

JOINT SCHOOL DISTRICT NO. 171

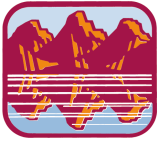
FINANCIAL STATEMENTS

Year Ended June 30, 2019

JOINT SCHOOL DISTRICT NO. 171

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Joint School District No. 171, as of and for the year ended June 30, 2019, 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, 2019, 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, 2019, 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, schedule of pension and OPEB funding, and budgetary comparison information on pages 6 through 12 and 45 through 49, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Report on Summarized Comparative Information

We have previously audited the Joint School District No. 171's 2018 financial statements, and we expressed unqualified audit opinions on the financial statements of each major fund and the aggregate remaining fund information in our report dated October 8, 2018. 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 Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The 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 7, 2019, on our consideration of the Joint School District No. 171's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Joint School District No. 171's internal control over financial reporting and compliance.

PRESNELL GAGE PLLC

October 7, 2019

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, 2019.

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 13 and 14) 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 15 through 21) 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 22 and 23) 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 \$8,733,287 (vs. \$7,182,986 in 2018 and \$6,528,774 in 2017). This includes \$4,276,400 in noncurrent assets (which includes \$3,850,400 in capital assets and \$426,000 OPEB asset) In addition, the District reflects \$1,387,000 in deferred outflows related to PERSI (vs. \$ 1,195,000 in 2018)

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights (Continued)

- Total District liabilities amount to \$5,246,001 vs. \$5,240,480 in 2018. Liabilities are primarily salary, benefits, and taxes due of \$1,250,125 in July and August (\$1,264,389 in 2018) for employees working the prior year plus \$2,914,000 for PERSI net pension liability (\$3,137,000 in 2018). In addition, the District reflects \$569,000 in deferred inflows related to PERSI (\$471,000 in 2018).
- The District's net position increased by \$1,638,780 from operations. After recognizing the effects of GASB 68 and GASB 75, net position was \$4,305,286 at year-end (vs. a \$969,374 increase in 2018 and a \$31,300 decrease in 2017).
- The total cost of District operations amounted to \$14,474,505, an increase from \$14,354,001 in 2018.
- District revenue amounted to \$16,113,285, an increase from \$15,323,375 in 2018.

TABLE 1 – FUNCTIONAL EXPENDITURES

The following table compares expenses by function to the 2018 expenses:

Expenditures were up in 2019 primarily due to pupil support and maintenance and operations.

	2019	2018	Increase (Decrease)
Program Expenses			
Instruction			
Regular programs	\$ 7,497,753	\$ 7,203,583	\$ 294,170
Special programs	717,402	735,240	(17,838)
Interscholastic and school activity	268,273	255,305	12,968
Total instruction	8,483,428	8,194,128	289,300
Support services			
Pupil support	711,037	657,526	53,511
Staff support	1,230,792	1,294,133	(63,341)
General administration	211,004	320,981	(109,977)
School administration	641,400	617,930	23,470
Business services	199,434	177,456	21,978
Maintenance and operations	1,637,268	1,299,045	338,223
Transportation	863,572	805,747	57,825
Total support services	5,494,507	5,172,818	321,689
Food services	1,221,972	1,058,133	163,839
Capital outlay	0	29,771	(29,771)
Debt services	17,598	20,151	(2,553)
PERSI retirement actuarial charges	(743,000)	(121,000)	(622,000)
Total governmental activities	\$ 14,474,505	\$ 14,354,001	\$ 120,504

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MANAGEMENT'S DISCUSSION AND ANALYSIS

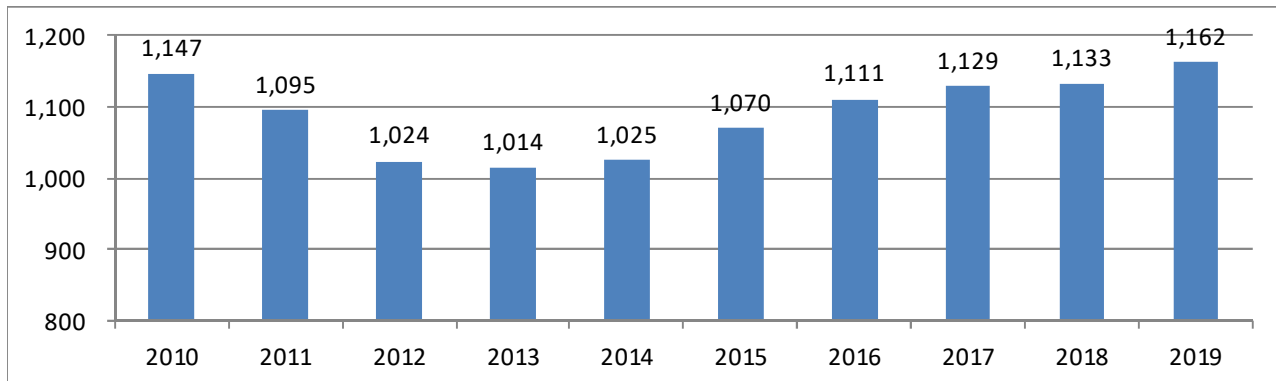
THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES (CONTINUED)

TABLE 2 – FOUNDATION PROGRAM REVENUE

Foundation program revenue from the State of Idaho remains the District's primary revenue source. For 2018-19, District revenue increased by \$762,895 primarily due to the continued operation of the Youth Challenge Program and a general increase in state funding for education.

The funding formula for the State Foundation Program revenue is largely dependent on student counts, which had been falling. Fall enrollment has increased from 1,147 students 10 years ago to 1,162 in 2018-19. The 2014 opening of the Youth Challenge Program is largely responsible for a continuing increase in students over the last 5 years.

	2019	2018	2019 vs. 2018
<u>State Foundation Program</u>			
State salary apportionment	\$ 6,192,355	\$ 5,893,399	\$ 298,956
State transportation funding	507,334	469,124	38,210
Entitlement	2,277,350	2,141,177	136,173
Other	642,575	561,220	81,355
Total State Foundation Program	<u>\$ 9,619,614</u>	<u>\$ 9,064,920</u>	<u>\$ 554,694</u>



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 2019 revenue to the 2018 and 2017 revenue.

	2019	2018	2017	2019 vs. 2018
Total Revenue				
Program Revenue				
Charges for services	\$ 565,101	\$ 383,298	\$ 444,293	\$ 181,803
Federal and state funds	2,908,436	3,008,356	2,979,521	(99,920)
Total program revenue	3,473,537	3,391,654	3,423,814	81,883
General Revenue				
Property Taxes	2,976,732	2,833,546	2,929,985	143,186
Federal funds	467,775	456,863	129,184	10,912
State funds	8,886,316	8,430,958	7,964,867	455,358
Other revenue	308,925	210,354	218,334	98,571
Total general revenue	12,639,748	11,931,721	11,242,370	708,027
Total revenue	\$ 16,113,285	\$ 15,323,375	\$ 14,666,184	\$ 789,910

Net Pension Liability. The District recognized a net pension liability of \$2,914,000 for its share of PERSI's net pension liability. PERSI is one of the strongest retirement systems in the nation, with funding at 92 percent of the pension obligation. The District recognized deferred outflows of \$1,255,000 for payments of \$745,000 made towards the net pension liability and \$510,000 for the District's share of the shortfall in PERSI earnings and deferred inflows of \$544,000 for the District's share of earning excess of the minimum expectation by PERSI.

Net OPEB Asset. The District recognized a net OPEB asset of \$426,000 for its share of PERSI's net OPEB asset for the sick leave plan. PERSI is one of the strongest retirement systems in the nation, with funding at 136 percent of the OPEB obligation. The District recognized deferred outflows of \$132,000 for payments made to increase the net OPEB asset and deferred inflows of \$25,000 for the District's share of earnings in excess of the minimum expectation by PERSI.

FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 15 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.

FUND FINANCIAL STATEMENTS (CONTINUED)

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 reconciliation at the bottom of the fund financial statements.

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 22. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Financial Highlights

- The fund balance for the governmental funds—the part of net position that can be used to finance day-to-day operations—increased by \$198,155 from \$1,495,322 at June 30, 2018, to \$1,693,477 at the end of this year (vs. \$259,317 increase in 2018).
- Total revenues increased from (\$15,336,000 in 2018) to \$16,098,895; while expenditures increased from (\$15,076,683 in 2018) to \$15,900,740.

The District continues to face the challenge of adequate state funding. However, state foundation funding increased in 2019 due largely to the operation of the Youth Challenge Program and the implementation of the career ladder. The Supplemental Levy remained the same for 2019, \$2,685,000.

The District continues to hold the line on budgeted expenditures where possible as well as continuing a four-day school week. The largest cost to the District has been and will be salaries and benefits. The District will again proceed with a four-day school week for 2019-2020.

The District's base property tax was eliminated through the change in the state funding formula in 2007. However, patrons approved a supplemental tax levy of \$2,685,000 for 2018-19.

