

JOINT SCHOOL DISTRICT NO. 171

FINANCIAL STATEMENTS

Year Ended June 30, 2010

JOINT SCHOOL DISTRICT NO. 171

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Joint School District No. 171, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's 2009 and 2008 financial statements and, in our reports dated October 14, 2009, and October 9, 2008, respectively, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

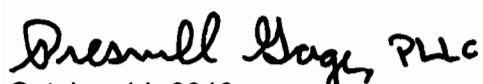
Management has not recorded a liability for the implicit rate subsidy of the retiree healthcare. Accounting principles generally accepted in the United States of America require that the District record a liability for the excess of the age-adjusted health insurance premium over the blended health insurance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

In our opinion, except for the effects of not providing a liability for the implicit rate subsidy of the retiree healthcare in the governmental activities as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Joint School District No. 171 as of June 30, 2010, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In addition, 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 Joint School District No. 171, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2010, on our consideration of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the budgetary comparison information on pages 36 to 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


October 14, 2010

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, 2010.

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

THE STATEMENT OF NET ASSETS 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 assets 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 assets and changes in them. You can think of the District's net assets—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 assets 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

- The District's net assets amount to \$3,310,084 at year-end (vs. \$3,536,273 in 2009). This includes \$1,465,671 in capital assets.
- The District's net assets decreased by \$226,189 (vs. \$69,086 increase in 2009) as a result of this year's operations.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights (Continued)

- The total cost of District operations amounted to \$11,313,907 (\$11,542,983 in 2009) of which \$136,175 was generated from charges for services and \$6,819,671 was generated from program revenues (\$135,745 and \$7,158,521 in 2009). General revenues amounted to \$4,131,872 (\$4,317,803 in 2009).
- The District created a high deductible Medical Benefit Pool in 2009-10, which saved the District \$96,992 in medical insurance premiums.

A summary of District revenue is as follows:

	<u>2010</u>	<u>2009</u>
Revenues		
Program revenue		
State foundation revenue	\$ 5,271,466	\$ 5,583,648
State and federal grants	1,548,205	1,574,873
Charges for service	136,175	135,745
	<u>6,955,846</u>	<u>7,294,266</u>
General revenue		
Property taxes	1,576,354	1,560,314
State foundation revenue	964,604	1,973,003
Federal forest receipts and in-lieu revenue	10,605	13,856
State and federal grants	1,337,645	571,471
Other	242,664	199,159
	<u>4,131,872</u>	<u>4,317,803</u>
Total revenues	<u><u>\$ 11,087,718</u></u>	<u><u>\$ 11,612,069</u></u>

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights (Continued)

Approximately 48 percent of District expenses are for regular instruction expenses, 12 percent for staff support expenses, and 11 percent for maintenance and operations. Following is a summary of program expenses:

	<u>2010</u>	<u>%</u>	<u>2009</u>	<u>%</u>
Program Expenses				
Instruction				
Regular programs	\$ 5,430,534	48%	\$ 5,762,134	50%
Special programs	689,384	6%	617,963	
Interscholastic and school activity	213,027		203,659	
Support services				
Pupil support	366,204		475,615	
Staff support	1,301,662	12%	1,048,051	9%
General administration	122,830		135,140	
School administration	521,163		620,947	
Business services	166,218		165,741	
Maintenance and operations	1,198,795	11%	1,215,834	11%
Transportation	770,220	7%	738,786	6%
Food services	430,239		467,976	
Capital outlay	103,631		91,137	
	<u>\$ 11,313,907</u>		<u>\$ 11,542,983</u>	

The State Foundation Program revenue, noted above, and federal grant programs are primarily dedicated towards salaries and benefits. After deducting dedicated revenues, the net expense of the programs paid by the District's general revenues (including property taxes) is 32 percent for regular instruction expenses, 15 percent for staff support programs, and 23 percent for maintenance and operations.

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights (Continued)

	2010	%	2009	%
Net Program Expense After Program Revenue				
Instruction				
Regular programs	\$ 1,391,738	32%	\$ 1,450,345	34%
Special programs	376,133	9%	340,857	8%
Interscholastic and school activity	137,641		138,201	
Support services				
Pupil support	26,600		122,834	
Staff support	645,403	15%	432,222	10%
General administration	64,893		67,568	
School administration	221,618		279,006	7%
Business services	55,988		53,657	
Maintenance and operations	1,000,059	23%	1,010,857	24%
Transportation	276,744	6%	214,754	
Food services	57,613		47,279	
Capital outlay	103,631		91,137	
	<u>\$ 4,358,061</u>		<u>\$ 4,248,717</u>	

FUND FINANCIAL STATEMENTS

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

Governmental funds—All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a 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 assets on page 18. 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.

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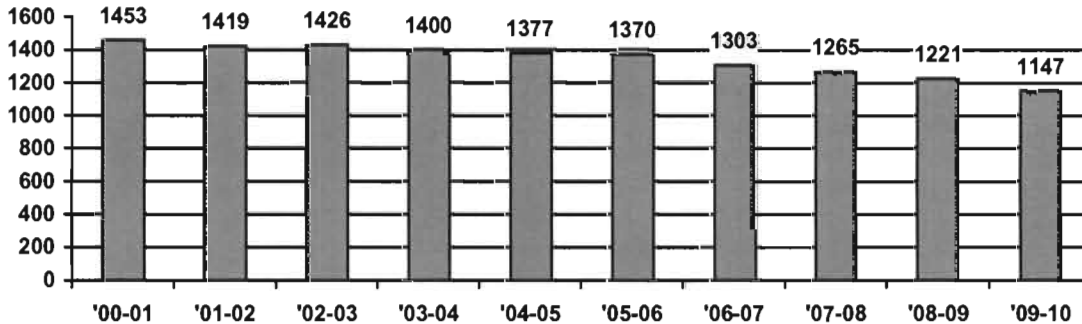
MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS (CONTINUED)

Financial Highlights

- The fund balance for the governmental funds—the part of net assets that can be used to finance day-to-day operations—decreased by \$265,383 from \$1,911,385 at June 30, 2009, to \$1,646,002 at the end of this year (\$59,385 increase in 2009).
- The District's expenditures increased more than District revenues, primarily as a result of the holdbacks in the State funding. Total revenues decreased by \$529,078 (vs. \$261,353 decrease in 2009) to \$11,071,545; while expenditures decreased by \$161,951 (vs. \$257,773 increase in 2009) to \$11,336,928.

Over 55 percent (64 percent in 2009) of total District revenue is provided by the State foundation program, which is based upon student enrollment and attendance. The State funding formula was changed in 2007 to reduce District reliance upon the local property tax and increase the amount of funding from the State of Idaho. As a result, future funding will be more dependent upon student counts than before. Fall enrollment in the District has declined from 1,453 students in 2000-2001 to 1,147 in 2009-2010. The District has lost 18 classroom units for State funding purposes during that period (87.9 in 2000-2001 to 69.9 in 2009-2010). Following is a graph on enrollment for the last ten years.



The District continues to face the challenge of decreased State funding. State funding decreased by \$1,320,581 in 2010 and the Supplemental Levy was increased by \$0. State Fiscal Stabilization Funds were received for \$914,869 to help with the decreased funding received from the State.

The District has responded by holding the line on budgeted expenditures, reduction of staff, and continuing a four-day school week. The goal of the District was to reduce costs as revenue has also been reduced. The largest cost to the District has been and will be salaries and benefits. The District has moved to a four-day school week to reduce some of the support program salaries and benefits because of less days and hours. The District will again proceed with a new four-day school week for 2010-2011.

The District's base property tax was eliminated through the change in the State funding formula for 2007. However, patrons approved a supplemental tax levy of \$1,490,000 for 2009 (\$1,490,000 for 2008).

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS (CONTINUED)

Financial Highlights (Continued)

The District has used the **Forest Reserve Fund** to supplement the deficit in the other District funds. Due to positive operating results for 2010, the District made a transfer of \$223,553 (vs. \$69,343 in 2009) to other funds to balance the budget, and has a remaining balance of \$977,139 (\$1,207,741 in 2009). The District receives a substantial amount of **Forest Reserve Fund** revenue, which is temporarily underwritten by the Craig-Wyden legislation guaranteeing districts a comparable amount of revenue relative to base years before timber harvesting was curtailed on the national forests. The amount received during 2010 was \$415,282 (\$447,071 in 2009 and \$324,368 in 2008). Terms for the future renewal of the Craig-Wyden support is uncertain.

The **School Lunch Fund** operated at a net loss of \$11,434 for the year (\$35,098 for 2009 and \$29,179 in 2008), and was reimbursed that amount from the general fund.

The **School Plant Facility Reserve Fund** has purchased two school buses each of the last 3 years. Expenditures exceeded revenues by \$88,636 in 2010, \$78,397 in 2009, and \$80,941 in 2008. At June 30, 2010, there is a balance of \$16,310 remaining in the **School Plant Facility Reserve Fund** and other sources of revenue will be needed for the future.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, the District had \$1,465,671 invested in capital assets, net of accumulated depreciation. This includes buildings, computer equipment, and major school equipment and is a decrease of \$153,936 from 2009 (increase of \$2,610 in 2008). Current year depreciation of \$256,147 (\$242,354 in 2009 and \$227,571 in 2008) exceeded capital purchases of \$102,211 (\$246,948 in 2009 and \$291,897 in 2008). More detailed information about the District's capital assets is presented in Notes 1 and 6 to the financial statements.

