

SWAN VALLEY SCHOOL DISTRICT #92

**Report on Audit of Basic Financial Statements,
Required Supplemental Information,
And Supplemental Information**

For the Year Ended June 30, 2016

SWAN VALLEY SCHOOL DISTRICT #92

For the year ended June 30, 2016

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SWAN VALLEY SCHOOL DISTRICT #92

For the year ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Swan Valley School District #92
Irwin, ID 83428

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Swan Valley School District #92 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Swan Valley School District #92's basic financial statements as listed in the table of contents.

Management's Responsibility of 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Opinion

In our opinion, except for the effects of not implementing GASB #45 as discussed in the "Other Matters" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governments activities, each major fund, and the aggregate remaining fund information of Swan Valley School District #92, as of June 30, 2016, and the respective changes in financial position 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 and budgetary comparison information on pages 25-27 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 the 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 of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis (MD&A) which is management's analysis of the District's financial activities based on currently known facts, decisions, or conditions, that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of Swan Valley School District #92's basic financial statements. The combining and individual non-major fund financial statements and the schedule of changes in student activity funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and the schedule of changes in student activity funds are the responsibility of management and were derived from and relate directly to the underlying account and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applies in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

As discussed in Note 15 to the financial statements, management of the District has not implemented the requirements of GASB Statement No. 45 and has not determined the District's annual other postemployment benefit (OPEB) obligation cost and net OPEB obligation. Accounting principles generally accepted in the United States of America require that such costs and obligations, which would increase the liabilities and change the expenditures in the Statement of Net Position and the Statement of Activities, respectively. The amount by which this departure would affect the liabilities and expenditures of the District's Government-wide Financial Statement is not reasonably determinable.

To the Board of Trustees
Swan Valley School District #92
September 6, 2016
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Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants

Idaho Falls, ID
September 6, 2016

SWAN VALLEY SCHOOL DISTRICT #92
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities
ASSETS	
Cash	\$ 349,166
Receivables:	
Local sources - taxes	\$ 88,180
Other receivables	14,986
Total receivables	<u>103,166</u>
Total current assets	\$ 452,332
Net capital assets	<u>\$ 526,585</u>
Total Assets	<u><u>\$ 978,917</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferred outflows	\$ 74,435
Unspent grant allocation	<u>4,485</u>
Total deferred outflows of resources	<u>\$ 78,920</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$ 1,057,837</u></u>
LIABILITIES	
Accounts payable	\$ 10,266
Salaries and benefits payable	50,938
Current portion of long term debt	<u>9,022</u>
Total current liabilities	\$ 70,226
Long-term liabilities	
Debt portion due in more than one year	50,478
Compensated absences payable	14,782
Net pension liability	<u>175,937</u>
Total Liabilities	<u>\$ 311,423</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferred inflows	\$ 110,129
Unspent grant allocation	<u>4,485</u>
Total deferred inflows of resources	<u>\$ 114,614</u>
NET POSITION	
Investment in capital assets - net of related debt	\$ 467,085
Restricted for:	
Special programs	25,383
Capital projects	53,924
Unrestricted	<u>85,408</u>
Total Net Position	<u>\$ 631,800</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u><u>\$ 1,057,837</u></u>

The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<i>Governmental activities:</i>					
Instructions:					
Elementary programs	\$ 445,538	\$ -	\$ 15,119	\$ -	\$ (430,419)
Secondary/alternative programs	58,569	-	-	-	(58,569)
Exceptional/preschool programs	20,889	-	11,364	-	(9,525)
Other instructional programs	25,785	-	12,591	-	(13,194)
Support services:					
Student services	17,408	-	2,559	-	(14,849)
Educational media	2,329	-	-	-	(2,329)
School administration	2,493	-	-	-	(2,493)
Administration	120,549	-	-	-	(120,549)
Plant services	88,919	-	-	2,652	(86,267)
Pupil transportation	62,526	-	67,601	-	5,075
Non Instructional programs:					
Food services	38,987	9,555	19,271	-	(10,161)
Total Governmental Activities	\$ 883,992	\$ 9,555	\$ 128,505	\$ 2,652	\$ (743,280)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					\$ 277,055
Property taxes, levied for capital projects					40,620
Grants and contributions not restricted to specific programs					
Foundation program					477,104
Other state revenue					25,016
Interest and investment earnings general fund					1,052
Other funds					102
Miscellaneous revenues					32,587
Net pension revenue(expense)					(20,149)
Total general revenues and special items					\$ 833,387
Changes in net position					\$ 90,107
Net position - beginning					541,693
Prior Period Adjustment					-
Net position - ending					\$ 631,800

