16). Compensated absences consist of accumulated personal and vacation leave balances that are unpaid by the financial statement date. All eligible employees of the District receive personal leave at the beginning of the year. In accordance with GASB No. 16, no liability is recorded for non-vesting accumulated rights to receive sick pay.

Under the terms of agreements with the local education association, employees earn vacation in amounts that vary based on tenure and classification. The District records a liability for accumulated unused vacation for all eligible employees.

Accumulated personal and vacation leave that has become due and payable at the end of the fiscal year, which is expected to be paid during the upcoming fiscal year, is reported as an expenditure and fund liability of the governmental fund that will pay it. The District has reported all accumulated personal and vacation leave as a current obligation in the district-wide financial statements. The District's management believes that any accumulated personal and vacation leave that is not expected to be utilized by employees during the upcoming fiscal year is immaterial to the financial statements taken as a whole. When an employee terminates employment with the District, unused personal and vacation leave hours are paid at the employee's current hourly rate.

Postemployment Benefit Obligations Other than Pensions

The District maintains two postemployment benefit plans that allows for certain costs of retiree and retiree dependents' medical benefits to be covered. All employees of the District may become eligible for these benefits if they remain employed until normal retirement age. Additionally, employees who are eligible for early retirement may also become eligible for these benefits. The postemployment benefit plan is accounted for in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (see Note 13). The District accrues the estimated cost of benefit payments over the beneficiaries' active service periods.

Pensions

For purposes of measuring the net pension liability and pension expense (revenue), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan), and additions to, or deductions from, the Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

5. Summary of Significant Accounting Policies, Continued

Net Position

Net position represents the difference between assets plus deferred outflows, and liabilities plus deferred inflows. Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following four components.

Net investment in capital assets. This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position. This component of net position consists of amounts subject to constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Designated net position. This component of net position consists of amounts that have been designated by the Board of Directors to be set aside for future capacity-related and capital improvements.

Unrestricted net position. This component of net position consists of amounts that do not meet the definition of “net investment in capital assets,” “restricted” or “designated.”

Use of Restricted Resources

When expenditures qualify to be paid out of both restricted and unrestricted resources, it is the policy of the District to use restricted resources first.

Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB Statement No. 54), defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB Statement No. 54 requires the fund balance amounts to be properly reported within one of the following fund balance classifications (see Note 16):

Nonspendable: The portion of fund balance that is not expected to be converted to cash, such as inventories and prepaid expenses, if any;

Restricted: The portion of fund balance that can be used only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;

Committed: The portion of fund balance that can be used only for the specific purposes determined by a formal action of the District’s Board of Trustees (the District’s highest level of decision-making authority);

Assigned: The portion of fund balance that is intended to be used by the District for specific purposes, but does not meet the criteria to be classified as restricted or committed; and

Unassigned: The residual portion of fund balance for the District’s General Fund and includes all spendable amounts not included in the other classifications.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

5. Summary of Significant Accounting Policies, Continued

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at fiscal year-end are reported as fund balance since they do not constitute expenditures or liabilities. An appropriation equal to the outstanding year-end encumbrance is made in the succeeding year. Unspent appropriations lapse at year-end.

The District's encumbrance policy is for fiscal year-end individual encumbrances exceeding \$50,000 to be considered significant encumbrances. All encumbrances outstanding at year-end are reported either as committed fund balance or assigned fund balance in the General Fund, or as restricted fund balance in other funds, if any (see Note 16). At June 30, 2018, there were no significant encumbrances.

Fund Balance Spending Policy

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for governmental funds other than the General Fund are classified as restricted fund balance.

It is possible for governmental funds other than the General Fund to have negative unassigned fund balances when non-spendable amounts plus restricted amounts exceed the positive fund balance.

Property Taxes

In accordance with Idaho State Law, an ad valorem property tax is levied in September for each calendar year. Taxes are recorded by the District using the modified accrual basis of accounting. Levies are made on the second Monday of September. All of the personal property taxes are due on or before June 20 of the following year. One-half of the real property taxes are due on or before both June 20 and December 20 of the following year. Unpaid property taxes attach as an enforceable lien on property as of January 1 of the following year. Notice of foreclosure is filed with the County Clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year. Bonner County acts as an agent for the District in both the assessment and collection of property taxes. The County remits tax revenues to the District monthly, with the majority of the collections being remitted in January and July.

In the governmental funds financial statements, property taxes are recorded as revenue in the period for which the taxes are levied, to the extent that they are both measurable and available. Property taxes receivable which are collectible subsequent to 30 days after the financial statement date are reflected in the fund financial statements as deferred inflows of resources. In the district-wide financial statements, all property taxes receivable, regardless of when they are collected, are recorded as revenue in the period for which the taxes are levied

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

5. Summary of Significant Accounting Policies, Continued

Grant Revenue

The District receives financial assistance from governmental agencies in the form of grants, which are accounted for in special revenue funds. Revenue is deemed earned and thus recognized when applicable program expenditures are recorded. Funds received but not earned at June 30, 2018 are recorded as unearned grant revenue.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and affect the amounts reported in the financial statements.

Subsequent Events

The District has evaluated subsequent events through October 2, 2018, the date as of which these financial statements were available to be issued. No material subsequent events have occurred since June 30, 2018 that required recognition or disclosure in these financial statements.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of deposits held in checking accounts and a money market account with a local bank. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's bank deposits at the financial institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at June 30, 2018.

The carrying amount of cash and cash equivalents at June 30, 2018 appears in the financial statements as summarized below:

Cash and cash equivalents, Statement of Net Position – District-Wide	\$ 2,159,258
Cash and cash equivalents, Statement of Net Position – Fiduciary Funds	<u>212,883</u>
	<u>\$ 2,372,141</u>

Bank balances at June 30, 2018 totaled \$2,439,920. The differences between the carrying amount of cash and cash equivalents on the District's books and the bank balances consisted of outstanding checks and deposits not processed by the bank as of June 30, 2018.

A summary of the total insured and collateralized bank balances at June 30, 2018 is as follows:

Insured by FDIC	\$ 250,000
Collateralized with security held by pledging institution's trust department or correspondent bank under a joint custody receipt in the name of the District and the financial institution.	<u>2,189,920</u>
Total bank balances	<u>\$ 2,439,920</u>

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

7. Receivables

Receivables as of June 30, 2018 are as follows:

Property taxes receivable	\$ 955,975
Delinquent property taxes receivable	179,331
State support receivable	173,702
Grants receivable	439,564
Accounts receivable	<u>2,367</u>
Total receivables	<u>\$ 1,750,939</u>

Property taxes receivable consist of property taxes levied for the current and prior fiscal years that were received within the first 60 days after June 30, 2018.

Delinquent property taxes receivable consist of property taxes levied for the current and prior fiscal years, which were not collected within the current period or within the first 60 days after the end of the District's fiscal year. These amounts have been offset by a deferred inflow of resources in the governmental fund financial statements.

State support receivable consists of revenues due to the District under the State's school district funding model that were received in July and August 2018.

Grants receivable consist of revenues earned by the District from various local, state or federal grants that were not received by the District as of June 30, 2018.

No allowance has been made for uncollectible amounts, as management believes any such potential amounts are immaterial.