Debt

The District has no long-term debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2010 budget, tax rates, and fees that will be charged to students. Personnel costs are tied to a state-wide salary index and are not expected to increase for 2011. The District has added no major new programs or initiatives to the 2011 budget.

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 ASSETS
June 30, 2010

	Governmental Activities	Prior Year 2009	Prior Year 2008
ASSETS			
Current assets			
Cash	\$ 420,614	\$ 255,405	\$ 640,863
Investments	1,722,828	2,173,646	1,912,642
Property taxes receivable	682,176	645,333	584,193
Accounts receivable	829,633	394,101	264,793
Total current assets	<u>3,655,251</u>	<u>3,468,485</u>	<u>3,402,491</u>
Noncurrent assets			
Capital assets	8,460,845	8,438,377	8,308,335
Less accumulated depreciation	(6,995,174)	(6,898,735)	(6,771,303)
Total noncurrent assets	<u>1,465,671</u>	<u>1,539,642</u>	<u>1,537,032</u>
Total assets	<u>5,120,922</u>	<u>5,008,127</u>	<u>4,939,523</u>
LIABILITIES			
Current liabilities			
Accounts payable	229,223	99,446	129,113
Payroll and taxes payable	1,319,252	1,321,013	1,296,969
Accrued expenses	262,363	51,395	46,254
Total current liabilities	<u>1,810,838</u>	<u>1,471,854</u>	<u>1,472,336</u>
Total liabilities	<u>1,810,838</u>	<u>1,471,854</u>	<u>1,472,336</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,465,671	1,539,642	1,537,032
Restricted for:			
Capital projects	16,310	240,753	275,673
Unrestricted	1,828,103	1,755,878	1,654,482
Total net assets	<u>\$ 3,310,084</u>	<u>\$ 3,536,273</u>	<u>\$ 3,467,187</u>

See accompanying notes
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JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Prior Year 2009	Prior year 2008
		Charges for Services	Operating Grants and Contributions	Governmental Activities		
Instruction						
Regular programs	\$ 5,430,534	\$ 3,150	\$ 4,035,646	\$ (1,391,738)	\$ (1,450,345)	\$ (1,269,624)
Special programs	689,384		313,251	(376,133)	(340,857)	(317,123)
Interscholastic and school activity	213,027	13,212	62,174	(137,641)	(138,201)	(127,345)
Support services						
Pupil support	366,204		339,604	(26,600)	(122,834)	(140,131)
Staff support	1,301,662		656,259	(645,403)	(432,222)	(303,483)
General administration	122,830		57,937	(64,893)	(67,568)	(81,127)
School administration	521,163		299,545	(221,618)	(279,006)	(185,522)
Business services	166,218		110,230	(55,988)	(53,657)	(14,247)
Maintenance and operations	1,198,795		198,736	(1,000,059)	(1,010,857)	(918,421)
Transportation	770,220	20,149	473,327	(276,744)	(214,754)	(249,760)
Food services	430,239	99,664	272,962	(57,613)	(47,279)	(38,911)
Capital outlay	103,631			(103,631)	(91,137)	(90,947)
Total governmental activities	<u>\$ 11,313,907</u>	<u>\$ 136,175</u>	<u>\$ 6,819,671</u>	<u>(4,358,061)</u>	<u>(4,248,717)</u>	<u>(3,736,641)</u>
General revenues:						
Property taxes, levied for general purposes				1,576,354	1,560,314	1,374,553
State base support				964,604	1,973,003	1,894,350
In lieu revenue				10,605	13,856	17,107
Other state and federal funding not restricted to specific programs				1,337,645	571,471	565,387
Interest and investment earnings				15,947	76,100	167,177
Other general revenues				226,717	123,059	243,421
				<u>4,131,872</u>	<u>4,317,803</u>	<u>4,261,995</u>
Change in net assets				(226,189)	69,086	525,354
Net assets, beginning				<u>3,536,273</u>	<u>3,467,187</u>	<u>2,941,833</u>
Net assets, ending				<u>\$ 3,310,084</u>	<u>\$ 3,536,273</u>	<u>\$ 3,467,187</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010

	General	Federal Forest	District Property	School Lunch	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds	Prior year 2009	Prior year 2008
ASSETS									
Cash			\$ 198,656	\$ 2,543	\$ 13,880	\$ 108,543	\$ 323,622	\$ 255,405	\$ 640,863
Investments	\$ 818,517	\$ 808,029	56,933		2,430	36,919	1,722,828	2,173,646	1,912,642
Property taxes receivable	682,176						682,176	645,333	584,193
Accounts receivable	203,536	2,236		24,416		599,445	829,633	394,101	264,793
Due from other funds		168,459	320,747				489,206	715,521	284,462
Total assets	\$ 1,704,229	\$ 978,724	\$ 576,336	\$ 26,959	\$ 16,310	\$ 744,907	\$ 4,047,465	\$ 4,184,006	\$ 3,686,953
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 193,643	\$ 1,585		\$ 307		\$ 33,688	\$ 229,223	\$ 99,446	\$ 129,113
Payroll and taxes payable	1,129,949			26,652		162,651	1,319,252	1,321,013	1,296,969
Due to other funds	279,218					209,988	489,206	715,521	284,462
Deferred revenue	101,419					262,363	363,782	136,641	124,409
Total liabilities	1,704,229	1,585	\$ 0	26,959	\$ 0	668,690	2,401,463	2,272,621	1,834,953
FUND BALANCES									
Reserve for capital improvements					16,310		16,310	4,115	814
Reserve for building maintenance						72,529	72,529	236,638	274,859
Unreserved, designated for:									
Capital improvements		977,139	576,336				1,553,475	1,664,130	1,371,971
Unreserved, reported in:									
General fund									143,272
Special revenue funds						3,688	3,688	6,502	61,084
Total fund balances	0	977,139	576,336	0	16,310	76,217	1,646,002	1,911,385	1,852,000
Total liabilities and fund balances	\$ 1,704,229	\$ 978,724	\$ 576,336	\$ 26,959	\$ 16,310	\$ 744,907	\$ 4,047,465	\$ 4,184,006	\$ 3,686,953

See accompanying notes
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JOINT SCHOOL DISTRICT NO. 171

RECONCILIATION OF THE STATEMENT OF NET ASSETS
TO THE BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010

	Total Governmental Funds	Prior Year 2009	Prior Year 2008
Total fund balances - Governmental Funds	\$ 1,646,002	\$ 1,911,385	\$ 1,852,000
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:			
Cost of capital assets	8,460,845	8,438,377	8,308,335
Accumulated depreciation	(6,995,174)	(6,898,735)	(6,771,303)
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.	101,419	85,246	78,155
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 assets.	96,992		
Total net assets - Governmental Activities	<u>\$ 3,310,084</u>	<u>\$ 3,536,273</u>	<u>\$ 3,467,187</u>

See accompanying notes
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JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Federal Forest	District Property	School Lunch	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds	Prior Year 2009	Prior Year 2008
REVENUES									
General property taxes	\$ 1,560,181						\$ 1,560,181	\$ 1,553,223	\$ 1,385,069
State foundation program	6,236,070						6,236,070	7,556,651	7,561,757
Other state revenue	10,605					\$ 114,869	125,474	259,212	398,004
Federal revenue	922,363	\$ 415,282		\$ 272,962		1,137,875	2,748,482	1,850,533	1,801,887
Charges for services	13,212			99,109		3,150	115,471	121,103	138,223
Earnings on investments	5,871	2,731	\$ 544		\$ 7	281	9,434	66,519	146,690
Other revenues	108,761	20,149	119,403	555	3,066	24,499	276,433	199,683	442,652
Total revenues	8,857,063	438,162	119,947	372,626	3,073	1,280,674	11,071,545	11,606,924	11,874,282
EXPENDITURES									
Instruction									
Regular programs	5,048,018	5,283				457,449	5,510,750	5,707,671	5,635,525
Special programs	392,362					297,022	689,384	617,963	641,745
Interscholastic and school activity	213,027						213,027	203,659	198,609
Support services									
Pupil support	348,617					17,587	366,204	475,615	453,570
Staff support	583,437	122,101				600,188	1,305,726	1,048,051	895,771
General administration	122,830						122,830	155,884	172,071
School administration	520,292					871	521,163	620,947	594,032
Business services	164,446	1,772					166,218	165,741	153,457
Maintenance and operations	990,667	212,424					1,203,091	1,224,140	1,110,499
Transportation	648,303				91,709		740,012	769,850	787,863
Food services	10,832			384,060			394,892	466,881	456,522
Capital outlay		103,631					103,631	91,137	185,826
Total expenditures	9,042,831	445,211	0	384,060	91,709	1,373,117	11,336,928	11,547,539	11,285,490
EXCESS OF REVENUES OVER EXPENDITURES	(185,768)	(7,049)	119,947	(11,434)	(88,636)	(92,443)	(265,383)	59,385	588,792
OTHER FINANCING SOURCES (USES)									
Transfers from other funds	387,943			11,434	100,831	89,910	590,118	964,174	731,783
Transfers to other funds	(202,175)	(223,553)				(164,390)	(590,118)	(964,174)	(731,783)
Total other financing sources (uses)	185,768	(223,553)	0	11,434	100,831	(74,480)	0	0	0
NET CHANGE IN FUND BALANCES	0	(230,602)	119,947	0	12,195	(166,923)	(265,383)	59,385	588,792
FUND BALANCES AT BEGINNING OF YEAR	0	1,207,741	456,389	0	4,115	243,140	1,911,385	1,852,000	1,263,208
FUND BALANCES AT END OF YEAR	\$ 0	\$ 977,139	\$ 576,336	\$ 0	\$ 16,310	\$ 76,217	\$ 1,646,002	\$ 1,911,385	\$ 1,852,000