The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

ASSETS	General Fund	Food Service	Plant Facilities	Non Major Governmental Funds	Total Governmental Funds
Cash.....	\$ 248,412	\$ 4,523	\$ 42,747	\$ 53,484	\$ 349,166
Tax receivable.....	77,003	-	11,177	-	88,180
Other receivable.....	14,986	-	-	-	14,986
Interfund receivable.....	22,886	-	-	-	22,886
Total Assets.....	\$ 363,287	\$ 4,523	\$ 53,924	\$ 53,484	\$ 475,218
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable.....	\$ 10,266	\$ -	\$ -	\$ -	\$ 10,266
Accrued salaries payable.....	30,537	2,500	-	3,076	36,113
Accrued benefits payable.....	10,663	2,023	-	2,139	14,825
Interfund payable.....	-	-	-	22,886	22,886
Deferred revenue.....	21,175	-	3,026	-	24,201
Total Liabilities.....	\$ 72,641	\$ 4,523	\$ 3,026	\$ 28,101	\$ 108,291
FUND BALANCE					
Restricted					
Special programs	\$ -	\$ -	\$ -	\$ 25,383	\$ 25,383
Capital projects.....	-	-	50,898	-	50,898
Unassigned.....	290,646	-	-	-	290,646
Total Fund Balance.....	\$ 290,646	\$ -	\$ 50,898	\$ 25,383	\$ 366,927
Total Liabilities and Fund Balance.....	\$ 363,287	\$ 4,523	\$ 53,924	\$ 53,484	\$ 475,218

The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

Total Governmental Fund Balances	\$ 366,927
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Amounts reported for governmental activities in the statement of net position are different due to:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.

Cost of capital assets	1,991,513	
Depreciation expense to date	(1,464,928)	526,585

Property taxes received that are not available to pay for current period expenditures are deferred in the funds.	24,201
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Capital lease payable		(59,500)
Compensated absences payable		(14,782)

GASB 68 requires the accrual of net pension assets and liabilities and the deferred inflows and outflows of resources related thereto.

Change in deferred outflows of resources	78,920	
Change in deferred inflows of resources	(114,614)	
Current period cash contributions	-	
Current change in net pension liability	(175,937)	(211,631)

Net Position of Governmental Activities	\$ 631,800
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The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Food Services	Plant Facilities	Non Major Governmental Funds	Total Governmental Funds
REVENUE					
Local taxes.....	\$ 273,638	\$ -	\$ 40,564	\$ -	\$ 314,202
Other local revenues.....	36,669	9,555	636	205	47,065
State sources.....	569,721	-	2,652	9,772	582,145
Federal sources.....	-	19,271	-	31,861	51,132
Total Revenues.....	<u>\$ 880,028</u>	<u>\$ 28,826</u>	<u>\$ 43,852</u>	<u>\$ 41,838</u>	<u>\$ 994,544</u>
EXPENDITURES					
Instruction Programs:					
Elementary.....	\$ 404,276	\$ -	\$ -	\$ 16,177	\$ 420,453
Secondary.....	35,984	-	-	-	35,984
Preschool exceptional child.....	8,449	-	-	-	8,449
Exceptional child.....	-	-	-	12,440	12,440
Interscholastic program.....	4,834	-	-	-	4,834
School activity.....	277	-	-	-	277
Support Service Programs:					
Attendance and guidance.....	188	-	-	2,002	2,190
Special services.....	15,019	-	-	-	15,019
Instructional improvement.....	5,114	-	-	14,146	19,260
Media.....	2,329	-	-	-	2,329
School board.....	2,493	-	-	-	2,493
Administration - district.....	112,123	-	-	-	112,123
Janitorial - building.....	64,777	-	-	-	64,777
Maintenance - building.....	-	-	10,643	-	10,643
Maintenance - equipment.....	-	-	8,043	-	8,043
Transportation.....	55,808	-	-	-	55,808
Non-Instructional Programs:					
Other support services programs.....	199	-	-	-	199
Food services.....	-	38,855	-	-	38,855
Capital outlay.....	20,532	-	32,603	47,106	100,241
Total Expenditures.....	<u>\$ 732,402</u>	<u>\$ 38,855</u>	<u>\$ 51,289</u>	<u>\$ 91,871</u>	<u>\$ 914,417</u>
Excess Revenues Over (Under) Expenditures.....	\$ 147,626	\$ (10,029)	\$ (7,437)	\$ (50,033)	\$ 80,127
OTHER FINANCING SOURCES (USES)					
Transfers in (out).....	(34,160)	10,029	3,131	21,000	-
Lease proceeds.....	-	-	-	-	-
Excess Revenues and Other Sources.....	<u>\$ 113,466</u>	<u>\$ -</u>	<u>\$ (4,306)</u>	<u>\$ (29,033)</u>	<u>\$ 80,127</u>
FUND BALANCE					
Beginning Balance.....	\$ 177,180	\$ -	\$ 55,204	\$ 54,416	\$ 286,800
Prior Period Adjustment.....	-	-	-	-	-
Ending Balance.....	<u>\$ 290,646</u>	<u>\$ -</u>	<u>\$ 50,898</u>	<u>\$ 25,383</u>	<u>\$ 366,927</u>