8. Capital Assets

Capital asset activity for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Additions	Transfers	Disposals	Balance June 30, 2018
Buildings, building improvements and portable units	\$ 10,049,844	\$ 115,093	\$ --	\$ --	\$ 10,164,937
Furniture and equipment	1,200,058	38,978	--	--	1,239,036
Buses	1,697,837	90,672	--	(54,862)	1,733,647
Other vehicles	<u>94,116</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>94,116</u>
Capital assets in service	13,041,855	244,743	--	(54,862)	13,231,736
Accumulated depreciation	<u>(10,613,582)</u>	<u>(287,728)</u>	<u>--</u>	<u>54,862</u>	<u>(10,846,448)</u>
	2,428,273	(42,985)	--	--	2,385,288
Land	<u>191,931</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>191,931</u>
Total capital assets	<u>\$ 2,620,204</u>	<u>\$ (42,985)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,577,219</u>

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

8. Capital Assets, Continued

Depreciation expense recorded in the Statement of Activities – District-Wide was charged to governmental functions as follows:

Instructional services:	
Elementary programs	\$ 89,890
Secondary programs	82,973
Alternative school program	<u>617</u>
	<u>173,480</u>
Support services:	
Instruction improvement and educational media	6,171
District administration	14,090
Custodial and maintenance	5,204
Transportation	<u>84,122</u>
	<u>109,587</u>
Non-instruction programs:	
Child nutrition program	<u>4,661</u>
	<u>\$ 287,728</u>

9. Interfund Receivables and Payables

Interfund receivables and payables arise primarily from one fund holding cash on behalf of another fund in order to limit the number of bank accounts held by the District. Interfund receivables and payables may also arise from one fund making payments on behalf of another fund to cover expenditures until grant reimbursements are received. When grant reimbursements are received, the paying fund is reimbursed for the payments made on behalf of the receiving fund.

Interfund receivables and payables at June 30, 2018 are summarized as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Medical Insurance Fund	\$ 90,000
General Fund	Title I-A Fund	90,060
General Fund	Title VI Part B Fund	37,646
General Fund	Title VI Part B Preschool Fund	6,102
General Fund	Medicaid Fund	124,943
General Fund	REAP Fund	1,314
General Fund	Carl Perkins Fund	23,787
General Fund	21 st Century Fund	10,492
General Fund	GEAR UP Fund	17,096

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

10. Interfund Transfers

Interfund transfers for the year ended June 30, 2018 are summarized as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Reason</u>	<u>Amount</u>
General Fund	Contingency	Transfer carryover balance	\$ 240,634
General Fund	General Grants	Cover operating shortfall	7,605
General Fund	Supp Levy 15-16	Cover levy revenue shortfall	844
General Fund	Medicaid Fund	Cover operating shortfall	129,280
General Fund	Child Nutrition	To cover Food Services deficit	42,143
General Fund	Bus Acquisition	Transfer depreciation funds	73,359
Medical Insurance	General Fund	Budgeted transfer for insurance	90,000
Supplemental Levy 14-15	Supp Levy 17-18	Transfer carryover balance	80,123
Supplemental Levy 15-16	Bus Acquisition	Bus purchase	6,169
Supplemental Levy 16-17	Bus Acquisition	Bus purchase	9,944
Supplemental Levy 17-18	General Fund	Budgeted transfer for shortfall	2,223,206
Federal Forest	General Fund	Budgeted transfer	49,772

11. Short-Term Borrowings

The District had no short-term borrowings outstanding at June 30, 2018, nor were there any short-term borrowings or repayments during the year then ended.

12. Accrued Compensated Absences

A summary of the changes in accrued compensated absences of the District for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Obligations Incurred	Obligations Paid	Balance June 30, 2018	Due Within One Year
Accrued compensated absences	\$ 63,152	\$ 89,931	\$ (96,256)	\$ 56,827	\$ 56,827

13. Other Postemployment Benefits

GASB Statement No. 75 (GASB No. 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The District has two OPEB plans that are accounted for in accordance with GASB No. 75, as described below.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

13. Other Postemployment Benefits, Continued

The District offers medical, dental, long-term care, prescription drug and vision insurance benefits to its retirees and their dependents, accounted for as an OPEB (the “Insurance Plan”). All employees of the District may become eligible for these benefits if they remain employed until normal retirement age. Additionally, employees who are eligible for early retirement may also become eligible for these benefits. The District does not explicitly contribute towards the cost of certain of these benefits for retirees, including long-term care and dental.

The District also participates in the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Fund (the “Sick Leave Plan”), as required by Idaho Statute. Employees who retire with an accumulated sick leave account, and are eligible for PERSI pension benefits, may use their sick leave account balance as a credit towards group retiree health, dental, accident, and life insurance premiums paid directly to the applicable insurance company.

Insurance Plan

Plan Description

In accordance with Chapter 13, Title 59, Idaho Code, employees who have attained the normal retirement age of 65, or the early retirement age of 55, and completed 5 years of contractual service with the District are eligible to retire and participate in the District’s healthcare plan by paying premiums equal to those charged for the District’s active employees. Spouses and eligible dependent children of retirees may also be covered. The District does not explicitly contribute towards the cost of these benefits for retirees. This option creates a defined benefit other post-employment benefits plan (OPEB) since retirees are typically older than the average age of active plan participants and therefore receive a benefit of lower insurance rates. The OPEB plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The District covers OPEB costs when they come due, on a pay-as-you-go basis.

OPEB Benefits

The OPEB plan provides healthcare insurance benefits for retirees, eligible spouses and dependents as defined in Chapter 13, Title 59, Idaho Code. Eligible retirees are required to pay the full amount of their health insurance premiums.

Employees Covered by Benefit Terms

As of June 30, 2018, the following employees are covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>180</u>
	<u>192</u>

The active employees have an average age of 49.5 as of July 1, 2016, the most recent valuation date, and an average of 12.0 years of service.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

13. Other Postemployment Benefits, Continued

Insurance Plan, Continued

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

As of June 30, 2018, the District reported a total OPEB liability of \$842,771 related to this plan. The net OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2016, and was rolled forward to a measurement date of June 30, 2018, utilizing update procedures incorporating actuarial assumptions.

For the year ended June 30, 2018, the District recognized OPEB expense of \$85,702 related to this plan. Since the District records costs as they come due, there are no deferred outflows of resources for contributions to the OPEB plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ --	\$ 93,935
Changes in assumptions or other inputs	<u>--</u>	<u>72,235</u>
Total	<u>\$ --</u>	<u>\$ 166,170</u>

The average of the expected remaining service lives of all employees that are provided with OPEB through the District is 11.07 years. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense (revenue) as follows:

Year Ending June 30,

2019	\$ 16,501
2020	16,501
2021	16,501
2022	16,501
2023	16,501
Thereafter	<u>83,665</u>
	<u>\$ 166,170</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2018 was determined using the following assumptions and other inputs, applied to all periods included in the measurement:

Participation rates	45.0% of future retirees will elect medical coverage
	51.6% of future retirees will elect dental coverage
	70.0% of future married retirees will elect spousal coverage

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

13. Other Postemployment Benefits, Continued

Insurance Plan, Continued

Actuarial Assumptions, Continued

Discount rate	3.82%
Average salary increase	3.75%
Turnover rate	Standard turnover assumptions per GASB 75, paragraph 225e

Healthcare cost trend rate:

<u>Plan year</u>	<u>Medical</u>	<u>Prescription Drugs</u>	<u>Dental</u>
2017	7.5%	7.5%	7.5%
2018	7.0%	7.0%	7.0%
2019	6.5%	6.5%	6.5%
2020	6.0%	6.0%	6.0%
2021	5.5%	5.5%	5.5%
2022	5.0%	5.0%	5.0%
2023+	4.5%	4.5%	4.5%

Mortality for healthy participants is assumed to follow the RP-2000 Healthy Combined Mortality Table adjusted with generational mortality adjustments using Scale AA, set back three years for both males and females.