See accompanying notes
16

JOINT SCHOOL DISTRICT NO. 171

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	Total Governmental Funds	Prior Year 2009	Prior Year 2008
Net Change in Fund Balances - Total Governmental Funds	\$ (265,383)	\$ 59,385	\$ 588,792
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>			
<p>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 assets and allocated over their estimated useful lives as annual depreciation:</p>			
Current year capital outlay	182,176	246,948	291,897
Current year depreciation	(256,147)	(242,354)	(227,571)
Undepreciated basis on equipment disposed during the year	0	(1,984)	(117,248)
<p>Some revenue will not be collected for several months after the fiscal year-ends, and they are not considered available revenues in the governmental funds. Instead, they are counted as deferred tax revenues. They are, however, recorded as revenues:</p>			
Current year taxes receivable	101,419	85,246	78,155
Prior year taxes receivable	(85,246)	(78,155)	(88,671)
<p>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.</p>			
	96,992		
Change in Net Assets - Governmental Activities	\$ (226,189)	\$ 69,086	\$ 525,354

See accompanying notes
17

JOINT SCHOOL DISTRICT NO. 171

BALANCE SHEET - PROPRIETARY FUNDS

June 30, 2010

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
CURRENT ASSETS	
Cash	<u>\$ 96,992</u>
Total current assets	<u><u>\$ 96,992</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Total current liabilities	<u>\$ 0</u>
NET ASSETS	
Unreserved	<u> 96,992</u>
Total net assets	<u><u> 96,992</u></u>
Total liabilities and net assets	<u><u>\$ 96,992</u></u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2010**

	<u>Governmental Activities Internal Service Fund</u>
REVENUES	
Interfund charges for medical insurance	<u>\$ 265,060</u>
Total revenues	<u>265,060</u>
OPERATING EXPENSES	
Medical Benefits	<u>168,068</u>
Total operating expenses	<u>168,068</u>
OPERATING INCOME	96,992
NONOPERATING REVENUES	<u>0</u>
NET INCOME	96,992
NET ASSETS AT BEGINNING OF YEAR	<u>0</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 96,992</u></u>

19 See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	<u>Governmental Activities Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund charges	\$ 265,060
Cash paid for medical expenses	<u>(168,068)</u>
Net cash provided by operating activities	<u>96,992</u>
NET CHANGE IN CASH	96,992
CASH AT BEGINNING OF YEAR	<u>0</u>
CASH AT END OF YEAR	<u><u>\$ 96,992</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	<u>\$ 96,992</u>
Net cash provided by operating activities	<u><u>\$ 96,992</u></u>

20 See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 June 30, 2010

	<u>Private- Purpose Trusts</u>	<u>Agency Funds</u>
ASSETS		
Current assets		
Cash	\$ 127	\$ 109,678
Investments	34,637	
Accounts receivable	539	
Total assets	<u>35,303</u>	<u>109,678</u>
LIABILITIES		
Current liabilities		
Due to student groups		109,678
Total current liabilities	<u>0</u>	<u>109,678</u>
Total liabilities	<u>0</u>	<u>\$ 109,678</u>
NET ASSETS		
Held in trust	<u>35,303</u>	
Total net assets	<u>\$ 35,303</u>	

21 See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2010

	Private- Purpose Trusts	Prior Year 2009	Prior Year 2008
ADDITIONS			
Earnings on investments	\$ 1,126	\$ (1,309)	\$ (1,143)
Total additions	<u>1,126</u>	<u>(1,309)</u>	<u>(1,143)</u>
DEDUCTIONS			
Scholarships	<u>1,017</u>	1,033	2,512
Total deductions	<u>1,017</u>	<u>1,033</u>	<u>2,512</u>
Change in net assets	109	(2,342)	(3,655)
Net assets at beginning of year	<u>35,194</u>	<u>37,536</u>	<u>41,191</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 35,303</u></u>	<u><u>\$ 35,194</u></u>	<u><u>\$ 37,536</u></u>

22 See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Joint School District No. 171 is based in Orofino, Idaho, and located primarily within Clearwater County but also includes part of Lewis and Nez Perce Counties. The District operates a kindergarten through twelve grade program through two high school facilities: Orofino High School and Timberline High School; one junior high school facility: Orofino Junior High School; and four elementary schools: Orofino Elementary, Timberline Schools Elementary, Cavendish Elementary, and Peck Elementary. Total District enrollment is approximately 1,220 students.

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

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

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

Economic Resources Measurement Focus and Accrual Basis of Accounting

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

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

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

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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

Measurement Focus and Basis of Accounting (Continued).

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

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

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

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

District-Wide Financial Statements. The statement of net assets 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. In addition, a substantial portion of the State Foundation Program is restricted based upon salaries paid and related payroll benefits and has been treated as program revenue. Program expenses are allocated to restricted program revenue first when both restricted and unrestricted net assets are available.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.
- District Property. The District uses a special revenue fund to accumulate and account for the proceeds from the sale of District property.
- School Lunch. The federal government provides cash grants and food allotments to school districts to make a school lunch program available. These grants are based upon the number of children eating school lunch. In addition, the District charges students for lunch and breakfast.
- School Plant Facility Reserve. The State of Idaho allows the District to establish a special fund and levy a special property tax to acquire, purchase, and improve school sites, and build school buildings upon a vote of the District patrons.

Proprietary Funds

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

Fiduciary Funds

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

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

2. LEGAL COMPLIANCE – BUDGETS

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

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

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

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

	<u>Budget</u>	<u>Expenditures</u>
General Fund	\$ 9,208,123	\$ 9,245,006
Forest Reserve	649,819	668,764
Nez Perce Tribe Grants	6,000	22,858
Building Capacity		3,786
Title VI-B	260,917	287,135
Title IV-A Drug Free Schools	6,898	7,345
In School Intervention Grant	40,000	41,354
21st Century	5,180	10,136
Title I - Scoring Rubric		2,200
EETT Technology	81,429	94,604
EETT Math Achivement		39,217
Medicaid	240,000	247,703
School Lunch	377,195	384,060
Nelson Fromelt Trust	77	195
Robbie Miller Trust	190	332
Portfor Ath Trust	96	490

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

Deficit Fund Balance in Individual Funds. No fund had a deficit fund balance at June 30, 2010.

3. DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2010, the carrying amount of the District's deposits was \$420,614 in governmental activities, and \$109,805 in fiduciary activities. The entire balance was considered covered by Federal Depository Insurance.

Investments. At June 30, 2010, District investments are classified in the following categories of credit risk. The carrying value of investments approximates market value.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued).

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
FDIC insured certificates of deposit		\$ 12,384
Uninsured and unregistered with securities held in the District's name		
Held by Idaho Medicaid	\$ 9,084	
Pioneer Value Fund		5,551
Wells Fargo Savings Account	1,551,324	
Idaho State Treasurer's Local Government Investment Pool	<u>162,420</u>	<u>16,702</u>
Total investments	<u>\$ 1,722,828</u>	<u>\$ 34,637</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, 2010, are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
State of Idaho - Foundation program	\$ 191,254	
State of Idaho - State grants	26,986	
State of Idaho - Federal grants	565,272	
Other departments - Federal funds	37,346	
Other	<u>8,775</u>	<u>\$ 539</u>
	<u><u>\$ 829,633</u></u>	<u><u>\$ 539</u></u>

5. PROPERTY TAXES

The District's property tax levies for calendar years 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Certified Budget Request		
Tort levy	\$ 41,016	\$ 39,250
Supplemental levy approved	1,490,000	1,490,000

District assessed market value and tax levies:

2009	\$ 1,524,949	\$ 571,246,621	0.2680132%
2008	1,548,202	535,753,582	0.2695839%
2007	1,340,853	535,819,686	0.2334720%
2006	1,331,637	467,719,755	0.2774459%
2005	2,305,540	403,743,288	0.5318669%
2004	2,251,355	432,915,123	0.5399138%
2003	2,296,569	468,748,955	0.5444482%
2002	2,236,445	434,883,775	0.5166855%

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

A summary of changes in capital assets follows:

	6/30/09		PY			6/30/10
	<u>Balance</u>		<u>Adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital assets						
Land	\$ 132,000					\$ 132,000
Equipment						
Elementary	90,440	\$ (14,159)				76,281
Secondary	342,935	(28,530)	\$ 4,296			318,701
School lunch	111,972	92,820	3,099			207,891
Other	41,634	(33,805)				7,829
Buildings						
Elementary	2,160,784					2,160,784
Secondary	3,087,789					3,087,789
Bus Shop	451,678				\$ 35,869	415,809
Buses	1,926,474			90,752	60,200	1,957,026
Vehicles	92,671			4,064		96,735
	<u>\$ 8,438,377</u>	<u>\$ 16,326</u>	<u>\$ 102,211</u>	<u>\$ 96,069</u>		<u>8,460,845</u>
Accumulated depreciation						
Equipment						
Elementary	\$ 77,576	\$ (6,316)	\$ 2,511			73,771
Secondary	310,738	(48,980)	28,471			290,229
School lunch	111,972	19,028	38,446			169,446
Other	35,020	(27,191)				7,829
Buildings						
Elementary	2,033,032		40,073			2,073,105
Secondary	2,599,307		25,686			2,624,993
Bus Shop	194,015		13,860	\$ 35,869		172,006
Buses	1,475,476	(180)	100,831	60,200		1,515,927
Vehicles	61,599		6,269			67,868
	<u>\$ 6,898,735</u>	<u>\$ (63,639)</u>	<u>\$ 256,147</u>	<u>\$ 96,069</u>		<u>6,995,174</u>
Capital assets, net						<u>\$ 1,465,671</u>

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (CONTINUED)

Depreciation of \$256,147 was charged to the following functions in the statement of activities:

Instruction, regular programs	\$ 69,428
Maintenance and operations	79,619
Transportation	107,100

7. DEFINED BENEFIT PENSION PLAN

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

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

For the year ended June 30, 2010, the required contribution rates, as determined by PERSI, were 10.39 percent (10.39 percent in 2009 and 10.39 percent in 2008) for the District and 6.23 percent (6.23 percent in 2009 and 6.23 percent in 2008) for employees. The District also pays 1.26 percent of eligible wages to the fund for future medical benefits to be provided. The District contributions required and paid were \$667,024, \$695,496, and \$663,740 for the 3 years ended June 30, 2010, 2009, and 2008, respectively.

8. RISK MANAGEMENT

The District purchases commercial insurance through the Idaho Counties Risk Management Program (ICRMP) to cover the risks of property loss and legal liability. A general summary of the insurance coverage in effect at June 30, 2010, is as follows:

- Property – Replacement cost coverage on scheduled buildings and contents, with a total deductible of \$500 per occurrence.
- Earthquake and Flood - \$50,000,000 annual maximum limit for all ICRMP members with a \$100,000 deductible.
- Boiler and Machinery - \$100,000 to \$10,000,000 limits per occurrence with a \$500 deductible.
- Crime - \$500,000 limit for school officials and employees with a \$500 deductible.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

8. RISK MANAGEMENT (CONTINUED)

- General Liability - \$2,000,000 limit per occurrence with no deductible per occurrence.
- Abuse and Molestation - \$2,000,000 limit per occurrence and in aggregate with a \$2,500 deductible.
- Educator's Legal Liability - \$2,000,000 limit per occurrence and in aggregate with a \$2,500 deductible.
- Automobiles
 - Liability - \$2,000,000 per occurrence and \$2,000,000 uninsured motorist; with no deductible.
 - Comprehensive and Collision - coverage on 1999 buses and newer. There is a \$1,000 deductible. Other owned vehicles are not covered.

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

9. TRANSFERS TO/FROM OTHER FUNDS

The State Department of Education requires that the District pay for the costs of school lunch personnel's Social Security and retirement expense from general fund revenues as a condition of participation in the National School Lunch Program. The amount paid from the general fund for the school lunch fund for the year ended June 30, 2010, amounted to \$10,832. An additional \$11,434 was transferred to the school lunch fund to pay bills for the 2010 fiscal year.

Idaho Code, Section 33-901, requires that any amount paid by the State of Idaho to a school district for depreciation of school facilities shall be deposited in the plant facilities fund. Accordingly, the School District has transferred State foundation funds paid for depreciation of school buses in the amount of \$100,831 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 spent more than the minimum requirement for 2009-10 and has transferred \$164,390 out of the school building maintenance fund for the current year.

The Board of Trustees approved the budget for the 2009-10 school year reflecting a transfer from the forest reserve to the general fund in the amount of \$287,819 to balance the budget. The actual amount transferred amounted to \$223,553.

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

Public School Technology	\$	5,949
CATT		37,548
Medicaid		46,413

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

10. FUND BALANCE RESERVES AND DESIGNATIONS

Restricted Net Assets. Restricted net assets 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 assets restricted for capital projects are restricted by *Idaho Code* for selected facilities repairs and improvements and school bus purchases. Net assets restricted for building maintenance are restricted by *Idaho Code* for maintenance on student occupied buildings. Net assets restricted for debt service are restricted by *Idaho Code* for debt service on outstanding bonds. Net assets restricted for federal grant programs are restricted by the granting agency for specific educational programs. These net assets are reflected as restricted since they are not available for general education expenditures.

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

Designations. 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 designated portion of fund balance in the fund financial statements since the Board of Trustees has some discretion in using the funds for general educational expenditures.

11. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

Individual Fund Interfund Receivable and Payable Balances. Such balances at June 30, 2010, were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General		\$ 279,218
Forest Reserve	\$ 168,459	
Vocational Education		12,300
Title I		43,984
Title VI-B		43,330
Title VI-B Preschool		3,104
Carl Perkins Vocational Education		18,656
Title II-A Improving Teacher Quality		35,031
Drug Education		4,522
Title VI ARRA		21,206
Title VI-B Preschool ARRA		649
District Property	320,747	
Title I ARRA		27,206

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

11. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)

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

12. CONTINGENT LIABILITIES

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

13. OTHER POST-EMPLOYMENT BENEFITS

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

REQUIRED SUPPLEMENTARY INFORMATION

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 1,559,530	\$ 1,559,530	\$ 1,560,181	\$ 651
State foundation program	7,132,691	7,132,691	6,236,070	(896,621)
Other state revenue	10,605	10,605	10,605	
Federal revenue	15,200	15,200	922,363	907,163
Charges for services	15,000	15,000	13,212	(1,788)
Earnings on investments	45,000	45,000	5,871	(39,129)
Other revenues	40,000	40,000	108,761	68,761
Total revenues	8,818,026	8,818,026	8,857,063	39,037
EXPENDITURES				
Payroll	5,507,668	5,507,668	5,570,309	(62,641)
Payroll burden and employee benefits	2,294,085	2,294,085	2,255,117	38,968
Purchased services	696,082	696,082	793,066	(96,984)
Supplies and materials	338,589	338,589	361,164	(22,575)
Capital outlay	17,230	17,230	9,524	7,706
Insurance	60,641	60,641	53,651	6,990
Total expenditures	8,914,295	8,914,295	9,042,831	(128,536)
EXCESS OF REVENUES OVER EXPENDITURES	(96,269)	(96,269)	(185,768)	(89,499)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	390,097	390,097	387,943	(2,154)
Transfers to other funds	(293,828)	(293,828)	(202,175)	91,653
Total other financing sources (uses)	96,269	96,269	185,768	89,499
NET CHANGE IN FUND BALANCES	0	0	0	0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
FOREST RESERVE
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Federal revenue	\$ 384,300	\$ 384,300	\$ 415,282	\$ 30,982
Earnings on investments	20,000	20,000	2,731	(17,269)
Other revenues	11,000	11,000	20,149	9,149
Total revenues	415,300	415,300	438,162	22,862
EXPENDITURES				
Purchased services	117,000	117,000	246,204	(129,204)
Supplies and materials	75,000	75,000	91,533	(16,533)
Capital outlay	170,000	170,000	107,474	62,526
Total expenditures	362,000	362,000	445,211	(83,211)
EXCESS OF REVENUES OVER EXPENDITURES	53,300	53,300	(7,049)	(60,349)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(287,819)	(287,819)	(223,553)	64,266
Total other financing sources (uses)	(287,819)	(287,819)	(223,553)	64,266
NET CHANGE IN FUND BALANCES	(234,519)	(234,519)	(230,602)	3,917
FUND BALANCES AT BEGINNING OF YEAR	234,519	234,519	1,207,741	973,222
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 977,139	\$ 977,139

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
DISTRICT PROPERTY
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Earnings on investments			\$ 544	\$ 544
Other revenues			119,403	119,403
Total revenues	\$ 0	\$ 0	119,947	119,947
EXPENDITURES				
Capital outlay	398,783	398,783		398,783
Total expenditures	398,783	398,783	0	398,783
EXCESS OF REVENUES OVER EXPENDITURES	(398,783)	(398,783)	119,947	518,730
FUND BALANCES AT BEGINNING OF YEAR	398,783	398,783	456,389	57,606
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 576,336	\$ 576,336

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
SCHOOL LUNCH
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Federal revenue	\$ 265,000	\$ 265,000	\$ 272,962	\$ 7,962
Charges for services	106,200	106,200	99,109	(7,091)
Other revenues	5,995	5,995	555	(5,440)
Total revenues	<u>377,195</u>	<u>377,195</u>	<u>372,626</u>	<u>(4,569)</u>
EXPENDITURES				
Payroll	135,000	135,000	143,819	(8,819)
Payroll burden and employee benefits	69,345	69,345	68,558	787
Purchased services	5,050	5,050	6,908	(1,858)
Supplies and materials	166,000	166,000	163,781	2,219
Capital outlay	1,800	1,800	994	806
Total expenditures	<u>377,195</u>	<u>377,195</u>	<u>384,060</u>	<u>(6,865)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>0</u>	<u>(11,434)</u>	<u>(11,434)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds			11,434	11,434
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>11,434</u>	<u>11,434</u>
NET CHANGE IN FUND BALANCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SUPPLEMENTARY INFORMATION



Independent Auditor's Report - Government Auditing Standards

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Joint School District No. 171, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting.

