

JOINT SCHOOL DISTRICT NO. 171

FINANCIAL STATEMENTS

Year Ended June 30, 2013

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 Joint School District No. 171, as of and for the year ended June 30, 2013, 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, 2013, 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, 2013, 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 40 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 2012 and 2011 financial statements, and we expressed qualified audit opinions on the financial statements of each major fund and the aggregate remaining fund information in our reports dated October 1, 2012, and September 29, 2011. 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.

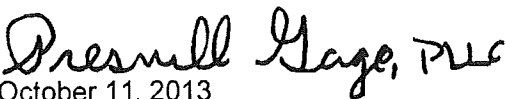
Other Information

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 11, 2013, 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.


October 11, 2013

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013.

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 \$4,776,166 (vs. \$4,605,161 in 2012 and \$5,279,591 in 2011). This includes \$2,249,064 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 were up to \$1,273,331 vs. \$1,262,435 in 2012. Liabilities are primarily salary, benefits, and taxes due in July and August for employees working the prior year.
- The District's net position decreased by \$160,109 to \$3,502,835 at year-end as a result of this year's operations (vs. a \$(264,529) decrease in 2012 and a \$297,171 increase in 2011).
- The total cost of District operations amounted to \$9,808,600, a decrease from \$10,118,343 in 2012.
- District revenue amounted to \$9,968,709, an increase from \$9,853,814.

TABLE 1 – FUNCTIONAL EXPENDITURES

The following table compares expenses by function to the 2012 expenses:

	2013	2012	Increase (Decrease)
Program Expenses			
Instruction			
Regular programs	\$ 4,107,613	\$ 4,629,793	\$ (522,180)
Special programs	654,305	736,800	(82,495)
Interscholastic and school activity	174,977	158,320	16,657
Total instruction	<u>4,936,895</u>	<u>5,524,913</u>	<u>(588,018)</u>
Support services			
Pupil support	420,353	345,692	74,661
Staff support	1,246,865	1,408,457	(161,592)
General administration	157,132	149,574	7,558
School administration	524,990	522,610	2,380
Business services	158,673	152,865	5,808
Maintenance and operations	896,132	839,753	56,379
Transportation	592,218	679,990	(87,772)
Total support services	<u>3,996,363</u>	<u>4,098,941</u>	<u>(102,578)</u>
Food services	391,187	398,969	(7,782)
Community services	2,161	0	2,161
Capital outlay	<u>481,994</u>	<u>95,520</u>	<u>386,474</u>
Total governmental activities	<u>\$ 9,808,600</u>	<u>\$ 10,118,343</u>	<u>\$ (309,743)</u>

Expenses were down in 2013 primarily due to staff and benefit cuts.

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

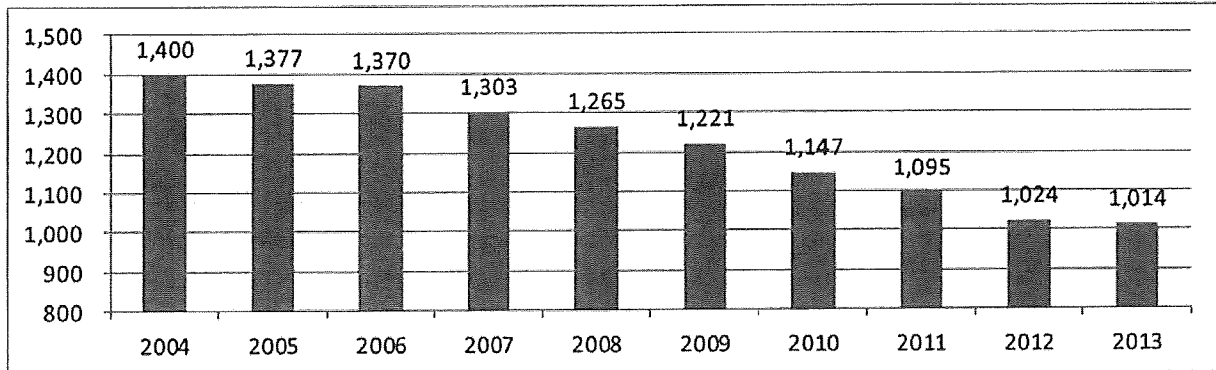
THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES (CONTINUED)

TABLE 2 – FOUNDATION PROGRAM REVENUE

Foundation program revenue from the State of Idaho continues to decrease to \$5,697,654 from \$5,698,479 in the prior year.

	2013	2012	2013 vs. 2012
State Foundation Program			
State salary apportionment	\$ 3,820,538	\$ 4,065,622	\$ (245,084)
State transportation funding	439,915	445,484	(5,569)
Entitlement	1,141,318	1,187,373	(46,055)
Other	295,883	0	295,883
Total State Foundation Program	<u>\$ 5,697,654</u>	<u>\$ 5,698,479</u>	<u>\$ (825)</u>

The funding formula for the State Foundation Program revenue is largely dependent on student counts, which have been falling. Fall enrollment has declined from 1,400 students 10 years ago to 1,014 in 2012-13.



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 2013 revenue to the 2012 and 2011 revenue. The State replaced much of the unrestricted State revenue from restricted State revenue sources resulting in a reduction of program revenue and an increase in general revenue for 2011. Federal *ARRA (American Recovery and Reinvestment Act of 2009)* funds replaced State revenue in 2010 and was not renewed in 2011. Total revenue was up by \$170,491 for 2013 after falling \$684,055 in 2012.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2013 vs. 2012</u>
Total Revenue				
Program Revenue				
Charges for services	\$ 119,504	\$ 107,369	\$ 120,105	\$ 12,135
Federal and state funds	2,014,925	2,008,338	1,906,167	6,587
Total program revenue	<u>2,134,429</u>	<u>2,115,707</u>	<u>2,026,272</u>	<u>18,722</u>
General Revenue				
Property Taxes	2,049,080	2,026,850	1,829,794	22,230
Federal funds	351,581	384,604	375,384	(33,023)
State funds	5,261,843	5,257,099	6,133,440	4,744
Other revenue	171,776	69,554	245,392	102,222
Total general revenue	<u>7,834,280</u>	<u>7,738,107</u>	<u>8,584,010</u>	<u>96,173</u>
Total revenue	<u>\$ 9,968,709</u>	<u>\$ 9,853,814</u>	<u>\$ 10,610,282</u>	<u>\$ 114,895</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

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—decreased by \$(280,632) from \$1,178,781 at June 30, 2012, to \$898,149 at the end of this year (vs. \$(443,879) decrease in 2012).
- The District did not cut expenditures as much as District revenues declined, Total revenues increased by \$97,535 (vs. a \$727,243 decrease in 2012) to \$9,960,983; while expenditures were cut by \$12,925 (vs. a \$252,360 decrease in 2012) to \$10,348,748.

The District continues to face the challenge of decreased State funding. State funding decreased by \$80,162 in 2013 after decreasing \$755,209 in 2012 and the Supplemental Levy was not increased in 2013.