The District has historically used the Forest Reserve Fund to supplement the deficit in the other District funds. The District made a transfer of \$99,044 (vs. \$0 in 2018) to other funds to balance the budget, and has a remaining balance of \$1,229,408 (\$995,559 in 2018). The District receives a substantial amount of Forest Reserve Fund revenue, which was 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 2019 was \$321,758 (\$313,253 in 2018 and \$19,582 in 2017). Terms for the future renewal of the Craig-Wyden support is uncertain. It is the hope of the District to not transfer these funds to pick up shortfalls until the forest funds are renewed.

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 \$78,197 for the year. The balance was reimbursed from the General Fund.

The District approved a 10-year annual \$100,000 School Plant Facility Levy in 2014. The School Plant Facility Reserve Fund has borrowed \$1,000,000 on a lease to make improvements to school windows and HVAC systems. The District has pledged the proceeds of the School Plant Facilities Levy towards payment of the lease. At the end of 2018-2019, the fund has a carryover balance of \$210,661 available to make school improvements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had \$3,850,400 invested in capital assets, net of accumulated depreciation. This includes buildings, computer equipment, and major school equipment and is an increase of \$356,641 from the prior year. Current year depreciation of \$308,835 (\$278,911 in 2018 and \$273,033 in 2017) was less than capital purchases of \$665,476 (\$556,708 in 2018 and \$406,779 in 2017). More detailed information about the District's capital assets is presented in Notes 1 and 6 to the financial statements. The primary capital asset purchases in 2018-19 were for the bus lane, roof replacement, and entry doors at Orofino Elementary School and heating/cooling units at Orofino Junior Senior High School.

Debt

The District borrowed \$1,000,000 on a 10-year lease agreement in 2014 with Capital One Public Fund to finance capital improvements within the District. District patrons approved a 10-year School Plant Facility levy in 2014, which will be used to repay the lease agreement. The District made its first principal payment in 2015 and owes a balance of \$579,080 on the lease at June 30, 2019.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2019 budget, tax rates, and fees that will be charged to students. Personnel costs are tied to a state-wide salary index career ladder and certified staff and classified staff received an average 3 percent increase for 2018. The District has added no new major programs or initiatives to the 2019 budget. The District hired one new 1.0 FTE teacher, one new 1.0 FTE district pupil service personnel, and retained one 0.49 FTE teacher for the metal shop program due to increasing enrollment. The Supplemental Levy will fund the new bus lane at Orofino Elementary School and a new office remodel at Orofino Junior Senior High School.

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, 2019

	Governmental Activities	Prior Year 2018
ASSETS		
Current assets		
Cash	\$ 461,680	\$ 225,481
Investments	1,876,308	1,682,320
Property taxes receivable	1,165,662	1,138,527
Accounts receivable	953,237	642,899
Total current assets	<u>4,456,887</u>	<u>3,689,227</u>
Noncurrent assets		
Net OPEB asset	426,000	
Capital assets	11,099,466	10,433,990
Less accumulated depreciation	<u>(7,249,066)</u>	<u>(6,940,231)</u>
Total noncurrent assets	<u>4,276,400</u>	<u>3,493,759</u>
Total assets	<u>8,733,287</u>	<u>7,182,986</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,387,000</u>	<u>1,195,000</u>
LIABILITIES		
Current liabilities		
Accounts payable	502,107	142,356
Payroll and taxes payable	1,250,125	1,264,389
Accrued expenses	689	21,177
Current portion of lease payable	99,099	96,478
Total current liabilities	<u>1,852,020</u>	<u>1,524,400</u>
Noncurrent liabilities		
Net pension liability	2,914,000	3,137,000
Lease payable	479,981	579,080
Total noncurrent liabilities	<u>3,393,981</u>	<u>3,716,080</u>
Total liabilities	<u>5,246,001</u>	<u>5,240,480</u>
DEFERRED INFLOWS OF RESOURCES	<u>569,000</u>	<u>471,000</u>
NET POSITION		
Invested in capital assets, net of related debt	3,271,320	2,818,201
Restricted for:		
Capital projects	216,676	227,094
Unrestricted	<u>817,290</u>	<u>(378,789)</u>
Total net position	<u>\$ 4,305,286</u>	<u>\$ 2,666,506</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Prior Year 2018
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
Instruction					
Regular programs	\$ 7,497,753	\$ 9,300	\$ 1,093,008	\$ (6,395,445)	\$ (6,309,567)
Special programs	717,402		269,130	(448,272)	(471,161)
Interscholastic and school activity	268,273	3,225		(265,048)	(255,305)
Support services					
Pupil support	711,037			(711,037)	(640,275)
Staff support	1,230,792		478,421	(752,371)	(485,371)
General administration	211,004			(211,004)	(320,981)
School administration	641,400			(641,400)	(617,930)
Business services	199,434			(199,434)	(177,456)
Maintenance and operations	1,637,268			(1,637,268)	(1,299,045)
Transportation	863,572	10,883	507,334	(345,355)	(327,269)
Food services	1,221,972	541,693	560,543	(119,736)	(129,065)
Capital outlay					(29,771)
Debt services	17,598			(17,598)	(20,151)
PERSI actuarial charges	(743,000)			743,000	121,000
Total governmental activities	<u>\$ 14,474,505</u>	<u>\$ 565,101</u>	<u>\$ 2,908,436</u>	<u>(11,000,968)</u>	<u>(10,962,347)</u>
General revenues:					
Property taxes, levied for general purposes				2,976,732	2,833,546
State base support				8,882,212	8,426,854
In lieu revenue				4,104	4,104
Other state and federal funding not restricted to specific programs				467,775	456,863
Interest and investment earnings				66,912	35,498
Other general revenues				242,013	174,856
				<u>12,639,748</u>	<u>11,931,721</u>
Change in net position				1,638,780	969,374
Net position, beginning				<u>2,666,506</u>	<u>1,697,132</u>
Net position, ending				<u>\$ 4,305,286</u>	<u>\$ 2,666,506</u>

See accompanying notes
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JOINT SCHOOL DISTRICT NO. 171

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

	General	Forest Reserve	Youth Challenge Program	School Lunch	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds	Prior year 2018
ASSETS								
Cash								\$ 42
Investments	\$ 1,730,986	\$ 10,919			\$ 109,385	\$ 3,453	\$ 1,854,743	1,661,252
Property taxes receivable	1,159,647				6,015		1,165,662	1,138,527
Accounts receivable	498,173	1,888	\$ 155,640	\$ 87,372		210,164	953,237	642,791
Due from other funds		1,216,601	28,313	46,532	101,276	231,758	1,624,480	1,299,864
Total assets	\$ 3,388,806	\$ 1,229,408	\$ 183,953	\$ 133,904	\$ 216,676	\$ 445,375	\$ 5,598,122	\$ 4,742,476
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 360,385		\$ 105,412	\$ 282		\$ 36,028	\$ 502,107	\$ 142,356
Payroll and taxes payable	1,066,904			46,282		136,939	1,250,125	1,264,389
Due to other funds	1,809,386			87,340		96,852	1,993,578	1,674,979
Unearned revenue						689	689	21,177
Total liabilities	3,236,675	\$ 0	105,412	133,904	\$ 0	270,508	3,746,499	3,102,901
DEFERRED INFLOWS OF RESOURCES								
Receivables not collected in 60 days	152,131				6,015		158,146	144,253
Total deferred inflows of resources	152,131	0	0	0	6,015	0	158,146	144,253
FUND BALANCES								
Restricted for capital improvements					210,661		210,661	221,862
Committed for capital improvements		1,229,408					1,229,408	1,065,836
Assigned			78,541			174,867	253,408	97,157
Unassigned								110,467
Total fund balances	0	1,229,408	78,541	0	210,661	174,867	1,693,477	1,495,322
Total liabilities and fund balances	\$ 3,388,806	\$ 1,229,408	\$ 183,953	\$ 133,904	\$ 216,676	\$ 445,375	\$ 5,598,122	\$ 4,742,476

15 See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

RECONCILIATION OF THE STATEMENT OF NET POSITION
TO THE BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	Total Governmental Funds	Prior Year 2018
Total fund balances - Governmental Funds	\$ 1,693,477	\$ 1,495,322
Amounts reported for governmental activities in the statement of net position are different because:		
Excess funding of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Net OPEB asset	426,000	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Cost of capital assets	11,099,466	10,433,990
Accumulated depreciation	(7,249,066)	(6,940,231)
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.	158,146	144,253
Deferred outflows and deferred inflows for pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred outflows	1,387,000	1,195,000
Deferred inflows	(569,000)	(471,000)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Lease payable	(579,080)	(675,558)
Net pension liability	(2,914,000)	(3,137,000)
An internal service fund is used by management to charge employee medical insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	852,343	621,730
Total net position - Governmental Activities	\$ 4,305,286	\$ 2,666,506