Mortality for disabled participants is assumed to follow the RP-2000 Disabled Mortality Table adjusted with generational mortality adjustments using Scale AA, set back one year for males and set forward one year for females.

The annual age 65 per capita claims costs as of July 1, 2016 are as follows:

<u>Coverage</u>	<u>Medical</u>	<u>Prescription Drugs</u>	<u>Dental</u>
Before Medicare Eligibility	\$ 9,417	\$ 2,846	\$ 459
After Medicare Eligibility	N/A	N/A	N/A

The following retiree contributions are a weighted average of all retiree contributions for the year ended June 30, 2017:

<u>Medical and Prescription Drug</u>	<u>Retiree/Surviving Spouse</u>	<u>Spouse</u>
Before Medicare Eligibility	\$ 5,825	\$ 6,844
After Medicare Eligibility	N/A	N/A
<u>Dental</u>		
Before Medicare Eligibility	\$ 399	\$ 399
After Medicare Eligibility	N/A	N/A

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

13. Other Postemployment Benefits, Continued

Insurance Plan, Continued

Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the fiscal year ended June 30, 2018:

Balance at June 30, 2017	<u>\$ 809,399</u>
Service cost	68,678
Interest	33,543
Differences between expected and actual experience	--
Changes in assumptions or other inputs	--
Benefit payments	<u>(68,849)</u>
Increase in net OPEB liability	<u>33,372</u>
Balance at June 30, 2018	<u>\$ 842,771</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability reported by the District calculated using the discount rate of 3.82 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate:

	<u>1% Decrease</u> <u>(2.82%)</u>	<u>Current Rate</u> <u>(3.82%)</u>	<u>1% Increase</u> <u>(4.82%)</u>
Employer's proportionate share of the net OPEB liability (asset)	\$ 886,521	\$ 842,771	\$ 800,118

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability reported by the District calculated using the current healthcare cost trend rate, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Employer's proportionate share of the net OPEB liability (asset)	\$ 777,749	\$ 842,771	\$ 916,222

Sick Leave Plan

Plan Description

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

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

13. Other Postemployment Benefits, Continued

Sick Leave Plan, Continued

Plan Description, Continued

Responsibility for administration of the Sick Leave Plan is assigned to the PERSI Board, which is 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 be Idaho citizens who are not members of the Base Plan, except by reason of having served on the Board.

OPEB Benefits

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

Employer Contributions

Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. For school members with nine or ten sick days, the contribution rate is 1.16%, and the contribution rate is 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The District's contributions to the PERSI Sick Leave Plan were \$74,186 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 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 that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all employers participating in the Sick Leave Plan. At June 30, 2017, the District's proportion was 0.4958554 percent.

For the year ended June 30, 2018, the District recognized net OPEB expense (expense offset) related to the Sick Leave Plan of (\$15,702), excluding employer contributions of \$74,186. At June 30, 2018, the only deferred outflows of resources related to OPEBs, related to the Sick Leave Plan, consisted of contributions made subsequent to the measurement date. The amount reported as deferred outflows of resources relate to OPEBs resulting from the District's contributions subsequent to the measurement date, in the amount of \$74,186, will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2019.

Actuarial Assumptions

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

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

13. Other Postemployment Benefits, Continued

Sick Leave Plan, Continued

Actuarial Assumptions, Continued

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

Inflation	3.25%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses

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

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

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

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%
			Expected	
<u>Total Fund</u>	<u>Expected Return*</u>	<u>Expected Inflation</u>	<u>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

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

13. Other Postemployment Benefits, Continued

Sick Leave Plan, Continued

Actuarial Assumptions, Continued

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

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 7.10%, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share of the net OPEB liability (asset)	\$ (337,937)	\$ (380,633)	\$ (430,527)

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.

Payables to the OPEB Plan

At June 30, 2018, the District reported payables to the defined benefit OPEB plan of \$10,179 for legally required employer contributions not yet remitted to PERSI.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

13. Other Postemployment Benefits, Continued

Summary of OPEB Plans

Amounts reported in the District's Statement of Net Position – District-Wide and Statement of Activities – District-Wide for both OPEB plans as of and for the year ended June 30, 2018 are summarized as follows:

	<u>Insurance Plan</u>	<u>Sick Leave Plan</u>	<u>Total</u>
Net OPEB liability (asset)	\$ 842,771	\$ (380,633)	\$ 462,138
Deferred outflows of resources	--	74,186	74,186
Deferred inflows of resources	(166,170)	--	166,170
Net OPEB expense (expense offset)	85,720	(15,702)	70,018

14. Public Employee Retirement System of Idaho Base Plan

Plan Description

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

Responsibility for administration of the Base Plan is assigned to the PERSI Board, which is 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 be Idaho citizens who are not members of the Base Plan, except by reason of having served on the Board.

Pension Benefits

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

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

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

14. Public Employee Retirement System of Idaho Base Plan, Continued

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2018, the required contribution rate as a percentage of covered payroll for members was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District's employer contributions required and paid were \$723,833 for the year ended June 30, 2018.

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 \$3,196,415 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 to the Base Plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, the District's proportionate allocation was 0.002033565.

For the year ended June 30, 2018, the District recognized net pension expense of \$476,374, including employer contributions of \$723,833 made to the Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 442,804	\$ 287,970
Changes of assumptions or other inputs	59,110	--
Net difference between projected and actual earnings on investments	--	191,510
Change in proportionate share	--	148,401
Contributions made subsequent to the measurement date	<u>723,833</u>	<u>--</u>
Total	<u>\$ 1,225,747</u>	<u>\$ 627,881</u>

The amount reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date, in the amount of \$723,833, will be recognized as a reduction of the net pension liability and included in pension expense in the year ending June 30, 2018.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

14. Public Employee Retirement System of Idaho Base Plan, Continued

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

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) was determined at July 1, 2016, the beginning of the measurement period ended June 30, 2017, is 4.9 years.

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

Year Ending June 30,

2019	\$ (216,188)
2020	257,884
2021	43,358
2022	<u>(211,021)</u>
	<u>\$ (125,967)</u>

Actuarial Assumptions

Valuations are based on actuarial assumptions, the 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 July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 – 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1.00%

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

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

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

14. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

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 of 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 weighting 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 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.

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

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

14. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability

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

	1% Decrease (<u>6.10%</u>)	Current Rate (<u>7.10%</u>)	1% Increase (<u>8.10%</u>)
Employer's proportionate share of net pension liability (asset)	\$ 7,429,126	\$ 3,196,415	\$ 321,080

Payables to the Pension Plan

At June 30, 2018, the District reported \$165,976 in payables to the defined benefit pension plan for legally required employer contributions or employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

15. Commitments and Contingencies

Operating Leases

During 2017, the District entered into an office equipment lease for eight copiers, which was accounted for as an operating lease. The lease requires monthly payments of \$1,999 and has a remaining term of 27 months. Rent expense for the year ended June 30, 2018 was \$22,959.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

15. Commitments and Contingencies, Continued

Operating Leases, Continued

Future minimum rental payments required under the office equipment operating lease are as follows:

Year Ending June 30,

2019	\$ 23,985
2020	5,996

Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settled claims did not exceed coverage during any of the past three fiscal years.