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 2013-2014.

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 \$1,940,000 for 2012-13 (\$1,940,000 for 2011-12).

The District has historically used the Forest Reserve Fund to supplement the deficit in the other District funds. The District made a transfer of \$56,700 (vs. \$226,447 in 2012) to other funds to balance the budget, and has a remaining balance of \$785,297 (\$853,763 in 2012). 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 2013 was \$348,920 (\$320,694 in 2012 and \$364,271 in 2011). Terms for the future renewal of the Craig-Wyden support is uncertain.

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS (CONTINUED)

Financial Highlights (Continued)

The School Lunch Fund operated at a net loss of \$3,087 for the year (\$49,607 for 2012 and \$14,290 in 2011), 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 \$96,498 in 2013, \$103,894 in 2012, and \$97,838 in 2011.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had \$2,249,064 invested in capital assets, net of accumulated depreciation. This includes buildings, computer equipment, and major school equipment and is an increase of \$398,966 from the prior year. Current year depreciation of \$182,286 (\$172,621 in 2012 and \$192,476 in 2011) was less than capital purchases of \$582,931 (\$300,941 in 2012 and \$448,583 in 2011). More detailed information about the District's capital assets is presented in Notes 1 and 6 to the financial statements. The primary capital asset purchase in 2013 was the completion of the construction of the wastewater project at the Timberline School.

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 2013 budget, tax rates, and fees that will be charged to students. Personnel costs are tied to a state-wide salary index and certified staff received a 1 percent increase and classified staff received a 2 percent increase for 2013. The District has added no major new programs or initiatives to the 2013 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, 2013

	Governmental Activities	Prior Year 2012	Prior Year 2011
ASSETS			
Current assets			
Cash	\$ 556,962	\$ 235,751	\$ 352,313
Investments	725,114	1,340,467	1,480,917
Property taxes receivable	847,793	836,213	784,692
Accounts receivable	397,233	342,632	939,891
Total current assets	<u>2,527,102</u>	<u>2,755,063</u>	<u>3,557,813</u>
Noncurrent assets			
Capital assets	8,787,466	8,696,813	8,847,932
Less accumulated depreciation	(6,538,402)	(6,846,715)	(7,126,154)
Total noncurrent assets	<u>2,249,064</u>	<u>1,850,098</u>	<u>1,721,778</u>
Total assets	<u>4,776,166</u>	<u>4,605,161</u>	<u>5,279,591</u>
LIABILITIES			
Current liabilities			
Accounts payable	193,510	188,060	288,644
Payroll and taxes payable	1,048,691	1,102,210	1,168,902
Accrued expenses	31,130	2,165	214,790
Total current liabilities	<u>1,273,331</u>	<u>1,262,435</u>	<u>1,672,336</u>
Total liabilities	<u>1,273,331</u>	<u>1,262,435</u>	<u>1,672,336</u>
NET POSITION			
Invested in capital assets, net of related debt	2,249,064	1,850,098	1,721,778
Restricted for:			
Capital projects	3,502		19,472
Unrestricted	1,250,269	1,492,628	1,866,005
Total net position	<u>\$ 3,502,835</u>	<u>\$ 3,342,726</u>	<u>\$ 3,607,255</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Prior Year	Prior Year
	Expenses	Charges for Services		Operating Grants and Contributions	2012
Instruction					
Regular programs	\$ 4,107,613	\$ 10,115	\$ (3,762,025)	\$ (4,263,680)	\$ (4,507,232)
Special programs	654,305		(412,613)	(460,355)	(408,930)
Interscholastic and school activity	174,977	14,765	(160,212)	(144,024)	(158,075)
Support services					
Pupil support	420,353		(420,353)	(345,692)	(389,676)
Staff support	1,246,865		(648,965)	(768,001)	(434,818)
General administration	157,132		(157,132)	(149,574)	(165,712)
School administration	524,990		(524,990)	(522,610)	(497,463)
Business services	158,673		(158,673)	(152,865)	(156,895)
Maintenance and operations	896,132		(896,132)	(839,753)	(1,115,474)
Transportation	592,218	17,285	(135,018)	(234,506)	(374,877)
Food services	391,187	77,339	86,097	(26,056)	(21,819)
Community services	2,161		(2,161)		
Capital outlay	481,994		(481,994)	(95,520)	(55,868)
Total governmental activities	\$ 9,808,600	\$ 119,504	(7,674,171)	(8,002,636)	(8,286,839)
		\$ 2,014,925			
General revenues:					
Property taxes, levied for general purposes			2,049,080	2,026,850	1,829,794
State base support			5,257,739	5,252,995	6,126,085
In lieu revenue			4,104	4,104	7,355
Other state and federal funding not restricted to specific programs			351,581	384,604	375,384
Interest and investment earnings			5,983	18,155	13,881
Other general revenues			165,793	51,399	231,511
			7,834,280	7,738,107	8,584,010
Change in net position			160,109	(264,529)	297,171
Net position, beginning			3,342,726	3,607,255	3,310,084
Net position, ending			\$ 3,502,835	\$ 3,342,726	\$ 3,607,255

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	General	Forest Reserve	School Lunch	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds	Prior year 2012	Prior year 2011
ASSETS								
Cash	\$ 161,591	\$ 231,109	\$ 10,974	\$ 1,055	\$ 119,593	\$ 524,322	\$ 235,480	\$ 212,706
Investments	107,828	411,176		2,447	3,291	524,742	1,140,467	1,480,917
Property taxes receivable	847,793					847,793	836,213	784,992
Accounts receivable	112,523	183	13,392		271,135	397,233	342,632	939,891
Due from other funds		143,146				143,146	157,221	612,146
Total assets	\$ 1,229,735	\$ 785,614	\$ 24,366	\$ 3,502	\$ 394,019	\$ 2,437,236	\$ 2,712,013	\$ 4,030,352
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 148,638	\$ 317			\$ 44,555	\$ 193,510	\$ 158,060	\$ 288,644
Payroll and taxes payable	913,751		\$ 24,366		110,574	1,048,691	1,102,210	1,168,902
Due to other funds					143,146	143,146	157,221	612,146
Deferred revenue	122,610				31,130	153,740	115,741	338,000
Total liabilities	1,184,999	317	24,366	0	329,405	1,539,087	1,533,232	2,407,692
FUND BALANCES								
Restricted for capital improvements				3,502		3,502		19,472
Restricted for building maintenance					53	53		
Committed for capital improvements		785,297			27,833	813,130	1,086,548	1,488,652
Assigned					36,728	36,728	92,180	14,536
Unassigned	44,736					44,736		100,000
Total fund balances	44,736	785,297	0	3,502	64,614	898,149	1,178,781	1,622,660
Total liabilities and fund balances	\$ 1,229,735	\$ 785,614	\$ 24,366	\$ 3,502	\$ 394,019	\$ 2,437,236	\$ 2,712,013	\$ 4,030,352