See accompanying notes
16

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	General	Forest Reserve	Youth Challenge	School Lunch	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds	Prior Year 2018
REVENUES								
General property taxes	\$ 2,865,362				\$ 97,477		\$ 2,962,839	\$ 2,839,174
State foundation program	7,249,876		\$ 2,139,670			\$ 230,068	9,619,614	9,064,920
Other state revenue	119,845					72,354	192,199	236,796
Federal revenue		\$ 321,758		\$ 590,819		919,620	1,832,197	2,024,923
Charges for services	3,225			116,072		9,300	128,597	90,058
Earnings on investments	63,543	252		19	2,521	80	66,415	35,222
Other revenues	236,690	10,883	608,517	425,644		15,300	1,297,034	1,044,907
Total revenues	10,538,541	332,893	2,748,187	1,132,554	99,998	1,246,722	16,098,895	15,336,000
EXPENDITURES								
Instruction								
Regular programs	4,961,841		2,704,643			477,662	8,144,146	7,746,748
Special programs	417,624					299,778	717,402	735,240
Interscholastic and school activity	268,273						268,273	255,305
Support services								
Pupil support	710,252					785	711,037	673,338
Staff support	648,057					582,735	1,230,792	1,294,133
General administration	201,503						201,503	311,475
School administration	641,400						641,400	617,930
Business services	199,434						199,434	177,456
Maintenance and operations	1,637,268						1,637,268	1,299,045
Transportation	729,433				95,225		824,658	772,198
Food services				1,210,751			1,210,751	1,049,970
Capital outlay								29,771
Debt services					114,076		114,076	114,074
Total expenditures	10,415,085	0	2,704,643	1,210,751	209,301	1,360,960	15,900,740	15,076,683
EXCESS OF REVENUES OVER EXPENDITURES	123,456	332,893	43,544	(78,197)	(109,303)	(114,238)	198,155	259,317
OTHER FINANCING SOURCES (USES)								
Transfers from other funds	99,044			78,197	98,102	164,800	440,143	269,598
Transfers to other funds	(332,967)	(99,044)	(8,132)				(440,143)	(269,598)
Total other financing sources (uses)	(233,923)	(99,044)	(8,132)	78,197	98,102	164,800	0	0
NET CHANGE IN FUND BALANCES	(110,467)	233,849	35,412	0	(11,201)	50,562	198,155	259,317
FUND BALANCES AT BEGINNING OF YEAR	110,467	995,559	43,129	0	221,862	124,305	1,495,322	1,236,005
FUND BALANCES AT END OF YEAR	\$ 0	\$ 1,229,408	\$ 78,541	\$ 0	\$ 210,661	\$ 174,867	\$ 1,693,477	\$ 1,495,322

See accompanying notes
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JOINT SCHOOL DISTRICT NO. 171

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Total Governmental Funds	Prior Year 2018
Net change in fund balances - Total Governmental Funds	\$ 198,155	\$ 259,317
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	665,476	556,708
Current year depreciation	(308,835)	(278,911)
Undepreciated basis on equipment disposed during the year		(7,273)
Amounts repaid on long-term debt are reported in the governmental funds as expenditures. However, for governmental activities, the repayment of funds is reflected as a payment of outstanding long-term debt:		
Current year repayment of long-term debt	96,478	93,923
Some revenues will not be collected for several months after the fiscal year-ends, and they are not considered available revenues in the governmental funds. Instead, they are counted as deferred tax revenues. They are, however, recorded as revenues:		
Current year taxes receivable	158,146	144,253
Prior year taxes receivable	(144,253)	(149,881)
Net pension liability and the related deferred outflows and deferred inflows are not considered available for the governmental funds in the current year.		
Current year net pension liability, deferred outflows, and deferred inflows	210,000	121,000
Current year net OPEB asset, deferred outflows, and deferred inflows	533,000	
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.	230,613	230,238
Change in net position - Governmental Activities	\$ 1,638,780	\$ 969,374

See accompanying notes
18

JOINT SCHOOL DISTRICT NO. 171

BALANCE SHEET - PROPRIETARY FUNDS

June 30, 2019

	Governmental Activities	Prior Year 2018
	Internal Service Fund	
ASSETS		
CURRENT ASSETS		
Cash	\$ 461,680	\$ 225,439
Investments	21,565	21,068
Due from other funds	369,098	375,115
Accounts receivable		108
Total current assets	\$ 852,343	\$ 621,730
LIABILITIES		
CURRENT LIABILITIES		
Total current liabilities	\$ 0	\$ 0
NET POSITION		
Unreserved	852,343	621,730
Total net position	852,343	621,730
Total liabilities and net position	\$ 852,343	\$ 621,730

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 PROPRIETARY FUNDS
 Year Ended June 30, 2019

	Governmental Activities Internal Service Fund	Prior Year 2018
REVENUES		
Interfund charges for medical insurance	\$ 348,458	\$ 325,863
Total revenues	348,458	325,863
OPERATING EXPENSES		
Instruction improvement	8,083	7,923
Maintenance and operations	110,259	87,978
Total operating expenses	118,342	95,901
OPERATING INCOME	230,116	229,962
NONOPERATING REVENUES		
Earnings on investments	497	276
Total nonoperating revenues	497	276
CHANGE IN NET POSITION	230,613	230,238
NET POSITION AT BEGINNING OF YEAR	621,730	391,492
NET POSITION AT END OF YEAR	\$ 852,343	\$ 621,730

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2019

	Governmental Activities Internal Service Fund	Prior Year 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund charges	\$ 348,566	\$ 325,755
Cash paid for fund expenses	(118,342)	(95,901)
Net cash provided by operating activities	230,224	229,854
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan to other funds	6,017	(375,115)
Purchase of investments	(497)	(276)
Interest received	497	276
Net cash provided (used) by investing activities	6,017	(375,115)
NET CHANGE IN CASH	236,241	(145,261)
CASH AT BEGINNING OF YEAR	225,439	370,700
CASH AT END OF YEAR	\$ 461,680	\$ 225,439
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 230,116	\$ 229,962
Changes in accounts receivable	108	(108)
Net cash provided by operating activities	\$ 230,224	\$ 229,854

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2019

	Private- Purpose Trusts	Agency Funds
ASSETS		
Current assets		
Cash	\$ 3,431	\$ 179,764
Investments	26,766	
Total assets	30,197	<u>\$ 179,764</u>
LIABILITIES		
Current liabilities		
Due to student groups		\$ 179,764
Total current liabilities	0	<u>179,764</u>
Total liabilities	0	<u>\$ 179,764</u>
NET POSITION		
Held in trust	30,197	
Total net position	<u>\$ 30,197</u>	

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
Year Ended June 30, 2019**

	Private- Purpose Trusts	Prior Year 2018
ADDITIONS		
Earnings on investments	\$ 932	\$ 1,911
Total additions	932	1,911
DEDUCTIONS		
Scholarships		
Total deductions	0	0
Change in net position	932	1,911
Net position at beginning of year	29,265	27,354
NET POSITION AT END OF YEAR	<u>\$ 30,197</u>	<u>\$ 29,265</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

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 following is a summary of the significant policies used by the District.

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 1,162 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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Measurement Focus and Basis of Accounting (Continued).*****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. Property taxes, the state foundation program, federal and state grants, and interest are considered susceptible to accrual.

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Restricted Resources (Continued).***

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

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.

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.
- Youth Challenge. The District provides education services to the Youth Challenge Program in Pierce and acts as a conduit for State of Idaho funding to the program.
- 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.

Investments. The District's investments consist of deposits in the Idaho State Treasurer's Local Government Investment Pool. Public reports on the Local Government Investment Pool can be found at sto.idaho.gov/Investments.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources. The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. Deferred outflows of resources reported in this year's government-wide financial statements include amounts related to the District's participation in PERSI as outlined in Note 8 – Defined Benefit Pension Plan and in Note 9 – OPEB Sick Leave Plan. No deferred outflows of resources affect the fund financial statements in the current year.

The District reports increases in net assets that relate to future periods as deferred inflows in a separate section of the District-wide statement of net position and the District governmental fund balance sheet. Deferred inflows of resources reported in this year's government-wide financial statements include amounts related to the District's participation in PERSI as outlined in Note 8 – Defined Benefit Pension Plan and in Note 9 – OPEB Sick Leave Plan. Deferred inflows of resources reported in the fund financial statements include property tax revenues that are not collected for 30 days after year-end and are not considered available to pay current year bills under the modified accrual basis of accounting.

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.

Pensions. For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PERSI. The liability is measured as of June 30, 2018, and current year payments are reported as deferred outflows. PERSI records investments at fair value and benefit payments are recorded when due.

Other Post Employment Benefits (OPEB). For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or system) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund's fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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	\$ 10,107,174	\$ 10,748,052
Youth Challenge	1,828,703	2,712,775
Healthy School Nurse	40,000	48,891
Public School Technology	182,347	184,300
Challenge Title I	78,487	86,382
Title 1	211,811	213,690
IDEA Part B	261,316	263,670
IDEA Preschool	18,999	36,108
Carl Perkins Vocational Education	15,196	15,888
School Lunch - Youth Challenge	470,909	566,590

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

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

Deficit Fund Balance in Individual Funds. No funds had a deficit fund balance at June 30, 2019.

3. DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2019, the carrying amount of the District's deposits was \$461,680 in governmental activities, and \$183,195 in fiduciary activities. The bank balance was \$639,952 of which \$403,714 would be considered covered by FDIC insurance.

Investments. At June 30, 2019, District investments are classified in the following categories of credit risk. The carrying value of investments approximates market value.

