

**JOINT SCHOOL DISTRICT NO. 171**

**FINANCIAL STATEMENTS**

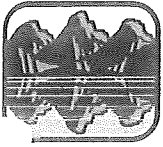
Year Ended June 30, 2014

# JOINT SCHOOL DISTRICT NO. 171

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## Independent Auditor's Report

Board of Trustees  
Joint School District No. 171  
Orofino, Idaho

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Joint School District No. 171, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion on Governmental Activities**

Management has not recorded a liability for the implicit rate subsidy of the retiree healthcare. Accounting principles generally accepted in the United States of America require that the District record a liability for the excess of the age-adjusted health insurance premium over the blended health insurance premium for retirees, which would increase the liabilities, decrease the net position in the statement of net position, and increase expenses in the statement of activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Joint School District No. 171, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Joint School District No. 171, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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 5 through 11 and 37 through 39 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.

## **Reports on Summarized Comparative Information**

We have previously audited the Joint School District No. 171's 2013 and 2012 financial statements, and we expressed unqualified audit opinions on the financial statements of each major fund and the aggregate remaining fund information in our reports dated October 11, 2013, and October 1, 2012. We qualified our opinions on the financial statements of the governmental activities for the omission of a liability for the implicit rate subsidy of the retiree healthcare. In our opinion, the summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Joint School District No. 171's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2014, on our consideration of the Joint School District No. 171's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Joint School District No. 171's internal control over financial reporting and compliance.

PRESNELL GAGE PLLC

October 10, 2014

## JOINT SCHOOL DISTRICT NO. 171

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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Our discussion and analysis of the School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014.

#### **USING THIS ANNUAL REPORT**

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

- The statement of net position and the statement of activities (on pages 12 and 13) provide information about the activities of the District as a whole and present a longer-term view of the District's finances.
- The fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements (on pages 14 through 20) also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.
- The fiduciary funds (pages 21 and 22) provide information about activities for which the District acts solely as a trustee or agent for the benefit of student groups and individual students.
- The remaining statements and schedules provide information about major funds within the District and the results of their operations compared to budget.

#### **THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES**

One of the most important questions asked about the District's finances is: "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the District as a whole and about its activities in a way that may help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position—the difference between assets and the liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base and student enrollment to assess the overall health of the District.

#### ***Financial Highlights***

- Total District assets amount to \$5,397,094 (vs. \$4,776,166 in 2013 and \$4,605,161 in 2012). This includes \$2,459,825 in capital assets.

**JOINT SCHOOL DISTRICT NO. 171**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES (CONTINUED)**

***Financial Highlights (Continued)***

- Total District liabilities amount to \$1,235,444 vs. \$1,273,331 in 2013. Liabilities are primarily salary, benefits, and taxes due in July and August for employees working the prior year.
- The District's net position increased by \$658,815 to \$4,161,650 at year-end as a result of this year's operations (vs. a \$160,109 increase in 2013 and a \$(264,529) decrease in 2012).
- The total cost of District operations amounted to \$11,412,430, an increase from \$9,808,600 in 2013, reflecting the addition of the Youth Challenge Program.
- District revenue amounted to \$12,071,245, an increase from \$9,968,709.

**TABLE 1 – FUNCTIONAL EXPENDITURES**

The following table compares expenses by function to the 2013 expenses:

	<u>2014</u>	<u>2013</u>	Increase (Decrease)
<b>Program Expenses</b>			
Instruction			
Regular programs	\$ 5,363,940	\$ 4,107,613	\$ 1,256,327
Special programs	659,126	654,305	4,821
Interscholastic and school activity	206,216	174,977	31,239
Total instruction	<u>6,229,282</u>	<u>4,936,895</u>	<u>1,292,387</u>
Support services			
Pupil support	403,672	420,353	(16,681)
Staff support	1,514,840	1,246,865	267,975
General administration	167,772	157,132	10,640
School administration	572,197	524,990	47,207
Business services	174,945	158,673	16,272
Maintenance and operations	942,106	896,132	45,974
Transportation	606,159	592,218	13,941
Total support services	<u>4,381,691</u>	<u>3,996,363</u>	<u>385,328</u>
Food services	478,507	391,187	87,320
Community services	0	2,161	(2,161)
Capital outlay	<u>322,950</u>	<u>481,994</u>	<u>(159,044)</u>
Total governmental activities	<u>\$ 11,412,430</u>	<u>\$ 9,808,600</u>	<u>\$ 1,603,830</u>

Expenses were up in 2014 primarily due to adding the Youth Challenge Program in Pierce.

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

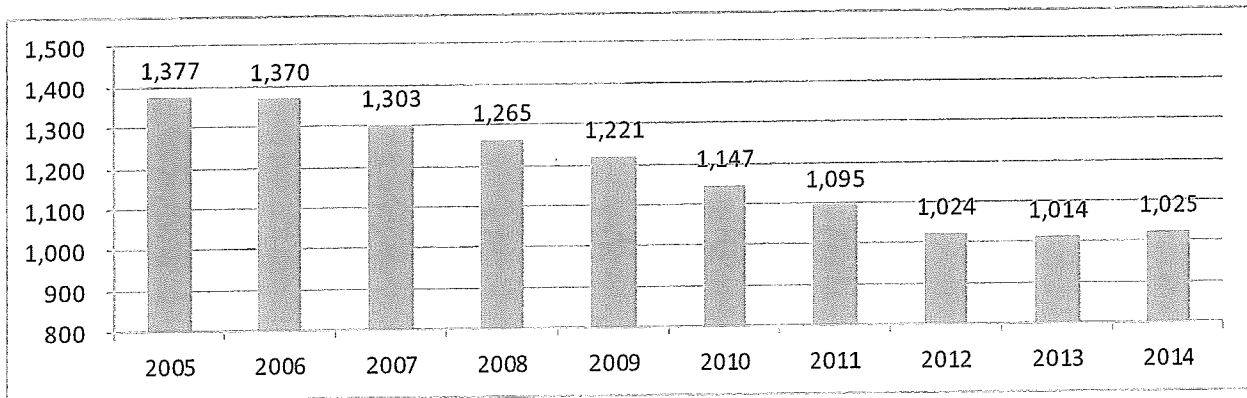
**THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES (CONTINUED)**

**TABLE 2 – FOUNDATION PROGRAM REVENUE**

Foundation program revenue from the State of Idaho remains the District's primary revenue source. For 2014, District revenue increased by \$740,668 of which \$496,000 was due to the Youth Challenge Program.

	2014	2013	2014 vs. 2013
<b><u>State Foundation Program</u></b>			
State salary apportionment	\$ 4,421,684	\$ 3,820,538	\$ 601,146
State transportation funding	431,019	439,915	(8,896)
Entitlement	1,327,000	1,166,398	160,602
Other	43,840	56,024	(12,184)
<b>Total State Foundation Program</b>	<b>\$ 6,223,543</b>	<b>\$ 5,482,875</b>	<b>\$ 740,668</b>

The funding formula for the State Foundation Program revenue is largely dependent on student counts, which have been falling. Fall enrollment has declined from 1,377 students 10 years ago to 1,025 in 2013-14. Subsequent to that date, the Youth Challenge Program opened and the District's enrollment reflected that increase in students.





**JOINT SCHOOL DISTRICT NO. 171**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES (CONTINUED)**

**TABLE 3 – TOTAL REVENUE**

The following table compares 2014 revenue to the 2013 and 2012 revenue. Total revenue was up by \$2,100,000 for 2014 after rising \$170,491 in 2013.

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2014 vs. 2013</u>
Total Revenue				
Program Revenue				
Charges for services	\$ 117,526	\$ 119,504	\$ 107,369	\$ (1,978)
Federal and state funds	3,417,528	2,014,925	2,008,338	1,402,603
Total program revenue	<u>3,535,054</u>	<u>2,134,429</u>	<u>2,115,707</u>	<u>1,400,625</u>
General Revenue				
Property Taxes	2,383,078	2,049,080	2,026,850	333,998
Federal funds	381,644	351,581	384,604	30,063
State funds	5,476,746	5,261,843	5,257,099	214,903
Other revenue	294,723	171,776	69,554	122,947
Total general revenue	<u>8,536,191</u>	<u>7,834,280</u>	<u>7,738,107</u>	<u>701,911</u>
Total revenue	<u>\$ 12,071,245</u>	<u>\$ 9,968,709</u>	<u>\$ 9,853,814</u>	<u>\$ 2,102,536</u>

**FUND FINANCIAL STATEMENTS**

The fund financial statements begin on page 14 and provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received through the Idaho State Department of Education).

Governmental funds—All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

## JOINT SCHOOL DISTRICT NO. 171

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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#### **FUND FINANCIAL STATEMENTS (CONTINUED)**

Proprietary funds—The District started a Medical Benefit Pool in 2009-10, which is accounted for as a proprietary fund. This fund is reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when cash is received or paid.

Fiduciary funds—The District is the fiduciary for its student activity funds and scholarship trusts. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position on page 21. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

#### ***Financial Highlights***

- The fund balance for the governmental funds—the part of net position that can be used to finance day-to-day operations—increased by \$333,598 from \$898,149 at June 30, 2013, to \$1,231,747 at the end of this year (vs. \$(280,632) decrease in 2013).
- Total revenues increased by \$2,037,384 (vs. a \$97,535 increase in 2013) to \$11,964,894; while expenditures were increased by \$1,289,861 (vs. a \$12,925 decrease in 2013) to \$11,631,296.

The District continues to face the challenge of decreased State funding. However, state funding increased by \$724,112 in 2014 after decreasing \$80,162 in 2013 due largely to the opening of the Youth Challenge Program. The Supplemental Levy was increased in 2014 from \$1,940,000 to \$2,285,000.

The District has responded by holding the line on budgeted expenditures, reduction of staff, and continuing a four-day school week. The largest cost to the District has been and will be salaries and benefits. The District has moved to a four-day school week to reduce some of the support program salaries and benefits because of less days and hours. The District will again proceed with a four-day school week for 2014-2015.

The District's base property tax was eliminated through the change in the State funding formula for 2007. However, patrons approved a supplemental tax levy of \$2,285,000 for 2013-14 (\$1,940,000 for 2012-13).

The District has historically used the Forest Reserve Fund to supplement the deficit in the other District funds. The District made a transfer of \$0 (vs. \$56,700 in 2013) to other funds to balance the budget, and has a remaining balance of \$848,977 (\$785,297 in 2013). The District receives a substantial amount of Forest Reserve Fund revenue, which is temporarily underwritten by the Craig-Wyden legislation guaranteeing districts a comparable amount of revenue relative to base years before timber harvesting was curtailed on the national forests. The amount received during 2014 was \$335,747 (\$348,920 in 2013 and \$320,694 in 2012). Terms for the future renewal of the Craig-Wyden support is uncertain.