The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92
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	\$	80,127
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Amounts reported for governmental activities in the statement of activities are different due to:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is excess of capital outlays over (under) depreciation expense in the current period.

Capitalized assets	114,946	
Depreciation expense	<u>(63,181)</u>	51,765

Property tax revenues are deferred and not recognized in the funds until they are available to pay for current period expenditures. In the statement of activities, however, they are recognized when levied. This is the difference between the amount deferred at the beginning and end of the current period.

Deferred revenue - 2016	24,201	
Deferred revenue - 2015	<u>(24,498)</u>	(297)

Debt payments are treated as an expenditure in the governmental funds, but the payments reduce long term debt in the Statement of Activities.

Capital lease payable	(59,500)	
Capital lease payment	<u>45,810</u>	(13,690)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences - 2016	(14,782)	
Compensated absences - 2015	<u>7,133</u>	(7,649)

GASB 68 requires the calculation of net pension revenue/(expense), and the deferral of current contributions

Current contributions	-	
Net pension revenue	<u>(20,149)</u>	(20,149)

Change in Net Position of Governmental Activities	\$	<u>90,107</u>
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The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Swan Valley School District #92 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to school districts. The significant accounting policies of the District are described below.

A. Reporting Entity

Swan Valley School District #92 provides public school educational services as authorized by Section 33 of the Idaho Code. The District's boundaries for taxing and school enrollment purposes are located within Bonneville County.

Factors used in defining the reporting entity are as follows: Swan Valley School District #92 was established under the laws of the State of Idaho which designates the Board of Trustees as the governing authority. Members of the Board of Trustees are elected by the public. The Board of Trustees has control over the superintendent and management, and also has the authority to purchase equipment and other capital assets, and to levy taxes. The Board of Trustees has the power to establish annual budgets subject to public input from patrons, is responsible for funding deficits and operating deficiencies, and has the authority to borrow funds or issue bonded indebtedness.

The conclusion of the above criteria is that Swan Valley School District #92 is an independent school district in the State of Idaho, operating under an autonomous Board of Trustees constituting a Local Education Agency of government.

In the evaluation of how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made using criteria set forth in the accounting principles generally accepted in the United States of America. All funds and activities of Swan Valley School District #92 are included in the basic financial statements. Using the above criteria, the District has no component units.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the school district. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal balances and transfers. These statements distinguish between the *governmental* and *business-type* activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. All activities of the District are currently classified as governmental activities. No fiduciary funds are included in the *government-wide statements*.

The statement of activities presents a comparison between direct expenses and direct revenues for the different business-type activities of the District and for each 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.

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. Basis of Presentation, Basis of Accounting, continued

Basis of Presentation, continued

allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental* and *fiduciary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program, and object. Accordingly, there is no allocation of indirect costs.

The District reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Thus, it is always considered a major fund.

Food Service Fund

The Food Service Fund accounts for all revenues and expenditures related to child nutrition within the District.

Plant Facilities Fund

The Plant Facilities Fund is used to account for revenues and expenditures related to the District's buildings, grounds, and equipment.

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. Basis of Presentation, Basis of Accounting, continued

Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: 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 the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. 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 in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue criteria are met, the revenue is recognized. Additionally, for both the government-wide and fund financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are thus reported as deferred revenue.

All governmental activities of the District follow FASB Statements and Interpretations issued on or after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The District does not maintain an encumbrance system, but in lieu of, exercises control through the administration of the budget process.

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Cash and Investments

The District pools cash of all governmental fund types into a common bank account. The accounting records of each fund reflect the equity in pooled cash. Cash includes all checking accounts held in the District's name and monies invested with the State under the Local Government Investment Pool. This cash earns interest at a variable rate and is available upon demand.

D. Property Taxes

In accordance with Idaho law, ad valorem property taxes are levied in September for each calendar year. Levies are made on or before the 2nd Monday of September. One-half of the property taxes are due on or before the 20th of December. The remaining one-half is due on or before June 20th of the following year. A lien is filed on real property three years from the date of delinquency. Bonneville County bills and collects property taxes for the District.