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

**RECONCILIATION OF THE STATEMENT OF NET POSITION
TO THE BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013**

	Total Governmental Funds	Prior Year 2012	Prior Year 2011
Total fund balances - Governmental Funds	\$ 898,149	\$ 1,178,781	\$ 1,622,660
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	8,787,466	8,696,813	8,847,932
Accumulated depreciation	(6,538,402)	(6,846,715)	(7,126,154)
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.	122,610	113,576	123,210
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.	233,012	200,271	139,607
Total net position - Governmental Activities	\$ 3,502,835	\$ 3,342,726	\$ 3,607,255

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, 2013

	General	Forest Reserve	School Lunch	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds	Prior Year 2012	Prior Year 2011
REVENUES								
General property taxes	\$ 2,040,046				\$ 38,100	\$ 2,040,046	\$ 2,036,484	\$ 1,808,003
State foundation program	5,697,654					5,735,754	5,698,479	6,241,494
Other state revenue	4,104				38,419	42,523	159,960	372,154
Federal revenue	2,661	\$ 348,920	\$ 399,945		1,083,693	1,835,219	1,772,286	1,784,093
Charges for services	14,765		77,339		10,115	102,219	103,889	103,614
Earnings on investments	3,172	665		\$ 5	1,770	5,612	5,295	7,093
Other revenues	90,151	17,285		3,497	88,677	199,610	87,055	274,240
Total revenues	7,852,553	366,870	477,284	3,502	1,260,774	9,960,983	9,863,448	10,590,691
EXPENDITURES								
Instruction								
Regular programs	4,030,476	2,832			333,643	4,366,951	4,721,739	5,030,010
Special programs	412,613				241,692	654,305	736,800	690,014
Interscholastic and school activity	174,977					174,977	158,320	166,655
Support services								
Pupil support	420,353				746,270	420,353	345,692	389,676
Staff support	455,474	45,121				1,246,865	1,408,457	1,108,223
General administration	157,132					157,132	149,574	165,712
School administration	524,990					524,990	522,610	497,463
Business services	158,673					158,673	152,865	156,895
Maintenance and operations	808,034	90,259		100,000		898,293	839,753	1,115,474
Transportation	623,039	50,470				773,509	798,296	839,865
Food services	10,335	189,954	480,371		292,040	490,706	432,047	398,178
Capital outlay		378,636	480,371	100,000	1,613,645	481,994	95,520	55,868
Total expenditures	7,776,096	378,636	480,371	100,000	1,613,645	10,348,748	10,361,673	10,614,033
EXCESS OF REVENUES OVER EXPENDITURES	76,457	(11,766)	(3,087)	(96,498)	(352,871)	(387,765)	(498,225)	(23,342)
OTHER FINANCING SOURCES (USES)								
Transfers from other funds	107,133		3,087	100,000	92,467	302,687	493,633	215,922
Transfers to other funds	(138,854)	(56,700)				(195,554)	(439,287)	(215,922)
Total other financing sources (uses)	(31,721)	(56,700)	3,087	100,000	92,467	107,133	54,346	0
NET CHANGE IN FUND BALANCES	44,736	(68,466)	0	3,502	(260,404)	(280,632)	(443,879)	(23,342)
FUND BALANCES AT BEGINNING OF YEAR	0	853,763	0	0	325,018	1,178,781	1,622,660	1,646,002
FUND BALANCES AT END OF YEAR	\$ 44,736	\$ 785,297	\$ 0	\$ 3,502	\$ 64,614	\$ 898,149	\$ 1,178,781	\$ 1,622,660

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, 2013**

	Total Governmental Funds	Prior Year 2012	Prior Year 2011
Net change in fund balances - Total Governmental Funds	\$ (280,632)	\$ (443,879)	\$ (23,342)
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	582,931	300,941	448,583
Current year depreciation	(182,286)	(172,621)	(192,476)
Undepreciated basis on equipment disposed during the year	(1,679)		
Some revenue 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	122,610	113,576	123,210
Prior year taxes receivable	(113,576)	(123,210)	(101,419)
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.	32,741	60,664	42,615
Change in net position - Governmental Activities	\$ 160,109	\$ (264,529)	\$ 297,171

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

BALANCE SHEET - PROPRIETARY FUNDS

June 30, 2013

	Governmental Activities	Internal Service Fund	Prior Year 2012
ASSETS			
CURRENT ASSETS			
Cash	\$ 32,640		\$ 271
Investments	200,372		200,000
Total current assets	<u>\$ 233,012</u>		<u>\$ 200,271</u>
LIABILITIES			
CURRENT LIABILITIES			
Total current liabilities	<u>\$ 0</u>		<u>\$ 0</u>
NET POSITION			
Unreserved	233,012		200,271
Total net position	<u>233,012</u>		<u>200,271</u>
Total liabilities and net position	<u>\$ 233,012</u>		<u>\$ 200,271</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, 2013**

	Governmental Activities	Prior Year 2012
	Internal Service Fund	
REVENUES		
Interfund charges for medical insurance	\$ 205,959	\$ 192,064
Total revenues	<u>205,959</u>	<u>192,064</u>
OPERATING EXPENSES		
Medical Benefits	66,456	77,054
Total operating expenses	<u>66,456</u>	<u>77,054</u>
OPERATING INCOME	<u>139,503</u>	<u>115,010</u>
NONOPERATING REVENUES		
Earnings on investments	371	
Total nonoperating revenues	<u>371</u>	
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	139,874	115,010
Transfer to other funds	107,133	54,346
CHANGE IN NET POSITION	32,741	60,664
NET POSITION AT BEGINNING OF YEAR	200,271	139,607
NET POSITION AT END OF YEAR	<u>\$ 233,012</u>	<u>\$ 200,271</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Governmental Activities	Prior Year 2012
	Internal Service Fund	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund charges	\$ 205,959	\$ 192,064
Cash paid for medical expenses	(66,456)	(77,054)
Net cash provided by operating activities	139,503	115,010
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(107,133)	(54,346)
Net cash used by operating activities	(107,133)	(54,346)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(372)	(200,000)
Interest received	371	
Net cash used by investing activities	(1)	(200,000)
NET CHANGE IN CASH	32,369	(139,336)
CASH AT BEGINNING OF YEAR	271	139,607
CASH AT END OF YEAR	\$ 32,640	\$ 271
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 139,503	\$ 115,010
Net cash provided by operating activities	\$ 139,503	\$ 115,010

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2013

	Private- Purpose Trusts	Agency Funds
ASSETS		
Current assets		
Cash	394	\$ 128,279
Investments	35,225	
Total assets	<u>35,619</u>	<u>128,279</u>
LIABILITIES		
Current liabilities		
Due to student groups		128,279
Total current liabilities	<u>0</u>	<u>128,279</u>
Total liabilities	<u>0</u>	<u>\$ 128,279</u>
NET POSITION		
Held in trust	<u>35,619</u>	
Total net position	<u>\$ 35,619</u>	

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
For the Year Ended June 30, 2013**

	Private- Purpose Trusts	Prior Year 2012	Prior Year 2011
ADDITIONS			
Earnings on investments	\$ 1,292	\$ 510	\$ 1,829
Total additions	<u>1,292</u>	<u>510</u>	<u>1,829</u>
DEDUCTIONS			
Scholarships	496	591	2,228
Total deductions	<u>496</u>	<u>591</u>	<u>2,228</u>
Change in net position	796	(81)	(399)
Net position at beginning of year	<u>34,823</u>	<u>34,904</u>	<u>35,303</u>
NET POSITION AT END OF YEAR	<u>\$ 35,619</u>	<u>\$ 34,823</u>	<u>\$ 34,904</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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

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 revenue in its fund financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

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

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories 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 government's highest level of decision-making authority.