## JOINT SCHOOL DISTRICT NO. 171

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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#### **FUND FINANCIAL STATEMENTS (CONTINUED)**

##### ***Financial Highlights (Continued)***

The School Lunch Fund operated at a net loss of \$18,150 for the year (\$3,087 for 2013 and \$49,607 in 2012), and was reimbursed that amount from the General Fund.

The School Plant Facility Reserve Fund has purchased 2 school buses each of the last 3 years. Expenditures exceeded revenues by \$68,817 in 2014, \$96,498 in 2013, and \$103,894 in 2012.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### ***Capital Assets***

At the end of 2014, the District had \$2,459,825 invested in capital assets, net of accumulated depreciation. This includes buildings, computer equipment, and major school equipment and is an increase of \$210,761 from the prior year. Current year depreciation of \$206,994 (\$182,286 in 2013 and \$172,621 in 2012) was less than capital purchases of \$417,755 (\$582,931 in 2013 and \$300,941 in 2012). More detailed information about the District's capital assets is presented in Notes 1 and 6 to the financial statements. The primary capital asset purchases in 2014 were a new boiler at Orofino Elementary; new roof at the bus barn; painting at both high schools, and restroom upgrade at Orofino Elementary.

##### ***Debt***

The District has no long-term debt outstanding.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2015 budget, tax rates, and fees that will be charged to students. Personnel costs are tied to a state-wide salary index and certified staff and classified staff received a 2 percent increase for 2014. The District has added no major new programs or initiatives to the 2015 budget.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Business Office at 208-476-5593 in Orofino, Idaho.

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JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF NET POSITION  
June 30, 2014

	Governmental Activities	Prior Year 2013	Prior Year 2012
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 470,507	\$ 556,962	\$ 235,751
Investments	635,338	725,114	1,340,467
Property taxes receivable	1,018,268	847,793	836,213
Accounts receivable	813,156	397,233	342,632
Total current assets	<u>2,937,269</u>	<u>2,527,102</u>	<u>2,755,063</u>
<b>Noncurrent assets</b>			
Capital assets	8,641,552	8,787,466	8,696,813
Less accumulated depreciation	(6,181,727)	(6,538,402)	(6,846,715)
Total noncurrent assets	<u>2,459,825</u>	<u>2,249,064</u>	<u>1,850,098</u>
Total assets	<u>5,397,094</u>	<u>4,776,166</u>	<u>4,605,161</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	185,572	193,510	158,060
Payroll and taxes payable	1,023,221	1,048,691	1,102,210
Accrued expenses	26,551	31,130	2,165
Total current liabilities	<u>1,235,444</u>	<u>1,273,331</u>	<u>1,262,435</u>
Total liabilities	<u>1,235,444</u>	<u>1,273,331</u>	<u>1,262,435</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,459,825	2,249,064	1,850,098
Restricted for:			
Capital projects	10,370	3,502	
Unrestricted	1,691,455	1,250,269	1,492,628
Total net position	<u>\$ 4,161,650</u>	<u>\$ 3,502,835</u>	<u>\$ 3,342,726</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Prior Year 2013	Prior year 2012
	Expenses	Charges for Services			
Instruction					
Regular programs	\$ 5,353,940	\$ 6,750	\$ 1,498,931	\$ (3,762,025)	\$ (4,263,680)
Special programs	659,126		256,273	(412,613)	(460,355)
Interscholastic and school activity	206,216	19,575		(160,212)	(144,024)
Support services					
Pupil support	403,672			(420,353)	(345,692)
Staff support	1,514,840		809,971	(648,965)	(768,001)
General administration	167,772			(157,132)	(149,574)
School administration	572,197			(524,990)	(522,610)
Business services	174,945			(158,673)	(152,865)
Maintenance and operations	942,106			(896,132)	(839,753)
Transportation	606,159	11,880	431,019	(135,018)	(234,506)
Food services	478,507	79,321	421,334	86,097	(26,056)
Community services				(2,161)	
Capital outlay	322,950			(481,994)	(95,520)
Total governmental activities	\$ 11,412,430	\$ 117,526	\$ 3,417,528	(7,674,171)	(8,002,636)
General revenues:					
Property taxes, levied for general purposes				2,049,080	2,026,850
State base support				5,257,739	5,252,995
In lieu revenue				4,104	4,104
Other state and federal funding not restricted to specific programs				351,581	384,604
Interest and investment earnings				5,983	18,155
Other general revenues				165,793	51,399
			8,536,191	7,834,280	7,738,107
Change in net position			658,815	160,109	(264,529)
Net position, beginning			3,502,835	3,342,726	3,607,255
Net position, ending			\$ 4,161,650	\$ 3,502,835	\$ 3,342,726

See accompanying notes

**JOINT SCHOOL DISTRICT NO. 171**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2014

	General	Forest Reserve	School Lunch	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds	Prior year 2013	Prior year 2012
<b>ASSETS</b>								
Cash	\$ 41	\$ 662		\$ 7,920	\$ 233,973	\$ 242,596	\$ 524,322	\$ 235,480
Investments	597,752	11,294		2,450	3,291	614,787	524,742	1,140,467
Property taxes receivable	1,018,268					1,018,268	847,793	836,213
Accounts receivable	178,669		\$ 58,804		575,683	813,156	397,233	342,632
Due from other funds		837,141				837,141	143,146	157,221
Total assets	<u>\$ 1,794,730</u>	<u>\$ 849,097</u>	<u>\$ 58,804</u>	<u>\$ 10,370</u>	<u>\$ 812,947</u>	<u>\$ 3,525,948</u>	<u>\$ 2,437,236</u>	<u>\$ 2,712,013</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 143,693	\$ 120	\$ 928		\$ 33,666	\$ 178,407	\$ 193,510	\$ 158,060
Payroll and taxes payable	887,417		32,184		103,620	1,023,221	1,048,691	1,102,210
Due to other funds	574,882		25,692		236,567	837,141	143,146	157,221
Unearned revenue					26,651	26,651		
Total liabilities	<u>1,605,992</u>	<u>120</u>	<u>58,804</u>	<u>\$ 0</u>	<u>400,504</u>	<u>2,065,420</u>	<u>1,385,347</u>	<u>1,417,491</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Receivables not collected in 60 days	133,781				95,000	228,781	153,740	115,741
Total deferred inflows of resources	<u>133,781</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>95,000</u>	<u>228,781</u>	<u>153,740</u>	<u>115,741</u>
<b>FUND BALANCES</b>								
Restricted for capital improvements				10,370		10,370	3,502	53
Restricted for building maintenance		848,977			89,162	938,139	813,130	1,086,548
Committed for capital improvements					228,281	228,281	36,728	92,180
Assigned	54,957					54,957	44,736	
Unassigned	54,957	848,977	0	10,370	317,443	1,231,747	898,149	1,178,781
Total fund balances	<u>\$ 1,794,730</u>	<u>\$ 849,097</u>	<u>\$ 58,804</u>	<u>\$ 10,370</u>	<u>\$ 812,947</u>	<u>\$ 3,525,948</u>	<u>\$ 2,437,236</u>	<u>\$ 2,712,013</u>
Total liabilities and fund balances								

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

RECONCILIATION OF THE STATEMENT OF NET POSITION  
TO THE BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2014

	Total Governmental Funds	Prior Year 2013	Prior Year 2012
<b>Total fund balances - Governmental Funds</b>	<u>\$ 1,231,747</u>	<u>\$ 898,149</u>	<u>\$ 1,178,781</u>
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 governmental funds:			
Cost of capital assets	8,641,552	8,787,466	8,696,813
Accumulated depreciation	(6,181,727)	(6,538,402)	(6,846,715)
Property taxes receivable to be collected this year; but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	133,781	122,610	113,576
Note receivable not due in the current year and not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	95,000		
An internal service fund is used by management to charge employee medical insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	241,297	233,012	200,271
<b>Total net position - Governmental Activities</b>	<u>\$ 4,161,650</u>	<u>\$ 3,502,835</u>	<u>\$ 3,342,726</u>

See accompanying notes



JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2014

	General	Forest Reserve	School Lunch	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds	Prior Year 2013	Prior Year 2012
<b>REVENUES</b>								
General property taxes	\$ 2,371,907				\$ 534,681	\$ 2,371,907	\$ 2,040,046	\$ 2,036,484
State foundation program	5,903,661				35,973	6,438,342	5,735,754	5,698,479
Other state revenue	8,278			\$ 19,796	1,327,649	2,084,730	42,523	159,960
Federal revenue			\$ 421,334		6,750	105,626	1,835,219	1,772,286
Charges for services	19,575	118	79,301	3	7,444	102,219	102,219	103,889
Earnings on investments	7,320	11,880	20		802,042	892,798	5,612	5,295
Other revenues	78,856	347,745	500,655	19,799	2,707,098	11,964,894	9,960,983	87,055
Total revenues	8,389,597							9,863,448
<b>EXPENDITURES</b>								
Instruction								
Regular programs	4,068,890				1,317,320	5,386,210	4,259,818	4,667,393
Special programs	402,853				256,273	659,126	654,305	736,800
Interscholastic and school activity	206,216					206,216	174,977	158,320
Support services								
Pupil support	403,672				660,422	1,064,094	420,353	345,692
Staff support	814,195					1,474,617	1,246,865	1,408,457
General administration	167,772					167,772	157,132	149,574
School administration	572,197					572,197	524,990	522,610
Business services	174,945					174,945	158,673	152,865
Maintenance and operations	834,883	18,904		1,505	53	855,345	898,293	839,753
Transportation	656,748			87,111		743,859	773,509	798,296
Food services	11,156	265,161	533,928	13,315	119,303	684,387	490,706	432,047
Capital outlay		284,065	533,928	101,931	44,474	322,950	481,994	95,520
Total expenditures	8,313,527				2,397,845	11,631,296	10,241,615	10,307,327
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	76,070	63,680	(33,273)	(82,132)	309,253	333,598	(280,632)	(443,879)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers from other funds	41,301		33,273	89,000	(56,424)	163,574	195,554	439,287
Transfers to other funds	(107,150)					(163,574)	(195,554)	(439,287)
Total other financing sources (uses)	(65,849)	0	33,273	89,000	(56,424)	0	0	0
<b>NET CHANGE IN FUND BALANCES</b>	10,221	63,680	0	6,868	252,829	333,598	(280,632)	(443,879)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	44,736	785,297	0	3,502	64,614	898,149	1,178,781	1,622,660
<b>FUND BALANCES AT END OF YEAR</b>	\$ 54,957	\$ 848,977	\$ 0	\$ 10,370	\$ 317,443	\$ 1,231,747	\$ 898,149	\$ 1,178,781

