

JOINT SCHOOL DISTRICT NO. 171

FINANCIAL STATEMENTS

Year Ended June 30, 2011

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, 2011, 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 2010 and 2009 financial statements and, in our reports dated October 14, 2010, and October 14, 2009, respectively, we expressed unqualified opinions on the respective financial statements of each major fund and the aggregate remaining fund information. We qualified our opinion on the financial statements of the governmental activities in our report dated October 14, 2010, for the omission of a liability for the implicit rate subsidy of the retiree healthcare.

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, 2011, 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, 2011, 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 September 29, 2011, 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 38 to 41 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.


September 29, 2011

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, 2011.

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

- Total District assets amount to \$5,279,591 (vs. \$5,120,922 in 2010 and \$5,008,127 in 2009). This includes \$1,721,778 in capital assets.
- Total District liabilities remained fairly constant at \$1,672,336 vs. \$1,810,838 in 2010. Liabilities are primarily salary, benefits, and taxes due in July and August for employees working the prior year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights (Continued)

- The District's net assets increased by \$297,171 to \$3,607,255 at year-end as a result of this year's operations (vs. \$(226,189) decrease in 2010 and a \$69,086 increase in 2009).
- The total cost of District operations amounted to \$10,361,027, a decrease from \$11,509,832 in 2010.
- District revenue amounted to \$10,658,198, a decrease from \$11,283,643.

TABLE 1 – FUNCTIONAL EXPENDITURES

The following table compares expenses by function to the 2010 expenses:

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Program Expenses			
<u>Instruction</u>			
Regular programs	\$ 4,994,682	\$ 5,527,526	\$ (532,844)
Special programs	690,014	689,384	630
Interscholastic and school activity	<u>166,655</u>	<u>213,027</u>	<u>(46,372)</u>
Total instruction	<u>5,851,351</u>	<u>6,429,937</u>	<u>(578,586)</u>
<u>Support services</u>			
Pupil support	389,676	366,204	23,472
Staff support	921,508	1,400,595	(479,087)
General administration	165,712	122,830	42,882
School administration	497,463	521,163	(23,700)
Business services	156,895	166,218	(9,323)
Maintenance and operations	1,115,474	1,198,795	(83,321)
Transportation	<u>811,435</u>	<u>770,220</u>	<u>41,215</u>
Total support services	<u>4,058,163</u>	<u>4,546,025</u>	<u>(487,862)</u>
Food services	395,645	430,239	(34,594)
Capital outlay	<u>55,868</u>	<u>103,631</u>	<u>(47,763)</u>
 Total governmental activities	 <u>\$ 10,361,027</u>	 <u>\$ 11,509,832</u>	 <u>\$ (1,148,805)</u>

Expenses were down in 2011 primarily due to staff and benefit cuts.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

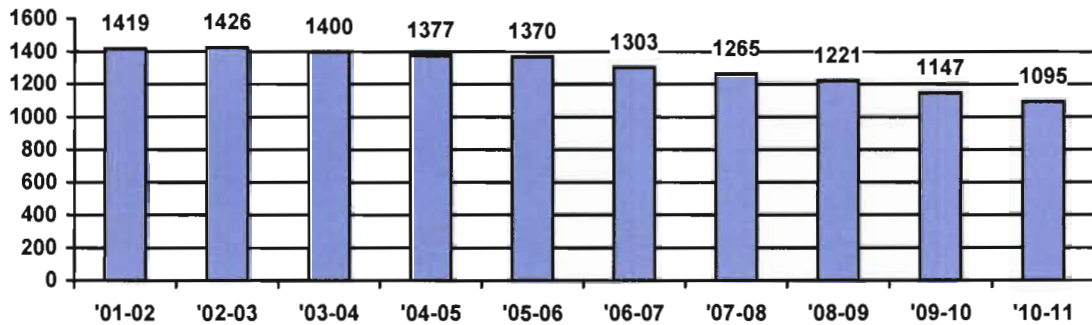
THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES (CONTINUED)

TABLE 2 – FOUNDATION PROGRAM REVENUE

Foundation program revenue from the State of Idaho was down to \$6,241,494 from \$7,063,434.

	2011	2010	2011 vs. 2010
<u>State Foundation Program</u>			
State salary apportionment	\$ 4,354,574	\$ 4,798,139	\$ (443,565)
State transportation funding	420,067	473,327	(53,260)
Entitlement	1,445,009	1,779,584	(334,575)
Other	21,844	12,384	9,460
Total State Foundation Program	<u>\$ 6,241,494</u>	<u>\$ 7,063,434</u>	<u>\$ (821,940)</u>

The funding formula for the State Foundation Program revenue is largely dependent on student counts, which have been falling. Fall enrollment has declined from 1,419 students 10 years ago to 1,095 in 2010-11.



