

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

Audited Financial Statements
For the Year Ended June 30, 2016

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**Audited Financial Statements
For the Year ended June 30, 2016**

WALLACE SCHOOL DISTRICT NO. 393
Wallace, Idaho

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1-4
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 <i>Government Auditing Standards</i>	5-6
Management's Discussion and Analysis	7-12
 FINANCIAL STATEMENTS	
Statement of Net Position	13
Statement of Activities.....	14
Balance Sheet – Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Federal Forest Reserve Fund.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Capital Projects Funds.....	22
Statement of Fiduciary Net Position – Fiduciary Funds.....	23

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Private Purpose Trusts	24
Notes to the Financial Statements	25-41

REQUIRED SUPPLEMENTARY INFORMATION

Net Pension Liability Related Schedules	42
---	----

SUPPLEMENTARY INFORMATION

GENERAL FUND

Schedule of Expenditures by Function – Budget and Actual	43-47
--	-------

NONMAJOR SPECIAL REVENUE FUNDS

Description of Funds	48
Combining Balance Sheet – Nonmajor Special Revenue Funds	49-50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	51-52

CAPITAL PROJECTS FUNDS

Combining Balance Sheet – All Capital Projects Funds	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All Capital Projects Funds	54

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Wallace School District No. 393
Wallace, Idaho 83873

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wallace School District No. 393, as of and for the year ended June 30, 2016, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion on the Governmental Activities

Wallace School District No. 393 believes the cost of adopting GASB 45 cannot be justified at the present time. The District believes the future cost of the implicit rate subsidy built into the current health care premiums is not material to the financial statements. The amount by which this GAAP departure would affect the liabilities and net position of the Statement of Net Position is not determinable.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Federal Forest Reserve Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion on the Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Wallace School District No. 393, as of June 30, 2016, and the respective changes in financial position thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Wallace School District No. 393, as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Federal Forest Reserve Fund, and Debt Service Fund thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-12 and the net pension liability related schedules on page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wallace School District No. 393's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2016 on our consideration of the Wallace School District No. 393's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and to provide an opinion on the internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wallace School District No. 393's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
October 7, 2016

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
Wallace School District No. 393
Wallace, Idaho 83873

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, each major fund, and the aggregate remaining fund information of Wallace School District No. 393, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise Wallace School District No. 393's basic financial statements, and have issued our report thereon dated October 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wallace School District No. 393'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 Wallace School District No. 393's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wallace School District No. 393's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these

limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wallace School District No. 393's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hayden Ross, PLLC

Moscow, Idaho
October 7, 2016

WALLACE SCHOOL DISTRICT NO. 393
Wallace, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

As management of the Wallace School District No. 393 (District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2016.

Financial Highlights

- Student enrollment was down slightly at the beginning of the school year, but improved as the year progressed.
- Supplemental Levy – Our patrons supported a reduced levy amount of \$1,850,000 in March for a two (2) year period. These funds are used for salary and benefits of our certificated staff.
- Maintained a fiscally responsible budget
- Completed a successful negotiation with our local union
- Purchased Chrome books, computers and projectors to improve technology.
- Purchased i-ready math series 8-K.

Factors bearing on the District's Future

The District settled negotiations with its teachers, providing a 3% salary increase. Classified staff will receive a 4% one-time bonus for 2016/2017. The District also agreed to increase their contribution by \$40 to individual insurance premiums totaling \$740 per month.

The District continues to closely monitor its general fund balance in order to be fiscally accountable to the taxpayers of the District and to its staff.

The District is fully staffed and continues to provide highly qualified staff.

A supplemental levy has been in place for a number of years and has been used for salaries/benefits, curriculum, technology, and interscholastic activities and most importantly, the supplemental levy is essential to the District's ability to continue our programs. The District spent an enormous amount of time developing a reduced supplemental levy of \$1,850,000 down from \$2,000,000 which was approved by the voters in March 2016.

Planned purchases to improve safety and efficiency in 2016-2017:

- The District replaced five (5) individual heat units in 2015/2016 in the west wing of Silver Hills Elementary and this past summer added air disperser vents to better move air.
- Approved for E-rate discount to reduce communications costs.

- Passing and reduction of levy
- Employed new business manager
- At Silver Hills replaced some windows in the kindergarten classroom. This should improve climate control in those rooms.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements, and
- 3) Notes to the Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statement. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statements present an aggregate view of the District's finances. They contain useful long-term information for the just completed fiscal year.

The statement of net position presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Governmental activities include all regular and special education, all educational support activities, administration, transportation, and food services. Most of these activities are supported by property taxes and formula aid from the State of Idaho.

The government-wide financial statements can be found on pages 13 through 14 of this report.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than the government-wide statements.

Some funds are required by state law and bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. repaying long-term debt.) The District has two types of funds: Governmental and Fiduciary.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 15 through 22 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The basic fiduciary fund financial statements can be found on pages 23 through 24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 25 through 41 of this report.

Required Supplementary Information. The net pension liability schedules provide additional information required by GASB 68.

Required supplementary information can be found on page 42 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Combining and nonmajor fund statements and schedules can be found on pages 43 through 54 of this report.

**Government-Wide Financial Analysis
Statement of Net Position**

	<u>2015 - 2016</u>	<u>2014 - 2015</u>	<u>Change</u>
Assets			
Current Assets	6,085,540	5,561,369	524,171
Capital Assets	7,170,359	7,400,624	(230,265)
Total Assets	<u>13,255,899</u>	<u>12,961,993</u>	<u>293,906</u>
 Deferred Outflows of Resources	 <u>924,541</u>	 <u>417,133</u>	 <u>507,408</u>
 Liabilities			
Short-term Liabilities	783,217	783,217	-
Long-Term Liabilities Outstanding	2,811,165	2,399,838	411,327
Total Liabilities	<u>3,594,382</u>	<u>3,183,055</u>	<u>411,327</u>
 Deferred Inflows of Resources	 <u>3,010,092</u>	 <u>3,341,905</u>	 <u>(331,813)</u>
 Net Position			
Net Investment in Capital Assets	5,581,809	5,633,035	(51,226)
Restricted	2,023,737	1,949,718	74,019
Unrestricted	(29,580)	(728,587)	699,007
Total Net Position	<u>\$ 7,575,966</u>	<u>\$ 6,854,166</u>	<u>\$ 721,800</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, the net position was \$7,575,966 at the close of the most recent fiscal year.

The largest portion of the District's net position (73.6%) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (26.7%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (-.3%) may be used to meet the District's ongoing obligations to students, employees, and creditors.

The unrestricted net position amount is typically earmarked for the following purposes: To meet cash flow needs throughout the year and to provide a General Fund contingency. With

the implementation of GASB 68 (see Note 6), the District is reporting a deficit in unrestricted net position.

**Government-Wide Financial Analysis
Change in Net Position**

	<u>2015 - 2016</u>	<u>2014 - 2015</u>	<u>Change</u>
Revenues			
Program revenues:			
Charges for services	47,339	50,709	(3,370)
Operating grants and contributions	754,822	1,035,070	(280,248)
General revenues:			
Property taxes	2,227,257	2,199,519	27,738
Federal and state revenues	3,076,788	2,789,891	286,897
Sale or compensation for loss of fixed assets	1,010	6,000	6,000
Other revenues	15,655	7,420	8,235
Total Revenues	<u>6,122,871</u>	<u>6,088,609</u>	<u>45,252</u>
Expenses			
Program expenses:			
Instruction	2,813,532	2,783,591	29,941
Support services:			
Pupil support	277,758	240,842	36,916
Staff support	108,450	133,108	(24,658)
General administration	237,628	279,150	(41,522)
School/business administration	382,789	355,886	26,903
Operations/maintenance	539,065	589,680	(50,615)
Transportation	312,716	316,554	(3,838)
Other services	115,926	103,796	12,130
Child nutrition	222,122	219,187	2,935
Capital outlay	21,105	46,940	(25,835)
Debt service	77,844	85,493	(7,649)
Depreciation, unallocated	292,136	290,977	1,159
Total Expenses	<u>5,401,071</u>	<u>5,445,204</u>	<u>(44,133)</u>
Change in Net Position	721,800	643,405	78,395
Net Position – Beginning	6,854,166	8,136,827	(1,282,661)
Net Position – Prior Period Adjustment	-	(1,926,066)	1,926,066
Net Position – Ending	<u><u>\$ 7,575,966</u></u>	<u><u>\$ 6,854,166</u></u>	<u><u>\$ 721,800</u></u>

District Funds

Most of the District's basic services and operations are included in the governmental funds which focus on how money flows into and out of those funds and the balances remaining at year-end are available for use in future periods. The General Fund is the chief operating fund of the District. At the end of the current fiscal year the total balance of \$1,271,202 was unassigned. The unassigned fund balance increased by \$564,134 during the current fiscal year.