Assigned

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

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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

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)

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

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

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	\$ 7,658,701	\$ 7,959,686
After School Fund		44,165
Title II-A Improving Teacher Quality	73,522	78,461
District Property	235,785	292,040
Medicaid	558,586	568,959
School Lunch	362,382	480,371
Med Insurance Trust	98,365	173,589

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, 2013.

3. DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2013, the carrying amount of the District's deposits was \$556,962 in governmental activities, and \$128,673 in fiduciary activities. The entire balance was considered covered by Federal Depository Insurance.

Investments. At June 30, 2013, District investments are classified in the following categories of credit risk. The carrying value of investments approximates market value.

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
FDIC insured certificates of deposit		\$ 12,384
Uninsured and unregistered with securities held in the District's name		
Pioneer Value Fund		7,755
Wells Fargo Savings Account	\$ 29,475	
Idaho State Treasurer's Local Government Investment Pool	695,639	15,086
Total investments	\$ 725,114	\$ 35,225

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.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued).

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.

4. ACCOUNTS RECEIVABLE

Details of accounts receivable at June 30, 2013, are as follows:

	Governmental Activities	Fiduciary Activities
State of Idaho - Foundation program	\$ 111,437	
State of Idaho - State grants	10,120	
State of Idaho - Federal grants	209,996	
Other departments - Federal funds	64,366	
Other	1,314	
	\$ 397,233	\$ 0

5. PROPERTY TAXES

The District's property tax levies for calendar years 2012 and 2011 were as follows:

	2012	2011
Certified Budget Request		
Tort levy	\$ 46,322	\$ 43,765
Supplemental levy approved	1,940,000	1,940,000

JOINT SCHOOL DISTRICT NO. 171
NOTES TO FINANCIAL STATEMENTS

5. PROPERTY TAXES (CONTINUED)

District assessed market value and tax levies:

	Actual <u>Tax Charge</u>	Total Market <u>Valuation</u>	<u>Levy</u>
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%
2004	2,251,355	432,915,123	0.5399138%
2003	2,296,569	468,748,955	0.5444482%

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2013, is as follows:

	6/30/12			6/30/13
	<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	412,968	\$ 30,573	\$ 11,118	432,423
School lunch	271,703	87,994	5,100	354,597
Other	7,829			7,829
Buildings				
Elementary	2,350,600		175,597	2,175,003
Secondary	3,087,789	292,040		3,379,829
Bus Shop	415,809			415,809
Buses	1,851,970	172,324	290,463	1,733,831
Vehicles	96,735		10,000	86,735
	<u>\$ 8,696,813</u>	<u>\$ 582,931</u>	<u>\$ 492,278</u>	<u>8,787,466</u>
Accumulated depreciation				
Equipment				
Elementary	\$ 77,800	\$ 214		78,014
Secondary	320,922	8,215	\$ 11,118	318,019
School lunch	189,554	19,048	5,100	203,502
Other	7,829			7,829
Buildings				
Elementary	2,078,901	9,599	174,188	1,914,312
Secondary	2,659,607	34,461		2,694,068
Bus Shop	207,819	13,853		221,672
Buses	1,223,878	90,962	290,193	1,024,647
Vehicles	80,405	5,934	10,000	76,339
	<u>\$ 6,846,715</u>	<u>\$ 182,286</u>	<u>\$ 490,599</u>	<u>6,538,402</u>
Capital assets, net				<u>\$ 2,249,064</u>

Depreciation of \$182,286 was charged to the following functions in the statement of activities:

Instruction, regular programs	\$ 52,489
School lunch	19,048
Transportation	110,749

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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, 2013, the required contribution rates, as determined by PERSI, were 10.39 percent (10.39 percent in 2012 and 10.39 percent in 2011) for the District and 6.23 percent (6.23 percent in 2012 and 6.23 percent in 2011) 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 \$574,743, \$578,670, and \$606,251 for the 3 years ended June 30, 2013, 2012, and 2011, 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, 2013, 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

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, 2013, amounted to \$10,335. An additional \$3,087 was transferred to the school lunch fund to pay bills for the 2013 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 \$100,000 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 waived this requirement for the current year and has allowed the District to spend these funds on one-time non-personnel costs for the current year.

The Board of Trustees approved the budget for the 2012-13 school year reflecting a contingency budget of \$621,499. The actual transfer from the forest reserve to the general fund amounted to \$56,700.

The District has transferred the following amounts to supplement expenditures in these funds.

District property	\$ 56,700
Driver education	1,251
Medicaid	34,516
School lunch	3,087
School plant facility reserve	100,000

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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. Net position restricted for debt service are restricted by *Idaho Code* for debt service on outstanding bonds. Net position restricted for federal grant programs are restricted by the granting agency for specific educational programs. These net position are reflected as restricted since they are not available for general education expenditures.

Restricted Fund Balances. The fund balances of certain individual funds are restricted for particular purposes by the *Idaho Code* or by the granting agency. These fund balances are reflected as a restricted portion of fund balance in the fund financial statements since the funds are not available for general education expenditures.

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.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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, 2013, were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Forest Reserve	\$ 143,146	
Vocational Education		\$ 5,494
Title I		22,378
Title VI-B		19,646
Title VI-B Preschool		213
Rural Education		1,030
Carl Perkins Vocational Education		14,795
Title II-A Improving Teacher Quality		6,576
Medicaid		73,014

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.