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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

TABLE 3 – TOTAL REVENUE

The following table compares 2011 revenue to the 2010 and 2009 revenue. The state replaced much of the unrestricted state revenue from restricted state revenue sources resulting in a reduction of program revenue and an increase in general revenue for 2011. Federal *ARRA (American Recovery and Reinvestment Act of 2009)* funds replaced state revenue in 2010 and was not renewed in 2011. Total revenue was down by \$625,445 for 2011 after falling \$328,426 in 2010.

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2011 vs. 2010</u>
Total Revenue				
Program Revenue				
Charges for services	\$ 120,105	\$ 136,175	\$ 135,745	\$ (16,070)
Federal and state funds	<u>1,906,167</u>	<u>6,819,671</u>	<u>7,158,521</u>	<u>(4,913,504)</u>
Total program revenue	<u>2,026,272</u>	<u>6,955,846</u>	<u>7,294,266</u>	<u>(4,929,574)</u>
General revenues				
Property Taxes	1,829,794	1,576,354	1,560,314	253,440
Federal funds	375,384	1,337,645	571,471	(962,261)
State funds	6,133,440	975,209	1,986,859	5,158,231
Other revenue	<u>293,308</u>	<u>438,589</u>	<u>199,159</u>	<u>(145,281)</u>
Total general revenue	<u>8,631,926</u>	<u>4,327,797</u>	<u>4,317,803</u>	<u>4,304,129</u>
Total revenue	<u>\$ 10,658,198</u>	<u>\$ 11,283,643</u>	<u>\$ 11,612,069</u>	<u>\$ (625,445)</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.

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS (CONTINUED)

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

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

Financial Highlights

- The fund balance for the governmental funds—the part of net assets that can be used to finance day-to-day operations—decreased by \$(23,342) from \$1,646,002 at June 30, 2010, to \$1,622,660 at the end of this year (vs. \$(265,383) decrease in 2010).
- The District's expenditures decreased more than District revenues decreased. Total revenues decreased by \$480,854 (vs. a \$537,579 decrease in 2010) to \$10,588,491; while expenditures decreased by \$722,895 (vs. a \$161,951 decrease in 2010) to \$10,611,833. Total revenues include an unexpected payment of \$279,508 received in July from State surplus revenues.

The District continues to face the challenge of decreased State funding. State funding decreased by \$252,104 in 2011 and the Supplemental Levy was increased by \$200,000. "Angel Monies" were received for \$279,508 to help with 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 four-day school week for 2011-2012.

The District's base property tax was eliminated through the change in the State funding formula for 2007. However, patrons approved a supplemental tax levy of \$1,940,000 for 2011 (\$1,740,000 for 2010).

The District has historically used the Forest Reserve Fund to supplement the deficit in the other District funds. Largely, due to the unexpected state revenue of \$279,508 at the end of the school year, the District made a transfer of only \$3,489 (vs. \$223,553 in 2010) to other funds to balance the budget, and has a remaining balance of \$959,088 (\$977,139 in 2010). 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 2011 was \$364,271 (\$415,282 in 2010 and \$447,071 in 2009). Terms for the future renewal of the Craig-Wyden support is uncertain.

JOINT SCHOOL DISTRICT NO. 171

MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS (CONTINUED)

Financial Highlights (Continued)

The School Lunch Fund operated at a net loss of \$14,290 for the year (\$11,434 for 2010 and \$35,098 in 2009), 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 \$97,838 in 2011, \$88,636 in 2010, and \$78,397 in 2009. At June 30, 2011, there is a balance of \$19,472 remaining in the School Plant Facility Reserve Fund and other sources of revenue will be needed for the future. The general fund transferred \$101,000 into the fund for 2011.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the District had \$1,721,778 invested in capital assets, net of accumulated depreciation. This includes buildings, computer equipment, and major school equipment and is an increase of \$256,107 from the prior year. Current year depreciation of \$192,476 (\$256,147 in 2010 and \$242,354 in 2009) was less than capital purchases of \$448,583 (\$182,176 in 2010 and \$246,948 in 2009). More detailed information about the District's capital assets is presented in Notes 1 and 6 to the financial statements. The primary capital asset purchase in 2011 is the ongoing construction of the school lunch kitchen at Orofino Elementary School.