See accompanying notes

**JOINT SCHOOL DISTRICT NO. 171**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2014

	Total Governmental Funds	Prior Year 2013	Prior Year 2012
<b>Net change in fund balances - Total Governmental Funds</b>	<b>\$ 333,598</b>	<b>\$ (280,632)</b>	<b>\$ (443,879)</b>
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation:			
Current year capital outlay	417,755	582,931	300,941
Current year depreciation	(206,994)	(182,286)	(172,621)
Undepreciated basis on equipment disposed during the year		(1,679)	
Some revenues will not be collected for several months after the fiscal year-ends, and they are not considered available revenues in the governmental funds. Instead, they are counted as deferred tax revenues. They are, however, recorded as revenues:			
Current year taxes receivable	133,781	122,610	113,576
Current year note receivable	95,000		
Prior year taxes receivable	(122,610)	(113,576)	(123,210)
An internal service fund is used by management to charge employee medical insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities.	8,285	32,741	60,664
<b>Change in net position - Governmental Activities</b>	<b>\$ 658,815</b>	<b>\$ 160,109</b>	<b>\$ (264,529)</b>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

BALANCE SHEET - PROPRIETARY FUNDS

June 30, 2014

	Governmental Activities Internal Service Fund	Prior Year 2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 227,911	\$ 32,640
Investments	20,551	200,372
Total current assets	<u>\$ 248,462</u>	<u>\$ 233,012</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 7,165	\$ 0
Total current liabilities	<u>7,165</u>	<u>0</u>
<b>NET POSITION</b>		
Unreserved	241,297	233,012
Total net position	<u>241,297</u>	<u>233,012</u>
Total liabilities and net position	<u>\$ 248,462</u>	<u>\$ 233,012</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
 PROPRIETARY FUNDS  
 For the Year Ended June 30, 2014

	Governmental Activities	Prior Year 2013
	Internal Service Fund	
REVENUES		
Interfund charges for medical insurance	\$ 214,263	\$ 205,959
Total revenues	214,263	205,959
OPERATING EXPENSES		
Medical Benefits	206,158	173,589
Total operating expenses	206,158	173,589
OPERATING INCOME	8,105	32,370
NONOPERATING REVENUES		
Earnings on investments	180	371
Total nonoperating revenues	180	371
CHANGE IN NET POSITION	8,285	32,741
NET POSITION AT BEGINNING OF YEAR	233,012	200,271
NET POSITION AT END OF YEAR	\$ 241,297	\$ 233,012

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2014

	Governmental Activities	Prior Year 2013
	Internal Service Fund	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund charges	\$ 221,428	\$ 205,959
Cash paid for medical expenses	(206,158)	(173,589)
Net cash provided by operating activities	<u>15,270</u>	<u>32,370</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	179,821	(372)
Sale of investments	180	371
Interest received	180,001	(1)
Net cash provided (used) by investing activities	<u>195,271</u>	<u>32,369</u>
NET CHANGE IN CASH	<u>32,640</u>	<u>271</u>
CASH AT BEGINNING OF YEAR	\$ 227,911	\$ 32,640
CASH AT END OF YEAR	<u>\$ 227,911</u>	<u>\$ 32,640</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 8,105	\$ 32,370
Changes in accounts payable	7,165	
Net cash provided by operating activities	<u>\$ 15,270</u>	<u>\$ 32,370</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
June 30, 2014

	Private- Purpose Trusts	Agency Funds
<b>ASSETS</b>		
Current assets		
Cash	424	\$ 134,550
Investments	37,992	
Total assets	<u>38,416</u>	<u>134,550</u>
<b>LIABILITIES</b>		
Current liabilities		
Due to student groups		134,550
Total current liabilities	<u>0</u>	<u>134,550</u>
Total liabilities	<u>0</u>	<u>\$ 134,550</u>
<b>NET POSITION</b>		
Held in trust	<u>38,416</u>	
Total net position	<u>\$ 38,416</u>	

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2014

	Private- Purpose Trusts	Prior Year 2013	Prior Year 2012
<b>ADDITIONS</b>			
Earnings on investments	\$ 2,797	\$ 1,292	\$ 510
Total additions	2,797	1,292	510
<b>DEDUCTIONS</b>			
Scholarships		496	591
Total deductions	0	496	591
Change in net position	2,797	796	(81)
Net position at beginning of year	35,619	34,823	34,904
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 38,416</b>	<b>\$ 35,619</b>	<b>\$ 34,823</b>

See accompanying notes

## JOINT SCHOOL DISTRICT NO. 171

### NOTES TO FINANCIAL STATEMENTS

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity.** Joint School District No. 171 is based in Orofino, Idaho, and located primarily within Clearwater County but also includes part of Lewis and Nez Perce Counties. The District operates a kindergarten through twelve grade program through two high school facilities: Orofino High School and Timberline High School; and four elementary schools: Orofino Elementary, Timberline Schools Elementary, Cavendish Elementary, and Peck Elementary. Total District enrollment is approximately 1,014 students.

The District has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the District, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval of assets, etc.). The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight, which would result in the District being considered a component unit of that entity.

The District's reporting entity includes the District government and all the student activity funds for which the District exercises oversight responsibility. The District does not exercise oversight responsibilities for any booster organizations or related groups such as Parent-Teacher Organizations.

**Measurement Focus and Basis of Accounting.** The accounting policies of Joint School District No. 171 conform to United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District uses the following two bases of accounting in these financial statements:

#### **Economic Resources Measurement Focus and Accrual Basis of Accounting**

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

#### **Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting**

Under this measurement focus, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 30 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues.



JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Measurement Focus and Basis of Accounting (Continued).*

**Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting (Continued)**

Property taxes, the state foundation program, federal and state grants, and interest are considered to be susceptible to accrual.

The District reports deferred inflows and unearned revenue in its fund financial statements. Deferred inflows arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Available means that the funds are received within 60 days of yearend. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the revenue is recognized.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

***Restricted Resources.*** Program expenses are allocated to restricted program revenue first and then to the next highest level of net position/fund balance restrictions when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

**Nonspendable**

Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

**Restricted**

Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

**Committed**

Includes amounts that can only be used for the specific purposes determined by a formal action of the District's School Board.

**Assigned**

Includes amounts that are intended by the District's School Board to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Restricted Resources (Continued).*

Unassigned

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

***District-Wide Financial Statements.*** The statement of net position and the statement of activities display information about the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements reflect only governmental activities of the District since there are no "business-type activities" within the School District. The District's Medical Benefit Pool is reported as an internal service fund and combined with the governmental activities in the district-wide statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different functions of the District's governmental activities. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Program Revenue

The Statement of Activities reflects all restricted federal and state grants as program revenue, as well as all charges to students for classes, activities, and school lunches. Program expenses are allocated to restricted program revenue first when both restricted and unrestricted net position are available.

***Fund Financial Statements.*** The Fund financial statements provide information about the District's fund categories. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All remaining funds are aggregated and reported as non-major funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

## JOINT SCHOOL DISTRICT NO. 171

### NOTES TO FINANCIAL STATEMENTS

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

##### *Fund Financial Statements (Continued).*

###### **Governmental Funds**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The District reports the following major governmental funds:

- General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- Forest Reserve. The U.S. Government pays an amount under the *Secure Rural Schools and Community Self Determination Act* to state and counties containing national forest system lands. This fund is used to account for the District's allocation of these federal forest funds.
- School Lunch. The federal government provides cash grants and food allotments to school districts to make a school lunch program available. These grants are based upon the number of children eating school lunch. In addition, the District charges students for lunch and breakfast.
- School Plant Facility Reserve. The State of Idaho allows the District to establish a special fund and levy a special property tax to acquire, purchase, and improve school sites, and build school buildings upon a vote of the District patrons.

###### **Proprietary Funds**

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The proprietary funds include the Medical Benefit Pool as an internal service fund. The internal service fund is included in governmental activities for the district-wide financial statements. The revenue and expenses of the internal service fund has been eliminated from the district-wide financial statements and the excess revenue has been allocated to regular instruction expenditures.

###### **Fiduciary Funds**

The District reports two types of fiduciary funds: Private Purpose Trusts and Agency funds. Private Purpose Trusts are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund is used to account for monies held on behalf of student activity funds. Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the *accrual basis* of accounting to recognize receivables and payables.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

---

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Implementation of GASB Accounting Pronouncements.** The District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65") for fiscal year 2014. The net effect of GASB No. 65 for the District effectively requires that property taxes not collected within 60 days of year-end be treated as a "deferred inflow of resources" on the fund financial statements.

**Investments.** The District's investments consist of deposits in the Idaho State Treasurer's Local Government Investment Pool.

Deposits in the State Treasurer's Local Government Investment Pool are stated at cost, which approximates market. The state treasurer combines deposits from all governmental entities in the state, which participate in the pool, and purchases the following types of investments:

- Local Certificates of Deposit
- Repurchase Agreements
- U.S. Government Securities

The entities participating in the pool own a percentage of each investment held. This percentage is calculated by dividing the individual entity's deposits by the total deposits held in the pool. The purpose of this is to:

- Increase the overall rate of return.
- Reduce the risk of default.
- Place each entity under the FDIC and SLIC limits.

Investments in time certificates of deposits and savings accounts are authorized by Board policy as permitted by *Idaho Code*, Section 67-1210.

**Prepaid Supplies.** The District does not capitalize its supplies inventory at year-end. All supplies are recorded as expenditures in the period in which they were purchased. Significant supplies purchased after the current school year for use in the subsequent school year are reflected as prepaid supplies.

**Capital Assets.** Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The District records all capital assets at their original cost. Assets acquired prior to 2003 are recorded at their estimated original cost. Interest is capitalized on capital assets during the construction period.

The District capitalizes equipment with an original unit cost of \$3,000 or more and an expected life of more than 3 years. The District capitalizes property improvements with an original cost of \$10,000 or more that is expected to extend the property life by 10 years or more. Equipment with an original unit cost of between \$100 and \$3,000 is not capitalized for depreciation purposes, but is recorded for inventory tracking purposes only.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 30 years; vehicles - 7 years; buses - 10 years; machinery and equipment - 10 years; computer equipment - 3 years.

## JOINT SCHOOL DISTRICT NO. 171

### NOTES TO FINANCIAL STATEMENTS

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

**Property Taxes.** The District's property tax is levied by Lewis, Clearwater, and Nez Perce Counties in November and payable on December 20 and June 20 following the levy date. Taxes are remitted to the District in the month following collection. The taxes are delinquent and a lien is filed the day following the due dates. A tax deed is issued on property three years from the date of delinquency.

**Budgets.** Annual non-appropriated budgets are adopted for all governmental funds. Expenditures may not exceed the budget at the individual fund level.

**Encumbrances.** Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are included in the following year's budgeted expenditures.

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

**Use of Estimates.** Management of the District uses estimates and assumptions in preparing financial statements in accordance with United States generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that management uses.

**Cash Flows.** The District considers the proprietary fund's share of the District's pooled checking to be cash for the statement of cash flows.