E. Inventories

The District normally has unused janitorial and food service supplies including food stock on hand at year end. Remaining janitorial supplies, food service supplies, and food stock are deemed immaterial in dollar amount and they are therefore not valued or accounted for in the financial statements.

F. Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$3,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Swan Valley School District # 92 is a Phase III government meaning that is not required to report infrastructure. Depreciation on all assets (exclusive of land) is provided on the straight-line (SL) method over the following estimated useful lives:

Computer equipment (SL method)	5 years
Equipment, furniture and fixtures (SL method)	10-20 years
Buildings (SL method)	50-99 years

G. Net Position

Net position is the difference between assets and liabilities. Net position invested in capital assets, net of related debt, are capital assets, less accumulated depreciation and outstanding debt related to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors, grantors, or enabling legislation. In Swan Valley School District there are restrictions of \$79,307 in the special revenue and capital projects funds. When expenses are incurred for purposes for which both restricted and unrestricted net position is available, restricted net position is applied first.

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. Fund Balance Reserves

The five categories of fund balance are nonspendable, restricted, committed, assigned, and unassigned. For the year ended June 30, 2016, the District had restricted fund balances of \$76,281 and unassigned fund balances of \$290,646. Restricted funds are those which are constrained to being used for a specific purpose by external parties, constitutional provisions, or enabling legislation. Unassigned funds are those which are available for any purpose.

I. Teachers Contracts

Contracts for teacher's salaries are payable in twelve monthly installments beginning in September. At June 30, the liability for the remaining two months of the current contracts and associated contracted benefits are accrued.

J. Nonmonetary Transactions

Items received via the Federal Food Commodities Program are recognized at their stated fair market value. For the fiscal year ending June 30, 2016, that amount was \$2,084.

K. Risk Management

The district is exposed to a considerable number of risks of loss including but not limited to a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) workers compensation, i.e. employee injuries and f) medical insurance costs of its employees. Commercial insurance policies transferring the risk of loss, but for a relatively small deductible amount, are purchased for property and content damage, employee's torts and professional liabilities. Settlement claims resulting from these risks have not exceeded the insurance deductible provided for in the last three years.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

M. Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho 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.

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements June 30, 2016

NOTE 2 CASH AND INVESTMENTS

Cash for all funds consist of the following at year end:

Cash—demand deposits (net of overdrafts)	\$ 57,584
Cash—State Investment Pool	<u>291,582</u>
	<u>\$ 349,166</u>

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. At year end, the carrying amounts of the District's deposits were \$57,584 and the bank balances were \$87,791. Of the bank balances, \$87,791 was covered by federal depository insurance. Cash held at the Local Government Investment Pool is uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of a bank failure, the district's deposits may not be returned to it. The district does not have a deposit policy for custodial credit risk. As of June 30, 2016, the District did not have any of their bank balances subject to this risk.

Investments

Idaho statutes authorize school districts to invest in obligations of the United States Treasury, agencies and instrumentalities of the United States, repurchase agreements, interest-bearing bonds of any city, county, school district or municipality in Idaho, tax anticipation notes, time deposit accounts in state depositories, accounts in financial institutions, and the State of Idaho's Local Government Investment Pool. The District's investment policy complies with state statutes.

The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U. S. government securities. The certificates of deposits are federally insured. The U. S. government securities and the collateral for the repurchase agreement are held in trust by a safekeeping bank. Interest income earned on pooled investments is allocated to the various funds of the District in proportion to each fund's respective investment balances.

Statement 3 of the Government Accounting Standards Board requires government entities disclose the level of risk assumed on deposit and investment balances.

Statement 40 of the Government Accounting Standards Board requires more comprehensive disclosure requirements addressing other common risks of the deposits and investments of governmental entities. At June 30, 2016 the District did not hold any investments that require disclosure. The District has chosen to recognize the monies held at the Local Government Investment Pool as cash.

Credit Risk

Per the Local Government Investment Pool, the investment pool itself does not have a credit rating.