Expenditures for general District purposes totaled \$4,519,184, a decrease of 0.07% during the current fiscal year.

Capital Asset and Debt Administration

Capital Assets. The School Plant Facility Fund is the District fund used to pay for capital construction, building repair and remodeling, and furniture, fixtures, and equipment. At the end of the current fiscal year the fund balance was \$504,518, an increase of \$46,682 from the prior year.

Governmental Activities Capital Assets Net of Accumulated Depreciation

	<u>2015 - 2016</u>	<u>2014 - 2015</u>	<u>Change</u>
Sites	196,978	196,978	-
Construction in progress	-	26,635	(26,635)
Buildings	6,613,476	6,725,615	(112,139)
Equipment	65,956	91,037	(25,081)
Transportation	293,949	360,359	(66,410)
Total Net Assets	<u>\$ 7,170,359</u>	<u>\$ 7,400,624</u>	<u>\$ (230,265)</u>

Long-term Debt. The Debt Service fund has a total fund balance of \$226,216, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance decreased by \$24,881 during the current year primarily from a decrease in the property tax revenue.

At year end the District had \$1,560,000 in general obligation bonds outstanding. The District retired \$185,000 of outstanding bonds during the fiscal year. The debt of the District is secured by an annual tax levy authorization by the patrons of the District in a prior year.

Requests for Information

This financial report is designed to provide a general overview of the Wallace School District No. 393's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bob Ranells, Superintendent, or Beatrice Conley, Business Manager, Wallace School District No. 393, PO Box 267, Silverton, Idaho 83867.

FINANCIAL STATEMENTS

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

STATEMENT OF NET POSITION

June 30, 2016

ASSETS

Current Assets

Cash	1,759,146
Investments	1,071,524
Taxes receivable	215,211
Unbilled taxes receivable	2,077,295
Other receivables:	
Due from other governmental units	851,601
Other receivables	101,263
Prepaid expenses	9,500
Total current assets	<u>6,085,540</u>

Noncurrent Assets

Non-depreciated capital assets	196,978
Depreciated capital assets	12,632,965
Less: accumulated depreciation	<u>(5,659,584)</u>
Total noncurrent assets	<u>7,170,359</u>

Total assets 13,255,899

DEFERRED OUTFLOWS OF RESOURCES

Pension related items 924,541

LIABILITIES

Current Liabilities

Accounts payable and other current liabilities	588,217
Current portion of long-term debt	<u>195,000</u>
Total current liabilities	<u>783,217</u>

Noncurrent Liabilities

Noncurrent portion of long-term debt	1,365,000
Net pension liability	<u>1,446,165</u>
Total noncurrent liabilities	<u>2,811,165</u>

Total liabilities 3,594,382

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue	2,077,295
Pension related items	<u>932,797</u>

Total deferred inflows of resources 3,010,092

NET POSITION

Net investment in capital assets	5,581,809
Restricted for:	
Debt service	253,068
Capital projects	504,518
Grant programs	1,266,151
Unrestricted	<u>(29,580)</u>

Total net position \$ 7,575,966

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
Preschool - 12 Instruction	2,803,293	7,101	341,496	-	(2,454,696)
Support services:					
Pupil support	277,758	-	-	-	(277,758)
Staff support	108,450	-	18,917	-	(89,533)
General administration	247,867	-	-	-	(247,867)
School/business administration	382,789	-	-	-	(382,789)
Operations/maintenance	539,065	-	-	-	(539,065)
Transportation	312,716	-	237,182	-	(75,534)
Other services	115,926	-	-	-	(115,926)
Child nutrition	222,122	40,238	157,227	-	(24,657)
Capital outlay	21,105	-	-	-	(21,105)
Debt services	77,844	-	-	-	(77,844)
Depreciation, unallocated	292,136	-	-	-	(292,136)
Total school district	<u>\$ 5,401,071</u>	<u>\$ 47,339</u>	<u>\$ 754,822</u>	<u>\$ -</u>	<u>(4,598,910)</u>
General Revenues					
Taxes:					
Property taxes levied for general purposes					2,009,723
Property taxes levied for debt service					217,534
Federal and State aid not restricted to specific purposes					3,076,788
Sale or compensation for disposal of fixed assets					1,010
Other					10,376
Interest and investment earnings					<u>5,279</u>
Total general revenues					<u>5,320,710</u>
Change in net position					721,800
Net position - beginning					<u>6,854,166</u>
Net position - ending					<u>\$ 7,575,966</u>

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2016**

	<u>General Fund</u>	<u>Federal Forest Reserve Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash	1,759,146	-	-	-	-	1,759,146
Investments	1,071,524	-	-	-	-	1,071,524
Due from other funds	-	1,205,904	142,889	504,518	72,230	1,925,541
Taxes receivable	184,697	-	30,514	-	-	215,211
Unbilled taxes receivable	1,817,013	-	260,282	-	-	2,077,295
Other assets:						
Due from other governmental units	770,489	-	-	-	81,112	851,601
Other receivables	21,202	-	79,665	-	396	101,263
Prepaid expenses	-	-	-	-	9,500	9,500
Total assets	<u>5,624,071</u>	<u>1,205,904</u>	<u>513,350</u>	<u>504,518</u>	<u>163,238</u>	<u>8,011,081</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,624,071</u>	<u>\$ 1,205,904</u>	<u>\$ 513,350</u>	<u>\$ 504,518</u>	<u>\$ 163,238</u>	<u>\$ 8,011,081</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities:						
Due to other funds	1,860,882	-	-	-	64,659	1,925,541
Accounts payable	4,066	-	-	-	822	4,888
Salaries and benefits payable	508,374	-	-	-	37,510	545,884
Total liabilities	<u>2,373,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,991</u>	<u>2,476,313</u>
Deferred inflows of resources:						
Deferred revenue	162,534	-	26,852	-	-	189,386
Unavailable property tax revenue	<u>1,817,013</u>	<u>-</u>	<u>260,282</u>	<u>-</u>	<u>-</u>	<u>2,077,295</u>
Total deferred inflows of resources	<u>1,979,547</u>	<u>-</u>	<u>287,134</u>	<u>-</u>	<u>-</u>	<u>2,266,681</u>
Fund balance:						
Nonspendable	-	-	-	-	9,500	9,500
Restricted	-	1,205,904	226,216	504,518	50,747	1,987,385
Unassigned	<u>1,271,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,271,202</u>
Total fund balance	<u>1,271,202</u>	<u>1,205,904</u>	<u>226,216</u>	<u>504,518</u>	<u>60,247</u>	<u>3,268,087</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 5,624,071</u>	<u>\$ 1,205,904</u>	<u>\$ 513,350</u>	<u>\$ 504,518</u>	<u>\$ 163,238</u>	<u>\$ 8,011,081</u>