REQUIRED SUPPLEMENTARY INFORMATION

JOINT SCHOOL DISTRICT NO. 171

BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 2,009,974	\$ 2,009,974	\$ 2,040,046	\$ 30,072
State foundation program	5,567,873	5,567,873	5,697,654	129,781
Other state revenue	4,104	4,104	4,104	
Federal revenue	8,000	8,000	2,661	(5,339)
Charges for services	10,000	10,000	14,765	4,765
Earnings on investments	3,500	3,500	3,172	(328)
Other revenues	55,250	55,250	90,151	34,901
Total revenues	<u>7,658,701</u>	<u>7,658,701</u>	<u>7,852,553</u>	<u>193,852</u>
EXPENDITURES				
Payroll	4,440,339	4,455,026	4,624,400	(169,374)
Payroll burden and employee benefits	2,024,588	2,038,992	2,039,465	(473)
Purchased services	671,679	613,988	700,561	(86,573)
Supplies and materials	346,230	375,130	340,951	34,179
Capital outlay	10,400	10,100	6,204	3,896
Insurance	65,465	65,465	64,515	950
Total expenditures	<u>7,558,701</u>	<u>7,558,701</u>	<u>7,776,096</u>	<u>(217,395)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>100,000</u>	<u>100,000</u>	<u>76,457</u>	<u>(23,543)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds			107,133	107,133
Transfers to other funds	(100,000)	(100,000)	(138,854)	(38,854)
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(31,721)</u>	<u>68,279</u>
NET CHANGE IN FUND BALANCES	0	0	44,736	44,736
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,736</u>	<u>\$ 44,736</u>

JOINT SCHOOL DISTRICT NO. 171

BUDGETARY COMPARISON SCHEDULE -
FOREST RESERVE
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Federal revenue			\$ 348,920	\$ 348,920
Earnings on investments	\$ 907	\$ 907	665	(242)
Other revenues	7,302	7,302	17,285	9,983
Total revenues	8,209	8,209	366,870	358,661
EXPENDITURES				
Purchased services	115,000	115,000	74,050	40,950
Supplies and materials	75,000	75,000	61,330	13,670
Capital outlay	148,800	148,800	243,256	(94,456)
Contingency budget				
Total expenditures	338,800	338,800	378,636	(39,836)
EXCESS OF REVENUES OVER EXPENDITURES				
	(330,591)	(330,591)	(11,766)	318,825
OTHER FINANCING SOURCES (USES)				
Transfers from other funds				
Transfers to other funds			(56,700)	(56,700)
Total other financing sources (uses)	0	0	(56,700)	(56,700)
NET CHANGE IN FUND BALANCES				
	(330,591)	(330,591)	(68,466)	262,125
FUND BALANCES AT BEGINNING OF YEAR				
	959,090	959,090	853,763	(105,327)
FUND BALANCES AT END OF YEAR				
	\$ 628,499	\$ 628,499	\$ 785,297	\$ 156,798

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
SCHOOL LUNCH
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Federal revenue	\$ 249,669	\$ 249,669	\$ 399,945	\$ 150,276
Charges for services	113,000	113,000	77,339	(35,661)
Other revenues	500	500		(500)
Total revenues	<u>363,169</u>	<u>363,169</u>	<u>477,284</u>	<u>114,115</u>
EXPENDITURES				
Payroll	133,159	131,879	137,685	(5,806)
Payroll burden and employee benefits	61,210	58,953	56,042	2,911
Purchased services	4,550	4,550	3,581	969
Supplies and materials	158,000	158,000	270,479	(112,479)
Capital outlay	6,250	9,000	12,584	(3,584)
Total expenditures	<u>363,169</u>	<u>362,382</u>	<u>480,371</u>	<u>(117,989)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>787</u>	<u>(3,087)</u>	<u>(3,874)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds			3,087	3,087
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>3,087</u>	<u>3,087</u>
NET CHANGE IN FUND BALANCES	<u>0</u>	<u>787</u>	<u>0</u>	<u>(787)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>7,675</u>	<u>0</u>	<u>(7,675)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 8,462</u>	<u>\$ 0</u>	<u>\$ (8,462)</u>

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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, 2013, 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 11, 2013.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (Finding #13-01 and Finding #13-02).

Compliance and Other Matters

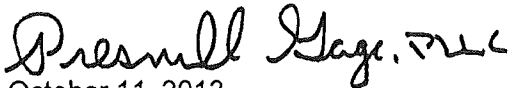
As part of obtaining reasonable assurance about whether the the Joint School District No. 171's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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.


October 11, 2013



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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, 2013. 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, 2013.

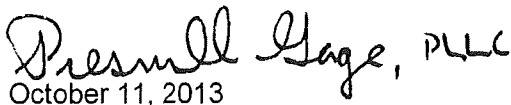
Report on Internal Control Over Compliance

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.


October 11, 2013

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - MODIFIED ACCRUAL BASIS
For the Year Ended June 30, 2013

	<u>CFDA Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE		
Passed through the State of Idaho - Department of Education		
School Breakfast Program	10.553	\$ 177,004 *
National School Lunch Program	10.555	210,458 *
Special Milk Program for Children	10.556	247 *
Summer Food Service Program for Children	10.559	<u>6,275 *</u>
Subtotal School Lunch cluster		393,984
Fresh Fruit and Vegetable Program	10.582	5,961
Passed through Clearwater County, State of Idaho		
Schools and Roads - Grants to Counties	10.666	<u>435,336 *</u>
Total Department of Agriculture		<u>835,281</u>
DEPARTMENT OF ENVIRONMENTAL QUALITY		
Passed through the State of Idaho - Department of Education		
Capitalization Grants for Drinking Water	66.468	<u>447</u>
Total Department of Environmental Quality		<u>447</u>
DEPARTMENT OF EDUCATION		
Passed through the State of Idaho - Department of Education		
Title I	84.010	<u>257,808</u>
Title VI-B Special Education	84.027	225,870
Title VI-B Preschool	84.173	<u>15,822</u>
Subtotal Title VI-B cluster		<u>241,692</u>
Carl Perkins Vocational Education	84.048	15,576
Rural Education	84.358	17,336
Title II-D Improving Teacher Quality	84.367	<u>78,461</u>
Total Department of Education		<u>610,873</u>
TOTAL FEDERAL AWARDS		<u><u>\$ 1,446,601</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, 2013

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 no

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified yes no

* Reportable condition(s) identified that are not considered to be material weaknesses? yes 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 no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of federal program or cluster</u>
10.666	Schools and Roads - Grants to Counties

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

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

Auditee qualified as low-risk auditee? yes no

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCIES

Finding #13-01

Criteria: *Government Auditing Standards* require that we identify all non-attest services that we, as independent auditors, perform for an audit client and evaluate whether such services impair the independent auditor's independence.

Condition: The non-attest service performed by the independent auditors was the compilation of the year-end financial statements.

Effect: The independent auditor has compiled the financial statements subject to management's review and approval. Safeguards outlined in *Government Auditing Standards* have been complied with.

Response: The District's management and Board of Trustees believe that contracting the independent auditor to compile the year-end financial statements is the most cost-effective alternative. This service is allowed under *Government Auditing Standards*.

Recommendation: We concur with the District's response.

Finding #13-02

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.

Section III – Federal Award Findings and Questioned Costs

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, Labor Management Committee – The District has received various grants and contributions for local sources.