SWAN VALLEY SCHOOL DISTRICT #92

**Notes to the Basic Financial Statements
June 30, 2016**

NOTE 3 RECEIVABLES

Receivables at year end consist of the following:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Non Major Funds</u>
Local Sources			
Local Taxes	\$ 77,003	\$ 11,177	\$ -
Due From Employees- Cafeteria Plan	<u>711</u>	<u>-</u>	<u>-</u>
Total Local	\$ 77,714	\$ 11,177	\$ -
State Sources			
State of Idaho	\$ 14,275	\$ -	\$ -
Total Receivables	<u>\$ 91,989</u>	<u>\$ 11,177</u>	<u>\$ -</u>

NOTE 4 INTERFUND TRANSACTIONS

Interfund Transfers

The District has the following interfund operating transfers for the year:

Major Funds:	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$ 34,160
Plant Facilities	\$ 3,131	
Technology	\$ 21,000	
Child Nutrition	\$ 10,029	

The interfund transfer from the General Fund to the Capital Projects Fund in the amount of \$3,131 is State required bus depreciation. The transfer from the General Fund to the Technology Fund and the Child Nutrition Fund is to record a reallocation of fund balance and cash from the general fund per the budget. Interfund transfers and balances are eliminated on the government-wide financial statements.

Interfund Receivables/Payables

The District has an interfund receivable in the general fund in the amount of \$22,886, interfund payables in the Technology State fund in the amount of \$22,886 for the year ended June 30, 2016.

SWAN VALLEY SCHOOL DISTRICT #92

**Notes to the Basic Financial Statements
June 30, 2016**

NOTE 5 CAPITAL ASSETS

A summary of Capital Assets is as follows:

	<u>Balance 07-01-15</u>	<u>Capital Acquisitions</u>	<u>Sales & Other Dispositions</u>	<u>Balance 06-30-16</u>
Non-depreciable Assets				
Land	\$ 1,000	\$ 0	\$ 0	\$ 1,000
Work in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Cost	<u>\$ 1,000</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 1,000</u>
Depreciable Assets				
Buildings/Sites	\$ 1,029,648	\$ 0	0	\$ 1,029,648
Equip, Furn & Fixtures	472,353	25,445	0	497,798
Transportation	<u>373,568</u>	<u>89,500</u>	<u>0</u>	<u>463,068</u>
Total Cost	<u>\$ 1,876,569</u>	<u>\$ 114,945</u>	<u>0</u>	<u>\$ 1,991,514</u>
Accumulated Depreciation				
Buildings/Sites	\$ 667,029	\$ 22,589	0	\$ 689,618
Equip, Furn & Fixtures	381,658	33,874	0	415,532
Transportation	<u>353,061</u>	<u>6,718</u>	<u>0</u>	<u>359,779</u>
Total Accum. Deprec.	<u>\$ 1,401,748</u>	<u>\$ 63,181</u>	<u>0</u>	<u>\$ 1,464,929</u>
Net Capital Assets	<u>\$ 474,821</u>	<u>\$ 51,764</u>	<u>\$ 0</u>	<u>\$ 526,585</u>

Depreciation expense was charged to functions as follows:

Education	\$ 45,170
School Administration	5,646
Plant Services	5,646
Transportation	<u>6,718</u>
Total	<u>\$ 63,181</u>

NOTE 6 PENSION PLAN

Plan Description

The Swan Valley School 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.

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements June 30, 2016

NOTE 6 PENSION PLAN (continued)

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2016 was as follows:

Retirees and beneficiaries currently receiving benefits	67,008
Terminated employees entitled to but not yet receiving benefits	11,859
Active plan members	<u>42,657</u>
	<u>121,524</u>

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 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 statute 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 Swan Valley School District contributions were \$40,374 for the year ended June 30, 2016.

SWAN VALLEY SCHOOL DISTRICT #92

**Notes to the Basic Financial Statements
June 30, 2016**

NOTE 6 PENSION PLAN (continued)

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

At June 30, 2016 the Swan Valley School District reported a liability for its proportionate share of the net pension liability. 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 Swan Valley School District 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 .000133606%.

For the year ended June 30, 2016, the Swan Valley School District recognized pension revenue of \$20,149. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,091
Changes in assumptions or other inputs	6,407	-
Net difference between projected and actual earnings on pension plan investments	64,750	92,391
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Contributions subsequent to the measurement date	<u>6,631</u>	<u>-</u>
TOTAL	<u>\$ 77,788</u>	<u>\$ 113,482</u>

\$6,631 reported as deferred outflows 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 ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2014 the beginning of the measurement period ended June 30, 2015 is 5.5 years.

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

Year ended 2015:

2016	\$ (18,047)
2017	\$ (18,047)
2018	\$ (18,047)
2019	\$ 13,099
2020	\$ (1,282)

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements
June 30, 2016

NOTE 6 PENSION PLAN (continued)

Actuarial Assumptions

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

The total pension liability in the July 1, 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 experience 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 2014 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 1, 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 the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements June 30, 2016

NOTE 6 PENSION PLAN (continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
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 Standard Deviation			13.34%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			<u>0.40%</u>
Long-Term Expected Rate of Return, net of 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 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%)
Proportionate share of the net pension liability (asset)	428,520	175,937	(34,051)

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements
June 30, 2016

NOTE 6 PENSION PLAN (continued)

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.