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2016

Total Fund Balances - Governmental Funds	3,268,087
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in government funds.	
Cost of capital assets	12,829,943
Accumulated depreciation	(5,659,584)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	
	189,386
Certain pension related items are recorded as deferred outflow or inflow of resources and recognized in future periods for governmental activities (see note 6):	
Deferred outflow of resources	924,541
Deferred inflow of resources	(932,797)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditure is reported when paid.	
	(28,550)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:	
Accrued compensated absences	(8,895)
General obligation bonds	(1,560,000)
Net pension liability	<u>(1,446,165)</u>
Total Net Position - Governmental Activities	<u><u>\$ 7,575,966</u></u>

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Federal Forest Reserve Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Local	2,025,170	-	232,002	-	47,339	2,304,511
State	3,097,658	-	-	-	78,653	3,176,311
Federal	6,162	210,150	-	-	438,937	655,249
Total revenues	<u>5,128,990</u>	<u>210,150</u>	<u>232,002</u>	<u>-</u>	<u>564,929</u>	<u>6,136,071</u>
EXPENDITURES						
Instruction	2,538,700	30,239	-	-	321,147	2,890,086
Support	1,977,489	33,181	-	-	18,917	2,029,587
Non-instruction	-	-	-	-	224,973	224,973
Capital objects	2,995	60,148	-	-	19,833	82,976
Debt service	-	-	256,883	-	-	256,883
Total expenditures	<u>4,519,184</u>	<u>123,568</u>	<u>256,883</u>	<u>-</u>	<u>584,870</u>	<u>5,484,505</u>
Excess (deficiency) of revenue over expenditures	<u>609,806</u>	<u>86,582</u>	<u>(24,881)</u>	<u>-</u>	<u>(19,941)</u>	<u>651,566</u>
Other financing sources (uses):						
Sale or compensation for loss of fixed assets	-	-	-	1,010	-	1,010
Transfer in	-	-	-	45,672	27,904	73,576
Transfer out	(45,672)	(27,904)	-	-	-	(73,576)
Total other financing sources (uses)	<u>(45,672)</u>	<u>(27,904)</u>	<u>-</u>	<u>46,682</u>	<u>27,904</u>	<u>1,010</u>
Net change in fund balance	564,134	58,678	(24,881)	46,682	7,963	652,576
Fund balance-Beginning of year	<u>707,068</u>	<u>1,147,226</u>	<u>251,097</u>	<u>457,836</u>	<u>52,284</u>	<u>2,615,511</u>
Fund balance-End of year	<u>\$ 1,271,202</u>	<u>\$ 1,205,904</u>	<u>\$ 226,216</u>	<u>\$ 504,518</u>	<u>\$ 60,247</u>	<u>\$ 3,268,087</u>

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016**

Net change in fund balances - total governmental funds 652,576

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlays	61,871	
Depreciation expense	<u>(292,136)</u>	(230,265)

Some property taxes will not be collected for several months after the District's fiscal year ends and they are not considered as "available" revenues in the governmental funds. Instead they are counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities. (14,210)

Fiscal year 2015 employer PERSI contributions recognized as pension expense in the current year. (347,224)

Fiscal year 2016 employer PERSI contributions deferred to subsequent year 339,645

Pension related amortization expense. 132,000 124,421

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditure is reported when paid. (5,961)

Compensated absences are accrued and expensed in the statements of net position and activities. However, in the governmental funds, the accrual and expense did not meet the same criteria. 10,239

Repayment of the principal on general bonded indebtedness is an expenditure in the governmental funds, but they reduce long-term liabilities in the statement of net position and does not affect the statement of activities. 185,000

Total change in net position of governmental activities \$ 721,800

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

				Variances Favorable (Unfavorable)	
	Original Budget	Amended Budget	Actual	Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	1,994,663	1,994,663	2,009,510	14,847	14,847
Earnings on investments	3,000	3,000	5,279	2,279	2,279
Other	2,000	2,000	10,381	8,381	8,381
Total local	1,999,663	1,999,663	2,025,170	25,507	25,507
State:					
Base program	2,582,736	2,582,736	2,343,137	(239,599)	(239,599)
Transportation	-	-	237,182	237,182	237,182
Exceptional child support	12,194	12,194	28,022	15,828	15,828
Benefit apportionment	308,823	308,823	310,064	1,241	1,241
Lottery/additional state maintenance	30,433	30,433	58,094	27,661	27,661
Other state support	71,892	71,892	90,822	18,930	18,930
Revenue in lieu/ag equip. taxes	30,337	30,337	30,337	-	-
Total state	3,036,415	3,036,415	3,097,658	61,243	61,243
Federal:					
Unrestricted	-	-	6,162	6,162	6,162
Total revenues	5,036,078	5,036,078	5,128,990	92,912	92,912
EXPENDITURES					
Instruction:					
Salaries	1,833,327	1,833,327	1,815,508	17,819	17,819
Benefits	632,655	632,655	622,519	10,136	10,136
Purchased services	16,500	16,500	21,865	(5,365)	(5,365)
Supplies/materials	100,200	100,200	78,808	21,392	21,392
Capital objects	-	-	2,995	(2,995)	(2,995)
Total instruction	2,582,682	2,582,682	2,541,695	40,987	40,987
Support:					
Salaries	1,136,968	1,136,968	1,142,272	(5,304)	(5,304)
Benefits	389,172	389,172	383,031	6,141	6,141
Purchased services	455,220	455,220	289,788	165,432	165,432
Supplies/materials	184,200	184,200	117,009	67,191	67,191
Insurance	69,600	69,600	45,389	24,211	24,211
Total support	2,235,160	2,235,160	1,977,489	257,671	257,671
Total expenditures	4,817,842	4,817,842	4,519,184	298,658	298,658
Excess of revenues over expenditures	218,236	218,236	609,806	391,570	391,570
Other financing sources (uses):					
Transfer out	(6,500)	(6,500)	(45,672)	(39,172)	(39,172)
Net change in fund balance	\$ 211,736	\$ 211,736	\$ 564,134	\$ 352,398	\$ 352,398
Fund balance-Beginning of year			707,068		
Fund balance-End of year			\$ 1,271,202		

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**FEDERAL FOREST RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Federal:					
Restricted	165,000	165,000	210,150	45,150	45,150
EXPENDITURES					
Instruction:					
Purchased services	20,000	20,000	-	20,000	20,000
Supplies/materials	30,000	30,000	30,239	(239)	(239)
Total instruction	50,000	50,000	30,239	19,761	19,761
Support:					
Salaries	-	-	2,712	(2,712)	(2,712)
Benefits	-	-	43	(43)	(43)
Purchased services	5,000	5,000	16,531	(11,531)	(11,531)
Supplies/materials	10,000	10,000	13,895	(3,895)	(3,895)
Capital objects	-	-	60,148	(60,148)	(60,148)
Total support	15,000	15,000	93,329	(78,329)	(78,329)
Total expenditures	65,000	65,000	123,568	(58,568)	(58,568)
Excess (deficiency) of revenues over expenditures	100,000	100,000	86,582	(13,418)	(13,418)
Other financing sources (uses):					
Transfer out	(39,000)	(39,000)	(27,904)	11,096	11,096
Net change in fund balance	\$ 61,000	\$ 61,000	\$ 58,678	\$ (2,322)	\$ (2,322)
Fund balance-Beginning of year			1,147,226		
Fund balance-End of year			\$ 1,205,904		

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	150,000	216,371	231,957	81,957	15,586
Contributions/donations	-	-	45	45	45
Total revenue	150,000	216,371	232,002	82,002	15,631
EXPENDITURES					
Debt service principal	185,000	185,000	184,998	2	2
Debt service interest	68,887	68,887	71,885	(2,998)	(2,998)
Total expenditures	253,887	253,887	256,883	(2,996)	(2,996)
Net change in fund balance	\$ (103,887)	\$ (37,516)	(24,881)	\$ 79,006	\$ 12,635
Fund balance-Beginning of year			251,097		
Fund balance-End of year			\$ 226,216		