1. *Government Auditing Standards* require that the independent auditor identify all non-attest services performed for a governmental audit client and evaluate whether such services impair the independent auditor's independence. The non-attest service performed by the independent auditors was the compilation of the year-end financial statements. This service is permitted under *Government Auditing Standards*.

2. 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. 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."

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 the 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*.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


October 14, 2010



Independent Auditor's Report - Single Audit Act

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

Compliance

We have audited Joint School District No. 171's compliance with the types of compliance requirements described in OMB Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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. Compliance with the requirement of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District'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. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, Joint School District No. 171 complied, in all material respects, with the 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, 2010.

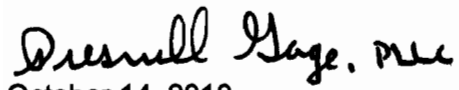
Internal Control Over Compliance

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


October 14, 2010



Independent Auditor's Report – Supplementary Information

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Joint School District No. 171, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2010. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based upon our audit. The prior year summarized comparative information has been derived from the District's 2009 financial statements and, in our report dated October 14, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Joint School District No. 171's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining financial statements and statements of student body funds 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Presnell Gage, PLLC

October 14, 2010

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - MODIFIED ACCRUAL BASIS

For the Year Ended June 30, 2010

	<u>CFDA Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE		
Passed through the State of Idaho - Department of Education		
National School Lunch Program	10.553	\$ 68,687
National School Lunch Program	10.555	182,808
National School Lunch Program	10.556	511
National School Lunch Program	10.559	5,380
National School Lunch Program	10.579	9,892
National School Lunch Program	10.582	5,584
Passed through Clearwater County		
Federal Forest Receipts	10.665	<u>668,764</u> *
		<u>941,626</u>
DEPARTMENT OF EDUCATION		
Passed through the State of Idaho - Department of Education		
Title I	84.010	233,110 *
Title I - Scoring Rubric	84.010	2,200 *
Title I - ARRA	84.389A	94,604 *
Title VI-B Special Education	84.027	287,135 *
Title VI-B Special Education - ARRA	84.391A	111,536 *
Carl Perkins Vocational Education	84.048	18,843
Title VI-B Preschool	84.173	9,887
Title VI-B Preschool - ARRA	84.392A	10,136
Title IV Drug Free Schools	84.186	7,345
Title V Innovative Practices	84.298	41,354
Title II-D Technology Literacy	84.318	39,217
Character Ed	84.215	14,880
Title II-D Improving Teacher Quality	84.367	50,863
State Fiscal Stabilization Fund - Education ARRA	84.394A	<u>914,869</u> *
		<u>1,835,979</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through the State of Idaho - Department of Health and Welfare		
Temporary Assistance for Needy Families	93.558	<u>49,347</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Passed through the State of Idaho - Department of Education		
Learn & Serve	94.004	<u>755</u>
TOTAL FEDERAL AWARDS		<u>\$ 2,827,707</u>

Note: Basis of Presentation

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

* Major funds on Schedule of Findings and Questioned Costs

JOINT SCHOOL DISTRICT NO. 171

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

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: Unqualified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of federal program or cluster</u>
10.665	Federal Forest Receipts
84.010	Title I
84.389A	Title I-ARRA
84.027	Title VI-B Special Education
84.391A	Title VI-B Special Education-ARRA
84.394A	State Fiscal Stabilization Fund-Education ARRA

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

Auditee qualified as low-risk auditee? _X_ yes ___ no

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCIES

Finding #10-01

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

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

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

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

Recommendation: We concur with the District's response.

Finding #10-02

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

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

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

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

Recommendation: We concur with the District's response.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

GOVERNMENTAL FUNDS

GENERAL FUND

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

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

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

SPECIAL REVENUE FUNDS

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

LOCAL SPECIAL PROJECTS

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

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

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

STATE FUNDED PROJECTS

School Building Maintenance – The State of Idaho requires that the District set aside 2 percent annually of the estimated replacement cost of Student Occupied Buildings into a fund to be used for building maintenance. The estimated replacement cost is \$81.45 per square foot for 2009-10. The funds can be withdrawn as the qualified maintenance expenditures are paid.

Driver Education – The State of Idaho will reimburse the District for expenses up to \$125 per student who completes the driver education class at the District. In addition, the District charges students a \$105 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 State of Idaho awards technology grants on a noncompetitive basis to schools based upon average daily attendance. The grants provide equipment and resources to integrate information age technology into the classroom and to connect the classrooms with external telecommunications services. 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.

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

FEDERALLY FUNDED PROJECTS

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

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

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

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

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

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.

Title IV Drug Free Schools – The federal government provides Title IV ESEA Safe and Drug Free School grants to support programs that prevent violence in schools and prevent the illegal use of alcohol, tobacco, and drugs. The District has used the funds to provide materials and training within the District. The program is administered through the State and funds are allocated based upon noncompetitive grant applications. 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.

EETT Math Achievement – The District was awarded a grant through the State of Idaho to ensure schools use scientifically based methods with long-term records of success to teach math and measure student progress. The General Fund of the District is responsible for expenses in excess of the grant award.

In School Intervention – The federal government offers competitive grants through Title IV for projects in the State of Idaho. The District received a grant for an in-school intervention room to reduce repeated discipline referrals and suspensions. The room serves a dual purpose by providing a positive structure and refocused time for students to reflect while providing a more effective way to keep students in school and on task.

OTHER PROJECTS

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

Community Foundation Grants – The District receives various non-recurring grants for projects during the year. Smaller grant awards have been lumped together in this one fund for financial reporting purposes.

CATT – The District has been awarded a grant that provides aides for student intervention programs. 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.

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.

INTERNAL SERVICE FUND

Medical Insurance Buy Down – The District uses this fund to help defray the cost of insurance to employees. The District has a high deductible insurance policy and reimburses employees who meet the deductible instead of paying for a low deductible policy. The savings are deposited into this fund.

JOINT SCHOOL DISTRICT NO. 171

**COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2010**

	<u>General</u>	<u>Forest Reserve</u>	<u>District Property</u>	<u>Nez Perce Tribe Grants</u>	<u>After School</u>	<u>Labor Management Committee</u>	<u>School Building Maintenance</u>
ASSETS							
Cash			\$ 198,656	\$ 1,337	\$ 26	\$ 53	\$ 35,610
Investments	\$ 818,517	\$ 808,029	56,933				36,919
Property taxes receivable	682,176						
Accounts receivable	203,536	2,236					
Due from other funds		168,459	320,747				
Total assets	<u>\$ 1,704,229</u>	<u>\$ 978,724</u>	<u>\$ 576,336</u>	<u>\$ 1,337</u>	<u>\$ 26</u>	<u>\$ 53</u>	<u>\$ 72,529</u>
LIABILITIES							
Accounts payable	\$ 193,643	\$ 1,585		\$ 100			
Payroll and taxes payable	1,129,949						
Due to other funds	279,218						
Deferred revenue	101,419						
Total liabilities	<u>1,704,229</u>	<u>1,585</u>	<u>\$ 0</u>	<u>100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCES							
Reserve for capital improvements							
Reserve for building maintenance							72,529
Unreserved							
Designated for capital improvements		977,139	576,336				
Unreserved, undesignated				1,237	26	53	
Total fund balances	<u>0</u>	<u>977,139</u>	<u>576,336</u>	<u>1,237</u>	<u>26</u>	<u>53</u>	<u>72,529</u>
Total liabilities and fund balances	<u>\$ 1,704,229</u>	<u>\$ 978,724</u>	<u>\$ 576,336</u>	<u>\$ 1,337</u>	<u>\$ 26</u>	<u>\$ 53</u>	<u>\$ 72,529</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS

June 30, 2010

	<u>Driver Education</u>	<u>Vocational Education</u>	<u>Public School Technology</u>	<u>Substance Abuse</u>	<u>Title I</u>	<u>Scoring Rubric Title I</u>	<u>Title VI-B</u>	<u>Title VI-B Preschool</u>
ASSETS								
Cash	\$ 2,378		\$ 5,542	\$ 3,778				
Investments								
Property taxes receivable								
Accounts receivable	3,625	\$ 13,666	22		\$ 95,497		\$ 94,192	\$ 9,869
Due from other funds								
Total assets	\$ 6,003	\$ 13,666	\$ 5,564	\$ 3,778	\$ 95,497	\$ 0	\$ 94,192	\$ 9,869
LIABILITIES								
Accounts payable		\$ 345		\$ 1,955	\$ 1,452			
Payroll and taxes payable		1,021	\$ 5,564	1,704	33,128		\$ 46,145	
Due to other funds		12,300			43,984		43,330	\$ 3,104
Deferred revenue	\$ 5,250				16,933		4,717	6,765
Total liabilities	5,250	13,666	5,564	3,659	95,497	\$ 0	94,192	9,869
FUND BALANCES								
Reserve for capital improvements								
Reserve for building maintenance								
Unreserved								
Designated for capital improvements								
Unreserved, undesignated	753			119				
Total fund balances	753	0	0	119	0	0	0	0
Total liabilities and fund balances	\$ 6,003	\$ 13,666	\$ 5,564	\$ 3,778	\$ 95,497	\$ 0	\$ 94,192	\$ 9,869