**Reclassifications.** Certain reclassifications have been made to prior year balances in order to conform to the current year presentation.

#### 2. LEGAL COMPLIANCE – BUDGETS

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

1. At least 14 days prior to the public hearing, the District publishes a proposed budget for public review.
2. A public hearing is set to obtain taxpayers' comments.
3. The final budget is adopted by resolution of the Board at the regular June meeting of the Board of Trustees.
4. Prior to July 15, the final budget is filed with the State Department of Education.
5. During the fiscal year, a revised budget can be prepared and adopted to reflect more accurate revenue and expenditure projections. The Board must hold public hearings and publish the proposed budget prior to adoption.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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2. **LEGAL COMPLIANCE – BUDGETS (CONTINUED)**

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

	<u>Budget</u>	<u>Expenditures</u>
General Fund	\$ 8,082,940	\$ 8,420,677
After School Fund	0	1,392
Youth Challenge	482,393	1,113,465
Community Foundation Grants	33,600	34,200
Nez Perce Tribe Grants	0	28,201
School Building Maintenance	0	53
Gustin Science	0	3,747
Recycling Grant	0	851
Title 1	226,282	247,629
Title VI-B	227,147	240,841
Title VI-B Preschool	14,983	15,432
Rural Education	17,114	23,909
District Property	41,350	51,917
Medicaid	450,000	561,447
School Plant Facility	93,860	101,931

The additional expenditures were incurred due to the availability of grants and carryovers in the funds.

**Deficit Fund Balance in Individual Funds.** No fund had a deficit fund balance at June 30, 2014.

3. **DEPOSITS AND INVESTMENTS**

**Deposits.** At June 30, 2014, the carrying amount of the District's deposits was \$470,507 in governmental activities, and \$134,974 in fiduciary activities. The bank balance was \$625,479 of which \$250,000 is considered covered by Federal Depository Insurance. The balance is uninsured and uncollateralized.

**Investments.** At June 30, 2014, District investments are classified in the following categories of credit risk. The carrying value of investments approximates market value.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

*Investments (Continued).*

	Governmental <u>Activities</u>	Fiduciary <u>Funds</u>
FDIC insured certificates of deposit		\$ 13,159
FDIC insured bank accounts	\$ 250,000	162
Uninsured bank accounts	280,067	
Uninsured balance held by Idaho Department of Health and Welfare	33,827	
Uninsured and unregistered with securities held in the District's name Pioneer Value Fund		9,567
Idaho State Treasurer's Local Government Investment Pool	<u>71,444</u>	<u>15,104</u>
Total investments	<u>\$ 635,338</u>	<u>\$ 37,992</u>

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will reduce the value of the District's investments. The District does not have a policy regarding interest rate risk.

*Custodial Risk.* Custodial risk is the risk that, in the event of the failure of the investment custodian, the District will not be able to recover the value of its investments or collateral securities that are in the possession of the custodian. The District owns a percentage of each investment held by the Idaho State Treasurer's Local Government Investment Pool and all investments are held in the name of the pool.

*Credit Risk.* Credit risk is the risk that a borrower will fail to repay principal and interest in a timely manner. The District owns a percentage of each investment held by the Idaho State Treasurer's Local Government Investment Pool and the Pool diversifies investments to minimize credit risk to any individual government. The District's investments with the Idaho State Treasurer's Local Government Investment Pool have not been issued an external credit quality rating.

*Concentration of Credit Risk.* The District has no policy on the amount they may invest in any one issuer.

**JOINT SCHOOL DISTRICT NO. 171**

**NOTES TO FINANCIAL STATEMENTS**

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**4. ACCOUNTS RECEIVABLE**

Details of accounts receivable at June 30, 2014, are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
State of Idaho - Foundation program	\$ 118,457	
State of Idaho - State grants	11,761	
State of Idaho - Federal grants	369,117	
Federal funds due from other agencies	74,024	
Youth Challenge Program	85,611	
Private individual - OJHS Building Sale	95,000	
Other	<u>59,186</u>	
	<u>\$ 813,156</u>	<u>\$ 0</u>

**5. PROPERTY TAXES**

The District's property tax levies for calendar years 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Certified Budget Request		
Tort levy	\$ 47,592	\$ 46,322
Supplemental levy approved	2,285,000	1,940,000

District assessed market value and tax levies:

	<u>Actual Tax Charge</u>	<u>Total Market Valuation</u>	<u>Levy</u>
2013	\$ 2,272,954	\$ 513,275,681	0.4550515%
2012	2,003,504	527,655,067	0.3797058%
2011	1,981,752	525,442,696	0.3775246%
2010	1,779,720	549,216,101	0.3246023%
2009	1,524,949	571,246,621	0.2680132%
2008	1,548,202	535,753,582	0.2695839%
2007	1,340,853	535,819,686	0.2334720%
2006	1,331,637	467,719,755	0.2774459%
2005	2,305,540	403,743,288	0.5318669%



JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2014, is as follows:

	6/30/13			6/30/14
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital assets				
Land	\$ 132,000			\$ 132,000
Equipment				
Elementary	69,410			69,410
Secondary	432,423			432,423
School lunch	354,597	\$ 11,116		365,713
Other	7,829			7,829
Buildings				
Elementary	2,175,003	162,343	\$ 119,180	2,218,166
Secondary	3,379,829	65,953	439,489	3,006,293
Bus Shop	415,809	86,737		502,546
Buses	1,733,831	91,606		1,825,437
Vehicles	86,735		5,000	81,735
	<u>\$ 8,787,466</u>	<u>\$ 417,755</u>	<u>\$ 563,669</u>	<u>8,641,552</u>
Accumulated depreciation				
Equipment				
Elementary	\$ 65,777	\$ 214		65,991
Secondary	296,705	8,215		304,920
School lunch	229,003	20,160		249,163
Other	7,829			7,829
Buildings				
Elementary	1,915,603	14,901	\$ 119,180	1,811,324
Secondary	2,708,920	36,139	439,490	2,305,569
Bus Shop	213,580	16,225		229,805
Buses	1,024,647	106,233		1,130,880
Vehicles	76,339	4,907	5,000	76,246
	<u>\$ 6,538,403</u>	<u>\$ 206,994</u>	<u>\$ 563,670</u>	<u>6,181,727</u>
Capital assets, net				<u>\$ 2,459,825</u>

Depreciation of \$206,994 was charged to the following functions in the statement of activities:

Instruction, regular programs	\$ 59,469
School lunch	20,160
Transportation	127,365

## JOINT SCHOOL DISTRICT NO. 171

### NOTES TO FINANCIAL STATEMENTS

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#### 7. DEFINED BENEFIT PENSION PLAN

All employees of the District who work over 20 hours a week for at least 5 months of the year participate in the Public Employees Retirement System of Idaho (PERSI). PERSI is a cost-sharing, multiple-employer public retirement system created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state and school district employees, the legislature provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the Plan are available from PERSI upon request.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each year of credited service, the annual service retirement allowance is 2.0 percent of the average monthly salary for the highest consecutive 42 months.

For the year ended June 30, 2014, the required contribution rates, as determined by PERSI, were 11.32 percent (10.39 percent in 2013 and 10.39 percent in 2012) for the District and 6.79 percent (6.23 percent in 2013 and 6.23 percent in 2012) for employees. The District also pays 1.26 percent of eligible wages to the fund for future medical benefits to be provided. The District contributions required and paid were \$647,917, \$574,743, and \$578,670 for the 3 years ended June 30, 2014, 2013, and 2012, respectively.

#### 8. RISK MANAGEMENT

The District purchases commercial insurance through the Idaho Counties Risk Management Program (ICRMP) to cover the risks of property loss and legal liability. A general summary of the insurance coverage in effect at June 30, 2014, is as follows:

- Property – Replacement cost coverage on scheduled buildings and contents, with a total deductible of \$500 per occurrence.
- Earthquake and Flood - \$50,000,000 annual maximum limit for all ICRMP members with 10% of the scheduled buildings and contents value as a deductible.
- Boiler and Machinery - \$100,000 to \$10,000,000 limits per occurrence with a \$500 deductible.
- Crime - \$500,000 limit for school officials and employees with a \$500 deductible.
- General Liability - \$3,000,000 limit per occurrence with no deductible per occurrence.
- Abuse and Molestation - \$3,000,000 limit per occurrence and in aggregate with no deductible.
- Educator's Legal Liability - \$3,000,000 limit per occurrence and in aggregate with no deductible.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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**8. RISK MANAGEMENT (CONTINUED)**

- Automobiles
  - Liability - \$3,000,000 per occurrence and \$300,000 uninsured motorist; with no deductible.
  - Comprehensive and Collision - coverage on listed vehicles and buses. There is a \$500 deductible.
  - Student Transportation Systems - \$3,000,000 per occurrence with no deductible

The District created a Self-Insured Medical Pool in 2009-10 to provide partial self-funded medical benefits and to help fund future increases in the cost of medical insurance. The District purchases commercial insurance with a high family deductible. The District reimburses employees for a percent of their deductible for medical expenses paid. The liability of the Pool is limited to available assets in the Pool.

**9. TRANSFERS TO/FROM OTHER FUNDS**

The State Department of Education requires that the District pay for the costs of school lunch personnel's Social Security and retirement expense from general fund revenues as a condition of participation in the National School Lunch Program. The amount paid from the general fund for the school lunch fund for the year ended June 30, 2014, amounted to \$11,156. An additional \$18,150 was transferred to the school lunch fund to pay bills for the 2014 fiscal year.

*Idaho Code*, Section 33-901, requires that any amount paid by the State of Idaho to a school district for depreciation of school facilities shall be deposited in the plant facilities fund. Accordingly, the School District has transferred State foundation funds paid for depreciation of school buses in the amount of \$89,000 to the school plant facility reserve fund for the current year.

*Idaho Code*, Section 33-1019, requires that the school district expend 2 percent of the estimated replacement value of student occupied buildings for school building maintenance each year. Any shortfall in expenditures must be transferred into the school building maintenance fund for future school building maintenance. The State has modified this requirement for the current year to allow a limited amount for one-time non-personnel costs for the current year. The District has met this requirement for the current year without transferring amounts in the school building maintenance fund.

The District has entered into agreements with the Youth Challenge Program to provide educational and school lunch services. During the current year, District funds have received the following amounts from the Youth Challenge Program for indirect costs of the District.

From Youth Challenge Program to General Fund	\$	41,301
From Youth Challenge Program to School Lunch		15,123

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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**10. FUND BALANCE RESERVES AND DESIGNATIONS**

**Restricted Net Position.** Restricted net position on the District-wide statements represent amounts whose use is restricted by creditors, grantors, laws and regulations of other governments, or through enabling legislation. Net position restricted for capital projects are restricted by *Idaho Code* for selected facilities repairs and improvements and school bus purchases. Net position restricted for building maintenance are restricted by *Idaho Code* for maintenance on student occupied buildings. These net positions are reflected as restricted since they are not available for general education expenditures.