WALLACE SCHOOL DISTRICT NO. 393
Wallace, Idaho

CAPITAL PROJECTS FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

REVENUES		-
		<hr/>
EXPENDITURES		-
		<hr/>
Excess (deficiency) of revenues over expenditures		-
Other financing sources (uses):		
Sale or compensation on disposal of fixed assets	1,010	
Operating transfer in	45,672	
Total other financing sources (uses)	<hr/>	<hr/> 46,682
Net change in fund balance		46,682
Fund balance-Beginning of year		<hr/> 457,836
Fund balance-End of year		<hr/> <u>\$ 504,518</u>

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
For the Year Ended June 30, 2016

	Private Purpose Trust		Agency	
	Lucy Weber Scholarship Trust	Iszler Scholarship Trust	Student Activity Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash	-	-	158,829	158,829
Investments	20,702	84,447	-	105,149
Totals assets	20,702	84,447	158,829	263,978
Deferred outflows of resources	-	-	-	-
Total asset and deferred outflows of resources	20,702	84,447	158,829	263,978
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities:				
Due to student groups	-	-	158,829	158,829
Deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	-	-	158,829	158,829
NET POSITION				
Restricted for scholarships	20,702	84,447	-	105,149
Total net position	\$ 20,702	\$ 84,447	\$ -	\$ 105,149

WALLACE SCHOOL DISTRICT NO. 393Wallace, Idaho

**FIDUCIARY FUNDS - PRIVATE PURPOSE TRUSTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2016**

	Lucy Weber Scholarship Trust	Iszler Scholarship Trust	Total
	<hr/>	<hr/>	<hr/>
ADDITIONS			
Local:			
Earnings on investments	<hr/> 64	<hr/> 162	<hr/> 226
DEDUCTIONS			
Purchased services	<hr/> 2,269	<hr/> 899	<hr/> 3,168
Change in net position	(2,205)	(737)	(2,942)
Net Position-Beginning of year	<hr/> 22,907	<hr/> 85,184	<hr/> 108,091
Net Position-End of year	<u><u>\$ 20,702</u></u>	<u><u>\$ 84,447</u></u>	<u><u>\$ 105,149</u></u>

WALLACE SCHOOL DISTRICT NO. 393
Wallace, Idaho

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 Summary of Accounting Policies

The financial statements of the Wallace School District No. 393 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

Reporting Entity - The Wallace School District No. 393 is the basic level of government, which has financial accountability, and control over all activities related to the public school education within the District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters.

Basis of Presentation, Fund Accounting - District-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall District, except for fiduciary activities. Only governmental-type activities are shown, since there are no "business-type activities" within the District. As a general rule, the effect of interfund activity has been eliminated from the District-wide statements.

The statement of activities presents a comparison between direct expenses and program revenues for each different function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the District related to the administration and support of the District's programs, such as personnel and accounting – are not allocated to programs
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state foundation aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on

NOTE 1 Summary of Accounting Policies (Continued)

major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- General Fund. This is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.
- Federal Forest Reserve Fund. This fund is used to account for unrestricted federal revenue received from the U.S. Department of Agriculture. This fund has been used for special capital outlay projects.
- Debt Service Fund. This fund is used to account for the financial resources that are legally restricted for the retirement of District general obligation bonds.
- Capital Projects Fund. This includes two funds, School Plant Facility and School Plant Facility – Bus Depreciation. This fund is used to account for financial resources that are legally restricted for the acquisition, construction, or major repair of school property.

The District reports the following fiduciary types:

- Agency funds. These funds account for assets held by the District as an agent for various student groups and clubs.
- Private-purpose trust funds. These funds report a trust arrangement under which contributions to endowments are maintained to support programs identified specifically by the donors.

Basis of Accounting - The district-wide and fiduciary fund (excepting agency funds) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. State support for grant revenues are susceptible to accrual.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported

NOTE 1 Summary of Accounting Policies (Continued)

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

Under the terms of grant agreements, the District funds certain programs by cost-reimbursement grants and general revenues. When program expenses are incurred, the related revenue of cost-reimbursement grants is recognized.

Restricted Resources - The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Budgets - Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for general, special revenue, and capital projects funds.

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least 14 days prior to the public hearing the District publishes a proposed budget for public review.
2. A public hearing is set to obtain taxpayers comments.
3. The final budget is adopted by resolution of the Board at the regular June meeting of the Board of Trustees.
4. Prior to July 15, the final budget is filed with the State Department of Education.

The budget is a plan of spending under which expenditures may not exceed the budget at the fund level.

Management may amend the budget without seeking the approval of the trustees for revisions which do not increase the total budget.

Cash and Investments - The District's cash includes amounts in demand deposits and savings accounts in local depositories. Investments are deposited in the Idaho State Treasurer's Local Government Investment Pool, which allow school districts within the State of Idaho to pool their funds for investment purposes.

Interest income is defined as non-operating revenue.

Deposits in State Treasurer's local government investment pool are stated at cost, which approximates market. All funds are invested in accordance with Section 67-1210 and 67-1210A of the Idaho Code. The primary objectives of the investment pool, in order of priority, are safety, liquidity and yield.

NOTE 1 Summary of Accounting Policies (Continued)

General Fixed Assets - Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

The Board has set a capitalization policy that all assets acquired with debt proceeds shall be capitalized, regardless of the cost. For all other assets not acquired by debt proceeds, the Board has set a capitalization threshold of \$4,000 to \$25,000 (i.e. buildings with a cost of \$25,000 or more are capitalized and equipment with a cost of \$4,000 or more are capitalized). All purchases and improvements to facilities, which are not considered repairs, are capitalized and depreciated using the straight-line method in the government-wide statements. Lives for buildings and improvements range from 15–50 years. Lives for equipment range from 5–15 years. Vehicles and school buses have estimated lives of 10-20 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Accumulated Unpaid Vacation and Sick Pay - Under the terms of the "Wallace School District Personnel Manual" District employees are granted vacation and sick leave in varying amounts. In the event an employee leaves the District, unused vacation credits are compensated at the employee's current rate of pay. Employees are not paid for unused sick leave upon termination of employment with the District.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards Board Statement 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting an accumulating right to receive sick pay benefits.

Long Term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Compensation - The Sick Leave Bank represents a type of long-term payroll protection insurance for absences beyond the employee's accumulated sick leave. Participation is optional for all employees eligible for the Idaho Public Employees Retirement System, with all new participants contributing one sick leave day per year.

The Bank is administered by an in-District five-member committee of employees as provided in the Teacher Negotiated Agreement. At June 30, 2016 there were 109 days of sick leave in the bank.

NOTE 1 Summary of Accounting Policies (Continued)

Encumbrances - The District does not utilize an encumbrance system.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance, GASB 54 - The *nonspendable* fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (grants), or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, *assigned* fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amount not contained in the other classifications.

Deferred Revenue - Deferred revenue in the General, and Debt Service Funds represent property taxes recorded but not estimated to be collected within 60 days of the end of the accounting period.

Unavailable Property Tax Revenue - Unavailable property tax revenue in the General and Debt Service Funds represents the property taxes levied for 2016 that is measurable but unavailable to the District, and therefore recorded as a deferred inflow of resources in both the governmental fund and the government-wide financial statements.

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

Subsequent Events - Management has evaluated subsequent events through the date of the audit report. This is the date the financial statements were available to be issued. Management has concluded that no material subsequent events have occurred.

NOTE 2 Property Tax

The District's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the District. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2015 upon which the 2015 levy was based was \$239,520,299.

The District's actual levy was 9.03% per \$100 for the payment of principal and interest on long-term debt. The combined tax rate to finance educational services other than the payment of principal and interest on long-term debt for the year ended June 30, 2016 was 82.22% per \$100, which means that the District was required to pass an override levy in the amount of 82.22% per \$100. The total tax levy for the year ended June 30, 2016 was \$2,187,769 with total tax collections being \$2,061,681.

In accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the District has recognized the 2016 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The total property taxes levy for 2016 of \$2,077,295 is recorded as uncollected and unavailable at June 30, 2016. The entire receivable is considered a deferred inflow of resources.