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JOINT SCHOOL DISTRICT NO. 171

**COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2010**

	<u>Carl Perkins Vocational Education</u>	<u>Title II-A Improving Teacher Quality</u>	<u>Title IV-A Drug Free Schools</u>	<u>ARRA Title I</u>	<u>ARRA Title VI-B</u>	<u>ARRA Title VI-B Preschool</u>	<u>EETT Math Achievement</u>	<u>In-School Intervention</u>
ASSETS								
Cash							\$ 20,876	\$ 6,802
Investments								
Property taxes receivable								
Accounts receivable	\$ 18,656	\$ 48,217	\$ 7,724	\$ 125,311	\$ 157,547	\$ 649		
Due from other funds								
Total assets	<u>\$ 18,656</u>	<u>\$ 48,217</u>	<u>\$ 7,724</u>	<u>\$ 125,311</u>	<u>\$ 157,547</u>	<u>\$ 649</u>	<u>\$ 20,876</u>	<u>\$ 6,802</u>
LIABILITIES								
Accounts payable			\$ 300	\$ 7,200			\$ 20,876	
Payroll and taxes payable				11,057	\$ 16,439			\$ 6,802
Due to other funds	\$ 18,656	\$ 35,031	4,522	27,206	21,206	\$ 649		
Deferred revenue		13,186	2,902	79,848	119,902			
Total liabilities	<u>18,656</u>	<u>48,217</u>	<u>7,724</u>	<u>125,311</u>	<u>157,547</u>	<u>649</u>	<u>20,876</u>	<u>6,802</u>
FUND BALANCES								
Reserve for capital improvements								
Reserve for building maintenance								
Unreserved								
Designated for capital improvements								
Unreserved, undesignated								
Total fund balances	<u>0</u>	<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>\$ 18,656</u>	<u>\$ 48,217</u>	<u>\$ 7,724</u>	<u>\$ 125,311</u>	<u>\$ 157,547</u>	<u>\$ 649</u>	<u>\$ 20,876</u>	<u>\$ 6,802</u>

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JOINT SCHOOL DISTRICT NO. 171

**COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2010**

	<u>Recycling Grant</u>	<u>Community Foundation Grants</u>	<u>CATT</u>	<u>Medicaid</u>	<u>School Lunch</u>	<u>School Plant Facility Reserve</u>	<u>Combined</u>
ASSETS							
Cash	\$ 14,320	\$ 1,500	\$ 8,121	\$ 8,200	\$ 2,543	\$ 13,880	\$ 323,622
Investments						2,430	1,722,828
Property taxes receivable							682,176
Accounts receivable				24,470	24,416		829,633
Due from other funds							489,206
Total assets	<u>\$ 14,320</u>	<u>\$ 1,500</u>	<u>\$ 8,121</u>	<u>\$ 32,670</u>	<u>\$ 26,959</u>	<u>\$ 16,310</u>	<u>\$ 4,047,465</u>
LIABILITIES							
Accounts payable	\$ 1,460				\$ 307		\$ 229,223
Payroll and taxes payable			\$ 8,121	\$ 32,670	26,652		1,319,252
Due to other funds							489,206
Deferred revenue	12,860						363,782
Total liabilities	<u>14,320</u>	<u>\$ 0</u>	<u>8,121</u>	<u>32,670</u>	<u>26,959</u>	<u>\$ 0</u>	<u>2,401,463</u>
FUND BALANCES							
Reserve for capital improvements						16,310	16,310
Reserve for building maintenance							72,529
Unreserved							
Designated for capital improvements							1,553,475
Unreserved, undesignated		1,500					3,688
Total fund balances	<u>0</u>	<u>1,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,310</u>	<u>1,646,002</u>
Total liabilities and fund balances	<u>\$ 14,320</u>	<u>\$ 1,500</u>	<u>\$ 8,121</u>	<u>\$ 32,670</u>	<u>\$ 26,959</u>	<u>\$ 16,310</u>	<u>\$ 4,047,465</u>

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JOINT SCHOOL DISTRICT NO. 171

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**

	<u>General</u>	<u>Forest Reserve</u>	<u>District Property</u>	<u>Nez Perce Tribe Grants</u>	<u>After School</u>	<u>Labor Management Committee</u>	<u>School Building Maintenance</u>
REVENUES							
General property taxes	\$ 1,560,181						
State foundation program	6,236,070						
Other state revenue	10,605						
Federal revenue	922,363	\$ 415,282					
Charges for services	13,212						
Earnings on investments	5,871	2,731	\$ 544				\$ 281
Other revenues	108,761	20,149	119,403	\$ 22,969			
Total revenues	<u>8,857,063</u>	<u>438,162</u>	<u>119,947</u>	<u>22,969</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>281</u>
EXPENDITURES							
Instruction							
Regular programs	5,048,018	5,283		22,858			
Special programs	392,362						
Interscholastic and school activity	213,027						
Support services							
Pupil support	348,617						
Staff support	583,437	122,101					
General administration	122,830						
School administration	520,292						
Business services	164,446	1,772					
Maintenance and operations	990,667	212,424					
Transportation	648,303						
Food services	10,832						
Capital outlay		103,631					
Total expenditures	<u>9,042,831</u>	<u>445,211</u>	<u>0</u>	<u>22,858</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(185,768)</u>	<u>(7,049)</u>	<u>119,947</u>	<u>111</u>	<u>0</u>	<u>0</u>	<u>281</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	387,943						
Transfers to other funds	<u>(202,175)</u>	<u>(223,553)</u>					<u>(164,390)</u>
Total other financing sources (uses)	<u>185,768</u>	<u>(223,553)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(164,390)</u>
NET CHANGE IN FUND BALANCES	0	(230,602)	119,947	111	0	0	(164,109)
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>1,207,741</u>	<u>456,389</u>	<u>1,126</u>	<u>26</u>	<u>53</u>	<u>236,638</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 977,139</u>	<u>\$ 576,336</u>	<u>\$ 1,237</u>	<u>\$ 26</u>	<u>\$ 53</u>	<u>\$ 72,529</u>

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JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	Driver Education	Vocational Education	Public School Technology	Substance Abuse	Building Capacity	Title I	Scoring Rubric Title I	Title VI-B	Title VI-B Preschool
REVENUES									
General property taxes									
State foundation program									
Other state revenue	\$ 5,680	\$ 46,326	\$ 45,922	\$ 16,941					
Federal revenue					\$ 3,786	\$ 233,110	\$ 2,200	\$ 287,135	\$ 9,887
Charges for services	3,150								
Earnings on investments									
Other revenues			30						
Total revenues	<u>8,830</u>	<u>46,326</u>	<u>45,952</u>	<u>16,941</u>	<u>3,786</u>	<u>233,110</u>	<u>2,200</u>	<u>287,135</u>	<u>9,887</u>
EXPENDITURES									
Instruction									
Regular programs	8,749	46,326	8,682	365		224,667			
Special programs								287,135	9,887
Interscholastic and school activity									
Support services									
Pupil support				17,587					
Staff support			45,826		3,786	8,443	2,200		
General administration									
School administration									
Business services									
Maintenance and operations									
Transportation									
Food services									
Capital outlay									
Total expenditures	<u>8,749</u>	<u>46,326</u>	<u>54,508</u>	<u>17,952</u>	<u>3,786</u>	<u>233,110</u>	<u>2,200</u>	<u>287,135</u>	<u>9,887</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>81</u>	<u>0</u>	<u>(8,556)</u>	<u>(1,011)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)									
Transfers from other funds			5,949						
Transfers to other funds									
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>5,949</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	81	0	(2,607)	(1,011)	0	0	0	0	0
FUND BALANCES AT BEGINNING OF YEAR	<u>672</u>	<u>0</u>	<u>2,607</u>	<u>1,130</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 753</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 119</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

JOINT SCHOOL DISTRICT NO. 171

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**

	<u>Carl Perkins Vocational Education</u>	<u>Title II-A Improving Teacher Quality</u>	<u>Title IV-A Drug Free Schools</u>	<u>ARRA Title I</u>	<u>ARRA Title VI-B</u>	<u>ARRA Title VI-B Preschool</u>	<u>EETT Math Achievement</u>	<u>In-School Intervention</u>	<u>Recycling Grant</u>	<u>Community Foundation Grants</u>
REVENUES										
General property taxes										
State foundation program										
Other state revenue										
Federal revenue	\$ 18,843	\$ 50,863	\$ 7,345	\$ 94,604	\$ 111,536	\$ 10,136	\$ 39,217	\$ 41,354	\$ 14,880	
Charges for services										
Earnings on investments										\$ 1,500
Other revenues										
Total revenues	<u>18,843</u>	<u>50,863</u>	<u>7,345</u>	<u>94,604</u>	<u>111,536</u>	<u>10,136</u>	<u>39,217</u>	<u>41,354</u>	<u>14,880</u>	<u>1,500</u>
EXPENDITURES										
Instruction										
Regular programs	17,656		6,474		111,536	10,136				
Special programs										
Interscholastic and school activity										
Support services										
Pupil support										
Staff support	1,187	50,863		94,604			39,217	41,354	14,880	
General administration										
School administration			871							
Business services										
Maintenance and operations										
Transportation										
Food services										
Capital outlay										
Total expenditures	<u>18,843</u>	<u>50,863</u>	<u>7,345</u>	<u>94,604</u>	<u>111,536</u>	<u>10,136</u>	<u>39,217</u>	<u>41,354</u>	<u>14,880</u>	<u>0</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,500</u>
OTHER FINANCING SOURCES (USES)										
Transfers from other funds										
Transfers to other funds										
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,500</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,500</u>