	Governmental Activities	Fiduciary Funds
Uninsured balance held by Idaho Department of Health and Welfare	\$ 23,550	
Uninsured and unregistered with securities held in the District's name Pioneer Value Fund		\$ 10,917
Idaho State Treasurer's Local Government Investment Pool	1,852,758	15,849
Total investments	<u>\$ 1,876,308</u>	<u>\$ 26,766</u>

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

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

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

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

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

4. ACCOUNTS RECEIVABLE

Details of accounts receivable at June 30, 2019, are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
State of Idaho - Foundation program	\$ 443,627	
State of Idaho - State grants	1,026	
State of Idaho - Federal grants	178,330	
Federal funds due from other agencies	24,483	
Youth Challenge Program	77,114	
Other	228,657	
	<u>\$ 953,237</u>	<u>\$ 0</u>

5. PROPERTY TAXES

The District's property tax levies for calendar years 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Certified Budget Request		
Tort levy	\$ 60,974	\$ 59,729
Supplemental levy approved	2,685,000	2,685,000
Plant facilities levy approved	100,000	100,000

District assessed market value and tax levies:

	<u>Actual Tax Charge</u>	<u>Total Market Valuation</u>	<u>Levy</u>
2018	\$ 2,781,187	\$ 606,741,485	0.4600907%
2017	2,789,100	556,827,510	0.5021066%
2016	2,794,564	546,450,198	0.5126347%
2015	2,391,382	535,336,303	0.4478188%
2014	2,369,203	509,633,621	0.4661285%
2013	2,272,954	513,275,681	0.4550515%
2012	2,003,504	527,655,067	0.3797058%
2011	1,981,752	525,442,696	0.3775246%
2010	1,779,720	549,216,101	0.3246023%
2009	1,524,949	571,246,621	0.2680132%

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2019, is as follows:

	6/30/18			6/30/19
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital assets				
Land	\$ 132,000			\$ 132,000
Equipment				
Elementary	69,410	\$ 15,966		85,376
Secondary	531,498			531,498
School lunch	379,995			379,995
Other	102,887			102,887
Buildings				
Elementary	2,593,261	439,793		3,033,054
Secondary	4,052,788	111,119		4,163,907
Bus Shop	502,546			502,546
Buses	1,946,740	98,598		2,045,338
Vehicles	122,865			122,865
	<u>\$10,433,990</u>	<u>\$ 665,476</u>	<u>\$ 0</u>	<u>11,099,466</u>
Accumulated depreciation				
Equipment				
Elementary	\$ 66,847	\$ 1,811		68,658
Secondary	361,632	10,159		371,791
School lunch	314,836	11,220		326,056
Other	34,388	9,504		43,892
Buildings				
Elementary	1,917,583	48,679		1,966,262
Secondary	2,528,451	89,952		2,618,403
Bus Shop	294,705	16,223		310,928
Buses	1,322,122	115,413		1,437,535
Vehicles	99,667	5,874		105,541
	<u>\$ 6,940,231</u>	<u>\$ 308,835</u>	<u>\$ 0</u>	<u>7,249,066</u>
Capital assets, net				<u>\$ 3,850,400</u>

Depreciation of \$308,835 was charged to the following functions in the statement of activities:

Instruction, regular programs	\$ 150,601
School lunch	11,220
Transportation	137,510
Other	9,504

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

7. GENERAL LONG-TERM DEBT

Lease Payable. The District approved the issuance of a lease in November 2014 to finance improvements to windows and HVAC systems.

Future payments under bonds payable as of June 30, 2019, are as follows:

Fiscal Year	Principal	Interest	Interest Rate
2020	\$ 99,099	\$ 14,976	2.70%
2021	101,795	12,282	2.70%
2022	104,561	9,515	2.70%
2023	107,403	6,673	2.70%
2024	110,322	3,753	2.70%
2025	55,900	755	2.70%

Interest expense of \$17,598 has been reported as a separate function on the statement of activities. There is no interest expense included in other function expenses.

Changes in General Long-term Debt Account Group. A summary of changes in general long-term debt follows:

	Balance 7/1/18	Additions	Repayment	Balance 6/30/19
Lease agreement	<u>\$ 675,558</u>	<u>\$ 0</u>	<u>\$ 96,478</u>	\$ 579,080
Current portion of lease				<u>99,099</u>
Non-current portion of lease				<u>\$ 479,981</u>

District patrons have approved a Plant Facilities Reserve Fund Levy of \$100,000 per year for 10 years, which has been pledged to make payments under the lease agreement.

8. DEFINED BENEFIT PENSION PLAN

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

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

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60 percent of the employer rate for general employees. As of June 30, 2019, it was 6.79 percent for general employees. The employer contribution rate, as a percentage of covered payroll, is set by the Retirement Board and was 11.32 percent for general employees. The District's contributions required and paid were \$745,500, \$718,400 and \$687,100 for the three years ended June 30, 2019, 2018, and 2017, respectively.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a liability of \$2,914,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the District's proportion was .1975328 percent.

For the year ended June 30, 2019, the District recognized a net change in pension expense of \$210,000. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 745,000	
Differences between expected and actual experience	\$ 320,000	\$ 220,000
Changes in assumptions or other inputs	\$ 190,000	
Net difference between projected and actual earnings on pension plan investments		\$ 324,000

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). Deferred outflows of resources in the amount of \$745,000 related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

The average of the expected remaining service lives of all employees that are provided with pensions through PERSI (active and inactive employees) determined at July 1, 2017, the beginning of the measurement period ended June 30, 2018, is 4.8 and 4.9 for the measurement period June 30, 2017.

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

2020	\$ 237,000
2021	28,000
2022	(239,000)
2023	(60,000)

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

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases including inflation	3.75%
Investment rate of return	7.05%, net of pension plan investment expense
Cost of Living Adjustments (COLA)	1.00%

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

Set back 3 years for teachers
Set back 1 year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013 through June 30, 2017, which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The total pension liability as of June 30, 2018, is based on the results of an actuarial valuation date of July 1, 2018.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued). The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

CAPITAL MARKET ASSUMPTIONS

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%
<u>Total Fund</u>	<u>Expected Return</u>	<u>Expected Inflation</u>	<u>Expected Real Rate of Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

Expected arithmetic return net of fees and expenses

Actuarial Assumptions

Assumed inflation – mean	3.25%
Assumed inflation – standard deviation	2.00%
Portfolio arithmetic mean return	8.42%
Portfolio long-term expected geometric rate of return	7.50%
Assumed investment expenses	0.40%
Long-term expected geometric rate of return, Net of investment expenses	7.05%

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability was 7.05 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
District's proportionate share of the net pension liability (asset)	\$ 7,294,000	\$ 2,914,000	\$ (713,000)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

9. OTHER POST-EMPLOYMENT BENEFIT PLANS

Insurance Extension. 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.

Sick Leave Plan. The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan), which is a cost-sharing, multiple-employer, defined benefit OPEB Plan that covers members receiving retirement benefits that are administered by PERSI. The Sick Leave Insurance Retirement Fund is made up of two trust funds, one for school district employee benefits and one for state employee benefits. The cost to administer the Plan is financed through the contributions and investment earnings of the Plan. PERSI issues a publicly available financial report that includes the financial statement and the required supplementary information for the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

9. OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

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

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company. The amount available for benefit is limited to one-half of the employee's eligible sick leave balance and rate of compensation at retirement. The benefit terms are established and may be amended by the Idaho Senate.

The contribution rates for school members are set by statute based on the number of sick days offered by the District to certified teachers. The contribution rate of 1.16 percent for members with nine or ten sick days and 1.26 percent for members with 11-14 sick days. If a member has more than 14 days of sick leave, then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The school districts are responsible for any unfunded obligations through contribution rate adjustments. The District's contributions were \$82,498 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the District reported an asset of \$426,000 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2017, and rolled forward to June 30, 2018. The District's proportion of the net OPEB asset was based on the District's share of contributions in the OPEB Plan relative to the total contributions of all participating employers. At June 30, 2018, the District's proportion was .513452 percent.

For the year ended June 30, 2019, the District recognized an OPEB expense offset of \$533,000. At June 30, 2019, the District reported deferred outflows of \$132,000 and deferred inflows of \$25,000 related to resources that will be recognized in pension expense over future years. Deferred outflows of resources in the amount of \$82,000 is related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2019.

Actuarial Assumptions. The assumptions used by the actuary to measure the OPEB Plan liability are the same assumptions used to measure the defined benefit pension plan liability. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement, thus, would have no impact. These assumptions can be found in Note 8.

9. OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate. The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 7.05 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
District's proportionate share of the net OPEB liability (asset)	\$ (376,000)	\$ (426,000)	\$ (473,000)

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

10. 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, 2019, is as follows:

- Property – Replacement cost coverage on scheduled buildings and contents
- Earthquake and Flood - \$50,000,000 annual maximum limit for all ICRMP members
- Boiler and Machinery - \$100,000 to \$5,000,000 limits per occurrence
- Crime - \$500,000 limit for school officials and employees
- General Liability - \$2,000,000 limit per occurrence.
- Abuse and Molestation - \$2,000,000 limit per occurrence.
- Educator's Legal Liability - \$2,000,000 limit per occurrence.
- Automobiles - \$3,000,000 liability and \$300,000 uninsured motorist;

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.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

11. 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, 2019, amounted to \$78,197, which exceeded the required transfer of approximately \$26,280 for the 2019 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 \$98,102 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 District has met this requirement for the current year without transferring amounts in the school building maintenance fund.