Taxes are due in two equal installments on December 20th and June 20th following the levy date. Current tax collections for the year ended June 30, 2016 were 94.23% of the tax levy. Property taxes levied for 2015 are recorded as receivables if uncollected and a deferred revenue amount is recorded to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Total taxes receivable at June 30, 2016	184,697	30,514	215,211
Less: Taxes estimated to be collected by the County Treasurer by August 31, 2016	22,163	3,662	25,825
Deferred revenue	<u>\$ 162,534</u>	<u>\$ 26,852</u>	<u>\$ 189,386</u>

NOTE 3 Cash and Investments

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash		
Checking and Savings Accounts	<u>\$ 1,917,975</u>	<u>\$ 1,945,658</u>

NOTE 3 Cash and Investments (Continued)

Deposits are with Wells Fargo and US Bank of which \$250,000 of each bank is covered by Federal Deposit Insurance. \$1,685,399 is in excess of the FDIC insured limit, of which \$1,452,412 is collateralized, and the remaining amount of \$232,987 is uncollateralized and unsecured.

Investments

Detail of investments at June 30, 2016 are as follows:

	<u>Rate</u>	<u>General Fund</u>	<u>Agency</u>	<u>Total</u>
D.A. Davidson	-	-	105,149	105,149
Investment in State				
Treasurer's Pool	Variable	1,071,524	-	1,071,524
Total		<u>\$ 1,071,524</u>	<u>\$ 105,149</u>	<u>\$ 1,176,673</u>

Investment Maturities

<u>External Investment Pool</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Less than 1 Year</u>	<u>1-8 Years</u>
State Investment Pool	<u>\$1,071,524</u>	<u>\$ 1,071,524</u>	<u>\$ 1,071,524</u>	<u>\$ -</u>

The State Treasurer's Local Government Investment Pool is managed by the State of Idaho Treasurer's office. All funds are invested in accordance with Section 67-1210 and 67-1210A of Idaho Code. Authorized investments include bonds, treasury bills, interest-bearing notes, and other obligations of the U.S. Government, general obligation or revenue bonds of the State of Idaho or other local governments within the state of Idaho, bonds, debentures, or other similar obligations issued by the farm credit system or by public corporations of the state of Idaho, repurchase agreements covered by any legal investment for the state of Idaho, tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the state of Idaho, revenue bonds of institutions of higher education of the state of Idaho, and time deposits and savings accounts in amounts not to exceed applicable insurance limits. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification.

The State Treasurer's investment policy and the Local Government Investment Pool financial statements which can be obtained by writing P.O. Box 83720, Boise, ID 83720-0091.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Custodial credit risk for investments is the risk that in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral

NOTE 3 Deposits and Investments (Continued)

securities that are in the possession of another party. The District does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or Standard & Poor's. The investments of the District at year-end are not required to be rated. The District does not have a policy regarding credit risk.

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rate. At year-end, the District is not subject to interest rate risk as all investments are held in the State Treasurer's Local Government Investment Pool, which has a maturity of 91 days. The District does not have a policy regarding interest rate risk.

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total investments of the entity are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District has no policy limiting the amount it may invest in any one issuer.

The District acts as a trustee for the Scholarship Trust Funds. These funds are composed of investments in mutual funds with D.A Davidson & Co. The holdings are registered and held in the Trusts' names. The market price as of June 30, 2015 \$20,702 and \$84,447 for the Lucy Weber Scholarship Trust and the Iszler Scholarship Trust, respectively.

NOTE 4 Changes in Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance			Balance
	June 30, 2015	Additions	Deletions	June 30, 2016
Capital assets not being depreciated				
Land	196,978	-	-	196,978
Construction In progress	26,635	-	(26,635)	-
Total non depreciated assets	223,613	-	(26,635)	196,978

NOTE 4 Changes in Fixed Assets (Continued)**Capital assets being
depreciated**

Buildings	10,626,623	88,506	-	10,715,129
Equipment	1,053,758	-	-	1,053,758
Transportation	<u>1,010,041</u>	<u>-</u>	<u>(145,963)</u>	<u>864,078</u>
Total depreciated assets	<u>12,690,422</u>	<u>88,506</u>	<u>(145,963)</u>	<u>12,632,965</u>

**Less: Accumulated
Depreciation**

Buildings	(3,901,008)	(200,645)	-	(4,101,653)
Equipment	(962,721)	(25,081)	-	(987,802)
Transportation	<u>(649,682)</u>	<u>(66,410)</u>	<u>145,963</u>	<u>(570,129)</u>
Total accumulated depreciation	<u>(5,513,411)</u>	<u>(292,136)</u>	<u>145,963</u>	<u>(5,659,584)</u>

Governmental Activities

Assets (Net)	<u>\$ 7,400,624</u>	<u>\$(203,630)</u>	<u>\$ (26,635)</u>	<u>\$ 7,170,359</u>
--------------	---------------------	--------------------	--------------------	---------------------

NOTE 5 Long-term Debt

The following is a summary of bond transactions of the District for the year ended June 30, 2016:

Bonds payable @ June 30, 2015	1,745,000
Debt retired	<u>(185,000)</u>
Bonds payable @ June 30, 2016	<u>\$ 1,560,000</u>

Bonds payable at June 30, 2016 consisted of the following issue:

General Obligation Bonds**Series 2012 – Refunding Bonds**

Original issue of \$1,770,000 due August 15, 2022. Interest ranges from 1.0% to 4.0%	<u>1,560,000</u>
Total	<u>\$ 1,560,000</u>

On April 10, 2012, \$1,780,000 of the Series 2004 bonds were refinanced at interest rates ranging from 1.00% to 4.00%. Repayment on these new bonds began during the fiscal year ending June 30, 2013.

NOTE 5 Long-term Debt (Continued)

The annual requirements to amortize bond debt outstanding as of June 30, 2016 including interest is as follows:

<u>Date of Redemption</u>	<u>Series 2012 - Refunding</u>		
	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
8/15/2016	195,000	32,825	227,825
2/15/2017	-	28,925	28,925
8/15/2017	205,000	28,925	233,925
2/15/2018	-	24,569	24,569
8/15/2018	210,000	24,569	234,569
2/15/2019	-	19,843	19,843
8/15/2019	220,000	19,843	239,843
2/15/2020	-	14,894	14,894
8/15/2020	235,000	14,894	249,894
2/15/2021	-	9,900	9,900
8/15/2021	240,000	9,900	249,900
2/15/2022	-	5,100	5,100
8/15/2022	255,000	5,100	260,100
Total	<u>\$ 1,560,000</u>	<u>\$ 239,287</u>	<u>\$ 1,799,287</u>

During the year ended June 30, 2016, ended following changes occurred in liabilities:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>
2012 Refunding Series	1,745,000	-	(185,000)	1,560,000
Totals	<u>\$ 1,745,000</u>	<u>\$ -</u>	<u>\$(185,000)</u>	<u>\$ 1,560,000</u>

The District's Legal Debt Margin is calculated at 5% of the fair market value of property located within the District. At June 30, 2016 the Legal Debt Margin was:

Market Value at January 1, 2015	239,520,299
Percentage allowed	5%
Debt Limitation	11,976,015
Less: Bonded debt at June 30, 2016	1,560,000
Legal Debt Margin	<u>\$ 10,416,015</u>

As of June 30, 2016 \$226,216 was available in the debt service fund to service the general obligation bonds.

NOTE 6 Pension Plan

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions*, which became effective for the year ended June 30, 2015, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June 30, 2015. All amounts are as of June 30, 2015 unless otherwise noted.

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state

NOTE 6 Pension Plan (Continued)

law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by stature at 60% (72%) of the employer rate. As of June 30, 2015 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District's employer contributions required and paid were \$339,645, \$347,224, and \$352,274 for the three years ended June 30, 2016, 2015 and 2014 respectively.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability as of June 30, 2015. The net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2015, the District's proportion was 0.1098211 percent.