Litigation

The District is occasionally named as a defendant in lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying district-wide financial statements and, accordingly, no provision for loss has been recorded.

Grants and Contracts

The District receives significant financial assistance from federal and state governmental agencies in the form of grants, which are governed by various rules and regulations of the grantor agencies. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Therefore, to the extent that the District has not complied with the terms and conditions governing the grants, refunds of any money received may be required, and the collectability of any related receivables at June 30, 2018 may be impaired. Based on prior experience, the District's administration believes such amounts, if any, would be immaterial.

16. Fund Equity

GASB 54 requires the fund balance amounts to be properly reported within one of five categories (see Note 5). Specific amounts reported as committed and assigned are summarized below:

Committed: The District's Committed Fund Balance is fund balance reporting required by the District's Board of Trustees, either because of a Board policy or because of motions that passed at Board meetings. At June 30, 2018, amounts reported as Committed Fund Balance represent unforeseen expenditures, totaling \$1,319,631, which is reported within the General Fund.

Assigned: The District's Assigned Fund Balance is fund balance reporting occurring by the Board administration authority, as designated by the District's superintendent. At June 30, 2018, amounts reported as Assigned Fund Balance represent General Fund amounts available to be used on District expenditures in accordance with the above policy.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2018

16. Fund Equity, Continued

Restrictions of net position reported in the district-wide financial statements are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific restrictions on net position are summarized below:

Program Requirements: The amount is restricted for expenditures in accordance with the terms and conditions specified in the grant and contract agreements.

Replacement of Plant Equipment: The amount is restricted for capital outlay expenditures, in accordance with Idaho State statutes.

17. Economic Dependency

The District receives a large portion of its funding from the State of Idaho. Therefore, the District is economically dependent on the State of Idaho for its continued operations.

18. Prior Period Adjustment

GASB Statement No. 75 became effective for the District during 2018 (see Note 5). Implementation of GASB Statement No. 75 impacted the District's deferred inflows of resources, liabilities and net position for the year ended June 30, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The effects of the retroactive implementation of GASB Statement No. 75 requires a restatement of the financial statements as of June 30, 2017, as follows:

	As Previously <u>Reported</u>	As <u>Restated</u>
Statement of Net Position		
Deferred outflows of resources:		
Deferred outflows related to the net OPEB liability	\$ --	\$ 73,267
Noncurrent liabilities:		
Net OPEB liability	420,146	486,331
Deferred inflows of resources:		
Deferred inflows related to the net OPEB liability	--	182,671
Net Position	1,475,307	1,299,718

Required Supplementary Information

West Bonner County School District No. 83
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Modified Accrual Basis	Variances	
				Positive/(Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Property taxes	\$ 3,129,371	\$ 3,129,371	\$ 3,203,430	\$ -	\$ 74,059
Interest and investment earnings	387	387	-	-	(387)
Other local revenue	4,000	4,000	178,090	-	174,090
State assistance and reimbursements	6,202,358	6,317,003	6,715,919	114,645	398,916
Total revenues	9,336,116	9,450,761	10,097,439	114,645	646,678
EXPENDITURES					
Instruction:					
Elementary programs	2,027,590	1,950,153	1,870,348	77,437	79,805
Secondary programs	1,937,848	1,926,035	1,733,585	11,813	192,450
Alternative school program	102,403	112,158	104,179	(9,755)	7,979
Vocational education programs	225,378	219,555	217,975	5,823	1,580
Exceptional child, gifted and talented program	677,677	763,120	752,037	(85,443)	11,083
Interscholastic and school activity programs	371,529	359,205	293,072	12,324	66,133
Summer school	19,176	19,450	19,217	(274)	233
Total instruction	5,361,601	5,349,676	4,990,413	11,925	359,263
Support services:					
Attendance, guidance and health	336,147	321,435	280,916	14,712	40,519
Special services	436,651	448,090	229,152	(11,439)	218,938
Instruction improvement and educational med	822,504	837,216	664,042	(14,712)	173,174
District administration	166,822	188,306	214,596	(21,484)	(26,290)
School administration	656,657	637,200	632,221	19,457	4,979
Business operations	305,150	315,458	305,546	(10,308)	9,912
Custodial and maintenance	1,236,583	1,523,776	1,473,301	(287,193)	50,475
Transportation	649,985	618,321	549,284	31,664	69,037
Total support services	4,610,499	4,889,802	4,349,058	(279,303)	540,744
Non-instruction programs:					
Child nutrition programs	13,900	13,900	13,062	-	838
Total non-instruction programs	13,900	13,900	13,062	-	838
Capital asset programs	175,238	161,779	145,073	13,459	16,706
Debt service	29,822	25,200	23,985	4,622	1,215
Total capital assets and debt service	205,060	186,979	169,058	18,081	17,921
Total expenditures	10,191,060	10,440,357	9,521,591	(249,297)	918,766
Excess (deficiency) of revenues over (under) expenditures	(854,944)	(989,596)	575,848	(134,652)	1,565,444
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	133,998	202,607	(211,123)	68,609	(413,730)
Net change in fund balance	(720,946)	(786,989)	364,725	(66,043)	1,151,714
Total fund balance, beginning of year	1,973,161	1,973,161	1,973,161	-	-
Total fund balance, end of year	\$ 1,252,215	\$ 1,186,172	\$ 2,337,886	\$ (66,043)	\$ 1,151,714

West Bonner County School District No. 83
Notes to Budgetary Comparison Schedule
June 30, 2018

1. Basis of Presentation

The budgetary comparison schedule has been prepared on the modified accrual basis of accounting, which is the same basis of accounting used in the governmental funds financial statements.

2. Expenditures in Excess of Budgeted Amounts

As disclosed in Note 1 above, the budgetary comparison schedule has been prepared in conformance with the presentation used in the preparation of the Governmental Funds financial statements. This presentation differs from the account groupings required by Idaho Statutes for Board of Trustees' budgetary control at the functional level, as described in Note 4 to the Financial Statements. As a result, the Budgetary Comparison Schedule for the General Fund at page 48 discloses two instances in which actual expenditures exceeded budgeted expenditures. In fact, there were no instances in which General Fund expenditures exceeded budgeted expenditures at the functional levels required by Idaho Statutes.

West Bonner County School District No. 83

Schedule of Changes in the Total OPEB Liability and Related Ratios - Insurance Plan

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014
Total OPEB liability, beginning of year	\$ 809,399	\$ 975,246	\$ 931,719	\$ 744,760	\$ 710,649
Service cost	68,678	54,614	57,898	47,553	50,101
Interest	33,543	43,769	42,059	33,673	32,332
Changes in benefit terms	-	-	N/A	N/A	N/A
Differences between expected and actual experience	-	(103,263)	N/A	N/A	N/A
Changes of assumptions or other inputs	-	(79,408)	N/A	N/A	N/A
Benefit payments	(68,849)	(81,559)	(56,570)	(38,203) #	(7,664)
Net change in total OPEB liability	33,372	(165,847)	N/A	N/A	N/A
Total OPEB liability, end of year	\$ 842,771	\$ 809,399	\$ 975,246	\$ 931,719	\$ 744,760
Employer's covered employee payroll	\$ 6,395,207	\$ 6,337,049	\$ 6,163,227	\$ 6,071,306	\$ 5,849,827
Total OPEB liability as a percentage of covered payroll	13.18%	12.77%	15.82%	15.35%	12.73%

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

West Bonner County School District No. 83
Schedule of Employer's Share of the Net OPEB Asset - PERSI Sick Leave Plan
Last 10 Plan Years *

Plan Year	Employer's Portion of NOA	Employer's Proportionate Share of NOA (a)	Employer's Covered Employee Payroll (b)	Employer's NOA as a Percentage of Covered Payroll (a/b)	Plan Net Position as a Percentage of Total OPEB Asset
2017	0.004958554	\$ (380,633)	\$ 6,337,049	-6.01%	136.78%

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

Data reported is measured as of June 30, 2017.