**Committed Fund Balances.** The forest reserve fund balance is restricted by *State Code* for capital improvements. However, if the Board of Trustees decides that these funds are not currently needed for capital improvements, then the funds may be expended for general educational purposes. This fund balance is reflected as a committed portion of fund balance in the fund financial statements since the Board of Trustees must approve using the funds for general educational expenditures.

The District property fund was established by action of the Board of Trustees. The Board directed that proceeds from the sale of certain property be deposited into the fund for facility needs. This fund balance is reflected as a committed portion of fund balance in the fund financial statements since the Board of Trustees must approve expenditures from this fund.

When expenditures are incurred, the amounts are considered to be first spent from the most restrictive category if it qualifies under multiple fund balance classifications.

**11. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

**Individual Fund Interfund Receivable and Payable Balances.** Such balances at June 30, 2014, were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Forest Reserve	\$ 837,141	
General		\$ 574,882
Labor Management		50,001
Stimulus funds		1,952
Vocational Education		8,002
Title I		68,814
Title VI-B		78,305
Title VI-B Preschool		3,683
Rural Education		10,437
Carl Perkins Vocational Education		11,278
Title II-A Improving Teacher Quality		4,095
School Lunch		25,692

## JOINT SCHOOL DISTRICT NO. 171

### NOTES TO FINANCIAL STATEMENTS

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#### 11. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)

The District uses a pooled cash arrangement whereby all receipts are deposited to the general fund on the behalf of all District funds. Expenditures are paid out of this pooled account and charged to all District funds. The excess (deficiency) of receipts over expenditures is recorded as a short-term interfund receivable (payable).

#### 12. CONTINGENT LIABILITIES

The District participates in a number of state and federally assisted grant programs, mainly Forest Reserve, Title I, Title VI-B grants, and the National School Lunch Program. These programs were subjected to financial and compliance audits as outlined in the Office of Management and Budget (OMB) Circular A-133 during the course of the annual audit of the District's records and can be subject to additional audits by the grantors. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

#### 13. OTHER POST-EMPLOYMENT BENEFITS

The District does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, retired employees can remain on the District insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average monthly cost is referred to as an "implicit subsidy" since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. The estimated amount of this implicit subsidy is considered material to these financial statements; however, the District has no plans to currently fund this liability and has not recorded the liability in the government-wide financial statements. The "implicit subsidy" for retired employees is paid each year on a pay-as-you-go basis.

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REQUIRED SUPPLEMENTARY INFORMATION

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JOINT SCHOOL DISTRICT NO. 171

BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 2,345,548	\$ 2,345,548	\$ 2,371,907	\$ 26,359
State foundation program	5,633,188	5,633,188	5,903,661	270,473
Other state revenue	4,104	4,104	8,278	4,174
Federal revenue	3,000	3,000		(3,000)
Charges for services	20,000	20,000	19,575	(425)
Earnings on investments	3,500	3,500	7,320	3,820
Other revenues	73,600	73,600	78,856	5,256
Total revenues	<u>8,082,940</u>	<u>8,082,940</u>	<u>8,389,597</u>	<u>306,657</u>
EXPENDITURES				
Payroll	4,631,757	4,631,757	4,655,962	(24,205)
Payroll burden and employee benefits	2,225,560	2,225,560	2,134,919	90,641
Purchased services	637,417	637,417	891,794	(254,377)
Supplies and materials	424,556	424,556	568,463	(143,907)
Capital outlay	11,150	11,150	12,677	(1,527)
Insurance	63,500	63,500	49,712	13,788
Total expenditures	<u>7,993,940</u>	<u>7,993,940</u>	<u>8,313,527</u>	<u>(319,587)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>89,000</u>	<u>89,000</u>	<u>76,070</u>	<u>(12,930)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds			41,301	41,301
Transfers to other funds	<u>(89,000)</u>	<u>(89,000)</u>	<u>(107,150)</u>	<u>(18,150)</u>
Total other financing sources (uses)	<u>(89,000)</u>	<u>(89,000)</u>	<u>(65,849)</u>	<u>23,151</u>
NET CHANGE IN FUND BALANCES	0	0	10,221	10,221
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>44,736</u>	<u>44,736</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 54,957</u>	<u>\$ 54,957</u>

Budgets are adopted on the Modified Accrual Basis of Accounting

**JOINT SCHOOL DISTRICT NO. 171**  
**BUDGETARY COMPARISON SCHEDULE -**  
**FOREST RESERVE**  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal revenue			\$ 335,747	\$ 335,747
Earnings on investments	\$ 600	\$ 600	118	(482)
Other revenues	9,500	9,500	11,880	2,380
<b>Total revenues</b>	<u>10,100</u>	<u>10,100</u>	<u>347,745</u>	<u>337,645</u>
<b>EXPENDITURES</b>				
Purchased services	20,000	20,000	4,991	15,009
Supplies and materials	20,000	20,000	13,913	6,087
Capital outlay	303,000	303,000	265,161	37,839
<b>Total expenditures</b>	<u>343,000</u>	<u>343,000</u>	<u>284,065</u>	<u>58,935</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(332,900)</u>	<u>(332,900)</u>	<u>63,680</u>	<u>396,580</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(332,900)</u>	<u>(332,900)</u>	<u>63,680</u>	<u>396,580</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>800,000</u>	<u>800,000</u>	<u>785,297</u>	<u>(14,703)</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 467,100</u>	<u>\$ 467,100</u>	<u>\$ 848,977</u>	<u>\$ 381,877</u>

Budgets are adopted on the Modified Accrual Basis of Accounting



**JOINT SCHOOL DISTRICT NO. 171**

**BUDGETARY COMPARISON SCHEDULE -  
SCHOOL LUNCH  
For the Year Ended June 30, 2014**

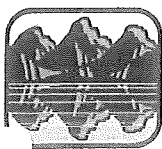
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Federal revenue	\$ 443,576	\$ 443,576	\$ 421,334	\$ (22,242)
Charges for services	142,715	142,715	79,301	(63,414)
Other revenues	83,615	83,615	20	(83,595)
Total revenues	<u>669,906</u>	<u>669,906</u>	<u>500,655</u>	<u>(169,251)</u>
<b>EXPENDITURES</b>				
Payroll	175,982	175,982	162,097	13,885
Payroll burden and employee benefits	102,026	102,026	66,139	35,887
Purchased services	4,750	4,750	2,888	1,862
Supplies and materials	366,790	366,790	290,576	76,214
Capital outlay	9,650	9,650	12,228	(2,578)
Total expenditures	<u>659,198</u>	<u>659,198</u>	<u>533,928</u>	<u>125,270</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>10,708</u>	<u>10,708</u>	<u>(33,273)</u>	<u>(43,981)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds			33,273	33,273
Transfers to other funds	<u>(10,708)</u>	<u>(10,708)</u>	<u>0</u>	<u>10,708</u>
Total other financing sources (uses)	<u>(10,708)</u>	<u>(10,708)</u>	<u>33,273</u>	<u>43,981</u>
<b>NET CHANGE IN FUND BALANCES</b>	0	0	0	0
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Budgets are adopted on the Modified Accrual Basis of Accounting

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SUPPLEMENTARY INFORMATION

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## Independent Auditor's Report - Government Auditing Standards

Board of Trustees  
Joint School District No. 171  
Orofino, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Joint School District No. 171, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Joint School District No. 171's basic financial statements and have issued our report thereon dated October 10, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Joint School District No. 171's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Joint School District No. 171's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (Finding #14-01).

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Joint School District No. 171'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*.

## **Joint School District No. 171's Response to Findings**

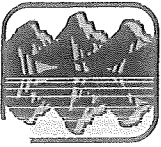
The Joint School District No. 171's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Joint School District No. 171's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

PRESNELL GAGE PLLC

October 10, 2014



**presnell**  
**GAGE, PLLC**

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## Independent Auditor's Report - Single Audit Act

Board of Trustees  
Joint School District No. 171  
Orofino, Idaho

### **Report on Compliance for Each Major Federal Program**

We have audited the Joint School District No. 171's compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of the Joint School District No. 171's major federal programs for the year ended June 30, 2014. The Joint School District No. 171's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Joint School District No. 171's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Joint School District No. 171's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Joint School District No. 171's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Joint School District No. 171, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of the Joint School District No. 171, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Joint School District No. 171's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PRESNELL GAGE PLLC

October 10, 2014

**JOINT SCHOOL DISTRICT NO. 171**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - MODIFIED ACCRUAL BASIS**  
For the Year Ended June 30, 2014

	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>DEPARTMENT OF AGRICULTURE</b>		
Passed through the State of Idaho - Department of Education		
School Breakfast Program	10.553	\$ 168,481 *
National School Lunch Program	10.555	241,692 *
Special Milk Program for Children	10.556	510 *
Summer Food Service Program for Children	10.559	<u>5,962 *</u>
Subtotal School Lunch cluster		416,645
Fresh Fruit and Vegetable Program	10.582	4,689 *
Passed through Clearwater County, State of Idaho		
Schools and Roads - Grants to Counties	10.666	<u>284,065</u>
Total Department of Agriculture		<u>705,399</u>
<b>DEPARTMENT OF EDUCATION</b>		
Passed through the State of Idaho - Department of Education		
Title I	84.010	<u>247,629 *</u>
Title VI-B Special Education	84.027	240,841
Title VI-B Preschool	84.173	<u>15,432</u>
Subtotal Title VI-B cluster		<u>256,273</u>
Carl Perkins Vocational Education	84.048	11,857
Rural Education	84.358	23,909
Title II-D Improving Teacher Quality	84.367	65,135
College Access Challenge	84.378	<u>600</u>
Total Department of Education		<u>605,403</u>
<b>TOTAL FEDERAL AWARDS</b>		<u><u>\$ 1,310,802</u></u>

Note: Basis of Presentation

The schedule of expenditures of federal awards is presented on the modified accrual basis of accounting.

\* Major funds on Schedule of Findings and Questioned Costs.

**JOINT SCHOOL DISTRICT NO. 171**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2014**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Qualified

Internal control over financial reporting:

\* Material weakness(es) identified \_\_\_ yes   X   no

\* Significant Deficiencies identified that are not considered to be material weaknesses?   X   yes \_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_ yes   X   no

**Federal Awards**

Internal control over major programs:

\* Material weakness(es) identified \_\_\_ yes   X   no

\* Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_ yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_ yes   X   no

Identification of major programs:

CFDA Numbers    Name of federal program or cluster

School Lunch cluster

10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service Program for Children
10.582	Fresh Fruit and Vegetable Program
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? \_\_\_ yes   X   no



JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2014

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**Section II – Financial Statement Findings**

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SIGNIFICANT DEFICIENCY

Finding #14-01

*Criteria:* Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

*Condition:* Joint School District No. 171 has concentrated many accounting duties to one individual such that the desired segregation of duties is not possible. There are a limited number of personnel available to provide for the desired "segregation of duties."