NOTE 7 COMPENSATED ABSENCES

The District provides personal and sick leave to its employees, as well as paid vacations depending on job classifications, lengths of service, and other factors. The estimated amount of compensation for future amounts is \$14,782, which is reported as a liability, on the Statement of Net Position.

NOTE 8 DEFERRED REVENUES – FUND FINANCIAL STATEMENTS

Revenues are recognized when they become available to the District. Taxes and other receivables not received soon enough after year end to pay current liabilities do not represent available expendable resources and recognition of revenue is deferred until collection. Deferred revenues at year end consist of the following:

Property Taxes – General Fund	\$ 21,175
Property Taxes – Capital Project Fund	<u>3,026</u>
Total Deferred Revenue	<u>\$ 24,201</u>

NOTE 9 EXCESS OF EXPENDITURES OVER APPROPRIATION

The following individual funds have an excess of expenditures over appropriations at June 30, 2016.

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Over Budget</u>
Technology	30,000	54,282	24,282
Title II-A ESEA	2,000	2,611	611
Child Nutrition	36,521	38,855	2,334

NOTE 10 CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial.

NOTE 11 RELATED PARTY TRANSACTIONS

The District has not been involved in any related party transactions that would violate the Idaho Code or applicable federal regulation.

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Basic Financial Statements June 30, 2016

NOTE 12 SUBSEQUENT EVENTS

Forty eight iPads and one MacBook pro were stolen from the school on July 9, 2016. There is an ongoing investigation by law enforcement. The original cost of the iPads purchased on August 29, 2013 was \$22,992 and the original cost of the MacBook pro purchased on August 15, 2012 was \$1,842. As of the June 30, 2016 year end the depreciable value of the iPads was \$1,239 and the value of the MacBook pro was \$414.

NOTE 13 ECONOMIC DEPENDENCY

The District is economically reliant on the State of Idaho, from which it received approximately \$583,181 or 59% of the District's revenue.

NOTE 14 POST RETIREMENT BENEFITS

Swan Valley School District #92 funds post-retirement benefits through PERSI. During the school year ended June 30, 2016, the district paid 1.16% of the wages covered by PERSI to the State of Idaho. Upon retirement, one-half of the employee's accumulated sick leave is transferred from the sick leave pool established by PERSI to the individual employee's retirement account. These funds are used to pay post-retirement health insurance premiums.

NOTE 15 RETIREMENT HEALTHCARE PLAN

GASB Statement 45, is an accounting and financial reporting requirement for employers to measure and report the cost and liabilities associated with other (than pension) postemployment benefits (OPEB).

Swan Valley School District #92's Employee Group Benefits Plan is a single-employer defined benefit healthcare plan administered by Blue Cross of Idaho. Blue Cross provides medical, prescription drug insurance and dental benefits to eligible retirees and their eligible dependents.

A retiree who retires with the Public Employee Retirements System of Idaho (PERSI) is eligible to keep the District's health insurance as a retiree until age 65, or until the retiree is eligible for coverage under Medicare. Retirement eligibility is determined based on a minimum of reaching age 55 with at least five years of membership with a PERSI employer. The retiree is on the same medical plan as the District's active employees. The District's required contribution is based on projected pay-as-you-go financing requirements.

The District has not implemented the requirements of GASB Statement 45 and as a result has not determined in annual OPEB cost and net OPEB obligation. The District's plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis.

SWAN VALLEY SCHOOL DISTRICT #92

**Notes to the Basic Financial Statements
June 30, 2016**

NOTE 16 CAPITAL LEASES

During fiscal year 2014, the District entered into a capital lease agreement with GE Capital for the lease-purchase of computer technology equipment. Payments are due in 3 annual installments of \$47,106, including interest at an effective rate of 2.83%. Principal balance as of June 30, 2016 is \$0.

During the fiscal year 2016, the District entered into a capital lease agreement with Santander Bank for the lease-purchase of a new school bus. Payments are due in 7 annual installments of \$9,242, including interest at an effective rate of 2.75%. Principal balance as of June 30, 2016 is \$59,500.