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 2012-13. 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 December 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 December 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, 2013

	General	Forest Reserve	District Property	Nez Perce Tribe Grants	After School	School Building Maintenance
ASSETS						
Cash	\$ 161,591	\$ 231,109	\$ 24,546	\$ 3,662	\$ 22,316	\$ 49
Investments	107,828	411,176	3,287			4
Property taxes receivable	847,793					
Accounts receivable	112,523	183				
Due from other funds		143,146				
Total assets	\$ 1,229,735	\$ 785,614	\$ 27,833	\$ 3,662	\$ 22,316	\$ 53
LIABILITIES						
Accounts payable	\$ 148,638	\$ 317			\$ 20,924	
Payroll and taxes payable	913,751					
Due to other funds						
Deferred revenue	122,610					
Total liabilities	1,184,999	317	\$ 0	\$ 0	20,924	\$ 0
FUND BALANCES						
Restricted for capital improvements						53
Restricted for building maintenance			27,833			
Committed for capital improvements		785,297		3,662	1,392	
Assigned	44,736					
Unassigned	44,736	785,297	27,833	3,662	1,392	53
Total fund balances	\$ 1,229,735	\$ 785,614	\$ 27,833	\$ 3,662	\$ 22,316	\$ 53
Total liabilities and fund balances						

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2013

	Driver Education	Vocational Education	Public School Technology	Title I	Title VI-B	Title VI-B Preschool
ASSETS						
Cash	\$ 1,317		\$ 30,660			
Investments						
Property taxes receivable		\$ 9,094	553	\$ 64,891	\$ 68,413	\$ 2,803
Accounts receivable						
Due from other funds						
Total assets	\$ 1,317	\$ 9,094	\$ 31,213	\$ 64,891	\$ 68,413	\$ 2,803
LIABILITIES						
Accounts payable		\$ 3,416	\$ 2,066	\$ 53	\$ 233	
Payroll and taxes payable	\$ 1,317	184		34,119	34,757	\$ 2,590
Due to other funds		5,494		22,378	19,646	213
Deferred revenue				8,341	13,777	
Total liabilities	1,317	9,094	2,066	64,891	68,413	2,803
FUND BALANCES						
Restricted for capital improvements						
Restricted for building maintenance						
Committed for capital improvements						
Assigned			29,147			
Unassigned						
Total fund balances	0	0	29,147	0	0	0
Total liabilities and fund balances	\$ 1,317	\$ 9,094	\$ 31,213	\$ 64,891	\$ 68,413	\$ 2,803

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2013

	Rural Education	Carl Perkins Vocational Education	Title II-A Improving Teacher Quality	Recycling Grant	Medicaid
ASSETS					
Cash				\$ 2,527	\$ 34,516
Investments					
Property taxes receivable					
Accounts receivable	\$ 12,035	\$ 15,576	\$ 33,404		64,366
Due from other funds					
Total assets	\$ 12,035	\$ 15,576	\$ 33,404	\$ 2,527	\$ 98,882
LIABILITIES					
Accounts payable			\$ 17,846		\$ 17
Payroll and taxes payable	\$ 2,079	\$ 781	8,896		25,851
Due to other funds	1,030	14,795	6,576		73,014
Deferred revenue	8,926		86		
Total liabilities	12,035	15,576	33,404	\$ 0	98,882
FUND BALANCES					
Restricted for capital improvements					
Restricted for building maintenance					
Committed for capital improvements					
Assigned				2,527	
Unassigned					
Total fund balances	0	0	0	2,527	0
Total liabilities and fund balances	\$ 12,035	\$ 15,576	\$ 33,404	\$ 2,527	\$ 98,882

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2013

	School Lunch	School Plant Facility Reserve	Combined
ASSETS			
Cash	\$ 10,974	\$ 1,055	\$ 524,322
Investments		2,447	524,742
Property taxes receivable			847,793
Accounts receivable	13,392		397,233
Due from other funds			143,146
Total assets	\$ 24,366	\$ 3,502	\$ 2,437,236
LIABILITIES			
Accounts payable			\$ 193,510
Payroll and taxes payable	\$ 24,366		1,048,691
Due to other funds			143,146
Deferred revenue			153,740
Total liabilities	24,366	\$ 0	1,539,087
FUND BALANCES			
Restricted for capital improvements		3,502	3,502
Restricted for building maintenance			53
Committed for capital improvements			813,130
Assigned			36,728
Unassigned			44,736
Total fund balances	0	3,502	898,149
Total liabilities and fund balances	\$ 24,366	\$ 3,502	\$ 2,437,236

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	General	Forest Reserve	District Property	Nez Perce Tribe Grants	After School	Labor Management Committee	School Building Maintenance
REVENUES							
General property taxes	\$ 2,040,046						
State foundation program	5,697,654						
Other state revenue	4,104						
Federal revenue	2,661	\$ 348,920	\$ 351				
Charges for services	14,765						
Earnings on investments	3,172	665	1,770				
Other revenues	90,151	17,285	28,267	\$ 7,375	\$ 45,557	\$ 5,000	
Total revenues	<u>7,852,553</u>	<u>366,870</u>	<u>30,388</u>	<u>7,375</u>	<u>45,557</u>	<u>5,000</u>	<u>0</u>
EXPENDITURES							
Instruction							
Regular programs	4,030,476	2,832		3,713		5,000	
Special programs	412,613						
Interscholastic and school activity	174,977						
Support services							
Pupil support	420,353						
Staff support	455,474	45,121			44,165		
General administration	157,132						
School administration	524,990						
Business services	158,673						
Maintenance and operations	808,034	90,259					
Transportation	623,039	50,470					
Food services	10,335						
Capital outlay		189,954	292,040				
Total expenditures	<u>7,776,096</u>	<u>378,636</u>	<u>292,040</u>	<u>3,713</u>	<u>44,165</u>	<u>5,000</u>	<u>0</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>76,457</u>	<u>(11,766)</u>	<u>(261,652)</u>	<u>3,662</u>	<u>1,392</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	107,133		56,700				
Transfers to other funds	(138,854)	(56,700)					
Total other financing sources (uses)	<u>(31,721)</u>	<u>(56,700)</u>	<u>56,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	44,736	(68,466)	(204,952)	3,662	1,392	0	0
FUND BALANCES AT BEGINNING OF YEAR	0	853,763	232,785	0	0	0	53
FUND BALANCES AT END OF YEAR	\$ 44,736	\$ 785,297	\$ 27,833	\$ 3,662	\$ 1,392	\$ 0	\$ 53

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	Driver Education	Vocational Education	Public School Technology	Title I	Title VI-B	Title VI-B Preschool
REVENUES						
General property taxes			\$ 38,100			
State foundation program						
Other state revenue	\$ 5,858	\$ 32,561		\$ 257,808	\$ 225,870	\$ 15,822
Federal revenue						
Charges for services	10,115					
Earnings on investments						
Other revenues						
Total revenues	<u>15,973</u>	<u>32,561</u>	<u>38,100</u>	<u>257,808</u>	<u>225,870</u>	<u>15,822</u>
EXPENDITURES						
Instruction						
Regular programs	17,224	32,561		243,014	225,870	15,822
Special programs						
Interscholastic and school activity						
Support services						
Pupil support						
Staff support			27,924	14,794		
General administration						
School administration						
Business services						
Maintenance and operations						
Transportation						
Food services						
Capital outlay						
Total expenditures	<u>17,224</u>	<u>32,561</u>	<u>27,924</u>	<u>257,808</u>	<u>225,870</u>	<u>15,822</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,251)</u>	<u>0</u>	<u>10,176</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	1,251					
Transfers to other funds						
Total other financing sources (uses)	<u>1,251</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	<u>0</u>	<u>0</u>	<u>10,176</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>18,971</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,147</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, 2013