Debt

The District has no long-term debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2012 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 2012. The District has added no major new programs or initiatives to the 2012 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Prior Year 2010	Prior Year 2009
ASSETS			
Current assets			
Cash	\$ 352,313	\$ 420,614	\$ 255,405
Investments	1,480,917	1,722,828	2,173,646
Property taxes receivable	784,692	682,176	645,333
Accounts receivable	939,891	829,633	394,101
Total current assets	<u>3,557,813</u>	<u>3,655,251</u>	<u>3,468,485</u>
Noncurrent assets			
Capital assets	8,847,932	8,460,845	8,438,377
Less accumulated depreciation	<u>(7,126,154)</u>	<u>(6,995,174)</u>	<u>(6,898,735)</u>
Total noncurrent assets	<u>1,721,778</u>	<u>1,465,671</u>	<u>1,539,642</u>
Total assets	<u>5,279,591</u>	<u>5,120,922</u>	<u>5,008,127</u>
LIABILITIES			
Current liabilities			
Accounts payable	288,644	229,223	99,446
Payroll and taxes payable	1,168,902	1,319,252	1,321,013
Accrued expenses	214,790	262,363	51,395
Total current liabilities	<u>1,672,336</u>	<u>1,810,838</u>	<u>1,471,854</u>
Total liabilities	<u>1,672,336</u>	<u>1,810,838</u>	<u>1,471,854</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,721,778	1,465,671	1,539,642
Restricted for:			
Capital projects	19,472	16,310	4,115
Unrestricted	<u>1,866,005</u>	<u>1,828,103</u>	<u>1,992,516</u>
Total net assets	<u>\$ 3,607,255</u>	<u>\$ 3,310,084</u>	<u>\$ 3,536,273</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Prior Year 2010	Prior year 2009
	Charges for Services	Operating Grants and Contributions			
Functions/Programs					
Instruction					
Regular programs	\$ 4,994,682	\$ 431,185	\$ (4,549,847)	\$ (1,488,730)	\$ (1,450,345)
Special programs	690,014	281,084	(408,930)	(376,133)	(340,857)
Interscholastic and school activity	166,655	8,580	(158,075)	(137,641)	(138,201)
Support services					
Pupil support	389,676		(389,676)	(26,600)	(122,834)
Staff support	921,508	481,389	(440,119)	(744,336)	(432,222)
General administration	165,712		(165,712)	(64,893)	(67,568)
School administration	497,463		(497,463)	(221,618)	(279,006)
Business services	156,895		(156,895)	(55,988)	(53,657)
Maintenance and operations	1,115,474		(1,115,474)	(1,000,059)	(1,010,857)
Transportation	811,435	16,491	(374,877)	(276,744)	(214,754)
Food services	395,645	81,384	(21,819)	(57,613)	(47,279)
Capital outlay	55,868		(55,868)	(103,631)	(91,137)
Total governmental activities	\$ 10,361,027	\$ 1,906,167	(8,334,755)	(4,553,986)	(4,248,717)
General revenues:					
Property taxes, levied for general purposes			1,829,794	1,576,354	1,560,314
State base support			6,126,085	964,604	1,973,003
In lieu revenue			7,355	10,605	13,856
Other state and federal funding not restricted to specific programs			375,384	1,337,645	571,471
Interest and investment earnings			61,797	211,872	76,100
Other general revenues			231,511	226,717	123,059
			8,631,926	4,327,797	4,317,803
Change in net assets			297,171	(226,189)	69,086
Net assets, beginning			3,310,084	3,536,273	3,467,187
Net assets, ending			\$ 3,607,255	\$ 3,310,084	\$ 3,536,273

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	General	Federal Forest	District Property	School Lunch	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds	Prior year 2010	Prior year 2009
ASSETS									
Cash	\$ 155	\$ 140,047		\$ 14,290	\$ 17,036	\$ 41,178	\$ 212,706	\$ 323,622	\$ 255,405
Investments	692,143	209,252	\$ 577,086		2,436		1,480,917	1,722,828	2,173,646
Property taxes receivable	784,692						784,692	682,176	645,333
Accounts receivable	337,816	643		18,990		582,442	939,891	829,633	394,101
Due from other funds		612,146					612,146	489,206	715,521
Total assets	<u>\$ 1,814,806</u>	<u>\$ 962,088</u>	<u>\$ 577,086</u>	<u>\$ 33,280</u>	<u>\$ 19,472</u>	<u>\$ 623,620</u>	<u>\$ 4,030,352</u>	<u>\$ 4,047,465</u>	<u>\$ 4,184,006</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 284,983	\$ 3,000				\$ 661	\$ 288,644	\$ 229,223	\$ 99,446
Payroll and taxes payable	1,005,221			\$ 18,699		144,982	1,168,902	1,319,252	1,321,013
Due to other funds	301,392		\$ 47,522	14,581		248,651	612,146	489,206	715,521
Deferred revenue	123,210					214,790	338,000	363,782	136,641
Total liabilities	<u>1,714,806</u>	<u>3,000</u>	<u>47,522</u>	<u>33,280</u>	<u>\$ 0</u>	<u>609,084</u>	<u>2,407,692</u>	<u>2,401,463</u>	<u>2,272,621</u>
FUND BALANCES									
Restricted for capital improvements					19,472		19,472	16,310	4,115
Restricted for building maintenance								72,529	236,638
Committed for capital improvements		959,088	529,564				1,488,652	1,553,475	1,664,130
Unassigned, reported in:									
General fund	100,000					14,536	100,000	3,688	6,502
Special revenue funds						14,536	14,536		
Total fund balances	<u>100,000</u>	<u>959,088</u>	<u>529,564</u>	<u>0</u>	<u>19,472</u>	<u>14,536</u>	<u>1,622,660</u>	<u>1,646,002</u>	<u>1,911,385</u>
Total liabilities and fund balances	<u>\$ 1,814,806</u>	<u>\$ 962,088</u>	<u>\$ 577,086</u>	<u>\$ 33,280</u>	<u>\$ 19,472</u>	<u>\$ 623,620</u>	<u>\$ 4,030,352</u>	<u>\$ 4,047,465</u>	<u>\$ 4,184,006</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