	<u>Balance</u> <u>7/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/16</u>	<u>Interest Paid</u>
GE Capital	\$ 45,811	\$ 0	\$ 45,811	\$ 0	\$ 1,296
Santander Bank	\$ 0	\$ 59,500	\$ 0	\$ 59,500	\$ 0
Total Long-Term Obligations	\$ 45,811	\$ 59,500	\$ 45,811	\$ 59,500	\$ 1,296

Future lease payments are as follows:

	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
Santander Bank				\$ 59,500
7/25/16	\$ 9,242	\$ 220	\$ 9,022	\$ 50,478
7/25/17	\$ 9,242	\$ 1,390	\$ 7,852	\$ 42,626
7/25/18	\$ 9,242	\$ 1,173	\$ 8,069	\$ 34,557
7/25/19	\$ 9,242	\$ 952	\$ 8,290	\$ 26,267
7/25/20	\$ 9,242	\$ 723	\$ 8,519	\$ 17,748
7/25/21	\$ 9,242	\$ 488	\$ 8,754	\$ 8,994
7/25/22	\$ 9,242	\$ 248	\$ 8,994	\$ 0
	<u>\$ 64,694</u>	<u>\$ 5,194</u>	<u>\$ 59,500</u>	<u>\$ 0</u>

REQUIRED SUPPLEMENTAL INFORMATION

SWAN VALLEY SCHOOL DISTRICT #92
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
As of June 30, 2016

GENERAL M & O FUND

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES:			
Local taxes.....	\$ 273,871	\$ 273,638	\$ (233)
Other local revenues.....	7,500	36,669	29,169
State sources.....	523,688	569,721	46,033
Total Revenues.....	<u>\$ 805,059</u>	<u>\$ 880,028</u>	<u>\$ 74,969</u>
EXPENDITURES			
Instruction Programs:			
Elementary.....	\$ 372,982	\$ 404,276	\$ (31,294)
Secondary.....	45,000	35,984	9,016
Preschool Exceptional Child.....	9,350	8,449	901
Exceptional child.....	-	-	-
Interscholastic program.....	3,435	4,834	(1,399)
School Activity.....	500	277	223
Support Services:			
Attendance & Guidance.....	200	188	12
Special Services.....	16,641	15,019	1,622
Instructional Improvement.....	17,440	5,114	12,326
Media.....	3,500	2,329	1,171
School Board.....	6,200	2,493	3,707
Administration - district.....	130,600	112,123	18,477
Janitorial - building.....	67,878	64,777	3,101
Maintenance.....	-	-	-
Transportation.....	87,500	55,808	31,692
Non-Instructional Programs:			
Other support services programs.....	500	199	301
Capital outlay.....	-	20,532	(20,532)
Total Expenditures.....	<u>\$ 761,726</u>	<u>\$ 732,402</u>	<u>\$ 29,324</u>
Excess Revenues Over (Under) Expenditures.....	\$ 43,333	\$ 147,626	\$ 104,293
OTHER FINANCING SOURCES (USES)			
Transfers in (out).....	(43,332)	(34,160)	9,172
Excess Revenues and Other Sources.....	\$ 1	\$ 113,466	\$ 113,465
FUND BALANCE			
Beginning Balance.....	\$ 177,180	\$ 177,180	\$ -
Prior Period Adjustment.....	-	-	-
Ending Balance.....	<u>\$ 177,181</u>	<u>\$ 290,646</u>	<u>\$ 113,465</u>

The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - PLANT FACILITIES
As of June 30, 2016

<u>PLANT FACILITIES</u>			Variance- Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Local taxes.....	40,000	40,564	564
Other local revenues.....	25	636	611
State sources.....	2,600	2,652	52
Total Revenues.....	<u>\$ 42,625</u>	<u>\$ 43,852</u>	<u>\$ 1,227</u>
EXPENDITURES			
Support Services:			
Maintenance.....	20,000	10,643	9,357
Transportation.....	8,383	8,043	340
Non-Instructional Programs:			
Capital Outlay.....	44,242	32,603	11,639
Total Expenditures.....	<u>\$ 72,625</u>	<u>\$ 51,289</u>	<u>\$ 21,336</u>
Excess Revenues Over (Under) Expenditures.....	\$ (30,000)	\$ (7,437)	\$ 22,563
OTHER FINANCING SOURCES (USES)			
Transfers in (out).....	(12,350)	3,131	15,481
Excess Revenues and Other Sources.....	\$ (42,350)	\$ (4,306)	\$ 38,044
FUND BALANCE			
Beginning Balance.....	\$ 55,204	\$ 55,204	\$ -
Prior Period Adjustment.....			\$ -
Ending Balance.....	<u>\$ 12,854</u>	<u>\$ 50,898</u>	<u>\$ 38,044</u>

The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - FOOD SERVICE FUND
As of June 30, 2016