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

From Youth Challenge School Lunch to School Lunch	\$	53,055
From Youth Challenge to Youth Challenge Title I		5,810

12. FUND BALANCE RESERVES AND DESIGNATIONS

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

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

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

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

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

13. 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, 2019, were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General		\$ 1,809,386
Forest Reserve	\$ 1,216,601	
Medical Insurance Reinsurance	369,098	
Public School Technology	86,435	
District Property	66,904	
School Lunch	46,532	
Medicaid	33,834	
Youth Challenge	28,313	
Substance Abuse	20,251	
Healthy School Nurse	8,136	
Vocational Education	7,345	
IDEA Preschool	4,959	
School Plant Facility Reserve	101,276	
Nez Perce Tribe	1,816	
Driver Education	1,089	
Rural Education	689	
Angela Miller Memorial	300	
Challenge School Lunch		87,340
Title I		33,638
IDEA Part B		30,031
Challenge Title I		11,900
Carl Perkins Vocational Education		11,313
Title II-A Improving Teacher Quality		5,906
Title IV-A Student Support		4,064

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).

14. 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 *Uniform Guidance* 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.

REQUIRED SUPPLEMENTARY INFORMATION

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF PENSION FUNDING Year Ended June 30, 2019

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll	Share of PERSI Net Pension Liability		Net Pension Liability as % of Covered Payroll
						%	Amount	
2010	\$ 595,100	\$ 595,100	\$ 0	\$ 5,727,600	10.39%	(1)	(1)	
2011	540,600	540,600	0	5,203,100	10.39%	(1)	(1)	
2012	516,100	516,100	0	4,967,300	10.39%	(1)	(1)	
2013	513,600	513,600	0	4,943,200	10.39%	(1)	(1)	
2014	583,600	583,600	0	5,155,500	11.32%	(1)	\$ 3,707,000	72%
2015	609,100	609,100	0	5,380,700	11.32%	0.1937911%	1,427,000	27%
2016	652,400	652,400	0	5,763,300	11.32%	0.1946968%	2,564,000	44%
2017	687,100	687,100	0	6,069,800	11.32%	0.1942833%	3,938,000	65%
2018	718,400	718,400	0	6,346,300	11.32%	0.1995658%	3,137,000	49%
2019	745,500	745,500	0	6,585,700	11.32%	0.1975328%	2,914,000	44%

SCHEDULE OF OPEB FUNDING

Fiscal Year	Statutorily Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll	Share of PERSI Net OPEB Asset		Net OPEB Asset as % of Covered Payroll
						%	Amount	
2010	\$ 66,440	\$ 66,440	\$ 0	\$ 5,727,600	1.16%	(2)	(2)	
2011	60,356	60,356	0	5,203,100	1.16%	(2)	(2)	
2012	57,621	57,621	0	4,967,300	1.16%	(2)	(2)	
2013	57,341	57,341	0	4,943,200	1.16%	(2)	(2)	
2014	59,804	59,804	0	5,155,500	1.16%	(2)	(2)	
2015	62,416	62,416	0	5,380,700	1.16%	(2)	(2)	
2016	66,854	66,854	0	5,763,300	1.16%	(2)	(2)	
2017	70,410	70,410	0	6,069,800	1.16%	(2)	(2)	
2018	79,982	79,982	0	6,346,300	1.16%	(2)	\$ 406,000	6%
2019	82,498	82,498	0	6,585,700	1.16%	0.513452%	426,000	6%

(1) PERSI has not provided calculations for years prior to implementation of GASB Statement No. 68.

(2) PERSI has not provided calculations for years prior to implementation of GASB Statement No. 75.

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	With Final Budget
REVENUES				
General property taxes	\$ 2,750,590	\$ 2,750,590	\$ 2,865,362	\$ 114,772
State foundation program	7,222,784	7,222,784	7,249,876	27,092
Other state revenue	111,320	111,320	119,845	8,525
Charges for services			3,225	3,225
Earnings on investments	5,000	5,000	63,543	58,543
Other revenues	10,000	17,480	236,690	219,210
Total revenues	<u>10,099,694</u>	<u>10,107,174</u>	<u>10,538,541</u>	<u>431,367</u>
EXPENDITURES				
Payroll	5,344,302	5,344,302	5,599,076	(254,774)
Payroll burden and employee benefits	2,740,677	2,740,677	2,589,364	151,313
Purchased services	920,064	924,564	1,106,519	(181,955)
Supplies and materials	436,628	439,408	399,091	40,317
Capital outlay	359,650	359,850	655,704	(295,854)
Insurance	64,831	64,831	65,331	(500)
Total expenditures	<u>9,866,152</u>	<u>9,873,632</u>	<u>10,415,085</u>	<u>(541,453)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>233,542</u>	<u>233,542</u>	<u>123,456</u>	<u>(110,086)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds			99,044	99,044
Transfers to other funds	<u>(233,542)</u>	<u>(233,542)</u>	<u>(332,967)</u>	<u>(99,425)</u>
Total other financing sources (uses)	<u>(233,542)</u>	<u>(233,542)</u>	<u>(233,923)</u>	<u>(381)</u>
NET CHANGE IN FUND BALANCES	0	0	(110,467)	(110,467)
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>110,467</u>	<u>110,467</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note: The budgetary comparison schedule is presented on the modified accrual basis of accounting, which is the same basis of accounting used by the District in the fund financial statements.

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
FOREST RESERVE
Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	With Final Budget
REVENUES				
Federal revenue			\$ 321,758	\$ 321,758
Earnings on investments	\$ 100	\$ 100	252	152
Other revenues	7,000	7,000	10,883	3,883
Total revenues	7,100	7,100	332,893	325,793
EXPENDITURES				
Capital outlay	714,246	714,246		714,246
Total expenditures	714,246	714,246	0	714,246
EXCESS OF REVENUES OVER EXPENDITURES	(707,146)	(707,146)	332,893	1,040,039
OTHER FINANCING SOURCES (USES)				
Transfers to other funds			(99,044)	(99,044)
Total other financing sources (uses)	0	0	(99,044)	(99,044)
NET CHANGE IN FUND BALANCES	(707,146)	(707,146)	233,849	940,995
FUND BALANCES AT BEGINNING OF YEAR	707,146	995,559	995,559	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 288,413	\$ 1,229,408	\$ 940,995

Note: The budgetary comparison schedule is presented on the modified accrual basis of accounting, which is the same basis of accounting used by the District in the fund financial statements.

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
YOUTH CHALLENGE PROGRAM
Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	With Final Budget
REVENUES				
State foundation program	\$ 1,202,659	\$ 1,202,659	\$ 2,139,670	\$ 937,011
Other revenues	626,044	626,044	608,517	(17,527)
Total revenues	1,828,703	1,828,703	2,748,187	919,484
EXPENDITURES				
Payroll	412,593	412,593	414,018	(1,425)
Payroll burden and employee benefits	153,963	153,963	150,055	3,908
Purchased services	1,202,659	1,202,659	2,140,570	(937,911)
Total expenditures	1,769,215	1,769,215	2,704,643	(935,428)
EXCESS OF REVENUES OVER EXPENDITURES	59,488	59,488	43,544	(15,944)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(59,488)	(59,488)	(8,132)	51,356
Total other financing sources (uses)	(59,488)	(59,488)	(8,132)	51,356
NET CHANGE IN FUND BALANCES	0	0	35,412	35,412
FUND BALANCES AT BEGINNING OF YEAR	0	0	43,129	43,129
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 78,541	\$ 78,541

Note: The budgetary comparison schedule is presented on the modified accrual basis of accounting, which is the same basis of accounting used by the District in the fund financial statements.

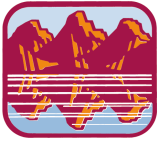
JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
SCHOOL LUNCH
Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	With Final Budget
REVENUES				
Federal revenue	\$ 563,878	\$ 563,878	\$ 590,819	\$ 26,941
Charges for services	99,500	99,500	116,072	16,572
Earnings on investments			19	19
Other revenues	316,409	320,409	425,644	105,235
Total revenues	<u>979,787</u>	<u>983,787</u>	<u>1,132,554</u>	<u>148,767</u>
EXPENDITURES				
Payroll	330,898	330,898	365,744	(34,846)
Payroll burden and employee benefits	258,239	258,239	264,359	(6,120)
Purchased services	4,250	4,250	60,150	(55,900)
Supplies and materials	476,889	476,889	512,116	(35,227)
Capital outlay	4,000	8,000	8,382	(382)
Total expenditures	<u>1,074,276</u>	<u>1,078,276</u>	<u>1,210,751</u>	<u>(132,475)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(94,489)</u>	<u>(94,489)</u>	<u>(78,197)</u>	<u>16,292</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	150,365	150,365	78,197	(72,168)
Transfers to other funds	(55,877)	(55,877)		55,877
Total other financing sources (uses)	<u>94,488</u>	<u>94,488</u>	<u>78,197</u>	<u>(16,291)</u>
NET CHANGE IN FUND BALANCES	(1)	(1)	0	1
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>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 0</u>	<u>\$ 1</u>

Note: The budgetary comparison schedule is presented on the modified accrual basis of accounting, which is the same basis of accounting used by the District in the fund financial statements.