**RECONCILIATION OF THE STATEMENT OF NET ASSETS
TO THE BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011**

	Total Governmental Funds	Prior Year 2010 \$	Prior Year 2009 \$
Total fund balances - Governmental Funds	<u>\$ 1,622,660</u>	<u>\$ 1,646,002</u>	<u>\$ 1,911,385</u>
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:			
Cost of capital assets	8,847,932	8,460,845	8,438,377
Accumulated depreciation	(7,126,154)	(6,995,174)	(6,898,735)
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.	123,210	101,419	85,246
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.	<u>139,607</u>	<u>96,992</u>	
Total net assets - Governmental Activities	<u>\$ 3,607,255</u>	<u>\$ 3,310,084</u>	<u>\$ 3,536,273</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011**

	General	Forest Reserve	District Property	School Lunch	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds	Prior Year 2010	Prior Year 2009
REVENUES									
General property taxes	\$ 1,808,003						\$ 1,808,003	\$ 1,560,181	\$ 1,553,223
State foundation program	6,546,152						6,546,152	6,236,070	7,556,651
Other state revenue	7,355					\$ 60,141	67,496	125,474	259,212
Federal revenue	11,113	\$ 364,271		\$ 292,442		1,114,067	1,781,893	2,746,282	1,850,533
Charges for services	8,580		\$ 751	81,384		13,650	103,614	115,471	121,103
Earnings on investments	4,952	1,223			\$ 7	160	7,093	9,434	66,519
Other revenues	64,856	16,491	170,288			19,450	274,240	276,433	199,683
Total revenues	8,451,011	381,985	171,039	373,826	3,162	1,207,468	10,588,491	11,069,345	11,606,924
EXPENDITURES									
Instruction									
Regular programs	4,580,282						5,030,010	5,510,750	5,707,671
Special programs	408,930					449,728	690,014	689,384	617,963
Interscholastic and school activity	166,655					281,084	166,655	213,027	203,659
Support services									
Pupil support	389,557					119	389,676	366,204	475,615
Staff support	346,469					489,983	1,106,023	1,303,526	1,048,051
General administration	165,712		217,811				165,712	122,830	155,884
School administration	497,463						497,463	521,163	620,947
Business services	155,865	1,030					156,895	166,218	165,741
Maintenance and operations	884,586	230,888					1,115,474	1,203,091	1,224,140
Transportation	681,864	57,001			101,000		839,865	740,012	769,850
Food services	10,062			388,116			398,178	394,892	466,881
Capital outlay		55,868					55,868	103,631	91,137
Total expenditures	8,287,445	396,547	217,811	388,116	101,000	1,220,914	10,611,833	11,334,728	11,547,539
EXCESS OF REVENUES OVER EXPENDITURES	163,566	(14,562)	(46,772)	(14,290)	(97,838)	(13,446)	(23,342)	(265,383)	59,385
OTHER FINANCING SOURCES (USES)									
Transfers from other funds	76,178			14,290	101,000	24,454	215,922	590,118	964,174
Transfers to other funds	(139,744)	(3,489)				(72,689)	(215,922)	(590,118)	(964,174)
Total other financing sources (uses)	(63,566)	(3,489)	0	14,290	101,000	(48,235)	0	0	0
NET CHANGE IN FUND BALANCES	100,000	(18,051)	(46,772)	0	3,162	(61,681)	(23,342)	(265,383)	59,385
FUND BALANCES AT BEGINNING OF YEAR	0	977,139	576,336	0	16,310	76,217	1,646,002	1,911,385	1,852,000
FUND BALANCES AT END OF YEAR	\$ 100,000	\$ 959,088	\$ 529,564	\$ 0	\$ 19,472	\$ 14,536	\$ 1,622,660	\$ 1,646,002	\$ 1,911,385

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Total Governmental Funds	Prior Year 2010 \$	Prior Year 2009 \$
Net Change in Fund Balances - Total Governmental Funds	(23,342)	(265,383)	59,385
<p>Amounts reported for governmental activities in the statement of activities are different because:</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:			
Current year capital outlay	448,583	182,176	246,948
Current year depreciation	(192,476)	(256,147)	(242,354)
Undepreciated basis on equipment disposed during the year			(1,984)
Some revenue will not be collected for several months after the fiscal year-ends, and they are not considered available revenues in the governmental funds. Instead, they are counted as deferred tax revenues. They are, however, recorded as revenues:			
Current year taxes receivable	123,210	101,419	85,246
Prior year taxes receivable	(101,419)	(85,246)	(78,155)
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.	42,615	96,992	
Change in Net Assets - Governmental Activities	297,171	(226,189)	69,086