JOINT SCHOOL DISTRICT NO. 171

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**

	<u>Defibrillator</u>	<u>CATT</u>	<u>Medicaid</u>	<u>School Lunch</u>	<u>School Plant Facility Reserve</u>	<u>Combined</u>
REVENUES						
General property taxes						\$ 1,560,181
State foundation program						6,236,070
Other state revenue						125,474
Federal revenue		\$ 11,689	\$ 201,290	\$ 272,962		2,748,482
Charges for services				99,109		115,471
Earnings on investments					\$ 7	9,434
Other revenues				555	3,066	276,433
Total revenues	<u>\$ 0</u>	<u>11,689</u>	<u>201,290</u>	<u>372,626</u>	<u>3,073</u>	<u>11,071,545</u>
EXPENDITURES						
Instruction						
Regular programs						5,510,750
Special programs						689,384
Interscholastic and school activity						213,027
Support services						
Pupil support						366,204
Staff support	888	49,237	247,703			1,305,726
General administration						122,830
School administration						521,163
Business services						166,218
Maintenance and operations						1,203,091
Transportation					91,709	740,012
Food services				384,060		394,892
Capital outlay						103,631
Total expenditures	<u>888</u>	<u>49,237</u>	<u>247,703</u>	<u>384,060</u>	<u>91,709</u>	<u>11,336,928</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(888)</u>	<u>(37,548)</u>	<u>(46,413)</u>	<u>(11,434)</u>	<u>(88,636)</u>	<u>(265,383)</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds		37,548	46,413	11,434	100,831	590,118
Transfers to other funds						(590,118)
Total other financing sources (uses)	<u>0</u>	<u>37,548</u>	<u>46,413</u>	<u>11,434</u>	<u>100,831</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	<u>(888)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,195</u>	<u>(265,383)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>888</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,115</u>	<u>1,911,385</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,310</u>	<u>\$ 1,646,002</u>

TRUST AND AGENCY FUNDS

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

PRIVATE PURPOSE TRUST FUNDS

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

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

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

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

AGENCY FUNDS

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

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

JOINT SCHOOL DISTRICT NO. 171

**COMBINING BALANCE SHEET - ALL TRUST AND AGENCY FUNDS
June 30, 2010**

	Nelson Scholarship Trust	Robbie Miller Scholarship Trust	Portfor Athletic Trust	Portfor Band Trust	Orofino High School	Orofino Junior High School	Timberline Schools	Orofino Elementary School	Combined
ASSETS									
Cash		\$ 127			\$ 13,852	\$ 35,770	\$ 42,321	\$ 17,735	\$ 109,805
Investments	\$ 5,617	12,384	\$ 5,505	\$ 11,131					34,637
Accounts receivable		539							539
Due from other funds		496							496
Total assets	\$ 5,617	\$ 13,546	\$ 5,505	\$ 11,131	\$ 13,852	\$ 35,770	\$ 42,321	\$ 17,735	\$ 145,477
LIABILITIES									
Due to other funds	\$ 6		\$ 490						\$ 496
Due to student groups					\$ 13,852	\$ 35,770	\$ 42,321	\$ 17,735	109,678
Total liabilities	6	\$ 0	490	\$ 0	13,852	35,770	42,321	17,735	110,174
FUND EQUITY									
Unreserved, undesignated	5,611	13,546	5,015	11,131					35,303
Total fund equity	5,611	13,546	5,015	11,131	0	0	0	0	35,303
Total liabilities and fund equity	\$ 5,617	\$ 13,546	\$ 5,505	\$ 11,131	\$ 13,852	\$ 35,770	\$ 42,321	\$ 17,735	\$ 145,477

JOINT SCHOOL DISTRICT NO. 171

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - ALL TRUST FUNDS
For the Year Ended June 30, 2010**

	<u>Nelson Scholarship Trust</u>	<u>Robbie Miller Scholarship Trust</u>	<u>Portfor Athletic Trust</u>	<u>Portfor Band Trust</u>	<u>Combined</u>
REVENUES					
Earnings on investments	\$ 541	\$ 539	\$ 15	\$ 31	\$ 1,126
Total revenues	<u>541</u>	<u>539</u>	<u>15</u>	<u>31</u>	<u>1,126</u>
EXPENDITURES					
Regular instruction	<u>195</u>	<u>332</u>	<u>490</u>		<u>1,017</u>
Total expenditures	<u>195</u>	<u>332</u>	<u>490</u>	<u>0</u>	<u>1,017</u>
EXCESS OF REVENUES OVER EXPENDITURES	346	207	(475)	31	109
FUND EQUITY AT BEGINNING OF YEAR	<u>5,265</u>	<u>13,339</u>	<u>5,490</u>	<u>11,100</u>	<u>35,194</u>
FUND EQUITY AT END OF YEAR	<u>\$ 5,611</u>	<u>\$ 13,546</u>	<u>\$ 5,015</u>	<u>\$ 11,131</u>	<u>\$ 35,303</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO HIGH SCHOOL

STATEMENT OF STUDENT BODY FUNDS
For the Year Ended June 30, 2010

FUND	Prior Reported Balance 06/30/09	Balance Adjusted	Restated Balance 07/01/09	Increases	Decreases	Balance 06/30/10
1st Priority	\$ 160	\$ (160)	\$ 0	\$ 73		\$ 73
A P Government	(132)	116	(16)	16		0
AED	4,302	(2,742)	1,560		\$ 107	1,453
Annual	(4,487)	1,471	(3,016)	12,124	9,460	(352)
Art Fund	934		934	510	739	705
Baseball	4,496	(5,099)	(603)	11,465	10,534	328
Biology Grant	0		0	5,000	3,406	1,594
Boys Basketball	(549)	(308)	(857)	1,935	1,675	(597)
Cheerleader Acct	1,260	(792)	468	6,643	7,648	(537)
Chorus	32	(23)	9	282	143	148
Close Up	60	(55)	5			5
Coaches Fund	100	(75)	25			25
Contingency	1,100	(337)	763	6,100	5,740	1,123
District #171	0		0	1,364	1,364	0
Dramatics Club	4,394	(2,313)	2,081	479	1,040	1,520
Drill Team	2,318	(1,757)	561	3,974	5,078	(543)
Drivers Ed	360	(285)	75	6,300	6,405	(30)
Extra Curricular	(2,082)	96	(1,986)	6,976	6,798	(1,808)
Faculty Fund	383	(70)	313	478	705	86
Football	(8,420)	2,437	(5,983)	7,138	6,690	(5,535)
Football Maniac Moms	143		143	170	275	38
Foreign Language	150	(75)	75			75
Freshman	207	(96)	111		111	0
Girls Basketball	1,952	(1,160)	792	5,561	5,648	705
Golf	268	7	275	7,714	5,711	2,278
Hosa	622	(331)	291	5,260	5,961	(410)
IDFY	349	(174)	175			175
Industrial Arts	188	(94)	94	20		114
Juniors	1,690	(793)	897	2,198	2,463	632
Knowledge Bowl	190	(176)	14	1,036	700	350
Lab Fees	(616)	583	(33)	1,893	1,567	293
Library	196	721	917	619	597	939
Library Club	1,491	(649)	842		825	17
Balance forward	11,059	(12,133)	(1,074)	95,328	91,390	2,864

JOINT SCHOOL DISTRICT NO. 171

OROFINO HIGH SCHOOL

STATEMENT OF STUDENT BODY FUNDS
For the Year Ended June 30, 2010

FUND	Prior Reported Balance 06/30/09	Balance Adjusted	Restated Balance 07/01/09	Increases	Decreases	Balance 06/30/10
Balance forward	\$ 11,059	\$ (12,133)	\$ (1,074)	\$ 95,328	\$ 91,390	\$ 2,864
Life Schools School Store	125	(65)	60		35	25
M-Pact	162	(162)	0	200		200
Maniac Pride	4,935	(2,661)	2,274	300	725	1,849
Maniactivity	28	(14)	14			14
Mediacs	558		558	595	188	965
Modern Music Club	134		134			134
Music	196	(112)	84	2,360	3,112	(668)
Music Boosters	472		472	189	716	(55)
Nat Honor Society	223	(232)	(9)	1,087	147	931
NNU	3,219	(3,219)	0	1,450	150	1,300
OHS Alumni Fund	66	56	122			122
Rodeo Club	281	(281)	0	1,564	2,271	(707)
SADD	6,575	(6,567)	8			8
Seniors	621	(454)	167	4,283	4,323	127
Shop (reg acct)	290	3,590	3,880	3,708	4,830	2,758
Sign Fund	16	605	621	1,229		1,850
Silk Screening	207	83	290	592	826	56
Skills USA	3,451	(3,244)	207	534	642	99
Soccer	716	2,621	3,337	6,998	8,662	1,673
Softball	1,743	(1,381)	362	8,728	8,585	505
Sophomores	859	12	871	679	1,135	415
Special Shop Acct	624	(247)	377			377
Student Association	149	(1,448)	(1,299)	34,516	31,862	1,355
Student Council	154	248	402	7,820	8,841	(619)
Tax	369	(335)	34	3,401	3,410	25
Technology	2	11	13	2,800	2,492	321
Towels	(208)	501	293	1,067	1,599	(239)
Track	(614)	359	(255)	1,381	1,077	49
Track Resurfacing	463	(770)	(307)			(307)
Volleyball	(1,421)	393	(1,028)	4,241	4,760	(1,547)
Wrestling	150	(1,233)	(1,083)	2,464	1,349	32
Weight Training	(716)	791	75		75	0
Youth Leg	8	(120)	(112)	2,388	2,042	234
Bank Charge	(644)	463	(181)		113	(294)
	<u>\$ 34,252</u>	<u>\$ (24,945)</u>	<u>\$ 9,307</u>	<u>\$ 189,902</u>	<u>\$ 185,357</u>	<u>\$ 13,852</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO JUNIOR HIGH SCHOOL