SUPPLEMENTARY INFORMATION



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, 2019, 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 7, 2019.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (Finding #2019-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Joint School District No. 171's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Joint School District No. 171's Response to Findings

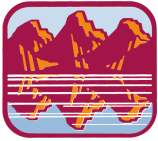
The Joint School District No. 171's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Joint School District No. 171's response was not subjected to the auditing procedures applied in the audit of the financial statements and,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

Purpose of this Report

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

PRESNELL GAGE PLLC

October 7, 2019



INDEPENDENT AUDITOR'S REPORT – SINGLE AUDIT

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's *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, 2019. 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 audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2019.

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 the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

PRESNELL GAGE PLLC

October 7, 2019

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - MODIFIED ACCRUAL BASIS
Year Ended June 30, 2019

	<u>CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE				
Passed through the State of Idaho - Department of Education				
School Breakfast Program	10.553	201919N109947	None	\$ 183,500 *
National School Lunch Program	10.555	201919N109947	None	380,952 *
Subtotal School Lunch cluster				<u>564,452</u>
Passed through the State of Idaho - Department of Education				
Fresh Fruit and Vegetable Program	10.582	201919L160347	None	26,367
Passed through Clearwater County, State of Idaho				
Schools and Roads - Grants to Counties	10.666		None	99,044
Total Department of Agriculture				<u>689,863</u>
DEPARTMENT OF EDUCATION				
Passed through the State of Idaho - Department of Education				
Title I	84.010	S010A180012	None	<u>275,452</u>
IDEA, Part B	84.027	H027A180088	None	250,446
IDEA Preschool	84.173	H173A180030	None	<u>18,684</u>
Subtotal IDEA cluster				<u>269,130</u>
Carl Perkins Vocational Education	84.048	V048A170012	None	15,196
Rural Education	84.358	S358B170012	None	437
Title II-A Improving Teacher Quality	84.367	S367A170011	None	23,925
Title IV-A Student Support	84.424	S424A170013	None	8,881
Total Department of Education				<u>593,021</u>
TOTAL FEDERAL AWARDS				<u><u>\$ 1,282,884</u></u>

NOTE 1: BASIS OF PRESENTATION

The schedule includes federal award activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in compliance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: DE MINIMIS INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis cost rate.

NOTE 4: MAJOR PROGRAMS

Programs indicated with "*" are major programs as reported on the schedule of findings and questioned costs.

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

* Material weakness(es) identified yes X no

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified yes X no

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

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

Any audit findings disclosed that are required to be reported in accordance with the *Uniform Guidance* : yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of federal program or cluster</u>
---------------------	---

School Lunch cluster

10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

Finding #2019-001

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 – The District has received various grants and contributions from local sources for specific projects.

Angela Miller Memorial – The District has received various contributions from local sources for scholarships in memory of Angela Miller.

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

STATE FUNDED PROJECTS

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 \$150 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.

Substance Abuse - The State of Idaho taxes the sale of cigarettes, a portion of which is used to provide substance abuse programs in the public school system. Proceeds are allocated to schools on a noncompetitive basis upon average daily attendance. 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.

Challenge DOL Youth Training – The District has received dedicated funding for additional training opportunities for student at the Youth Challenge Program. The general fund of the District is responsible for expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year.

FEDERALLY FUNDED PROJECTS

Title I, Challenge 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.

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

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

Title IV-A Student Support – The federal government provides Title IV-A grants to local school districts to provide all students with access to a well-rounded education, improve school conditions for student learning; and improve the use of technology to improve the academic achievement and digital literacy of all students.

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.

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.

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.

OTHER PROJECTS

Healthy School Nurse – The District has received a non-recurring grant to provide assistance in providing school nurse services within the District. The General Fund of the District is responsible for expenses in excess of the grant.

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.

Challenge School Lunch – The District contracts with the Youth Challenge Academy to provide the School Lunch program in that location.

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, 2019

	General	Forest Reserve	District Property	Nez Perce Tribe	Angela Miller Memorial	Youth Challenge
ASSETS						
Investments	\$ 1,730,986	\$ 10,919	\$ 3,453			
Property taxes receivable	1,159,647					
Accounts receivable	498,173	1,888				\$ 155,640
Due from other funds		1,216,601	66,904	\$ 1,816	\$ 300	28,313
Total assets	<u>\$ 3,388,806</u>	<u>\$ 1,229,408</u>	<u>\$ 70,357</u>	<u>\$ 1,816</u>	<u>\$ 300</u>	<u>\$ 183,953</u>
LIABILITIES						
Accounts payable	\$ 360,385					\$ 105,412
Payroll and taxes payable	1,066,904					
Due to other funds	1,809,386					
Unearned revenue						
Total liabilities	<u>3,236,675</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>105,412</u>
DEFERRED INFLOWS OF RESOURCES						
Receivables not collected in 60 days	152,131					
Total deferred inflows of resources	<u>152,131</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES						
Restricted for capital improvements		1,229,408				
Committed for capital improvements			70,357	1,816	300	78,541
Assigned						
Total fund balances	<u>0</u>	<u>1,229,408</u>	<u>70,357</u>	<u>1,816</u>	<u>300</u>	<u>78,541</u>
Total liabilities and fund balances	<u>\$ 3,388,806</u>	<u>\$ 1,229,408</u>	<u>\$ 70,357</u>	<u>\$ 1,816</u>	<u>\$ 300</u>	<u>\$ 183,953</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS

June 30, 2019

	<u>Driver Education</u>	<u>Vocational Education</u>	<u>Public School Technology</u>	<u>Substance Abuse</u>	<u>Title I</u>	<u>Challenge Title I</u>
ASSETS						
Investments						
Property taxes receivable						
Accounts receivable	\$ 7,350				\$ 66,571	\$ 25,233
Due from other funds	<u>1,089</u>	<u>\$ 7,345</u>	<u>\$ 86,435</u>	<u>\$ 20,251</u>		
Total assets	<u>\$ 8,439</u>	<u>\$ 7,345</u>	<u>\$ 86,435</u>	<u>\$ 20,251</u>	<u>\$ 66,571</u>	<u>\$ 25,233</u>
LIABILITIES						
Accounts payable		\$ 4,198	\$ 12,127	\$ 250	\$ 150	\$ 13,333
Payroll and taxes payable			3,501		32,783	
Due to other funds					33,638	11,900
Unearned revenue						
Total liabilities	<u>\$ 0</u>	<u>4,198</u>	<u>15,628</u>	<u>\$ 250</u>	<u>66,571</u>	<u>25,233</u>
DEFERRED INFLOWS OF RESOURCES						
Receivables not collected in 60 days						
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES						
Restricted for capital improvements						
Committed for capital improvements						
Assigned	<u>8,439</u>	<u>3,147</u>	<u>70,807</u>	<u>20,001</u>		
Total fund balances	<u>8,439</u>	<u>3,147</u>	<u>70,807</u>	<u>20,001</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 8,439</u>	<u>\$ 7,345</u>	<u>\$ 86,435</u>	<u>\$ 20,251</u>	<u>\$ 66,571</u>	<u>\$ 25,233</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2019

	IDEA Part B	IDEA Preschool	Title IV-A Student Support	Carl Perkins Vocational Education	Title II-A Improving Teacher Quality	Rural Education	Healthy School Nurse
ASSETS							
Investments							
Property taxes receivable							
Accounts receivable	\$ 58,787		\$ 6,151	\$ 15,196	\$ 6,393		
Due from other funds		\$ 4,959				\$ 689	\$ 8,136
Total assets	<u>\$ 58,787</u>	<u>\$ 4,959</u>	<u>\$ 6,151</u>	<u>\$ 15,196</u>	<u>\$ 6,393</u>	<u>\$ 689</u>	<u>\$ 8,136</u>
LIABILITIES							
Accounts payable			\$ 2,087	\$ 3,883			
Payroll and taxes payable	\$ 28,756	\$ 4,959			\$ 487		\$ 8,136
Due to other funds	30,031		4,064	11,313	5,906		
Unearned revenue						\$ 689	
Total liabilities	<u>58,787</u>	<u>4,959</u>	<u>6,151</u>	<u>15,196</u>	<u>6,393</u>	<u>689</u>	<u>8,136</u>
DEFERRED INFLOWS OF RESOURCES							
Receivables not collected in 60 days							
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES							
Restricted for capital improvements							
Committed for capital improvements							
Assigned							
Total fund balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 58,787</u>	<u>\$ 4,959</u>	<u>\$ 6,151</u>	<u>\$ 15,196</u>	<u>\$ 6,393</u>	<u>\$ 689</u>	<u>\$ 8,136</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS

June 30, 2019

	Medicaid	School Lunch	Challenge School Lunch	School Plant Facility Reserve	Combined
ASSETS					
Investments				\$ 109,385	\$ 1,854,743
Property taxes receivable				6,015	1,165,662
Accounts receivable	\$ 24,483		\$ 87,372		953,237
Due from other funds	33,834	\$ 46,532		101,276	1,624,480
Total assets	<u>\$ 58,317</u>	<u>\$ 46,532</u>	<u>\$ 87,372</u>	<u>\$ 216,676</u>	<u>\$ 5,598,122</u>
LIABILITIES					
Accounts payable		\$ 282			\$ 502,107
Payroll and taxes payable	\$ 58,317	46,250	\$ 32		1,250,125
Due to other funds			87,340		1,993,578
Unearned revenue					689
Total liabilities	<u>58,317</u>	<u>46,532</u>	<u>87,372</u>	<u>\$ 0</u>	<u>3,746,499</u>
DEFERRED INFLOWS OF RESOURCES					
Receivables not collected in 60 days				6,015	158,146
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,015</u>	<u>158,146</u>
FUND BALANCES					
Restricted for capital improvements				210,661	210,661
Committed for capital improvements					1,229,408
Assigned					253,408
Total fund balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>210,661</u>	<u>1,693,477</u>
Total liabilities and fund balances	<u>\$ 58,317</u>	<u>\$ 46,532</u>	<u>\$ 87,372</u>	<u>\$ 216,676</u>	<u>\$ 5,598,122</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	General	Forest Reserve	District Property	Nez Perce Tribe	Angela Miller Memorial	Youth Challenge
REVENUES						
General property taxes	\$ 2,865,362					
State foundation program	7,249,876					\$ 2,139,670
Other state revenue	119,845					
Federal revenue		\$ 321,758				
Charges for services	3,225					
Earnings on investments	63,543	252	\$ 80			
Other revenues	236,690	10,883		\$ 15,000	\$ 300	608,517
Total revenues	<u>10,538,541</u>	<u>332,893</u>	<u>80</u>	<u>15,000</u>	<u>300</u>	<u>2,748,187</u>
EXPENDITURES						
Instruction						
Regular programs	4,961,841			15,000		2,704,643
Special programs	417,624					
Interscholastic and school activity	268,273					
Support services						
Pupil support	710,252					
Staff support	648,057					
General administration	201,503					
School administration	641,400					
Business services	199,434					
Maintenance and operations	1,637,268					
Transportation	729,433					
Food services						
Debt services						
Total expenditures	<u>10,415,085</u>	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>2,704,643</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>123,456</u>	<u>332,893</u>	<u>80</u>	<u>0</u>	<u>300</u>	<u>43,544</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	99,044					
Transfers to other funds	(332,967)	(99,044)				(8,132)
Total other financing sources (uses)	<u>(233,923)</u>	<u>(99,044)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,132)</u>
NET CHANGE IN FUND BALANCES	(110,467)	233,849	80	0	300	35,412
FUND BALANCES A BEGINNING OF YEAR	<u>110,467</u>	<u>995,559</u>	<u>70,277</u>	<u>1,816</u>	<u>0</u>	<u>43,129</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 1,229,408</u>	<u>\$ 70,357</u>	<u>\$ 1,816</u>	<u>\$ 300</u>	<u>\$ 78,541</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	Driver Education	Vocational Education	Public School Technology	Substance Abuse	Title I	Challenge Title I
REVENUES						
General property taxes						
State foundation program			\$ 230,068			
Other state revenue	\$ 2,726	\$ 29,628				
Federal revenue					\$ 194,880	\$ 80,572
Charges for services	9,300					
Earnings on investments						
Other revenues						
Total revenues	<u>12,026</u>	<u>29,628</u>	<u>230,068</u>	<u>\$ 0</u>	<u>194,880</u>	<u>80,572</u>
EXPENDITURES						
Instruction						
Regular programs	10,108	26,481	132,498	5,085	212,771	53,887
Special programs						
Interscholastic and school activity						
Support services						
Pupil support				785		
Staff support			51,802		919	32,495
General administration						
School administration						
Business services						
Maintenance and operations						
Transportation						
Food services						
Debt services						
Total expenditures	<u>10,108</u>	<u>26,481</u>	<u>184,300</u>	<u>5,870</u>	<u>213,690</u>	<u>86,382</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,918</u>	<u>3,147</u>	<u>45,768</u>	<u>(5,870)</u>	<u>(18,810)</u>	<u>(5,810)</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds					18,810	5,810
Transfers to other funds						
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,810</u>	<u>5,810</u>
NET CHANGE IN FUND BALANCES	1,918	3,147	45,768	(5,870)	0	0
FUND BALANCES AT BEGINNING OF YEAR	<u>6,521</u>	<u>0</u>	<u>25,039</u>	<u>25,871</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 8,439</u>	<u>\$ 3,147</u>	<u>\$ 70,807</u>	<u>\$ 20,001</u>	<u>\$ 0</u>	<u>\$ 0</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	IDEA Part B	IDEA Preschool	Title IV-A Student Support	Carl Perkins Vocational Education	Title II-A Improving Teacher Quality	Rural Education	Healthy School Nurse
REVENUES							
General property taxes							
State foundation program							
Other state revenue							\$ 40,000
Federal revenue	\$ 250,446	\$ 18,684	\$ 8,881	\$ 15,196	\$ 23,925	\$ 437	
Charges for services							
Earnings on investments							
Other revenues							
Total revenues	250,446	18,684	8,881	15,196	23,925	437	40,000
EXPENDITURES							
Instruction							
Regular programs			6,968	14,427		437	
Special programs	263,670	36,108					
Interscholastic and school activity							
Support services							
Pupil support							
Staff support			1,913	1,461	23,925		48,891
General administration							
School administration							
Business services							
Maintenance and operations							
Transportation							
Food services							
Debt services							
Total expenditures	263,670	36,108	8,881	15,888	23,925	437	48,891
EXCESS OF REVENUES OVER EXPENDITURES	(13,224)	(17,424)	0	(692)	0	0	(8,891)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	13,224	17,424		692			8,891
Transfers to other funds							
Total other financing sources (uses)	13,224	17,424	0	692	0	0	8,891
NET CHANGE IN FUND BALANCES	0	0	0	0	0	0	0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0	0	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	Medicaid	School Lunch	Challenge School Lunch	School Plant Facility Reserve	Combined
REVENUES					
General property taxes				\$ 97,477	\$ 2,962,839
State foundation program					9,619,614
Other state revenue					192,199
Federal revenue	\$ 326,599	\$ 391,737	\$ 199,082		1,832,197
Charges for services		115,251	821		128,597
Earnings on investments		19		2,521	66,415
Other revenues		58,957	366,687		1,297,034
Total revenues	<u>326,599</u>	<u>565,964</u>	<u>566,590</u>	<u>99,998</u>	<u>16,098,895</u>
EXPENDITURES					
Instruction					
Regular programs					8,144,146
Special programs					717,402
Interscholastic and school activity					268,273
Support services					
Pupil support					711,037
Staff support	421,329				1,230,792
General administration					201,503
School administration					641,400
Business services					199,434
Maintenance and operations					1,637,268
Transportation				95,225	824,658
Food services		644,161	566,590		1,210,751
Debt services				114,076	114,076
Total expenditures	<u>421,329</u>	<u>644,161</u>	<u>566,590</u>	<u>209,301</u>	<u>15,900,740</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(94,730)</u>	<u>(78,197)</u>	<u>0</u>	<u>(109,303)</u>	<u>198,155</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	99,949	78,197		98,102	440,143
Transfers to other funds					(440,143)
Total other financing sources (uses)	<u>99,949</u>	<u>78,197</u>	<u>0</u>	<u>98,102</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	5,219	0	0	(11,201)	198,155
FUND BALANCES AT BEGINNING OF YEAR	<u>(5,219)</u>	<u>0</u>	<u>0</u>	<u>221,862</u>	<u>1,495,322</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 210,661</u>	<u>\$ 1,693,477</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.