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

BALANCE SHEET - PROPRIETARY FUNDS

June 30, 2011

	Governmental Activities	Prior Year 2010
ASSETS		
CURRENT ASSETS		
Cash	\$ 139,607	\$ 96,992
Total current assets	\$ 139,607	\$ 96,992
LIABILITIES		
CURRENT LIABILITIES		
Total current liabilities	\$ 0	0
NET ASSETS		
Unreserved	139,607	96,992
Total net assets	139,607	96,992
Total liabilities and net assets	\$ 139,607	\$ 96,992

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, 2011**

	Governmental Activities	Prior Year 2010
	Internal Service Fund	
REVENUES		
Interfund charges for medical insurance	\$ 140,913	\$ 265,060
Total revenues	<u>140,913</u>	<u>265,060</u>
OPERATING EXPENSES		
Medical Benefits	98,298	168,068
Total operating expenses	<u>98,298</u>	<u>168,068</u>
NET INCOME	42,615	96,992
NET ASSETS AT BEGINNING OF YEAR	<u>96,992</u>	<u>0</u>
NET ASSETS AT END OF YEAR	<u>\$ 139,607</u>	<u>\$ 96,992</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Governmental Activities	Prior Year 2010
	Internal Service Fund	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund charges	\$ 140,913	\$ 265,060
Cash paid for medical expenses	(98,298)	(168,068)
Net cash provided by operating activities	<u>42,615</u>	<u>96,992</u>
NET CHANGE IN CASH	42,615	96,992
CASH AT BEGINNING OF YEAR	96,992	0
CASH AT END OF YEAR	<u>\$ 139,607</u>	<u>\$ 96,992</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net income	42,615	96,992
Net cash provided by operating activities	<u>\$ 42,615</u>	<u>\$ 96,992</u>

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2011

	Private- Purpose Trusts	Agency Funds
ASSETS		
Current assets		
Cash	222	\$ 82,315
Investments	35,818	
Accounts receivable	531	
Total assets	<u>36,571</u>	<u>82,315</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,667	82,315
Due to student groups		82,315
Total current liabilities	<u>1,667</u>	<u>82,315</u>
Total liabilities	<u>1,667</u>	<u>\$ 82,315</u>
NET ASSETS		
Held in trust	<u>34,904</u>	
Total net assets	<u>\$ 34,904</u>	

See accompanying notes

JOINT SCHOOL DISTRICT NO. 171

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
For the Year Ended June 30, 2011**

	Private- Purpose Trusts	Prior Year 2010	Prior Year 2009
ADDITIONS			
Earnings on investments	\$ 1,829	\$ 1,126	\$ (1,309)
Total additions	<u>1,829</u>	<u>1,126</u>	<u>(1,309)</u>
DEDUCTIONS			
Scholarships	2,228	1,017	1,033
Total deductions	<u>2,228</u>	<u>1,017</u>	<u>1,033</u>
Change in net assets	(399)	109	(2,342)
Net assets at beginning of year	35,303	35,194	37,536
NET ASSETS AT END OF YEAR	<u>\$ 34,904</u>	<u>\$ 35,303</u>	<u>\$ 35,194</u>

See accompanying notes

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 1,095 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Measurement Focus and Basis of Accounting (Continued).*****Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting (Continued)**

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

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

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

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

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

Nonspendable

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

Restricted

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

Committed

Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned

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

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

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

District-Wide Financial Statements. The statement of net 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. Program expenses are allocated to restricted program revenue first when both restricted and unrestricted net assets are available.

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

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued).

Governmental Funds

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

- General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- Forest Reserve. The U.S. Government pays an amount under the *Secure Rural Schools and Community Self Determination Act* to state and counties containing national forest system lands. This fund is used to account for the District's allocation of these federal forest funds.
- 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	\$ 8,343,046	\$ 8,427,189
Community Foundation Grants	0	1,500
Nez Perce Tribe Grants	0	5,038
Building Capacity	0	103,945
Driver Education	10,700	31,316
Substance Abuse	0	119
Character Ed	0	1,192
Title 1	247,605	260,686
Carl Perkins Vocational Education	18,789	19,859
21 Century	115,579	119,901
School Lunch	361,600	388,116
Robbie Miller Trust	900	1,000
Portfor Ath Trust	15	25
Portfor Band Trust	26	1,150

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, 2011.

3. DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2011, the carrying amount of the District's deposits was \$352,313 in governmental activities, and \$82,537 in fiduciary activities. The entire balance was considered covered by Federal Depository Insurance.