West Bonner County School District No. 83
Schedule of Employer Contributions - PERSI Sick Leave Plan
Last 10 Fiscal Years*

Fiscal Year	Statutorily Required Contribution (a)	Actual Employer Contribution (b)	Contribution Excess (Deficiency) (b-a)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b / c)
2017	\$ 73,510	\$ 73,267	\$ (243)	\$ 6,337,049	1.16%
2018	74,184	74,186	2	6,395,207	1.16%

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

Data reported is measured as of June 30, 2018.

West Bonner County School District No. 83
Notes to Other Postemployment Benefits Plan Schedules
June 30, 2018

1. Changes of Benefit Terms – Insurance Plan

There were no changes in benefit terms during the Insurance Plan year ended June 30, 2017.

2. Changes in Assumptions – Insurance Plan

During the Insurance Plan year ended June 30, 2017, the District revised the healthcare cost trend rates and retiree contributions to reflect increases based on revised projections. The average salary increase rates increased based on the 2016 PERSI pension report assumptions. In addition, the assumed interest rates are now based on the 20-year municipal bond indices per GASB No. 75 requirements.

3. Changes of Benefit Terms – PERSI Sick Leave Plan

There were no changes in benefit terms during the Sick Leave Plan year ended June 30, 2017.

4. Changes in Assumptions – PERSI Sick Leave Plan

There were no changes in assumptions during the Plan year ended June 30, 2017.

West Bonner County School District No. 83
Schedule of Employer's Share of the Net Pension Liability - PERSI Base Plan
Last 10 Plan Years *

Plan Year	Employer's Portion of NPL	Employer's Proportionate Share of NPL (a)	Employer's Covered Employee Payroll (b)	Employer's NPL as a Percentage of Covered Payroll (a/b)	Plan Net Position as a Percentage of Total Pension Liability
2014	0.002158908	\$ 1,589,294	\$ 5,849,827	27.17%	94.95%
2015	0.002169167	2,856,440	6,071,306	47.05%	91.38%
2016	0.002104832	4,266,818	6,163,227	69.23%	87.26%
2017	0.002033565	3,196,415	6,337,049	50.44%	90.68%

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

Data reported is measured as of July 1, 2017.

West Bonner County School District No. 83
Schedule of Employer Contributions - PERSI Base Plan
Last 10 Fiscal Years *

Fiscal Year	Statutorily Required Contribution (a)	Actual Employer Contribution (b)	Contribution Excess (Deficiency) (b-a)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b / c)
2014	\$ 662,200	\$ 662,080	\$ (120)	\$ 5,849,827	11.32%
2015	687,272	687,273	1	6,071,306	11.32%
2016	697,677	697,678	1	6,163,227	11.32%
2017	717,354	717,353	(1)	6,337,049	11.32%
2018	723,833	723,833	-	6,394,287	11.32%

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

Data reported is measured as of June 30, 2018.

West Bonner County School District No. 83
Notes to PERSI Base Plan Schedules
June 30, 2018

1. Changes in Benefit Terms

There were no changes in benefit terms during the Plan year ended June 30, 2017.

2. Changes in Composition of the Population

There were no changes in the composition of the population during the Plan year ended June 30, 2017.

3. Changes in Assumptions

There were no changes in assumptions during the Plan year ended June 30, 2017.

Other Supplementary Information

West Bonner County School District No. 83
Combining Balance Sheet - General Fund
June 30, 2018

	General Fund	Medical Insurance Fund	Contingency Fund	General Grants Fund	Supplemental Levy 2014-2015	Supplemental Levy 2015-2016	Supplemental Levy 2016-2017	Supplemental Levy 2017-2018	Total General Fund
ASSETS									
Assets:									
Cash and cash equivalents	\$ 402,102	\$ 286,926	\$ 1,319,631	\$ 220,175	\$ 53,587	\$ 122,081	\$ 205,011	\$ (611,645)	\$ 1,997,868
Receivables	440,065	-	-	1,410	49	5,890	5,216	860,155	1,312,785
Prepaid expenses	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Due from other funds	401,440	-	-	-	-	-	-	-	401,440
Total assets	<u>\$ 1,243,607</u>	<u>\$ 286,926</u>	<u>\$ 1,319,631</u>	<u>\$ 221,585</u>	<u>\$ 53,636</u>	<u>\$ 127,971</u>	<u>\$ 210,227</u>	<u>\$ 248,510</u>	<u>\$ 3,712,093</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 86,119	\$ -	\$ -	\$ 238	\$ -	\$ -	\$ -	\$ 60	\$ 86,417
Accrued payroll and related liabilities	978,157	-	-	19,854	-	-	-	20,448	1,018,459
Unearned grant revenue	-	-	-	-	-	-	-	-	-
Due to other funds	-	90,000	-	-	-	-	-	-	90,000
Total liabilities	<u>1,064,276</u>	<u>90,000</u>	<u>-</u>	<u>20,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,508</u>	<u>1,194,876</u>
Deferred inflows of resources:									
Deferred property tax revenue	<u>179,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,331</u>
Total deferred inflows of resources	<u>179,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,331</u>
Fund balances:									
Nonspendable:									
Inventories	-	-	-	-	-	-	-	-	-
Restricted for:									
Program requirements	-	-	-	201,493	-	-	-	-	201,493
Replacement of plant equipment	-	-	-	-	-	-	-	-	-
Committed for:									
Unforeseen expenditures	-	-	1,319,631	-	-	-	-	-	1,319,631
Assigned to:									
Instruction	-	-	-	-	53,636	127,971	210,227	228,002	619,836
Support services	-	196,926	-	-	-	-	-	-	196,926
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>196,926</u>	<u>1,319,631</u>	<u>201,493</u>	<u>53,636</u>	<u>127,971</u>	<u>210,227</u>	<u>228,002</u>	<u>2,337,886</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,243,607</u>	<u>\$ 286,926</u>	<u>\$ 1,319,631</u>	<u>\$ 221,585</u>	<u>\$ 53,636</u>	<u>\$ 127,971</u>	<u>\$ 210,227</u>	<u>\$ 248,510</u>	<u>\$ 3,712,093</u>

West Bonner County School District No. 83
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2018