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, 2019

	Nelson Scholarship Trust	Portfor Athletic Trust	Portfor Band Trust	Orofino High School	Timberline Schools	Orofino Elementary School	Combined
ASSETS							
Cash	\$ 3,431			\$ 106,958	\$ 47,654	\$ 25,153	\$ 183,196
Investments	10,924	\$ 5,279	\$ 10,563				26,766
Total assets	<u>\$ 14,355</u>	<u>\$ 5,279</u>	<u>\$ 10,563</u>	<u>\$ 106,958</u>	<u>\$ 47,654</u>	<u>\$ 25,153</u>	<u>\$ 209,962</u>
LIABILITIES							
Due to student groups				\$ 106,958	\$ 47,654	\$ 25,153	\$ 179,765
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>106,958</u>	<u>47,654</u>	<u>25,153</u>	<u>179,765</u>
FUND EQUITY							
Unreserved, undesignated	14,355	5,279	10,563				30,197
Total fund equity	<u>14,355</u>	<u>5,279</u>	<u>10,563</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,197</u>
Total liabilities and fund equity	<u>\$ 14,355</u>	<u>\$ 5,279</u>	<u>\$ 10,563</u>	<u>\$ 106,958</u>	<u>\$ 47,654</u>	<u>\$ 25,153</u>	<u>\$ 209,962</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - ALL TRUST FUNDS

Year Ended June 30, 2019

	Nelson Scholarship Trust	Portfor Athletic Trust	Portfor Band Trust	Combined
REVENUES				
Earnings on investments	\$ 567	\$ 122	\$ 243	\$ 932
Total revenues	<u>567</u>	<u>122</u>	<u>243</u>	<u>932</u>
EXPENDITURES				
Regular instruction				
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS OF REVENUES OVER EXPENDITURES	567	122	243	932
FUND EQUITY AT BEGINNING OF YEAR	<u>13,788</u>	<u>5,157</u>	<u>10,320</u>	<u>29,265</u>
FUND EQUITY AT END OF YEAR	<u>\$ 14,355</u>	<u>\$ 5,279</u>	<u>\$ 10,563</u>	<u>\$ 30,197</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO HIGH SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS

Year Ended June 30, 2019

FUND	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019
7th grade	\$ 235	\$ 56	\$ 291	\$ 0
8th grade	325	366	634	57
A P Government	7,286	2		7,288
AED	1,453			1,453
Annual	971	8,850	11,018	(1,197)
Art Fund	70			70
Athletic Fees	24,155	11,980	29,570	6,565
Athletics	(602)	150		(452)
Baseball	4,837	12,434	15,695	1,576
Biology grant	442		1	441
Boys basketball	4,852	6,632	10,780	704
Cheerleader account	5,453	12,625	11,301	6,777
Chorus	493	744	826	411
Coaches Fund	205			205
Contingency	1,654	5,300	354	6,600
District #171	3,585	6,900	7,360	3,125
District Baseball Tournament	1,560	1	1,255	306
District Softball Tournament	822			822
Dramatics Club	517	433	348	602
Drill Team	560	505	508	557
Drivers Ed	(3,585)	3,585		0
Extra curricular	742	642	617	767
Faculty Fund	113	246	237	122
Football	0	4,661	2,170	2,491
Football Maniac Moms	38			38
Foreign language	14			14
Freshman	0	939	654	285
Gate Receipts	184	26,844	14,571	12,457
Girls basketball	991	9,910	9,070	1,831
Golf	163	100	387	(124)
Hosa	1,428			1,428
Human Rights Club	256			256
IDLA	2,450	3,450	5,900	0
Industrial Arts	2,162	435	433	2,164
Jr High Boys Basketball	540	120	1	659
Jr High Football	2,550		190	2,360
Jr High Girls Basketball	85		109	(24)
Jr High Track	2,187		155	2,032
Jr High Volleyball	55	306		361
Jr High Wrestling	1,454	169	615	1,008
Juniors	1,286	5,908	4,452	2,742
Key Club	803	684	736	751
Knowledge Bowl	655			655
Lab fees	17			17
Balance forward	73,461	124,977	130,238	68,200

JOINT SCHOOL DISTRICT NO. 171

OROFINO HIGH SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS

Year Ended June 30, 2019

FUND	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019
Balance forward	\$ 73,461	\$ 124,977	\$ 130,238	\$ 68,200
Leadership	820	4,582	5,241	161
Library	1,796	125	48	1,873
Math Tech	441			441
Mediacs	2,296			2,296
Michelle's Recycling	0	1		1
Music	1,309	6,004	2,356	4,957
Nat Honor Society	42	238	303	(23)
NNU	5,910		2,015	3,895
OHS Alumni Fund	172			172
Personal Finance	0	201		201
School Garden	200			200
Senior Project	100			100
Seniors	3,587	8,410	8,762	3,235
Shop (regular account)	2,626	1,135	1,210	2,551
Shop Lab	117		276	(159)
Silk screening	386		1	385
Skills USA	1,772			1,772
Soccer	642	351	305	688
Softball	307	3,625	1,640	2,292
Sophomores	559	3,308	3,318	549
State Baseball Tournament	1,413	281	1,199	495
STEM	0	1,300	863	437
Student Association	(1,261)	15,028	9,975	3,792
Student Council	1,109		1,109	0
Supplies	(15)	264	193	56
Tax	105	4,169	3,968	306
Tennis	2,232	1,459	3,505	186
Towels	192			192
Track	2,168	2,092	2,310	1,950
Volleyball - Dig for a Cure	0	4,904	2,500	2,404
Volleyball - Other	2,207	8,199	8,524	1,882
Weight training	305	20	135	190
Wrestling	2,082	11,774	12,921	935
Youth Leg	483	1,125	1,410	198
Bad Checks	(2,547)	255		(2,292)
Bank charge	(1,144)	21	101	(1,224)
Uncategorized expenses	0	717	3,804	(3,087)
Reconciliation Discrepancies	(350)	179		(171)
	103,522	204,744	208,230	100,036
Savings account	6,896	36	10	6,922
	<u>\$ 110,418</u>	<u>\$ 204,780</u>	<u>\$ 208,240</u>	<u>\$ 106,958</u>

JOINT SCHOOL DISTRICT NO. 171

TIMBERLINE SCHOOLS

STATEMENT OF STUDENT ACTIVITY FUNDS
Year Ended June 30, 2019

FUND	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019
30 Hour Famine	\$ (12)			\$ (12)
4th Grade Field Trip Exp	1,488	\$ 3,074	\$ 2,799	1,763
8th Grade Field Trip Exp	736	3,138	3,772	102
Accelerated Reading	844	660	691	813
Associated Student Body	172	1,405	940	637
Athletics	(2,768)	17,250	15,375	(893)
Attendance Reward Parties	167			167
Baseball	751			751
Boys basketball	1,027	1,892	1,839	1,080
Building rent	418			418
Class of 2007	117			117
Class of 2010	673			673
Class of 2011	257			257
Class of 2012	81			81
Class of 2013	(87)			(87)
Class of 2014	114			114
Class of 2015	190			190
Class of 2016	111			111
Class of 2017	27			27
Class of 2018	149		394	(245)
Class of 2019	752	7,345	8,342	(245)
Class of 2020	2,191	3,055	2,344	2,902
Class of 2021	495	803	70	1,228
Class of 2022	0	688	70	618
College Credit	(2,972)	200	1,249	(4,021)
COMPASS test	16			16
Computer lab	324			324
Concessions	16,730	7,903	16,393	8,240
Contingency	219	2,246	2,835	(370)
Costa Rica	229	911	911	229
Counselor	195		45	150
Cross Country	809	2,396	925	2,280
Donation	(671)	760	632	(543)
Drama	386	1,122	1,055	453
Drivers Ed	3,630	4,455	7,860	225
Elementary School	2,445	3,711	2,121	4,035
EPIC	63	628	323	368
Faculty	(7)	60	176	(123)
Fees	319			319
Girls basketball	1,942	1,633	1,646	1,929
Girls softball	1,628			1,628
Grants	211	1,000		1,211
Green Club	1,339	500		1,839
H.S. football	1,441	700	128	2,013
H.S. track	805	1,767	4,701	(2,129)
Herff-Jones	(38)			(38)
Home Economics	(228)		189	(417)
Honor Society	(831)			(831)
Balance forward	35,877	69,302	77,825	27,354

JOINT SCHOOL DISTRICT NO. 171

TIMBERLINE SCHOOLS

STATEMENT OF STUDENT ACTIVITY FUNDS
Year Ended June 30, 2019

FUND	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019
Balance forward	\$ 35,877	\$ 69,302	\$ 77,825	\$ 27,354
HOSA	39			39
IDFY	100			100
Jr. High ASB	580			580
Jr. High basketball	(79)	500		421
Jr. High football	(527)	1,000		473
Jr. High girls basketball	278		15	263
Jr. High Journalism	134			134
Jr. High Shop	127			127
Jr. High track	(155)	500		345
Jr. High volleyball	87	500		587
Lawn Mower	0	3,252	3,250	2
Leader in Me	0	19,759	15,023	4,736
Leadership Class	8			8
Library	948	3,200	3,196	952
Metal Shop	4,083	432		4,515
Music	943		250	693
Pay to Play	313	265	340	238
PBIS	289			289
PE	(402)			(402)
Pee Wee Basketball	62			62
Play Shed	1,426			1,426
PSAT	90			90
Red Cross donation	6			6
Reimbursement	(1,864)	48	1,365	(3,181)
Sales tax	493	830	830	493
School Store	353	983	911	425
Science Club	301			301
Science lab	378			378
Scratch for Schools	194	448		642
Spanish Club	71			71
Spartan Spirit Squad	218			218
SS-AD	(1,088)			(1,088)
Staff Development	1,000			1,000
Steps for Schools	3,000		1,430	1,570
Technology	342			342
THS Cookbooks	43			43
Veteran Wall	7			7
Volleyball	399	3,578	2,329	1,648
Wood Shop	1,751	361		2,112
Yearbook	(143)	455	677	(365)
	<u>\$ 49,682</u>	<u>\$ 105,413</u>	<u>\$ 107,441</u>	<u>\$ 47,654</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO ELEMENTARY SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS
Year Ended June 30, 2019

	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019
OROFINO ELEMENTARY	<u>\$ 19,398</u>	<u>\$ 29,336</u>	<u>\$ 23,581</u>	<u>\$ 25,153</u>