Investments. At June 30, 2011, 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		
Pioneer Value Fund		6,746
Wells Fargo Savings Account	\$ 378,444	
Idaho State Treasurer's Local Government Investment Pool	1,102,473	16,688
Total investments	\$ 1,480,917	\$ 35,818

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, 2011, are as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
State of Idaho - Foundation program	\$ 47,110	
State of Idaho - State grants	295,275	
State of Idaho - Federal grants	555,145	
Other departments - Federal funds	22,689	
Other	<u>19,672</u>	\$ 531
	<u>\$ 939,891</u>	<u>\$ 531</u>

5. PROPERTY TAXES

The District's property tax levies for calendar years 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Certified Budget Request		
Tort levy	\$ 42,768	\$ 41,016
Supplemental levy approved	1,740,000	1,490,000

District assessed market value and tax levies:

	<u>Actual Tax Charge</u>	<u>Total Market Valuation</u>	<u>Levy</u>
2010	\$ 1,779,720	\$ 549,216,101	0.3246023%
2009	1,524,949	571,246,621	0.2680132%
2008	1,548,202	535,753,582	0.2695839%
2007	1,340,853	535,819,686	0.2334720%
2006	1,331,637	467,719,755	0.2774459%
2005	2,305,540	403,743,288	0.5318669%
2004	2,251,355	432,915,123	0.5399138%
2003	2,296,569	468,748,955	0.5444482%
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:

	6/30/10			6/30/11
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital assets				
Land	\$ 132,000			\$ 132,000
Equipment				
Elementary	76,281	\$ 4,275	\$ 11,146	69,410
Secondary	318,701	89,613	6,461	401,853
School lunch	207,891	28,610	7,733	228,768
Other	7,829			7,829
Buildings				
Elementary	2,160,784	189,816		2,350,600
Secondary	3,087,789			3,087,789
Bus Shop	415,809			415,809
Buses	1,957,026	158,000	57,887	2,057,139
Vehicles	96,735			96,735
	<u>\$ 8,460,845</u>	<u>\$ 470,314</u>	<u>\$ 83,227</u>	<u>8,847,932</u>
Accumulated depreciation				
Equipment				
Elementary	\$ 73,771	\$ 3,815		77,586
Secondary	290,229	24,733		314,962
School lunch	169,446	13,860	\$ 3,609	179,697
Other	7,829			7,829
Buildings				
Elementary	2,073,105	2,524		2,075,629
Secondary	2,624,993	9,881		2,634,874
Bus Shop	172,006	21,953		193,959
Buses	1,515,927	109,442	57,887	1,567,482
Vehicles	67,868	6,268		74,136
	<u>\$ 6,995,174</u>	<u>\$ 192,476</u>	<u>\$ 61,496</u>	<u>7,126,154</u>
Capital assets, net				<u>\$ 1,721,778</u>

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (CONTINUED)

Depreciation of \$192,476 was charged to the following functions in the statement of activities:

Instruction, regular programs	\$ 40,953
School lunch	21,953
Transportation	129,570

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, 2011, the required contribution rates, as determined by PERSI, were 10.39 percent (10.39 percent in 2010 and 10.39 percent in 2009) for the District and 6.23 percent (6.23 percent in 2010 and 6.23 percent in 2009) 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 \$606,251, \$667,024, and \$695,496 for the 3 years ended June 30, 2011, 2010, and 2009, 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, 2011, 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 - \$3,000,000 limit per occurrence with no deductible per occurrence.
- Abuse and Molestation - \$3,000,000 limit per occurrence and in aggregate with no deductible.
- Educator's Legal Liability - \$3,000,000 limit per occurrence and in aggregate with no deductible.
- Automobiles
 - Liability - \$3,000,000 per occurrence and \$300,000 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.
 - Student Transportation Systems - \$3,000,000 per occurrence with no deductible

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

9. TRANSFERS TO/FROM OTHER FUNDS

The State Department of Education requires that the District pay for the costs of school lunch personnel's Social Security and retirement expense from general fund revenues as a condition of participation in the National School Lunch Program. The amount paid from the general fund for the school lunch fund for the year ended June 30, 2011, amounted to \$10,062. An additional \$14,290 was transferred to the school lunch fund to pay bills for the 2011 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 \$101,000 to the school plant facility reserve fund for the current year.

Idaho Code, Section 33-1019, requires that the school district expend 2 percent of the estimated replacement value of student occupied buildings for school building maintenance each year. Any shortfall in expenditures must be transferred into the school building maintenance fund for future school building maintenance. The District has spent more than the minimum requirement for 2010-11 and has transferred \$72,689 out of the school building maintenance fund for the current year.

The Board of Trustees approved the budget for the 2010-11 school year reflecting a transfer from the forest reserve to the general fund in the amount of \$136,674 to balance the budget. The actual amount transferred amounted to \$3,489.

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

9. TRANSFERS TO/FROM OTHER FUNDS (CONTINUED)

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

Driver education	\$	1,435
Vocational education		1,767
Medicaid		21,252

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.