	Total Non-Major State Funds	Total Non-Major Federal Funds	Child Nutrition Fund	Bus Acquisition Fund	Total Non-Major Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	\$ 41,673	\$ 71,268	\$ 10,681	\$ 37,768	\$ 161,390
Receivables	993	423,075	14,086	-	438,154
Prepaid expenses	-	68,069	-	-	68,069
Inventory	-	-	17,975	-	17,975
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 42,666</u>	<u>\$ 562,412</u>	<u>\$ 42,742</u>	<u>\$ 37,768</u>	<u>\$ 685,588</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 50	\$ -	\$ -	\$ -	\$ 50
Accrued payroll and related liabilities	943	171,905	36,370	-	209,218
Unearned grant revenue	41,673	10,998	-	-	52,671
Due to other funds	-	311,440	-	-	311,440
Total liabilities	<u>42,666</u>	<u>494,343</u>	<u>36,370</u>	<u>-</u>	<u>573,379</u>
Deferred inflows of resources:					
Deferred property tax revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	-	68,069	-	-	68,069
Inventories	-	-	17,975	-	17,975
Restricted for:					
Program requirements	-	-	-	-	-
Replacement of plant equipment	-	-	-	37,768	37,768
Committed for:					
Unforeseen expenditures	-	-	-	-	-
Assigned to:					
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Unassigned	-	-	(11,603)	-	(11,603)
Total fund balances	<u>-</u>	<u>68,069</u>	<u>6,372</u>	<u>37,768</u>	<u>112,209</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,666</u>	<u>\$ 562,412</u>	<u>\$ 42,742</u>	<u>\$ 37,768</u>	<u>\$ 685,588</u>

West Bonner County School District No. 83
Combining Balance Sheet - Non-Major State Funds
June 30, 2018

	Drivers Education Fund	Vocational Education Fund	Technology Grant Fund	State Drug Free Grant Fund	Total Non-Major State Funds
ASSETS					
Assets:					
Cash and cash equivalents	\$ -	\$ 2,289	\$ 14,986	\$ 24,398	\$ 41,673
Receivables	-	993	-	-	993
Prepaid expenses	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 3,282</u>	<u>\$ 14,986</u>	<u>\$ 24,398</u>	<u>\$ 42,666</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 50	\$ -	\$ -	\$ 50
Accrued payroll and related liabilities	-	943	-	-	943
Unearned grant revenue	-	2,289	14,986	24,398	41,673
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>3,282</u>	<u>14,986</u>	<u>24,398</u>	<u>42,666</u>
Deferred inflows of resources:					
Deferred property tax revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Restricted for:					
Program requirements	-	-	-	-	-
Replacement of plant equipment	-	-	-	-	-
Committed for:					
Unforeseen expenditures	-	-	-	-	-
Assigned to:					
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 3,282</u>	<u>\$ 14,986</u>	<u>\$ 24,398</u>	<u>\$ 42,666</u>

West Bonner County School District No. 83
Combining Balance Sheet - Non-Major Federal Funds
June 30, 2018

	Federal Forest Fund	Title I-A Fund	Title VI Part B Fund	Title VI Part B Preschool Fund	Medicaid Fund	REAP Fund	Carl Perkins Fund	Title II-A Fund	NSF MMRE Fund	21st Century Fund	GEAR UP Fund	Total Non-Major Federal Funds
ASSETS												
Assets:												
Cash and cash equivalents	\$ -	\$ -	\$ 21,506	\$ 4,337	\$ 9,518	\$ -	\$ -	\$ 8,879	\$ 27,028	\$ -	\$ -	\$ 71,268
Receivables	-	175,887	64,318	3,574	115,425	1,314	23,787	-	-	18,727	20,043	423,075
Prepaid expenses	-	-	-	-	68,069	-	-	-	-	-	-	68,069
Inventory	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 175,887</u>	<u>\$ 85,824</u>	<u>\$ 7,911</u>	<u>\$ 193,012</u>	<u>\$ 1,314</u>	<u>\$ 23,787</u>	<u>\$ 8,879</u>	<u>\$ 27,028</u>	<u>\$ 18,727</u>	<u>\$ 20,043</u>	<u>\$ 562,412</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	-	85,827	48,178	1,809	-	-	-	-	24,909	8,235	2,947	171,905
Unearned grant revenue	-	-	-	-	-	-	-	8,879	2,119	-	-	10,998
Due to other funds	-	90,060	37,646	6,102	124,943	1,314	23,787	-	-	10,492	17,096	311,440
Total liabilities	<u>-</u>	<u>175,887</u>	<u>85,824</u>	<u>7,911</u>	<u>124,943</u>	<u>1,314</u>	<u>23,787</u>	<u>8,879</u>	<u>27,028</u>	<u>18,727</u>	<u>20,043</u>	<u>494,343</u>
Deferred inflows of resources:												
Deferred property tax revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:												
Nonspendable:												
Prepaid expenses	-	-	-	-	68,069	-	-	-	-	-	-	68,069
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for:												
Program requirements	-	-	-	-	-	-	-	-	-	-	-	-
Replacement of plant equipment	-	-	-	-	-	-	-	-	-	-	-	-
Committed for:												
Unforeseen expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Assigned to:												
Instruction	-	-	-	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,069</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 175,887</u>	<u>\$ 85,824</u>	<u>\$ 7,911</u>	<u>\$ 193,012</u>	<u>\$ 1,314</u>	<u>\$ 23,787</u>	<u>\$ 8,879</u>	<u>\$ 27,028</u>	<u>\$ 18,727</u>	<u>\$ 20,043</u>	<u>\$ 562,412</u>

West Bonner County School District No. 83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund
Year Ended June 30, 2018

	General Fund	Medical Insurance Fund	Contingency Fund	General Grants Fund	Supplemental Levy 2014-2015	Supplemental Levy 2015-2016	Supplemental Levy 2016-2017	Supplemental Levy 2017-2018	Total General Fund
REVENUES									
Property taxes	\$ 165,119	\$ -	\$ -	\$ -	\$ 27,128	\$ 25,853	\$ 67,813	\$ 2,917,517	\$ 3,203,430
Other local revenue	6,207	128,474	-	43,409	-	-	-	-	178,090
State assistance and reimbursements	6,447,714	-	-	268,205	-	-	-	-	6,715,919
National Forest Reserve	-	-	-	-	-	-	-	-	-
Other federal revenues	-	-	-	-	-	-	-	-	-
Total revenues	6,619,040	128,474	-	311,614	27,128	25,853	67,813	2,917,517	10,097,439
EXPENDITURES									
Instruction:									
Elementary programs	1,747,017	-	-	100,746	120	338	4,036	18,091	1,870,348
Secondary programs	1,688,481	-	-	16,231	8,140	4,505	5,852	10,376	1,733,585
Alternative school programs	103,532	-	-	-	-	-	178	469	104,179
Vocational education programs	217,975	-	-	-	-	-	-	-	217,975
Exceptional child, gifted and talented programs	748,992	-	-	2,196	-	-	-	849	752,037
Interscholastic and school activity programs	-	-	-	-	3,913	1,183	3,007	284,969	293,072
Summer school	19,217	-	-	-	-	-	-	-	19,217
Total instruction	4,525,214	-	-	119,173	12,173	6,026	13,073	314,754	4,990,413
Support services:									
Attendance, guidance and health	215,557	-	-	24,401	-	-	-	40,958	280,916
Special services	229,152	-	-	-	-	-	-	-	229,152
Instruction improvement and educational media	408,556	-	-	126,899	984	295	10,318	116,990	664,042
District administration	176,804	37,792	-	-	-	-	-	-	214,596
School administration	632,221	-	-	-	-	-	-	-	632,221
Business operations	305,546	-	-	-	-	-	-	-	305,546
Custodial and maintenance	1,315,672	-	-	-	3,210	2,063	40,091	112,265	1,473,301
Transportation	513,306	-	-	-	-	-	-	35,978	549,284
Total support services	3,796,814	37,792	-	151,300	4,194	2,358	50,409	306,191	4,349,058
Non-instruction programs:									
Child nutrition programs	13,062	-	-	-	-	-	-	-	13,062
Community service programs	-	-	-	-	-	-	-	-	-
Total non-instruction programs	13,062	-	-	-	-	-	-	-	13,062
Capital asset programs	129,078	-	-	-	-	-	-	15,995	145,073
Debt service	23,985	-	-	-	-	-	-	-	23,985
Total capital assets and debt service	153,063	-	-	-	-	-	-	15,995	169,058
Total expenditures	8,488,153	37,792	-	270,473	16,367	8,384	63,482	636,940	9,521,591
Excess (deficiency) of revenues over (under) expenditures	(1,869,113)	90,682	-	41,141	10,761	17,469	4,331	2,280,577	575,848
OTHER FINANCING SOURCES (USES)									
Proceeds from sales of capital assets	-	-	-	-	-	-	-	-	-
Transfers from (to) other funds	1,869,113	(90,000)	240,634	7,605	(80,123)	(5,325)	(9,944)	(2,143,083)	(211,123)
Net changes in fund balances	-	682	240,634	48,746	(69,362)	12,144	(5,613)	137,494	364,725
Total fund balances, beginning of year	-	196,244	1,078,997	152,747	122,998	115,827	215,840	90,508	1,973,161
Total fund balances, end of year	\$ -	\$ 196,926	\$ 1,319,631	\$ 201,493	\$ 53,636	\$ 127,971	\$ 210,227	\$ 228,002	\$ 2,337,886