*Effect:* Many accounting duties are performed by a single individual with limited oversight available within the Joint School District No. 171.

*Response:* The District's management and Board of Trustees believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

*Recommendation:* We concur with the District's response.

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**Section III – Federal Award Findings and Questioned Costs**

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No matters were reported.

## GOVERNMENTAL FUNDS

### GENERAL FUND

The General Fund is also often referred to as the M & O (Maintenance and Operations) Fund. The District uses this fund to account for the basic educational programs of the District. In general, these programs are operated with a great deal of local input and control.

The General Fund primarily receives funding from the State of Idaho through the Educational Foundation Program and through local general property taxes. The general property tax was replaced with additional funding from the Educational Foundation in 2006. However, the District is authorized to levy a supplemental amount if approved by a majority of voters in a supplemental levy election.

Other sources of funds that are restricted are accounted for in the Special Revenue and Capital Projects Funds.

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources, or to finance specific activities as required by law or administrative regulations. Although there is local input and control over the use of these proceeds, the party who provides the proceeds also has some type of external restriction on the use of the proceeds.

#### LOCAL SPECIAL PROJECTS

**Forest Reserve** – The U.S. Government pays an amount under the *Secure Rural Schools and Community Self-Determination Act (SRSCA)* to state and counties containing national forest system lands. In the State of Idaho, 30 percent of this amount is allocated to the public schools based upon their average daily attendance. These proceeds are restricted for the purchase of school sites, construction, or remodeling of school buildings. When within the discretion of the trustees of the District the proceeds are not needed for the foregoing items, they may be expended for current expenses. These proceeds may be accumulated for future projects.

**District Property** – The District has set up a special revenue fund "District Property" to accumulate and account for the proceeds from the sale of District property.

**Nez Perce Tribe, After School** – The District has received various grants and contributions for local sources.

**Youth Challenge** – The District provides education and school lunch services to the Youth Challenge Program in Pierce. The District acts as a conduit for funds from the State of Idaho Educational Foundation Program to the Youth Challenge Program.

#### STATE FUNDED PROJECTS

**School Building Maintenance** – The State of Idaho requires that the District set aside 2 percent annually of the estimated replacement cost of Student Occupied Buildings into a fund to be used for building maintenance. The estimated replacement cost is \$81.45 per square foot for 2013-14. The funds can be withdrawn as the qualified maintenance expenditures are paid.

**Driver Education** – The State of Idaho will reimburse the District for expenses up to \$125 per student who completes the driver education class at the District. In addition, the District charges students a \$125 fee to enroll in the class. The General Fund of the District pays expenses in excess of the above proceeds.

**Vocational Education** – The State of Idaho will reimburse the District for expenses incurred in operating certain vocational education programs. The State establishes a maximum reimbursement at the beginning of each school year based upon courses offered and numbers of students involved. The General Fund of the District pays expenses in excess of the above proceeds.

**Public School Technology** – The District has received grants to upgrade and maintain computer technology in the District. The General Fund of the District pays expenses in excess of the above proceeds.

#### FEDERALLY FUNDED PROJECTS

**Title I** – The federal government provides Title I grants to improve the education of children who are at risk of not meeting academic standards and who reside in areas with high concentrations of children from low income families. The program is administered by the State, and funds are allocated to the District based upon average daily attendance and modified based upon student counts from low income families. The District uses the grant primarily to provide additional classroom aides. The General Fund of the District pays expenses in excess of the grant. In general, unused grant proceeds may be carried over to the following school year.

**Title VI-B** – The federal government provides Title VI-B IDEA grants to provide special education to school age children with disabilities. The program is administered by the State, and funds are allocated to the District based upon a child count of eligible students as of November 1 of the prior year. Supplemental awards are also available. The District must meet non-supplanting tests and maintenance of effort tests. These tests are to ensure that the District continues to provide the basic education curriculum and that the federal dollars provide additional educational opportunities. The General Fund of the District pays expenses in excess of the grant. In general, unused grant proceeds may be carried over to the following school year.

**Title VI-B Preschool** – The federal government provides Title VI-B IDEA Preschool grants to provide special education to children with disabilities between the ages of three and five. The program is administered by the State, and funds are allocated to the District based upon a child count of eligible students as of November 1 of the prior year. Supplemental awards are also available. The District must meet non-supplanting tests and maintenance of effort tests. These tests are to ensure that the District continues to provide the basic education curriculum and that the federal dollars provide additional educational opportunities. The General Fund of the District pays expenses in excess of the grant. In general, unused grant proceeds may be carried over to the following school year.

**Carl Perkins Vocational Education** – The federal government provides grant funds to provide vocational education programs to secondary and post-secondary students. For years beginning after July 1, 2000, the allocation is based 30 percent upon the number of individuals ages 15-19 residing in the District, 70 percent upon the number of individuals ages 15-19 residing in the District in families below the poverty line.

In general, Districts must qualify for a minimum award of \$15,000 or form a consortia to meet the minimum grant award. The General Fund of the District pays expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year.

**Rural Education** – Districts with an average daily attendance less than 600 students, or that are located in Counties with less than 10 people per square mile, are eligible for grants under the Rural and Low-Income School Program. The federal government awards grants on a noncompetitive formula basis. The District may use program funds for teacher recruitment and retention, teacher professional development, educational technology, parental involvement activities, activities authorized under Safe and Drug-Free Schools and Communities, activities authorized under Title I, and activities authorized under Language Instruction for Limited English Proficient and Immigrant Students. The General Fund of the District pays expenses in excess of the grant.

**Title II-A Improving Teacher Quality** – The federal government provides Title II-A ESEA grants to provide assistance to classroom teachers. The District uses the funds generally for two purposes:

- The District provides additional professional education for teachers in the core academic subjects by paying the costs for teachers to attend specific workshops designed to enhance their skills in teaching math and science classes. The program is administered through the State, and funds are allocated based upon student enrollment. The General Fund of the District pays expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year.
- The District can also use the grant to pay for an additional teaching position in the elementary grades. The goal of the program is to reduce the student-to-teacher ratio to 18 students per class. The program is administered through the State, and funds are allocated based upon census poverty data (80 percent) and student enrollment (20 percent). The General Fund of the District pays expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year.

#### OTHER PROJECTS

**Gustin Science** – The District received funds for a special science grant.

**Recycling Grant** – The District received funds from the State Farm Youth Advisory Board to implement a recycling program in the communities of Pierce and Weippe.

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

**School Lunch** – The federal government provides cash grants and food allotments to school districts to make a school lunch program available. These grants are based upon the number of children eating school lunch and breakfast. In addition, the District charges students for lunch and breakfast. Lunch and breakfast are served free or at a reduced price to children from households with income below certain levels. Meals must meet certain dietary and nutrition requirements. The general fund pays Social Security taxes and retirement benefits as a "matching contribution" to the program. The general fund of the District pays expenses in excess of the revenue generated. Excess revenue may be carried over to the following school year.

## CAPITAL PROJECTS FUND

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

The Trustees of the District can request an election to approve a property tax levy of up to .4 percent of assessed market value in addition to the authorized General Fund tax levies.

- The Plant Facility levy requires 55 percent voter approval if the total levy (including any previously approved levies) is less than .2 percent of the assessed value.
- The Plant Facility levy requires 60 percent voter approval if the total levy (including any previously approved levies) is between .2 percent and .3 percent of the assessed value.
- The Plant Facility levy requires 66 2/3 percent voter approval if the total levy (including any previously approved levies) is between .3 percent and .4 percent of the assessed value.

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
June 30, 2014

	General	Forest Reserve	District Property	Nez Perce Tribe Grants	Youth Challenge Program	School Building Maintenance
<b>ASSETS</b>						
Cash	\$ 41	\$ 662	\$ 85,871	\$ 7,521		
Investments	597,752	11,294	3,291			
Property taxes receivable	1,018,268					
Accounts receivable	178,669		95,000		\$ 98,348	
Due from other funds		837,141				
Total assets	\$ 1,794,730	\$ 849,097	\$ 184,162	\$ 7,521	\$ 98,348	\$ 0
<b>LIABILITIES</b>						
Accounts payable	\$ 143,693	\$ 120		\$ 4,965	\$ 13,545	
Payroll and taxes payable	887,417				2,513	
Due to other funds	574,882				50,001	
Unearned revenue						
Total liabilities	1,605,992	120	0	4,965	66,059	\$ 0
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Receivables not collected in 60 days	133,781		\$ 95,000			
Total deferred inflows of resources	133,781	0	95,000	0	0	0
<b>FUND BALANCES</b>						
Restricted for capital improvements		848,977	89,162	2,556	32,289	
Committed for capital improvements						
Assigned	54,957					
Unassigned	54,957	848,977	89,162	2,556	32,289	0
Total fund balances	\$ 1,794,730	\$ 849,097	\$ 184,162	\$ 7,521	\$ 98,348	\$ 0
Total liabilities and fund balances						

**JOINT SCHOOL DISTRICT NO. 171**

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
June 30, 2014

	Driver Education	Vocational Education	Public School Technology	Title I	Title VI-B	Title VI-B Preschool
<b>ASSETS</b>						
Cash	\$ 3,581		\$ 52,657			
Investments						
Property taxes receivable	1,750	\$ 8,985	\$ 122,094		\$ 119,011	\$ 3,683
Accounts receivable						
Due from other funds						
Total assets	<u>\$ 5,331</u>	<u>\$ 8,985</u>	<u>\$ 52,657</u>	<u>\$ 122,094</u>	<u>\$ 119,011</u>	<u>\$ 3,683</u>
<b>LIABILITIES</b>						
Accounts payable		\$ 492	\$ 290			
Payroll and taxes payable	\$ 2,444		39,138		\$ 34,266	
Due to other funds		8,002	68,814		78,305	\$ 3,683
Unearned revenue			13,852		6,440	
Total liabilities	<u>2,444</u>	<u>8,494</u>	<u>\$ 0</u>	<u>122,094</u>	<u>119,011</u>	<u>3,683</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Receivables not collected in 60 days						
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES</b>						
Restricted for capital improvements						
Committed for capital improvements						
Assigned	2,887	491	52,657			
Unassigned						
Total fund balances	<u>2,887</u>	<u>491</u>	<u>52,657</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 5,331</u>	<u>\$ 8,985</u>	<u>\$ 52,657</u>	<u>\$ 122,094</u>	<u>\$ 119,011</u>	<u>\$ 3,683</u>



JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
June 30, 2014

	Rural Education	Carl Perkins Vocational Education	Title II-A Improving Teacher Quality	Gustin Science	Recycling Grant	Medicaid
<b>ASSETS</b>						
Cash					\$ 1,676	\$ 82,667
Investments						
Property taxes receivable						
Accounts receivable	\$ 15,842	\$ 11,857	\$ 21,342	\$ 3,747		74,024
Due from other funds						
Total assets	\$ 15,842	\$ 11,857	\$ 21,342	\$ 3,747	\$ 1,676	\$ 156,691
<b>LIABILITIES</b>						
Accounts payable		\$ 579	\$ 12,000	\$ 1,795		\$ 20,966
Payroll and taxes payable	\$ 2,344		1,949			
Due to other funds	10,437	11,278	4,095	1,952		
Unearned revenue	3,061		3,298			
Total liabilities	15,842	11,857	21,342	3,747	0	20,966
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Receivables not collected in 60 days						
Total deferred inflows of resources	0	0	0	0	0	0
<b>FUND BALANCES</b>						
Restricted for capital improvements						
Committed for capital improvements						
Assigned					1,676	135,725
Unassigned						
Total fund balances	0	0	0	0	1,676	135,725
Total liabilities and fund balances	\$ 15,842	\$ 11,857	\$ 21,342	\$ 3,747	\$ 1,676	\$ 156,691

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS

June 30, 2014

	School Lunch	School Plant Facility Reserve	Combined
<b>ASSETS</b>			
Cash		\$ 7,920	\$ 242,596
Investments		2,450	614,787
Property taxes receivable			1,018,268
Accounts receivable	\$ 58,804		813,156
Due from other funds			837,141
Total assets	<u>\$ 58,804</u>	<u>\$ 10,370</u>	<u>\$ 3,525,948</u>
<b>LIABILITIES</b>			
Accounts payable	928		\$ 178,407
Payroll and taxes payable	\$ 32,184		1,023,221
Due to other funds	25,692		837,141
Unearned revenue			26,651
Total liabilities	<u>58,804</u>	<u>\$ 0</u>	<u>2,065,420</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Receivables not collected in 60 days			228,781
Total deferred inflows of resources	0	0	<u>228,781</u>
<b>FUND BALANCES</b>			
Restricted for capital improvements		10,370	10,370
Committed for capital improvements			938,139
Assigned			228,281
Unassigned			54,957
Total fund balances	0	<u>10,370</u>	<u>1,231,747</u>
Total liabilities and fund balances	<u>\$ 58,804</u>	<u>\$ 10,370</u>	<u>\$ 3,525,948</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014

	General	Forest Reserve	District Property	Nez Perce Tribe Grants	After School	Youth Challenge	School Building Maintenance
<b>REVENUES</b>							
General property taxes	\$ 2,371,907					\$ 496,323	
State foundation program	5,903,661						
Other state revenue	8,278					21,327	
Federal revenue		\$ 335,747					
Charges for services	19,575						
Earnings on investments	7,320	118	\$ 3				
Other revenues	78,856	11,880	113,243	\$ 27,095		628,104	
Total revenues	<u>8,389,597</u>	<u>347,745</u>	<u>113,246</u>	<u>27,095</u>	<u>\$ 0</u>	<u>1,145,754</u>	<u>\$ 0</u>
<b>EXPENDITURES</b>							
Instruction							
Regular programs	4,068,890			28,201		937,738	
Special programs	402,853						
Interscholastic and school activity	206,216						
Support services							
Pupil support	403,672						
Staff support	814,195		7,443		1,392		
General administration	167,772						
School administration	572,197						
Business services	174,945						53
Maintenance and operations	834,883	18,904					
Transportation	656,748						
Food services	11,156	265,161	44,474			119,303	
Capital outlay	8,313,527	284,065	51,917	28,201	1,392	1,057,041	53
Total expenditures	<u>76,070</u>	<u>63,680</u>	<u>61,329</u>	<u>(1,106)</u>	<u>(1,392)</u>	<u>88,713</u>	<u>(53)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>							
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	41,301						
Transfers to other funds	(107,150)					(56,424)	
Total other financing sources (uses)	<u>(65,849)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(56,424)</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCES</b>	10,221	63,680	61,329	(1,106)	(1,392)	32,289	(53)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	44,736	785,297	27,833	3,662	1,392	0	53
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 54,957</u>	<u>\$ 848,977</u>	<u>\$ 89,162</u>	<u>\$ 2,556</u>	<u>\$ 0</u>	<u>\$ 32,289</u>	<u>\$ 0</u>

**JOINT SCHOOL DISTRICT NO. 171**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014**

	<u>Driver Education</u>	<u>Vocational Education</u>	<u>Public School Technology</u>	<u>Title I</u>	<u>Title VI-B</u>	<u>Title VI-B Preschool</u>
<b>REVENUES</b>						
General property taxes						
State foundation program			\$ 38,358			
Other state revenue	\$ 12,357	\$ 23,616		\$ 247,629	\$ 240,841	\$ 15,432
Federal revenue	6,750					
Charges for services						
Earnings on investments						
Other revenues						
<b>Total revenues</b>	<u>19,107</u>	<u>23,616</u>	<u>38,358</u>	<u>247,629</u>	<u>240,841</u>	<u>15,432</u>
<b>EXPENDITURES</b>						
Instruction						
Regular programs	16,220	23,125		242,741	240,841	15,432
Special programs						
Interscholastic and school activity						
Support services						
Pupil support						
Staff support			14,848	4,888		
General administration						
School administration						
Business services						
Maintenance and operations						
Transportation						
Food services						
Capital outlay						
<b>Total expenditures</b>	<u>16,220</u>	<u>23,125</u>	<u>14,848</u>	<u>247,629</u>	<u>240,841</u>	<u>15,432</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>2,887</u>	<u>491</u>	<u>23,510</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds						
Transfers to other funds						
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>2,887</u>	<u>491</u>	<u>23,510</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>0</u>	<u>0</u>	<u>29,147</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 2,887</u>	<u>\$ 491</u>	<u>\$ 52,657</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014

	Rural Education	Carl Perkins Vocational Education	Title II-A Improving Teacher Quality	Guslin Science	Recycling Grant	Community Foundation Grants
<b>REVENUES</b>						
General property taxes						
State foundation program						
Other state revenue						\$ 600
Federal revenue	\$ 23,909	\$ 11,857	\$ 65,135	\$ 3,747		
Charges for services						
Earnings on investments						33,600
Other revenues					\$ 0	34,200
<b>Total revenues</b>	<u>23,909</u>	<u>11,857</u>	<u>65,135</u>	<u>3,747</u>	<u>\$ 0</u>	<u>34,200</u>
<b>EXPENDITURES</b>						
Instruction						
Regular programs	23,909	11,186				34,200
Special programs						
Interscholastic and school activity						
Support services						
Pupil support						
Staff support		671	65,135	3,747	851	
General administration						
School administration						
Business services						
Maintenance and operations						
Transportation						
Food services						
Capital outlay						
<b>Total expenditures</b>	<u>23,909</u>	<u>11,857</u>	<u>65,135</u>	<u>3,747</u>	<u>851</u>	<u>34,200</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(851)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds						
Transfers to other funds						
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(851)</u>	<u>0</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,527</u>	<u>0</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,676</u>	<u>\$ 0</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014

	Medicaid	School Lunch	School Plant Facility Reserve	Combined
<b>REVENUES</b>				
General property taxes				\$ 2,371,907
State foundation program				6,438,342
Other state revenue			\$ 19,796	64,047
Federal revenue	\$ 697,172	\$ 421,334		2,084,730
Charges for services		79,301		105,626
Earnings on investments			3	7,444
Other revenues		20		892,798
Total revenues	697,172	500,655	19,799	11,964,894
<b>EXPENDITURES</b>				
Instruction				
Regular programs				5,386,210
Special programs				659,126
Interscholastic and school activity				206,216
Support services				
Pupil support				403,672
Staff support	561,447			1,474,617
General administration				167,772
School administration				572,197
Business services				174,945
Maintenance and operations			1,505	855,345
Transportation			87,111	743,859
Food services		533,928		664,387
Capital outlay		533,928	13,315	322,950
Total expenditures	561,447	533,928	101,931	11,631,296
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	135,725	(33,273)	(82,132)	333,598
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds		33,273	89,000	163,574
Transfers to other funds				(163,574)
Total other financing sources (uses)	0	33,273	89,000	0
<b>NET CHANGE IN FUND BALANCES</b>	135,725	0	6,868	333,598
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	0	0	3,502	898,149
<b>FUND BALANCES AT END OF YEAR</b>	\$ 135,725	\$ 0	\$ 10,370	\$ 1,231,747

## TRUST AND AGENCY FUNDS

Trust funds are used by the District to account for funds, which support District and student programs. These funds have been deposited with the District for specific purposes, generally approved by the Board of Trustees.

### PRIVATE PURPOSE TRUST FUNDS

**Nelson Scholarship Trust** – The Nelson Scholarship Trust is invested as an endowment with the interest used to fund a scholarship each year.

**Robbie Miller Scholarship Trust** – The Robbie Miller Scholarship Trust was set up in 1995 in memorial of a 3 1/2 year old boy who was tortured to death in 1981. The only condition of the award is that the recipient must do one kind deed for a person or an animal in Robbie's name. Earnings of the fund are available to provide the annual scholarship.

**Portfor Athletic Trust** – The Portfor Athletic Trust is invested as an endowment with the interest available to support the OHS athletic program each year.

**Portfor Band Trust** – The Portfor Band Trust is invested as an endowment with the interest available to support the OHS Band program each year.

### AGENCY FUNDS

Agency Funds are used to account for funds held by the District where the District is an agent for a third party.

**Student Activity Funds** – These funds account for all admission charges and student fees, which are expended for student clubs and extracurricular activities.