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

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

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

JOINT SCHOOL DISTRICT NO. 171

NOTES TO FINANCIAL STATEMENTS

11. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

Individual Fund Interfund Receivable and Payable Balances. Such balances at June 30, 2011, were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General		\$ 301,392
Forest Reserve	\$ 612,146	
Building Capacity		1,593
Vocational Education		11,155
Title I		71,063
Title VI-B		60,958
Title VI-B Preschool		8,410
Carl Perkins Vocational Education		17,507
Title II-A Improving Teacher Quality		25,761
District Property		47,522
Title I ARRA		22,661
Medicaid		29,543
School Lunch		14,581

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

12. CONTINGENT LIABILITIES

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

13. OTHER POST-EMPLOYMENT BENEFITS

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

REQUIRED SUPPLEMENTARY INFORMATION

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 1,803,360	\$ 1,803,360	\$ 1,808,003	\$ 4,643
State foundation program	6,274,857	6,274,857	6,546,152	271,295
Other state revenue	7,355	7,355	7,355	
Federal revenue	15,200	15,200	11,113	(4,087)
Charges for services	13,000	13,000	8,580	(4,420)
Earnings on investments	60,000	60,000	4,952	(55,048)
Other revenues	32,600	32,600	64,856	32,256
Total revenues	8,206,372	8,206,372	8,451,011	244,639
EXPENDITURES				
Payroll	4,979,478	4,979,478	5,159,560	(180,082)
Payroll burden and employee benefits	2,192,910	2,192,910	1,996,774	196,136
Purchased services	659,988	659,988	649,734	10,254
Supplies and materials	332,429	332,429	400,517	(68,088)
Capital outlay	16,600	16,600	15,895	705
Insurance	60,641	60,641	64,965	(4,324)
Total expenditures	8,242,046	8,242,046	8,287,445	(45,399)
EXCESS OF REVENUES OVER EXPENDITURES	(35,674)	(35,674)	163,566	199,240
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	136,674	136,674	76,178	(60,496)
Transfers to other funds	(101,000)	(101,000)	(139,744)	(38,744)
Total other financing sources (uses)	35,674	35,674	(63,566)	(99,240)
NET CHANGE IN FUND BALANCES	0	0	100,000	100,000
FUND BALANCES AT BEGINNING OF YEAR	0	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 100,000	\$ 100,000

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
FOREST RESERVE
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Federal revenue	\$ 365,000	\$ 365,000	\$ 364,271	\$ (729)
Earnings on investments	3,000	3,000	1,223	(1,777)
Other revenues	11,000	11,000	16,491	5,491
Total revenues	379,000	379,000	381,985	2,985
EXPENDITURES				
Purchased services	266,500	266,500	127,027	139,473
Supplies and materials	75,000	75,000	158,051	(83,051)
Capital outlay			111,469	(111,469)
Total expenditures	341,500	341,500	396,547	(55,047)
EXCESS OF REVENUES OVER EXPENDITURES	37,500	37,500	(14,562)	(52,062)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(136,674)	(136,674)	(3,489)	133,185
Total other financing sources (uses)	(136,674)	(136,674)	(3,489)	133,185
NET CHANGE IN FUND BALANCES	(99,174)	(99,174)	(18,051)	81,123
FUND BALANCES AT BEGINNING OF YEAR	99,174	99,174	977,139	877,965
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 959,088	\$ 959,088

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
DISTRICT PROPERTY
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Earnings on investments			\$ 751	\$ 751
Other revenues			170,288	170,288
Total revenues	\$ 0	\$ 0	171,039	171,039
EXPENDITURES				
Purchased services			118,286	(118,286)
Supplies and materials			99,525	(99,525)
Capital outlay	576,178	576,178		576,178
Total expenditures	576,178	576,178	217,811	358,367
NET CHANGE IN FUND BALANCES	(576,178)	(576,178)	(46,772)	529,406
FUND BALANCES AT BEGINNING OF YEAR	576,178	576,178	576,336	158
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 529,564	\$ 529,564

JOINT SCHOOL DISTRICT NO. 171

**BUDGETARY COMPARISON SCHEDULE -
SCHOOL LUNCH
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Federal revenue	\$ 260,000	\$ 260,000	\$ 292,442	\$ 32,442
Charges for services	100,600	100,600	81,384	(19,216)
Other revenues	1,000	1,000		(1,000)
Total revenues	<u>361,600</u>	<u>361,600</u>	<u>373,826</u>	<u>12,226</u>
EXPENDITURES				
Payroll	127,000	127,000	132,964	(5,964)
Payroll burden and employee benefits	62,300	62,300	50,267	12,033
Purchased services	5,350	5,350	5,752	(402)
Supplies and materials	163,000	163,000	196,800	(33,800)
Capital outlay	3,950	3,950	2,333	1,617
Total expenditures	<u>361,600</u>	<u>361,600</u>	<u>388,116</u>	<u>(26,516)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>0</u>	<u>(14,290)</u>	<u>(14,290)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds			14,290	14,290
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>14,290</u>	<u>14,290</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, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 29, 2011. 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.


September 29, 2011



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, 2011. 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, 2011.

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.


September 29, 2011



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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, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 29, 2011. 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 2010 financial statements and, in our report dated October 14, 2010, we expressed unqualified opinions on the respective financial statements of each major fund, and the aggregate remaining fund information. We qualified our opinion on the financial statements of the governmental activities in our report dated October 14, 2010, for the omission of a liability for the implicit rate subsidy of the retiree healthcare.