CHILD NUTRITION/FOOD SERVICES

	Original Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
Local revenues.....	\$ 9,000	\$ 9,555	\$ 555
Federal grants and assistance.....	15,000	19,271	\$ 4,271
Total Revenues.....	<u>\$ 24,000</u>	<u>\$ 28,826</u>	<u>\$ 4,826</u>
EXPENDITURES			
Non-Instructional Programs:			
Food Services.....	\$ 36,521	\$ 38,855	\$ (2,334)
Total Expenditures.....	<u>\$ 36,521</u>	<u>\$ 38,855</u>	<u>(2,334)</u>
Excess Revenues over Expenditures.....	\$ (12,521)	\$ (10,029)	\$ 2,492
OTHER FINANCING SOURCES (USES)			
Transfers - To (From).....	<u>12,521</u>	<u>10,029</u>	<u>(2,492)</u>
Excess Revenues and Other Sources.....	\$ -	\$ -	\$ -
FUND BALANCE			
Beginning Balance.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Balance.....	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI - Base Plan
Last 10 Fiscal Years*

	<u>2015</u>
Swan Valley School District's portion of the net pension liability	0.0169255%
Swan Valley School District's proportionate share of the net pension liability	\$ 124,598
Swan Valley School District's covered-employee payroll	\$ 374,228
Swan Valley School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	33.29%
Plan fiduciary net position as a percentage of the total pension liability	94.95%

- Data reported is measured as of July 1, 2014

	<u>2016</u>
Swan Valley School District's portion of the net pension liability	0.0133606%
Swan Valley School District's proportionate share of the net pension liability	\$ 175,937
Swan Valley School District's covered-employee payroll	\$ 356,657
Swan Valley School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	49.33%
Plan fiduciary net position as a percentage of the total pension liability	91.38%

- Data reported is measured as of July 1, 2015

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

The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERSI - Base Plan
Last 10 Fiscal Years*

	<u>2015</u>
Statutorily required contribution	\$ 55,015
Contributions in relation to the statutorily required contribution	\$ 52,636
Contribution (deficiency) excess	\$ (2,379)
Employer's covered-employee payroll	\$ 457,487
Contributions as a percentage of covered-employee payroll	11.51%

- Data reported is measured as of June 30, 2015

	<u>2016</u>
Statutorily required contribution	\$ 43,703
Contributions in relation to the statutorily required contribution	\$ 42,920
Contribution (deficiency) excess	\$ (783)
Employer's covered-employee payroll	\$ 372,909
Contributions as a percentage of covered-employee payroll	11.51%

- Data reported is measured as of June 30, 2016

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

The notes to the financial statements are an integral part of this statement.

SWAN VALLEY SCHOOL DISTRICT #92

Notes to the Required Supplemental Information June 30, 2016

NOTE 1 BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all governmental fund types.

NOTE 2 LEGAL COMPLIANCE – BUDGETS

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The District annually prepares a budget by estimating the probable amount of money necessary for all purposes for which an appropriation is to be made (including interest and principal due on the bonded debt) and by itemizing and classifying the proposed expenditures as nearly as may be practicable. To support such proposed expenditures, the District prepares an estimate of the total revenue anticipated during the ensuing fiscal year for which a budget is being prepared and classifies such receipts by source as nearly as may be possible and practicable.
2. The proposed budget is published.
3. A public hearing is conducted to obtain citizen comments.
4. The budget is formally adopted through approval by the board of trustees.
5. The District may, after school starts and actual enrollment figures are known, amend the budget using the same procedures which were used in adopting the original budget. A budget may be amended downward in any instance. However, amendment to a greater amount than adopted can only happen if the District receives additional revenues in that fiscal year as a result of an increase in non-property tax related receipts. Once the change is justified, the process for formal adoption is as described above.
6. Budgetary integration is employed as a management control device during the year for all funds. Legal budgetary control is established based upon total revenues and expenditures.
7. The level of control (level at which expenditures may not exceed budget) is the fund.
8. All annual appropriations lapse at fiscal year end.

NOTE 3 EXCESS OF EXPENDITURES OVER APPROPRIATION

The following individual funds had an excess of expenditures over appropriations at June 30, 2016.

<u>Fund</u>	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>Excess Over</u> <u>Budget</u>
Technology	30,000	54,282	24,282
Title II-A ESEA	2,000	2,611	611
Child Nutrition	34,800	38,492	3,692

SWAN VALLEY SCHOOL DISTRICT #92

**Notes to the Required Supplemental Information
June 30, 2016**

NOTE 4 PENSIONS

The Swan Valley School District contributes to 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.

During the fiscal year ended June 30, 2016, there were no changes of benefit terms, neither was there any significant change in the composition of the population covered by the benefit terms. All assumptions used in actuarial calculations were not significantly different from those used in the past.