	Rural Education	Carl Perkins Vocational Education	Title II-A Improving Teacher Quality	Gustin Science	Recycling Grant
REVENUES					
General property taxes					
State foundation program					
Other state revenue					
Federal revenue	\$ 10,944	\$ 15,576	\$ 78,461	\$ 447	
Charges for services					
Earnings on investments					
Other revenues					\$ 2,478
Total revenues	<u>10,944</u>	<u>15,576</u>	<u>78,461</u>	<u>447</u>	<u>2,478</u>
EXPENDITURES					
Instruction					
Regular programs	17,336	14,795			
Special programs					
Interscholastic and school activity					
Support services					
Pupil support		781	78,461	447	10,739
Staff support					
General administration					
School administration					
Business services					
Maintenance and operations					
Transportation					
Food services					
Capital outlay					
Total expenditures	<u>17,336</u>	<u>15,576</u>	<u>78,461</u>	<u>447</u>	<u>10,739</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(6,392)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,261)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds					
Transfers to other funds					
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	<u>(6,392)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,261)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>6,392</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,788</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,527</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, 2013

	Medicaid	School Lunch	School Plant Facility Reserve	Combined
REVENUES				
General property taxes				\$ 2,040,046
State foundation program				5,735,754
Other state revenue				42,523
Federal revenue	\$ 478,414	\$ 399,945		1,835,219
Charges for services		77,339		102,219
Earnings on investments			\$ 5	5,612
Other revenues			3,497	199,610
Total revenues	<u>478,414</u>	<u>477,284</u>	<u>3,502</u>	<u>9,960,983</u>
EXPENDITURES				
Instruction				
Regular programs				4,366,951
Special programs				654,305
Interscholastic and school activity				174,977
Support services				
Pupil support				420,353
Staff support	568,959			1,246,865
General administration				157,132
School administration				524,990
Business services				158,673
Maintenance and operations				898,293
Transportation			100,000	773,509
Food services		480,371		490,706
Capital outlay				481,994
Total expenditures	<u>568,959</u>	<u>480,371</u>	<u>100,000</u>	<u>10,348,748</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(90,545)</u>	<u>(3,087)</u>	<u>(96,498)</u>	<u>(387,765)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	34,516	3,087	100,000	302,687
Transfers to other funds				(195,554)
Total other financing sources (uses)	<u>34,516</u>	<u>3,087</u>	<u>100,000</u>	<u>107,133</u>
NET CHANGE IN FUND BALANCES	<u>(56,029)</u>	<u>0</u>	<u>3,502</u>	<u>(280,632)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>56,029</u>	<u>0</u>	<u>0</u>	<u>1,178,781</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,502</u>	<u>\$ 898,149</u>

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, 2013

	Nelson Scholarship Trust	Robbie Miller Scholarship Trust	Portfor Athletic Trust	Portfor Band Trust	Orofino High School	Timberline Schools	Orofino Elementary School	Combined
ASSETS								
Cash	\$ 232	\$ 162			\$ 64,623	\$ 50,003	\$ 13,653	\$ 128,673
Investments	7,761	12,384	5,025	10,055				35,225
	\$ 7,993	\$ 12,546	\$ 5,025	\$ 10,055	\$ 64,623	\$ 50,003	\$ 13,653	\$ 163,898
Total assets								
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 64,623	\$ 50,003	\$ 13,653	\$ 128,279
LIABILITIES								
Due to student groups					64,623	50,003	13,653	128,279
Total liabilities								
	\$ 0	\$ 0	\$ 0	\$ 0	64,623	50,003	13,653	128,279
FUND EQUITY								
Unreserved, undesignated	7,993	12,546	5,025	10,055				35,619
Total fund equity	7,993	12,546	5,025	10,055	0	0	0	35,619
Total liabilities and fund equity	\$ 7,993	\$ 12,546	\$ 5,025	\$ 10,055	\$ 64,623	\$ 50,003	\$ 13,653	\$ 163,898

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - ALL TRUST FUNDS
For the Year Ended June 30, 2013

	Nelson Scholarship Trust	Robbie Miller Scholarship Trust	Portfor Athletic Trust	Portfor Band Trust	Combined
REVENUES					
Earnings on investments	\$ 1,263		\$ 10	\$ 19	\$ 1,292
Total revenues	<u>1,263</u>	<u>\$ 0</u>	<u>10</u>	<u>19</u>	<u>1,292</u>
EXPENDITURES					
Regular instruction		496			496
Total expenditures	<u>0</u>	<u>496</u>	<u>0</u>	<u>0</u>	<u>496</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,263	(496)	10	19	796
FUND EQUITY AT BEGINNING OF YEAR	<u>6,730</u>	<u>13,042</u>	<u>5,015</u>	<u>10,036</u>	<u>34,823</u>
FUND EQUITY AT END OF YEAR	<u>\$ 7,993</u>	<u>\$ 12,546</u>	<u>\$ 5,025</u>	<u>\$ 10,055</u>	<u>\$ 35,619</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO HIGH SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2013

FUND	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
7th grade	\$ 78	\$ 197	\$ 225	\$ 50
8th grade	144	549	410	283
AED	1,453			1,453
Annual	2,659	12,217	11,786	3,090
AR Store	49			49
Art Fund	385		385	0
Art Neumeyer Scholarship	245	255		500
Athletics	0	4,504	3,677	827
Attendance Program	25			25
Baseball	4,797	10,777	12,726	2,848
Biology grant	643		420	223
Boys basketball	4,905	4,419	3,482	5,842
Cheerleader account	1,502	7,804	8,554	752
Chorus	227	656	342	541
Coaches Fund	205			205
Contingency	(199)	2,709	1,973	537
District #171	0	18,085	18,085	0
Dramatics Club	1,383	612	874	1,121
Drill Team	1,130	848	1,833	145
Early Teen Living	435	30		465
Extra curricular	(17)	3,834	3,723	94
Faculty Fund	283	75	292	66
Football	0	2,292	1,117	1,175
Football Maniac Moms	38			38
Foreign language	75			75
Freshman	142	562	221	483
Girls basketball	2,931	5,398	3,732	4,597
Golf	89			89
H2O	0	58	24	34
Hosa	88	820		908
IDLA	450	2,495	1,745	1,200
Industrial Arts	446			446
Jr High Boys Basketball	0	1,431	313	1,118
Jr High Football	0	2,051	1,973	78
Jr High Girls Basketball	0	1,715	615	1,100
Jr High Track	0	528		528
Jr High Volleyball	0	150		150
Jr High Wrestling	0	18		18
Juniors	815	3,215	1,980	2,050
Key Club	990	3,436	2,927	1,499
Knowledge Bowl	632	99	109	622
Lab fees	117			117
Leadership	1,028		301	727
Library	177	358	387	148
Library Club	(1)	46		45
Balance forward	<u>28,349</u>	<u>92,243</u>	<u>84,231</u>	<u>36,361</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO HIGH SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2013