The District's pension expense (revenue) is calculated and made available as part of PERSI's annual audit. PERSI's audit for the year ended June 30, 2016 has not been completed at the time of issuance. The pension expense (revenue) for the year ending June 30, 2015 was calculated at \$288,183.

At June 30, 2016, 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	-	173,364
Changes in assumptions or other inputs	52,667	-
Net difference between projected and actual earning on pension plan investments	532,229	759,433
Employer contributions subsequent to the measurement date	<u>339,645</u>	<u>-</u>
Total	<u><u>\$924,541</u></u>	<u><u>\$932,797</u></u>

NOTE 6 Pension Plan (Continued)

\$339,645 reported as deferred outflow of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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

For the Year Ending June 30:	Amount to be Recognized
2017	(148,346)
2018	(148,346)
2019	(148,346)
2020	107,673
2021	(10,536)

Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	4.5 – 10.25%
Salary Inflation	3.75%
Investment rate of return	7.10% net of investment expenses
Cost-of-living adjustments	1%

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

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

An experienced study was performed in 2012 for the period July, 1 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2015 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date of July, 2015.

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

NOTE 6 Pension Plan (Continued)

the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses Callan Associates 2014 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 per Callan Associates investment consulting as of January 1, 2014.

Asset Class	Index	Target Allocation	Long-term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	6.9%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation Mean			3.25%
Assumed Inflation Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			.40%
Long-Term Expected Rate of Return, Net Investment Expenses			7.10%

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 pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments

NOTE 6 Pension Plan (Continued)

was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$3,522,333	\$1,446,165	\$(279,893)

Pension plan fiduciary net position

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

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

Payables to the pension plan

At June 30, 2016, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 7 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 8 Excess of Actual Expenditures Over Budget in Individual Funds

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2016:

Fund	Excess
Federal Forest Reserves Fund	58,568
Child Nutrition Fund	641
Debt Service Fund	2,996
State Drivers Education Fund	562
State Professional Technical Fund	3,605
Title I-A, ESEA – Improving Basic Programs Fund	11,988
Title VI-B, ESEA - Rural Education Achievement Programs Fund	4,560

To meet the student's education needs, the Board of Trustees approved the additional expenditures when additional funding became available. Idaho Code Section 33-701 allows the District to make budget adjustments to reflect the availability of funds and the requirements of the school district.

NOTE 9 Interfund Receivables, Payables and Transfers

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

Interfund Transfers - Transfers to support the operations of other funds are recorded as "Transfers" and are classified with "Other financing sources or uses." Idaho Code and State Department of Education Regulations mandate transfers into the Capital Projects Fund to cover the depreciation reimbursement. Total transfers are as follows:

	Out	In
General	45,672	-
Child Nutrition	-	27,904
Federal Forest Reserve	27,904	-
School Plant Facility - Bus Depreciation	-	45,672
Total	<u>\$ 73,576</u>	<u>\$ 73,576</u>

NOTE 9 Interfund Receivables, Payables and Transfers (Continued)

The composition of interfund receivables and payables as of June 30, 2016 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	-	1,860,882
Special Revenue Funds:		
Child Nutrition	11,557	-
Federal Forest Reserve	1,205,904	-
Peer Model	20,989	-
Medicaid	17,648	-
State Driver Education	530	-
Idaho Reading Initiative	12,664	-
State Professional Technical	-	2,200
State Technology	8,672	-
State Substance Abuse	170	-
Title I-A ESEA – Improving Basic Programs	-	22,522
IDEA Part B School-Age	-	23,481
IDEA Part B Pre-School Age	-	4,679
Title II-A, ESEA – Improving Teacher Quality	-	11,777
Debt Service Fund	142,889	-
Capital Projects Fund	504,518	-
Total	<u>\$ 1,925,541</u>	<u>\$ 1,925,541</u>

NOTE 10 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past year.

REQUIRED SUPPLEMENTARY INFORMATION

WALLACE SCHOOL DISTRICT NO. 393
Wallace, Idaho

REQUIRED SUPPLEMENTARY INFORMATION

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

PERSI - Base Plan

As of June 30,

	2015	2014
Employer's portion of the net pension liability	0.1098211%	0.1140842%
Employer's proportionate share of the net pension liability	1,446,165	839,838
Employer's covered employee payroll	3,074,750	3,111,962
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	47.03%	26.99%
Plan fiduciary net position as a percentage of the total	91.38%	94.95%

Shcedule of the District's Contributions*

PERSI - Base Plan

As of June 30,

	2015	2014
Statutorily required contribution	348,062	352,274
Contributions in relation to the statutorily required contribution	(348,062)	(352,274)
Contribution (deficiency) excess	-	-
Employer's covered employee payroll	3,074,750	3,111,962
Contributions as a percentage of covered employee payroll	11.32%	11.32%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Wallace School District No. 393 will present information for those use for which information is available.

Data is reported is measured as of June 30, 2015.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

As of June 30, 2015 and 2014

Change of Assumptions. Amounts reported as of June 30, 2014 reflect an adjustment of the investment rate of return to 7.10 percent, net of pension plan investment expense.

SUPPLEMENTARY INFORMATION

WALLACE SCHOOL DISTRICT NO. 393
Wallace, Idaho

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION:			
Elementary school program			
Salaries	770,202	767,884	(2,318)
Benefits	260,413	260,900	487
Purchased services	4,313	1,000	(3,313)
Supplies/materials	35,872	49,700	13,828
Capital objects	2,995	-	(2,995)
Total elementary school program	<u>1,073,795</u>	<u>1,079,484</u>	<u>5,689</u>
Secondary school program			
Salaries	742,869	717,637	(25,232)
Benefits	272,710	267,256	(5,454)
Purchased services	8,972	15,000	6,028
Supplies/materials	37,952	47,500	9,548
Total secondary school program	<u>1,062,503</u>	<u>1,047,393</u>	<u>(15,110)</u>
Special education program			
Salaries	183,394	226,952	43,558
Benefits	60,210	72,073	11,863
Purchased services	8,580	500	(8,080)
Total special education program	<u>252,184</u>	<u>299,525</u>	<u>47,341</u>
Special education preschool program			
Salaries	37,268	37,722	454
Benefits	14,962	16,399	1,437
Total special education preschool program	<u>52,230</u>	<u>54,121</u>	<u>1,891</u>
Gifted and talented program			
Salaries	9,644	9,432	(212)
Benefits	885	777	(108)
Total gifted and talented program	<u>10,529</u>	<u>10,209</u>	<u>(320)</u>

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

GENERAL FUND**SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)**

For the Year Ended June 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION (Continued):			
Interscholastic program			
Salaries	60,477	63,015	2,538
Benefits	10,893	13,041	2,148
Total interscholastic program	<u>71,370</u>	<u>76,056</u>	<u>4,686</u>
 School activity program			
Salaries	11,654	10,685	(969)
Benefits	2,446	2,209	(237)
Supplies/materials	4,984	3,000	(1,984)
Total school activity program	<u>19,084</u>	<u>15,894</u>	<u>(3,190)</u>
 TOTAL INSTRUCTION			
Salaries	1,815,508	1,833,327	17,819
Benefits	622,519	632,655	10,136
Purchased services	21,865	16,500	(5,365)
Supplies/materials	78,808	100,200	21,392
Capital objects	2,995	-	(2,995)
Total Instruction	<u>\$ 2,541,695</u>	<u>\$ 2,582,682</u>	<u>\$ 40,987</u>