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL TRUST AND AGENCY FUNDS

June 30, 2014

	Nelson Scholarship Trust	Robbie Miller Scholarship Trust	Portfor Athletic Trust	Portfor Band Trust	Orofino High School	Timberline Schools	Orofino Elementary School	Combined
<b>ASSETS</b>								
Cash	\$ 262	\$ 162			\$ 71,417	\$ 51,644	\$ 11,489	\$ 134,974
Investments	9,573	13,321	\$ 5,031	\$ 10,067				37,992
Total assets	\$ 9,835	\$ 13,483	\$ 5,031	\$ 10,067	\$ 71,417	\$ 51,644	\$ 11,489	\$ 172,966
<b>LIABILITIES</b>								
Due to student groups					\$ 71,417	\$ 51,644	\$ 11,489	\$ 134,550
Total liabilities	\$ 0	\$ 0	\$ 0	\$ 0	71,417	51,644	11,489	134,550
<b>FUND EQUITY</b>								
Unreserved, undesignated	9,835	13,483	5,031	10,067				38,416
Total fund equity	9,835	13,483	5,031	10,067	0	0	0	38,416
Total liabilities and fund equity	\$ 9,835	\$ 13,483	\$ 5,031	\$ 10,067	\$ 71,417	\$ 51,644	\$ 11,489	\$ 172,966



JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND EQUITY - ALL TRUST FUNDS  
For the Year Ended June 30, 2014

	Nelson Scholarship Trust	Robbie Miller Scholarship Trust	Portfor Athletic Trust	Portfor Band Trust	Combined
<b>REVENUES</b>					
Earnings on investments	\$ 1,842	\$ 937	\$ 6	\$ 12	\$ 2,797
Total revenues	<u>1,842</u>	<u>937</u>	<u>6</u>	<u>12</u>	<u>2,797</u>
<b>EXPENDITURES</b>					
Regular instruction					
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>1,842</u>	<u>937</u>	<u>6</u>	<u>12</u>	<u>2,797</u>
<b>FUND EQUITY AT BEGINNING OF YEAR</b>	<u>7,993</u>	<u>12,546</u>	<u>5,025</u>	<u>10,055</u>	<u>35,619</u>
<b>FUND EQUITY AT END OF YEAR</b>	<u>\$ 9,835</u>	<u>\$ 13,483</u>	<u>\$ 5,031</u>	<u>\$ 10,067</u>	<u>\$ 38,416</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO HIGH SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS  
For the Year Ended June 30, 2014

FUND	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
1st Priority				
7th grade	\$ 50	\$ 71	\$ 129	\$ (8)
8th grade	283	219	404	98
A P Government	0	37,671	36,758	913
AED	1,453			1,453
Annual	3,090	12,441	11,412	4,119
AR Store	49			49
Art Neumeyer Scholarship	500	100	250	350
Athletics	827	2,721	8,999	(5,451)
Attendance Program	25		25	0
Baseball	2,848	11,652	14,517	(17)
Biology grant	223		97	126
Boys basketball	5,842	6,731	4,104	8,469
Cheerleader account	752	11,390	7,992	4,150
Chorus	541	452	485	508
Coaches Fund	205			205
Contingency	537	4,777	5,011	303
District #171	0	22,135	22,135	0
District Baseball Tournament	0	852	90	762
District Softball Tournament	0	628	90	538
Dramatics Club	1,121	714	724	1,111
Drill Team	145	2,356	1,534	967
Early Teen Living	465			465
Extra curricular	94	3,120	1,101	2,113
Faculty Fund	66	523	647	(58)
Football	1,175	15,730	17,905	(1,000)
Football Maniac Moms	38			38
Foreign language	75			75
Freshman	483	1,120	615	988
Girls basketball	4,597	989	3,930	1,656
Golf	89	121	183	27
H2O	34	35	73	(4)
Hosa	908	520		1,428
Human Rights Club	0	256		256
IDLA	1,200	1,825	150	2,875
Industrial Arts	446			446
Jr High Boys Basketball	1,118	33	930	221
Jr High Football	78	2,378	686	1,770
Jr High Girls Basketball	1,100	296	1,361	35
Jr High Track	528	585	200	913
Jr High Volleyball	150	1,084	967	267
Jr High Wrestling	18			18
Juniors	2,050	2,890	3,114	1,826
Key Club	1,499	336	1,671	164
Knowledge Bowl	622		103	519
Lab fees	117		100	17
Balance forward	<u>35,441</u>	<u>146,751</u>	<u>148,492</u>	<u>33,700</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO HIGH SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS  
For the Year Ended June 30, 2014

FUND	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Balance forward	\$ 35,441	\$ 146,751	\$ 148,492	\$ 33,700
Leadership	727	672	205	1,194
Library	148	31	90	89
Library Club	45	0	5	40
Maniac Jackets	69	0	0	69
Maniac Pride	5,000	200	5,200	0
Math Tech	141	0	0	141
Mediacs	1,301	160	419	1,042
Michelle's Recycling	333	45	348	30
Music	907	2,579	3,007	479
Nat Honor Society	238	0	237	1
NNU	1,220	1,250	607	1,863
OHS Alumni Fund	122	50	0	172
School Garden	0	7,105	7,105	0
Rodeo Club	(499)	0	0	(499)
Senior Party	(19)	19	0	0
Senior Project	1,372	0	1,270	102
Seniors	480	3,675	3,037	1,118
Shop (reg acct)	1,265	399	430	1,234
Sign Fund	167	0	167	0
Silk screening	484	876	1,144	216
Skills USA	1,530	410	210	1,730
Soccer	2,620	3,200	1,882	3,938
Soccer Parents	195	0	195	0
Softball	0	11,741	12,186	(445)
Sophomores	475	1,641	758	1,358
State Baseball Tournament	0	13,992	5,092	8,900
Student Association	3,001	39,993	40,786	2,208
Student Council	(121)	6,980	6,130	729
Supplies	(284)	1,816	1,666	(134)
Tax	272	4,362	4,521	113
Technology	(145)	145	0	0
Towels	192	0	0	192
Track	100	2,188	1,395	893
Volleyball	0	24,388	21,260	3,128
Weight training	521	170	17	674
Wrestling	(288)	4,396	3,465	643
Youth Leg	1,361	1,808	2,173	996
Bad Checks	(436)	575	1,046	(907)
Bank charge	(291)	0	278	(569)
	57,644	281,617	274,823	64,438
Savings account	6,979			6,979
	<u>\$ 64,623</u>	<u>\$ 281,617</u>	<u>\$ 274,823</u>	<u>\$ 71,417</u>

JOINT SCHOOL DISTRICT NO. 171

TIMBERLINE SCHOOLS

STATEMENT OF STUDENT ACTIVITY FUNDS  
For the Year Ended June 30, 2014

FUND	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Accelerated Reading	\$ 860	\$ 1,290	\$ 1,343	\$ 807
Associated Student Body	(166)	3,593	1,707	1,720
Athletics	3,832	11,674	15,506	0
Attendance Reward Parties	0	500	103	397
Baseball	3,077	2,126	1,330	3,873
Boys basketball	395	854	1,131	118
Building rent	751			751
Civics Club	211			211
Class of 2010	673			673
Class of 2011	257			257
Class of 2012	81			81
Class of 2013	(88)			(88)
Class of 2014	429	269	507	191
Class of 2015	897	1,436	2,047	286
Class of 2016	992	159		1,151
Class of 2017	0	319		319
Class of 2020	161			161
COMPASS test	70			70
Computer lab	324			324
Concessions	618	9,416	6,796	3,238
Contingency	784	1,629		2,413
Costa Rica	0	3,857	1,330	2,527
Counselor	0		222	(222)
District sport fee	1,362	3,788	4,488	662
Donation	1,943			1,943
Drama	2,064	825	2,928	(39)
Drivers Ed	(135)	2,160	1,215	810
Elementary School	1,387	2,653	2,257	1,783
Faculty	(113)	1,079	591	375
FCCLA	243		243	0
Fees	1,159			1,159
Girls basketball	(128)	844	636	80
Girls softball	1,628			1,628
Grants	211			211
Green Club	1,142	93		1,235
H.S. football	989	1,889	29	2,849
H.S. track	53	1,080	280	853
Herff-Jones	236	21	13	244
Home Economics	86	45		131
Honor Society	276		85	191
Balance forward	<u>26,561</u>	<u>51,599</u>	<u>44,787</u>	<u>33,373</u>

JOINT SCHOOL DISTRICT NO. 171

TIMBERLINE SCHOOLS

STATEMENT OF STUDENT ACTIVITY FUNDS

For the Year Ended June 30, 2014

FUND	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Balance forward	\$ 26,561	\$ 51,599	\$ 44,787	\$ 33,373
HOSA	39			39
IDFY	100			100
Jr. High ASB	61	612	245	428
Jr. High basketball	(150)			(150)
Jr. High football	821	534	644	711
Jr. High girls basketball	428			428
Jr. High Journalism	134			134
Jr. High Shop	127			127
Jr. High track	652	369	88	933
Jr. High volleyball	649		500	149
Leadership Class	0	492	292	200
Library	359	2,694	2,361	692
Metal Shop	4,767	154	63	4,858
Music	743			743
PBIS	289			289
PE	(347)			(347)
Pee Wee Basketball	78	281	297	62
Play Shed	6,069	6,910	11,553	1,426
PSAT	90			90
Red Cross donation	6			6
Reimbursement	792	936	1,309	419
Sales tax	272	763	677	358
Scholarships	1			1
School Store	922	1,230	1,436	716
Science Club	430	185	615	0
Science lab	203		271	(68)
Spanish Club	1,071		200	871
Spartan Spirit Squad	218			218
SS-AD	1,088			1,088
Technology	1,182		98	1,084
THS Cookbooks	43			43
Veteran Wall	7			7
Volleyball	(106)	2,210	2,274	(170)
Wood Shop	1,819	159	6	1,972
Yearbook	585	1,584	1,351	818
Uncategorized	0		4	(4)
	<u>\$ 50,003</u>	<u>\$ 70,712</u>	<u>\$ 69,071</u>	<u>\$ 51,644</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO ELEMENTARY SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS  
For the Year Ended June 30, 2014

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	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
OROFINO ELEMENTARY	<u>\$ 13,653</u>	<u>\$ 14,679</u>	<u>\$ 16,843</u>	<u>\$ 11,489</u>

**JOINT SCHOOL DISTRICT NO. 171**

**COMBINING STATEMENTS OF REVENUES, FUNCTIONAL EXPENDITURES,  
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS  
For the Years Ended June 30, 2014 and 2013**

	General Fund		All Other Funds	
	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014
BEGINNING BALANCES	\$ 0	\$ 44,736	\$ 1,413,875	\$ 1,122,044
REVENUES				
General property taxes	2,040,046	2,371,907		
Other local revenue	107,938	105,501	375,211	1,004,114
Intergovernmental revenue				
State of Idaho	5,701,758	5,911,939	76,519	590,450
Federal	2,661		1,832,558	2,084,730
Other revenue	150	250	31,764	113,243
Transfers	107,133	41,301	195,554	122,273
Total revenues	<u>7,959,686</u>	<u>8,430,898</u>	<u>2,511,606</u>	<u>3,914,810</u>
EXPENDITURES				
Salaries	4,624,400	4,655,962	719,188	1,094,659
Benefits	2,039,465	2,134,919	402,528	565,500
Purchased services	700,561	891,794	410,507	880,144
Supplies and materials	340,951	568,463	425,184	550,769
Capital outlay	6,204	12,677	681,747	432,405
Insurance	64,515	49,712	450	450
Transfers	138,854	107,150	163,833	56,424
Total expenditures	<u>7,914,950</u>	<u>8,420,677</u>	<u>2,803,437</u>	<u>3,580,351</u>
ENDING BALANCES	\$ 44,736	\$ 54,957	\$ 1,122,044	\$ 1,456,503