FUND	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
Balance forward	\$ 28,349	\$ 92,243	\$ 84,231	\$ 36,361
Maniac Boosters	0	735	735	0
Maniac Jackets	65	236	232	69
Maniac Pride	0	5,000		5,000
Math Tech	172		31	141
Mediacs	1,396	195	290	1,301
Michelle's Recycling	0	2,212	1,879	333
Music	4,058	887	4,038	907
Nat Honor Society	349	72	183	238
NNU	2,784	1,264	2,828	1,220
OHS Alumni Fund	122			122
Rodeo Club	(499)			(499)
Senior Party	0	5,188	5,207	(19)
Senior Project	(92)	6,072	4,608	1,372
Seniors	124	7,010	6,654	480
Shop (reg acct)	2,552	1,602	2,889	1,265
Sign Fund	167			167
Silk screening	443	650	609	484
Skills USA	1,112	520	102	1,530
Soccer	3,687	10,194	11,261	2,620
Soccer Parents	290		95	195
Softball	(22)	4,993	4,971	0
Sophomores	210	674	409	475
Student Association	1,748	37,700	36,447	3,001
Student Council	59	6,559	6,739	(121)
Supplies	586	558	1,428	(284)
Tax	132	3,859	3,719	272
Technology	(145)			(145)
Towels	192			192
Track	58	950	908	100
Volleyball	1,184	2,435	3,619	0
Weight training	0	521		521
Wrestling	542	295	1,125	(288)
Youth Leg	716	1,595	950	1,361
Bad Checks	(328)		108	(436)
Bank charge	(174)		117	(291)
	<u>49,837</u>	<u>194,219</u>	<u>186,412</u>	<u>57,644</u>
Savings account	12,614		5,635	6,979
	<u>\$ 62,451</u>	<u>\$ 194,219</u>	<u>\$ 192,047</u>	<u>\$ 64,623</u>

JOINT SCHOOL DISTRICT NO. 171

TIMBERLINE SCHOOLS

STATEMENT OF STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2013

FUND	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
Accelerated Reading	\$ 0	\$ 2,221	\$ 1,361	\$ 860
Associated Student Body	0	3,007	3,173	(166)
Athletics	0	7,301	3,469	3,832
Baseball	4,712	1,605	3,240	3,077
Boys basketball	78	500	183	395
Building rent	751			751
Civics Club	211			211
Class of 2010	673			673
Class of 2011	257			257
Class of 2012	0	101	20	81
Class of 2013	344	1,008	1,440	(88)
Class of 2014	438	1,070	1,079	429
Class of 2015	897			897
Class of 2016	490	510	8	992
Class of 2020	161			161
COMPASS test	70			70
Computer lab	324			324
Concessions	2,751	11,864	13,997	618
Contingency	241	911	368	784
Costa Rica	0	1,979	1,979	0
District sport fee	0	6,513	5,151	1,362
Donation	1,923	181	161	1,943
Drama	2,064			2,064
Drivers Ed	0	2,295	2,430	(135)
Elementary School	2,752	4,995	6,360	1,387
Faculty	211	556	880	(113)
FCCLA	243			243
Fees	1,147	12		1,159
Girls basketball	49	1,549	1,726	(128)
Girls softball	1,128	500		1,628
Grants	211			211
Green Club	975	167		1,142
H.S. football	1,239	3,164	3,414	989
H.S. track	(403)	3,782	3,326	53
Herff-Jones	73	163		236
Home Economics	0	86		86
Honor Society	309	104	137	276
Balance forward	<u>24,319</u>	<u>56,144</u>	<u>53,902</u>	<u>26,561</u>

JOINT SCHOOL DISTRICT NO. 171

TIMBERLINE SCHOOLS

STATEMENT OF STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2013

FUND	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
Balance forward	\$ 24,319	\$ 56,144	\$ 53,902	\$ 26,561
HOSA	39			39
IDFY	100			100
Jr. High ASB	61			61
Jr. High basketball	182	500	832	(150)
Jr. High football	536	500	215	821
Jr. High girls basketball	249	500	321	428
Jr. High Journalism	134			134
Jr. High Shop	127			127
Jr. High track	487	737	572	652
Jr. High volleyball	149	500		649
Library	19	2,885	2,545	359
Metal Shop	4,558	209		4,767
Music	784	44	85	743
PBIS	289			289
PE	0	262	609	(347)
Pee Wee Basketball		78		78
Play Shed	4,278	8,600	6,809	6,069
PSAT	111	30	51	90
Red Cross donation	6			6
Reimbursement	1,777	1,764	2,749	792
Sales tax	7	1,413	1,148	272
Scholarships	1			1
School Store	824	944	846	922
Science Club	170	300	40	430
Science lab	204			204
Spanish Club	1,905	278	1,112	1,071
Spartan Spirit Squad	217			217
SS-AD	0	1,217	129	1,088
Technology	1,671	7	496	1,182
THS Cookbooks	0	43		43
Veteran Wall	7			7
Volleyball	605	902	1,613	(106)
Wood Shop	1,776	72	29	1,819
Yearbook	867	622	904	585
	<u>\$ 46,459</u>	<u>\$ 78,551</u>	<u>\$ 75,007</u>	<u>\$ 50,003</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO ELEMENTARY SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2013

	Balance 06/30/12	Increases	Decreases	Balance 06/30/13
OROFINO ELEMENTARY	<u>\$ 14,337</u>	<u>\$ 10,883</u>	<u>\$ 11,567</u>	<u>\$ 13,653</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, 2013 and 2012**

	General Fund		All Other Funds	
	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013
BEGINNING BALANCES	\$ 100,000	\$ 0	\$ 1,697,173	\$ 1,413,875
REVENUES				
General property taxes	2,036,484	2,040,046		
Other local revenue	76,976	107,938	307,494	375,211
Intergovernmental revenue				
State of Idaho	5,762,591	5,701,758	95,848	76,519
Federal	3,902	2,661	1,768,384	1,832,558
Other revenue	1,534	150	2,809	31,764
Transfers	291,554	107,133	202,079	195,554
Total revenues	<u>8,173,041</u>	<u>7,959,686</u>	<u>2,376,614</u>	<u>2,511,606</u>
EXPENDITURES				
Salaries	4,857,367	4,624,400	745,891	719,188
Benefits	2,067,714	2,039,465	403,663	402,528
Purchased services	716,210	700,561	515,982	410,507
Supplies and materials	347,037	340,951	451,823	425,184
Capital outlay	7,358	6,204	261,310	681,747
Insurance	64,515	64,515	450	450
Transfers	212,840	138,854	280,793	163,833
Total expenditures	<u>8,273,041</u>	<u>7,914,950</u>	<u>2,659,912</u>	<u>2,803,437</u>
ENDING BALANCES	\$ 0	\$ 44,736	\$ 1,413,875	\$ 1,122,044