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT:			
Attendance-guidance-health program			
Salaries	102,894	101,152	(1,742)
Benefits	38,665	38,263	(402)
Purchased services	344	2,500	2,156
Total attendance-guidance-health program	<u>141,903</u>	<u>141,915</u>	<u>12</u>
Special education support services program			
Salaries	134,803	113,770	(21,033)
Benefits	13,438	12,631	(807)
Total special education support services program	<u>148,241</u>	<u>126,401</u>	<u>(21,840)</u>
Instruction improvement program			
Benefits	96	-	(96)
Purchased services	671	-	(671)
Total instruction improvement program	<u>767</u>	<u>-</u>	<u>(767)</u>
Educational media program			
Salaries	58,266	60,135	1,869
Benefits	29,128	29,154	26
Supplies/materials	8,069	13,000	4,931
Total educational media program	<u>95,463</u>	<u>102,289</u>	<u>6,826</u>
Instruction-related technology program			
Supplies/materials	5,497	4,700	(797)
Total instruction-related technology program	<u>5,497</u>	<u>4,700</u>	<u>(797)</u>
Board of education program			
Benefits	17	-	(17)
Purchased services	4,881	3,500	(1,381)
Supplies/materials	462	500	38
Total board of education program	<u>5,360</u>	<u>4,000</u>	<u>(1,360)</u>

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued):			
District administration program			
Salaries	137,735	134,708	(3,027)
Benefits	51,754	53,425	1,671
Purchased services	39,232	93,400	54,168
Supplies/materials	17,304	21,500	4,196
Total district administration program	<u>246,025</u>	<u>303,033</u>	<u>57,008</u>
School administration program			
Salaries	250,770	241,468	(9,302)
Benefits	70,685	67,695	(2,990)
Purchased services	1,409	6,000	4,591
Supplies/materials	80	-	(80)
Total school administration program	<u>322,944</u>	<u>315,163</u>	<u>(7,781)</u>
Business operation program			
Salaries	42,368	49,000	6,632
Benefits	15,394	18,925	3,531
Purchased services	5,972	10,000	4,028
Supplies/materials	154	3,000	2,846
Total business operation program	<u>63,888</u>	<u>80,925</u>	<u>17,037</u>
Buildings-care program (custodial)			
Salaries	124,008	124,811	803
Benefits	53,882	48,306	(5,576)
Purchased services	174,872	264,220	89,348
Supplies/materials	19,344	24,000	4,656
Insurance	32,509	55,000	22,491
Total buildings-care program (custodial)	<u>404,615</u>	<u>516,337</u>	<u>111,722</u>
Maintenance - student-occupied buildings			
Salaries	41,500	41,000	(500)
Benefits	18,557	19,017	460
Purchased services	41,566	55,000	13,434
Supplies/materials	15,064	20,000	4,936
Total maintenance - student-occupied buildings	<u>116,687</u>	<u>135,017</u>	<u>18,330</u>

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016**

	Actual	Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued):			
Pupil-to-school transportation program			
Salaries	157,012	175,294	18,282
Benefits	60,354	72,256	11,902
Purchased services	20,569	20,100	(469)
Supplies/materials	46,310	88,000	41,690
Insurance	10,183	10,100	(83)
Total pupil-to-school transportation program	<u>294,428</u>	<u>365,750</u>	<u>71,322</u>
Pupil-activity transportation program			
Salaries	12,332	15,000	2,668
Benefits	2,564	3,820	1,256
Purchased services	272	-	(272)
Supplies/materials	998	5,000	4,002
Total pupil-activity transportation program	<u>16,166</u>	<u>23,820</u>	<u>7,654</u>
General transportation program			
Supplies/materials	3,727	4,500	773
Insurance	2,697	4,500	1,803
Total general transportation program	<u>6,424</u>	<u>9,000</u>	<u>2,576</u>
Other support services program			
Salaries	80,584	80,630	46
Benefits	28,497	25,680	(2,817)
Purchased services	-	500	500
Total other support services program	<u>109,081</u>	<u>106,810</u>	<u>(2,271)</u>
TOTAL SUPPORT			
Salaries	1,142,272	1,136,968	(5,304)
Benefits	383,031	389,172	6,141
Purchased services	289,788	455,220	165,432
Supplies/materials	117,009	184,200	67,191
Insurance	<u>45,389</u>	<u>69,600</u>	<u>24,211</u>
TOTAL SUPPORT	<u>\$ 1,977,489</u>	<u>\$ 2,235,160</u>	<u>\$ 257,671</u>

WALLACE SCHOOL DISTRICT NO. 393
Wallace, Idaho

NONMAJOR SPECIAL REVENUE FUNDS

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

Peer Model Fund - To account for local revenues supporting the pre-school programs.

Medicaid Fund - To account for restricted Federal revenues supporting Medicaid services provided to students.

State Driver Education Fund - To account for costs of providing a driver education program. Financing for the program is provided through the Idaho State Department of Education.

Idaho Reading Initiative Fund - To account for restricted State revenues to be spent on interventions for students whose reading scores fall below grade level.

State Professional Technical Fund - To account for restricted State revenue to be spent on equipment and materials for vocational programs.

State Technology Fund - To account for restricted State revenue to be spent on the technology program.

State Substance Abuse Fund - To account for restricted State revenue to be spent on the substance abuse program.

Title I-A, ESEA – Improving Basic Programs Fund - To account for restricted Federal revenue to be spent on programs to provide special instruction to disadvantaged students.

IDEA Part B – School Age Fund - To account for restricted Federal revenue to be spent on programs to provide for special testing, physical therapy, teacher aides, equipment and materials, etc. in special education.

IDEA Part B – Pre-School Fund - To account for restricted Federal revenue to be spent on programs to provide for preschool handicapped (3-5 years old) in the same manner provided for school age children in the Title VI-B program.

Title VI-B, ESEA – Rural Education Achievement Programs Fund - To account for restricted Federal revenue to provide specialized instruction for handicapped students.

Title II-A, ESEA – Improving Teacher Quality Fund - To account for restricted Federal revenue to be spent on in-service training of math and/or science teachers.

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2016

	Child Nutrition Fund	Peer Model Fund	Medicaid Fund	State Driver Education Fund	Idaho Reading Initiative Fund	State Professional Technical Fund	State Technology Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Assets:							
Due from other funds	11,557	20,989	17,648	530	12,664	-	8,672
Other receivables:							
State reimbursement	-	-	-	-	-	2,200	-
Federal reimbursement	-	-	-	-	-	-	-
Other	396	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Total assets	11,953	20,989	17,648	530	12,664	2,200	8,672
Deferred outflows of resources	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 11,953</u>	<u>\$ 20,989</u>	<u>\$ 17,648</u>	<u>\$ 530</u>	<u>\$ 12,664</u>	<u>\$ 2,200</u>	<u>\$ 8,672</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities:							
Due to other funds	-	-	-	-	-	2,200	-
Accounts payable	-	-	822	-	-	-	-
Salaries and benefits payable	11,557	-	-	-	-	-	-
Total liabilities	11,557	-	822	-	-	2,200	-
Deferred inflows of resources	-	-	-	-	-	-	-
Fund balance:							
Nonspendable	-	-	-	-	-	-	-
Restricted	396	20,989	16,826	530	12,664	-	8,672
Total fund balance	396	20,989	16,826	530	12,664	-	8,672
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 11,953</u>	<u>\$ 20,989</u>	<u>\$ 17,648</u>	<u>\$ 530</u>	<u>\$ 12,664</u>	<u>\$ 2,200</u>	<u>\$ 8,672</u>

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2016**

	Substance Abuse Fund	Title I-A, ESEA - Improving Basic Programs Fund	IDEA Part B - School Age Fund	IDEA Part B - Pre-School Age Fund	Title VI-B, ESEA - Rural Education Achievement Programs Fund	Title II-A, ESEA - Improving Teacher Quality Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Assets:							
Due from other funds	170	-	-	-	-	-	72,230
Other receivables:							
State reimbursement	-	-	-	-	-	-	2,200
Federal reimbursement	-	36,726	34,120	5,789	-	2,277	78,912
Other	-	-	-	-	-	-	396
Prepaid expenses	-	-	-	-	-	9,500	9,500
Total assets	170	36,726	34,120	5,789	-	11,777	163,238
Deferred outflows of resources	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 170</u>	<u>\$ 36,726</u>	<u>\$ 34,120</u>	<u>\$ 5,789</u>	<u>\$ -</u>	<u>\$ 11,777</u>	<u>\$ 163,238</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities:							
Due to other funds	-	22,522	23,481	4,679	-	11,777	64,659
Accounts payable	-	-	-	-	-	-	822
Salaries and benefits payable	-	14,204	10,639	1,110	-	-	37,510
Total liabilities	-	36,726	34,120	5,789	-	11,777	102,991
Deferred inflows of resources	-	-	-	-	-	-	-
Fund balance:							
Nonspendable	-	-	-	-	-	9,500	9,500
Restricted	170	-	-	-	-	(9,500)	50,747
Total fund balance	170	-	-	-	-	-	60,247
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 170</u>	<u>\$ 36,726</u>	<u>\$ 34,120</u>	<u>\$ 5,789</u>	<u>\$ -</u>	<u>\$ 11,777</u>	<u>\$ 163,238</u>