West Bonner County School District No. 83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
Year Ended June 30, 2018

	Total Non-Major State Funds	Total Non-Major Federal Funds	Child Nutrition Fund	Bus Acquisition Fund	Total Non-Major Governmental Funds
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local revenue	-	-	48,825	-	48,825
State assistance and reimbursements	225,961	-	-	-	225,961
National Forest Reserve	-	49,772	-	-	49,772
Other federal revenues	-	1,395,402	432,468	-	1,827,870
Total revenues	225,961	1,445,174	481,293	-	2,152,428
EXPENDITURES					
Instruction:					
Elementary programs	-	514,920	-	-	514,920
Secondary programs	86,744	36,146	-	-	122,890
Alternative school programs	-	-	-	-	-
Vocational education programs	-	-	-	-	-
Exceptional child, gifted and talented programs	-	293,619	-	-	293,619
Interscholastic and school activity programs	-	-	-	-	-
Summer school	-	-	-	-	-
Total instruction	86,744	844,685	-	-	931,429
Support services:					
Attendance, guidance and health	9,396	84,777	-	-	94,173
Special services	-	321,185	-	-	321,185
Instruction improvement and educational media	-	193,452	-	-	193,452
District administration	120,823	-	-	-	120,823
School administration	-	10,126	-	-	10,126
Business operations	-	-	-	-	-
Custodial and maintenance	-	-	-	-	-
Transportation	-	-	-	-	-
Total support services	130,219	609,540	-	-	739,759
Non-instruction programs:					
Child nutrition programs	-	-	523,436	-	523,436
Community service programs	-	2,388	-	-	2,388
Total non-instruction programs	-	2,388	523,436	-	525,824
Capital asset programs	8,998	-	-	90,672	99,670
Debt service	-	-	-	-	-
Total capital assets and debt service	8,998	-	-	90,672	99,670
Total expenditures	225,961	1,456,613	523,436	90,672	2,296,682
Excess (deficiency) of revenues over (under) expenditures	-	(11,439)	(42,143)	(90,672)	(144,254)
OTHER FINANCING SOURCES (USES)					
Proceeds from sales of capital assets	-	-	-	1,200	1,200
Transfers from (to) other funds	-	79,508	42,143	89,472	211,123
Net changes in fund balances	-	68,069	-	-	68,069
Total fund balances, beginning of year	-	-	6,372	37,768	44,140
Total fund balances, end of year	\$ -	\$ 68,069	\$ 6,372	\$ 37,768	\$ 112,209

West Bonner County School District No. 83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major State Funds
Year Ended June 30, 2018

	Drivers Education Fund	Vocational Education Fund	Technology Grant Fund	State Drug Free Grant Fund	Total Non-Major State Funds
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other local revenue	-	-	-	-	-
State assistance and reimbursements	10,250	85,492	120,823	9,396	225,961
National Forest Reserve	-	-	-	-	-
Other federal revenues	-	-	-	-	-
Total revenues	10,250	85,492	120,823	9,396	225,961
EXPENDITURES					
Instruction:					
Elementary programs	-	-	-	-	-
Secondary programs	10,250	76,494	-	-	86,744
Alternative school programs	-	-	-	-	-
Vocational education programs	-	-	-	-	-
Exceptional child, gifted and talented programs	-	-	-	-	-
Interscholastic and school activity programs	-	-	-	-	-
Summer school	-	-	-	-	-
Total instruction	10,250	76,494	-	-	86,744
Support services:					
Attendance, guidance and health	-	-	-	9,396	9,396
Special services	-	-	-	-	-
Instruction improvement and educational media	-	-	-	-	-
District administration	-	-	120,823	-	120,823
School administration	-	-	-	-	-
Business operations	-	-	-	-	-
Custodial and maintenance	-	-	-	-	-
Transportation	-	-	-	-	-
Total support services	-	-	120,823	9,396	130,219
Non-instruction programs:					
Child nutrition programs	-	-	-	-	-
Community service programs	-	-	-	-	-
Total non-instruction programs	-	-	-	-	-
Capital asset programs	-	8,998	-	-	8,998
Debt service	-	-	-	-	-
Total capital assets and debt service	-	8,998	-	-	8,998
Total expenditures	10,250	85,492	120,823	9,396	225,961
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers from (to) other funds	-	-	-	-	-
Net changes in fund balances	-	-	-	-	-
Total fund balances, beginning of year	-	-	-	-	-
Total fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

West Bonner County School District No. 83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Federal Funds
Year Ended June 30, 2018