STATEMENT OF STUDENT BODY FUNDS
For the Year Ended June 30, 2010

FUND	Balance 06/30/09	Increases	Decreases	Balance 06/30/10
Annual	\$ 1,485	\$ 1,946	\$ 3,431	\$ 0
Art	412	412	170	654
Associated Student Body	13,921	16,740	20,168	10,493
Bad Check	0		20	(20)
Band	503	358		861
Chorus	223			223
Civics Club	3,550	3,311	4,133	2,728
District No. 171	(55)	55		0
Eighth Grade	347		275	72
Instrument Rental	1,542			1,542
Insurance	0			0
Knowledge Bowl	131	57	66	122
Letterman's Club	6,847	10,621	12,658	4,810
Library	168	305	305	168
Math Counts	20			20
Natural Helpers	374	22	396	0
Odyssey of the Mind				0
Pep Club	33			33
SADD	883	140	160	863
Sales Tax	0			0
Science Club	239	20		259
Seventh Grade	621	308	200	729
Speech/Drama	930	2,245	3,354	(179)
	<u>32,174</u>	<u>36,540</u>	<u>45,336</u>	<u>23,378</u>
Savings account	<u>12,295</u>	<u>97</u>		<u>12,392</u>
	<u>\$ 44,469</u>	<u>\$ 36,637</u>	<u>\$ 45,336</u>	<u>\$ 35,770</u>

JOINT SCHOOL DISTRICT NO. 171

TIMBERLINE SCHOOLS

STATEMENT OF STUDENT BODY FUNDS
For the Year Ended June 30, 2010

FUND	Prior Reported Balance 06/30/09	Balance Adjusted	Restated Balance 07/01/09	Increases	Decreases	Balance 06/30/10
Accelerated Reading	\$ 1,176		\$ 1,176	\$ 2,663	\$ 3,200	\$ 639
Associated Student Body	485	\$ 215	700	1,597	1,187	1,110
Athletics	723	0	723	14,742	13,802	1,663
Baseball	1,655	0	1,655	1,520	1,013	2,162
Boys Basketball	425	0	425	1,010	755	680
Building Rent	878	0	878		128	750
Cheerleaders	312	153	465	4,207	3,777	895
Class of 2008	869	(869)	0			0
Class of 2010	1,861	1	1,862	2,201	3,390	673
Class of 2011	740	0	740		489	251
Class of 2012	239	0	239	146		385
Class of 2013	204	0	204	88		292
Class of 2014	365	0	365	100		465
Class of 2015	0	0	0	1,540	1,015	525
COMPASS Test	70	0	70			70
Computer Lab	324	0	324			324
Concessions	3,974	0	3,974	11,373	10,008	5,339
Contingency	(150)	869	719	592	1,395	(84)
District Sport Fee	(7)	(1)	(8)	5,960	5,952	0
Donation	802	0	802	2,719	1,764	1,757
Drama	2,388	0	2,388			2,388
Drivers Ed	0	0	0	2,100	2,100	0
Elementary School	(2,701)	2,701	0	5,476	5,226	250
Faculty	82	161	243	1,471	1,374	340
FCCLA	(169)	(161)	(330)	1,875	1,394	151
Fees	867	0	867	231	19	1,079
Girls Basketball	605	0	605	1,384	1,513	476
Girls Softball	50	0	50	1,485	1,018	517
Grants	200	0	200	200	189	211
Green Club	0	675	675	203		878
H.S. Football	1,671	0	1,671	2,791	4,462	0
H.S. Track	0	0	0	3,171	3,051	120
Hawaii	108	0	108		108	0
Herff-Jones	0	0	0	1,751	1,691	60
Honor Society	764	0	764	415	624	555
Balance forward	18,810	3,744	22,554	73,011	70,644	24,921

JOINT SCHOOL DISTRICT NO. 171

TIMBERLINE SCHOOLS

STATEMENT OF STUDENT BODY FUNDS
For the Year Ended June 30, 2010

FUND	Prior Reported Balance 06/30/09	Balance Adjusted	Restated Balance 07/01/09	Increases	Decreases	Balance 06/30/10
Balance forward	\$ 18,810	\$ 3,744	\$ 22,554	\$ 73,011	\$ 70,644	\$ 24,921
Horticulture	675	(675)	0			0
IDFY		0	0	150	150	0
IDLA	77	0	77	100	61	116
Jr. High ASB	64	0	64		102	(38)
Jr. High Basketball	105	100	205	5		210
Jr. High Girls B-Ball	(41)	41	0	337	312	25
Jr. High Journalism	134	0	134			134
Jr. High Shop	15	0	15	107		122
Jr. High Tech	60	0	60		60	0
Jr. High Track	347	0	347	93	229	211
Jr. High Trades	37	0	37	5	37	5
Jr. High VB	333	0	333	100	129	304
Library	1,451	0	1,451	4,086	5,378	159
Metal Shop	2,456	0	2,456	2,231	1,095	3,592
Music	1,277	0	1,277		227	1,050
OAHU	153	(153)	0			0
Pierce Elem	314	(314)	0			0
Project Graduation	13	0	13		13	0
PSAT	130	0	130	39		169
Red Cross Donation	350	0	350	6	350	6
Reimbursement	(25)	145	120	5,400	6,442	(922)
SADD	347	0	347	709	771	285
Sales Tax	1,061	0	1,061	1,925	1,226	1,760
Scholarships	201	0	201			201
Scholastic Achievement	565	0	565	350	785	130
School Store	535	0	535	510	403	642
Science Club	203	0	203	5	203	5
Science Lab	0	0	0	1,142	216	926
Scrapbook Club		0	0			0
Spanish Club	3,035	0	3,035	325	700	2,660
Spartan Pride Ride	145	(145)	0			0
Technology	4,393	0	4,393	570	1,145	3,818
Teen Living	75	(70)	5		5	0
Timberline Hilltop Scholarship	300	0	300			300
Volleyball	368	0	368	1,741	1,796	313
Weippe Elem	2,387	(2,387)	0			0
Wood Shop	1,156	0	1,156	253	57	1,352
Yearbook	907	20	927	1,801	2,863	(135)
Voided	305	(305)	0	0		0
	<u>\$ 42,718</u>	<u>\$ 1</u>	<u>\$ 42,719</u>	<u>\$ 95,001</u>	<u>\$ 95,399</u>	<u>\$ 42,321</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO ELEMENTARY SCHOOL

**STATEMENT OF STUDENT BODY FUNDS
For the Year Ended June 30, 2010**

	<u>Balance 06/30/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/10</u>
OROFINO ELEMENTARY	<u>\$ 18,088</u>	<u>\$ 21,105</u>	<u>\$ 21,458</u>	<u>\$ 17,735</u>

JOINT SCHOOL DISTRICT NO. 171

**COMBINING STATEMENTS OF REVENUES, FUNCTIONAL EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS**

For the Years Ended June 30, 2010 and 2009

	General Fund		All Other Funds	
	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010
BEGINNING BALANCES	<u>\$ 143,272</u>	<u>\$ 0</u>	<u>\$ 1,746,264</u>	<u>\$ 1,946,579</u>
REVENUES				
General property taxes	1,553,223	1,560,181		
Other local revenue	127,712	127,449	190,239	417,211
Intergovernmental revenue				
State of Idaho	7,570,507	6,246,675	245,356	114,869
Federal	14,491	922,363	1,836,042	1,826,119
Other revenue	940	395	67,105	122,469
Transfers	217,352	387,943	746,822	202,175
Total revenues	<u>9,484,225</u>	<u>9,245,006</u>	<u>3,085,564</u>	<u>2,682,843</u>
EXPENDITURES				
Salaries	5,723,851	5,570,309	855,811	824,656
Benefits	2,256,093	2,255,117	437,519	461,586
Purchased services	742,287	793,066	385,233	579,023
Supplies and materials	336,706	361,164	425,158	340,864
Capital outlay	13,208	9,524	300,834	256,603
Insurance	71,422	53,651	450	450
Transfers	483,930	202,175	480,244	387,943
Total expenditures	<u>9,627,497</u>	<u>9,245,006</u>	<u>2,885,249</u>	<u>2,851,125</u>
ENDING BALANCES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,946,579</u>	<u>\$ 1,778,297</u>