WALLACE SCHOOL DISTRICT NO. 393
Wallace, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	<u>Child Nutrition Fund</u>	<u>Peer Model Fund</u>	<u>Medicaid Fund</u>	<u>State Driver Education Fund</u>	<u>Idaho Reading Initiative Fund</u>	<u>State Professional Technical Fund</u>	<u>State Technology Fund</u>
REVENUES							
Local:							
Tuition from individuals	-	3,476	-	-	-	-	-
School food service	37,045	-	-	-	-	-	-
Other local	3,193	-	-	3,625	-	-	-
Total local	<u>40,238</u>	<u>3,476</u>	<u>-</u>	<u>3,625</u>	<u>-</u>	<u>-</u>	<u>-</u>
State:							
Other state support	-	-	-	-	4,353	-	37,003
Driver education program	-	-	-	3,625	-	-	-
Professional technical program	-	-	-	-	-	25,151	-
Total state	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,625</u>	<u>4,353</u>	<u>25,151</u>	<u>37,003</u>
Federal:							
Child nutrition reimbursement	136,895	-	-	-	-	-	-
Restricted	20,332	-	31,750	-	-	-	-
Total federal	<u>157,227</u>	<u>-</u>	<u>31,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>197,465</u>	<u>3,476</u>	<u>31,750</u>	<u>7,250</u>	<u>4,353</u>	<u>25,151</u>	<u>37,003</u>
EXPENDITURES							
Instruction:							
Salaries	-	-	30,729	5,096	5,370	-	-
Benefits	-	-	200	1,036	629	-	-
Purchased services	-	-	821	-	-	3,064	2,456
Supplies/materials	-	1,899	-	571	52	21,746	13,455
Capital objects	-	-	-	-	-	341	1,564
Total instruction	<u>-</u>	<u>1,899</u>	<u>31,750</u>	<u>6,703</u>	<u>6,051</u>	<u>25,151</u>	<u>17,475</u>
Support:							
Salaries	-	-	-	-	-	-	6,720
Benefits	-	-	-	-	-	-	3,599
Supplies/materials	-	-	-	-	-	-	559
Insurance	-	-	-	1,517	-	-	-
Total support	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,517</u>	<u>-</u>	<u>-</u>	<u>10,878</u>
Non-instruction:							
Salaries	69,465	-	-	-	-	-	-
Benefits	23,919	-	-	-	-	-	-
Purchased services	51	-	-	-	-	-	-
Supplies/materials	131,538	-	-	-	-	-	-
Total non-instruction	<u>224,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>224,973</u>	<u>1,899</u>	<u>31,750</u>	<u>8,220</u>	<u>6,051</u>	<u>25,151</u>	<u>28,353</u>
Excess (deficiency) revenues over expenditures	(27,508)	1,577	-	(970)	(1,698)	-	8,650
Other financing sources (uses):							
Transfers in	27,904	-	-	-	-	-	-
Total other financing sources (uses)	<u>27,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	396	1,577	-	(970)	(1,698)	-	8,650
Fund balance - Beginning of year	-	19,412	16,826	1,500	14,362	-	22
Fund balance - End of year	<u>\$ 396</u>	<u>\$ 20,989</u>	<u>\$ 16,826</u>	<u>\$ 530</u>	<u>\$ 12,664</u>	<u>\$ -</u>	<u>\$ 8,672</u>

WALLACE SCHOOL DISTRICT NO. 393
Wallace, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
For the Year Ended June 30, 2016

	State Substance Abuse Fund	Title I-A, ESEA - Improving Basic Programs Fund	IDEA Part B - School Age Fund	IDEA Part B - Pre-School Age Fund	Title VI-B, ESEA - Rural Education Achievement Programs Fund	Title II-A, ESEA - Improving Teacher Quality Fund	Total
REVENUES							
Local:							
Tuition from individuals	-	-	-	-	-	-	3,476
School food service	-	-	-	-	-	-	37,045
Other local	-	-	-	-	-	-	6,818
Total local	-	-	-	-	-	-	47,339
State:							
Other state support	8,521	-	-	-	-	-	49,877
Driver education program	-	-	-	-	-	-	3,625
Professional technical program	-	-	-	-	-	-	25,151
Total state	8,521	-	-	-	-	-	78,653
Federal:							
Child nutrition reimbursement	-	-	-	-	-	-	136,895
Restricted	-	105,059	91,298	5,789	19,560	28,254	302,042
Total federal	-	105,059	91,298	5,789	19,560	28,254	438,937
Total revenues	8,521	105,059	91,298	5,789	19,560	28,254	564,929
EXPENDITURES							
Instruction:							
Salaries	-	65,244	59,155	3,905	-	7,892	177,391
Benefits	2	30,008	22,178	1,884	-	1,494	57,431
Purchased services	3,113	6,024	9,248	-	-	13,316	38,042
Supplies/materials	5,398	3,783	717	-	-	662	48,283
Capital objects	-	-	-	-	17,928	-	19,833
Total instruction	8,513	105,059	91,298	5,789	17,928	23,364	340,980
Support:							
Salaries	-	-	-	-	-	3,025	9,745
Benefits	-	-	-	-	-	1,865	5,464
Supplies/materials	-	-	-	-	1,632	-	2,191
Insurance	-	-	-	-	-	-	1,517
Total support	-	-	-	-	1,632	4,890	18,917
Non-instruction:							
Salaries	-	-	-	-	-	-	69,465
Benefits	-	-	-	-	-	-	23,919
Purchased services	-	-	-	-	-	-	51
Supplies/materials	-	-	-	-	-	-	131,538
Total non-instruction	-	-	-	-	-	-	224,973
Total expenditures	8,513	105,059	91,298	5,789	19,560	28,254	584,870
Excess (deficiency) revenues over expenditures	8	-	-	-	-	-	(19,941)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	27,904
Total other financing sources (uses)	-	-	-	-	-	-	27,904
Net change in fund balance	8	-	-	-	-	-	7,963
Fund balance - Beginning of year	162	-	-	-	-	-	52,284
Fund balance - End of year	\$ 170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,247

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

**ALL CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
For the Year Ended June 30, 2016**

	School Plant Facility	School Plant Facility - Bus Depreciation	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Due from other funds	457,836	46,682	504,518
Total assets	457,836	46,682	504,518
Deferred outflows of resources	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 457,836	\$ 46,682	\$ 504,518
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities	-	-	-
Deferred inflows of resources	-	-	-
Fund balance:			
Restricted	457,836	46,682	504,518
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 457,836	\$ 46,682	\$ 504,518

WALLACE SCHOOL DISTRICT NO. 393

Wallace, Idaho

ALL CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	<u>School Plant Facility</u>	<u>School Plant Facility - Bus Depreciation</u>	<u>Total</u>
REVENUES	-	-	-
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
Other financing sources (uses):			
Sale or compensation of loss of fixed assets	-	1,010	1,010
Operating transfer in	-	45,672	45,672
Total other financing sources (uses)	-	46,682	46,682
Net change in fund balance	-	46,682	46,682
Fund balance-Beginning of year	457,836	-	457,836
Fund balance-End of year	<u>\$ 457,836</u>	<u>\$ 46,682</u>	<u>\$ 504,518</u>