	Federal Forest Fund	Title I-A Fund	Title VI Part B Fund	Title VI Part B Preschool Fund	Medicaid Fund	REAP Fund	Carl Perkins Fund	Title II-A Fund	NSF MMRE Fund	21st Century Fund	GEAR UP Fund	Total Non-Major Federal Funds
REVENUES												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local revenue	-	-	-	-	-	-	-	-	-	-	-	-
State assistance and reimbursements	-	-	-	-	-	-	-	-	-	-	-	-
National Forest Reserve	49,772	-	-	-	-	-	-	-	-	-	-	49,772
Other federal revenues	-	527,434	282,033	11,586	259,974	14,918	21,228	21,777	149,298	84,841	22,313	1,395,402
Total revenues	49,772	527,434	282,033	11,586	259,974	14,918	21,228	21,777	149,298	84,841	22,313	1,445,174
EXPENDITURES												
Instruction:												
Elementary programs	-	514,920	-	-	-	-	-	-	-	-	-	514,920
Secondary programs	-	-	-	-	-	14,918	21,228	-	-	-	-	36,146
Alternative school programs	-	-	-	-	-	-	-	-	-	-	-	-
Vocational education programs	-	-	-	-	-	-	-	-	-	-	-	-
Exceptional child, gifted and talented programs	-	-	282,033	11,586	-	-	-	-	-	-	-	293,619
Interscholastic and school activity programs	-	-	-	-	-	-	-	-	-	-	-	-
Summer school	-	-	-	-	-	-	-	-	-	-	-	-
Total instruction	-	514,920	282,033	11,586	-	14,918	21,228	-	-	-	-	844,685
Support services:												
Attendance, guidance and health	-	-	-	-	-	-	-	-	-	84,777	-	84,777
Special services	-	-	-	-	321,185	-	-	-	-	-	-	321,185
Instruction improvement and educational media	-	-	-	-	-	-	-	21,777	149,298	64	22,313	193,452
District administration	-	-	-	-	-	-	-	-	-	-	-	-
School administration	-	10,126	-	-	-	-	-	-	-	-	-	10,126
Business operations	-	-	-	-	-	-	-	-	-	-	-	-
Custodial and maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Total support services	-	10,126	-	-	321,185	-	-	21,777	149,298	84,841	22,313	609,540
Non-instruction programs:												
Child nutrition programs	-	-	-	-	-	-	-	-	-	-	-	-
Community service programs	-	2,388	-	-	-	-	-	-	-	-	-	2,388
Total non-instruction programs	-	2,388	-	-	-	-	-	-	-	-	-	2,388
Capital asset programs	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Total capital assets and debt service	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	527,434	282,033	11,586	321,185	14,918	21,228	21,777	149,298	84,841	22,313	1,456,613
Excess (deficiency) of revenues over (under) expenditures	49,772	-	-	-	(61,211)	-	-	-	-	-	-	(11,439)
OTHER FINANCING SOURCES (USES)												
Proceeds from sales of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from (to) other funds	(49,772)	-	-	-	129,280	-	-	-	-	-	-	79,508
Net changes in fund balances	-	-	-	-	68,069	-	-	-	-	-	-	68,069
Total fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ 68,069	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,069

West Bonner County School District No. 83
Schedule of Changes in Student Activity Funds
Year Ended June 30, 2018

	Balances, June 30, 2017	Receipts	Disbursements	Balances, June 30, 2018
Idaho Hills Elementary	\$ 16,464	\$ 11,662	\$ 15,622	\$ 12,504
Priest Lake Elementary	6,415	300	374	6,341
Priest River Elementary	25,837	26,701	25,809	26,729
Priest River Junior High	16,285	14,011	12,180	18,116
Priest River Lamanna High	106,236	182,342	180,769	107,809
PREP Alternative High School	177	-	-	177
Totals	<u>\$ 171,414</u>	<u>\$ 235,016</u>	<u>\$ 234,754</u>	<u>\$ 171,676</u>

Compliance Reports



**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees
West Bonner County School District No. 83
Priest River, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and 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 West Bonner County School District No. 83 ("the District"), 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 2, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2018-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 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*.

District's Response to the Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

The sole purpose of this report is 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.

DeCoria, Maichel & Teague, PS

DeCoria, Maichel & Teague, P.S.
Spokane, Washington

October 2, 2018

West Bonner County School District No. 83
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor Program Title	Pass-Through ID Number	Federal CFDA Number	Expenditures
U.S. Department of Education			
Passed Through Idaho State			
Department of Education:			
Title I-A - Local Education Agencies	S010A170012	84.010	\$ 26,594
Title I-A - Local Education Agencies	S010A180012	84.010	<u>500,840</u>
			\$ 527,434
Special Education Cluster:			
Title VI-B - Federal Special Education K-12	H027A170088	84.027	282,033
Title VI-BP - Federal Special Education Preschool	H173A170030	84.173	<u>11,586</u>
			293,619
Carl Perkins Federal Vocational Education	V048A160012	84.048	21,228
Twenty-First Century Community Learning Centers	S287C160012	84.287	60,913
Twenty-First Century Community Learning Centers	S287C170012	84.287	<u>23,928</u>
			84,841
Gaining Early Awareness and Readiness for Undergraduate Programs	P334S110016	84.334	22,313
Rural Education Achievement Program	S358B160012	84.358	13,604
Rural Education Achievement Program	S358B170012	84.358	<u>1,314</u>
			14,918
Title II-A - Teacher Quality	S367A170011	84.367	<u>21,777</u>
Total U.S. Department of Education			<u>986,130</u>
National Science Foundation			
Passed Through Washington State University:			
Making Mathematical Reasoning Explicit - Teacher Leadership	115393_G003625	47.076	<u>149,298</u>
Total National Science Foundation			<u>149,298</u>
U.S. Department of Agriculture			
Passed Through Idaho State			
Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
USDA National School Lunch Program	2017IN109947	10.555	25,284
Cash Assistance:			
USDA School Breakfast Program	2017IN109947	10.553	190,085
USDA National School Lunch Program	2017IN109947	10.555	206,893
USDA Summer Food Service Program for Children	2016IN109947	10.559	<u>10,206</u>
			407,184
USDA Fresh Fruit and Vegetable Program	2017IL160347	10.582	-
Schools and Roads Grants to States (Forest Reserve)	--	10.665	<u>49,772</u>
Total U.S. Department of Agriculture			<u>482,240</u>
Total Federal Financial Assistance			<u>\$ 1,617,668</u>

West Bonner County School District No. 83
Note to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of West Bonner County School District No. 83 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Trustees
West Bonner County School District No. 83
Priest River, Idaho

Report on Compliance for Each Major Federal Program

We have audited West Bonner County School District No. 83's ("the District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, West Bonner County School District No. 83 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

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

DeCoria, Maichel, & Teague, PS

DeCoria, Maichel & Teague, P.S.
Spokane, Washington

October 2, 2018

**West Bonner County School District No. 83
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

Section I – Summary of Auditor’s Results:

Financial Statements

The report of independent auditor expressed unmodified opinions on the basic financial statements of West Bonner County School District No. 83.

The audit of the financial statements of West Bonner County School District No. 83 disclosed a significant deficiency in internal control over financial reporting.

The significant deficiency in internal control over financial reporting was not considered to be a material weakness.

The audit disclosed no compliance findings material to the financial statements of West Bonner County School District No. 83.

Federal Awards

The report of independent auditor expressed an unmodified opinion on compliance for major programs.

The audit identified no significant deficiencies for internal control over major programs.

The audit identified no material weaknesses for internal control over major programs.

The audit disclosed no compliance findings that are required to be reported in accordance with the Uniform Guidance.

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010	Title I-A – Grants to Local Education Agencies

The dollar threshold used to distinguish type A and B programs was \$750,000.

The auditee qualified as a low-risk auditee.

West Bonner County School District No. 83
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2018

Section II – Financial Statement Findings:

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2018-001

Condition	The size of the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting.
Criteria	An effective system of internal control over financial reporting requires that closely related duties be segregated.
Effect	The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish a complete system of automatic internal checks on the accuracy and reliability of the accounting records.
Cause	The District's staff is too small to allow a complete segregation of duties.
Recommendation	Although the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting, we recommend that officials be aware that the condition does exist.
Management's Response	Management and the Board of Trustees are aware of this condition. Management believes that the District has minimized the risk to the degree possible, given the size of the District, the limited number of office staff, and associated costs or other considerations.

West Bonner County School District No. 83
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2018

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings (significant deficiencies, material weaknesses, and instances of non-compliance, including questioned costs) related to federal awards that are required to be reported in accordance with the Uniform Guidance.

There were no findings in the current year.

West Bonner County School District No. 83
Status of Prior Year Findings
Year Ended June 30, 2018

Finding 2017-001

Condition: The size of the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting.

Status: This condition still exists as of June 30, 2018. See Finding 2018-001.