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 taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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.


September 29, 2011

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - MODIFIED ACCRUAL BASIS
For the Year Ended June 30, 2011

	<u>CFDA Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF AGRICULTURE		
Passed through the State of Idaho - Department of Education		
School Breakfast Program	10.553	\$ 64,416
National School Lunch Program - ARRA	10.555	222,225
Special Milk Program for Children	10.556	143
Summer Food Service Program for Children	10.559	7,695
Subtotal School Lunch cluster		<u>294,479</u>
Fresh Fruit and Vegetable Program	10.582	5,572
Passed through Clearwater County, State of Idaho		
Schools and Roads - Grants to Counties	10.666	364,271
Total Department of Agriculture		<u>664,322</u>
DEPARTMENT OF THE INTERIOR		
Passed through the State of Idaho - Department of Education		
Indian Education Assistance to Schools	15.130	3,452
Total Department of the Interior		<u>3,452</u>
DEPARTMENT OF EDUCATION		
Passed through the State of Idaho - Department of Education		
Title I	84.010	260,686 *
Title I - ARRA	84.389	87,425 *
Subtotal Title I cluster		<u>348,111</u>
Title VI-B Special Education	84.027	266,881 *
Title VI-B Preschool	84.173	14,203 *
Title VI-B Special Education - ARRA	84.391	119,901 *
Subtotal Title VI-B cluster		<u>400,985</u>
Carl Perkins Vocational Education	84.048	19,859
Title II-D Improving Teacher Quality	84.367	61,613
Statewide Data Systems	84.372	4,500
Education Jobs Fund	84.410	103,945 *
Total Department of Education		<u>939,013</u>
TOTAL FEDERAL AWARDS		<u><u>\$ 1,606,787</u></u>

Note: Basis of Presentation

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

* Major funds on Schedule of Findings and Questioned Costs

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

* Material weakness(es) identified yes no

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified yes no

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

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

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

Identification of major programs:

CFDA Numbers Name of federal program or cluster

Title I cluster

84.010 Title I
84.389 Title I-ARRA

Title VI-B cluster

84.027 Title VI-B Special Education
84.173 Title VI-B Preschool
84.391 Title VI-B Special Education-ARRA

84.410 Education Jobs Fund

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

Auditee qualified as low-risk auditee? yes no

JOINT SCHOOL DISTRICT NO. 171

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCIES

Finding #11-01

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 #11-02

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 2010-11. 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.

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

Education Jobs Funds – The federal government provides grant funds to save or create education jobs for school year 2010-2012. These funds are to be used for compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees in order to provide early childhood, elementary or secondary educational and related services.

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.

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.

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, 2011

	General	Forest Reserve	District Property	Nez Perce Tribe Grants	After School	Labor Management Committee	School Building Maintenance
ASSETS							
Cash	\$ 155	\$ 140,047		\$ 2,318	\$ 26	\$ 53	
Investments	692,143	209,252	\$ 577,086				
Property taxes receivable	784,692						
Accounts receivable	337,816	643					
Due from other funds		612,146					
Total assets	<u>\$ 1,814,806</u>	<u>\$ 962,088</u>	<u>\$ 577,086</u>	<u>\$ 2,318</u>	<u>\$ 26</u>	<u>\$ 53</u>	<u>\$ 0</u>
LIABILITIES							
Accounts payable	\$ 284,983	\$ 3,000		\$ 519			
Payroll and taxes payable	1,005,221		\$ 47,522				
Due to other funds	301,392						
Deferred revenue	123,210						
Total liabilities	<u>1,714,806</u>	<u>3,000</u>	<u>47,522</u>	<u>519</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCES							
Restricted for capital improvements		959,088	529,564		26	53	
Committed for capital improvements				1,799			
Unassigned	100,000						
Total fund balances	<u>100,000</u>	<u>959,088</u>	<u>529,564</u>	<u>1,799</u>	<u>26</u>	<u>53</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 1,814,806</u>	<u>\$ 962,088</u>	<u>\$ 577,086</u>	<u>\$ 2,318</u>	<u>\$ 26</u>	<u>\$ 53</u>	<u>\$ 0</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2011

	Driver Education	Vocational Education	Education Jobs	Title I	Title VI-B	Title VI-B Preschool
ASSETS						
Cash	\$ 1,606	\$ 1,767				
Investments						
Property taxes receivable						
Accounts receivable	4,371	10,370	\$ 178,215	\$ 108,657	\$ 105,306	\$ 18,337
Due from other funds						
Total assets	\$ 5,977	\$ 12,137	\$ 178,215	\$ 108,657	\$ 105,306	\$ 18,337
LIABILITIES						
Accounts payable		\$ 142				
Payroll and taxes payable	\$ 5,977	840	\$ 13,555	\$ 33,742	\$ 44,348	\$ 1,199
Due to other funds		11,155	1,593	71,063	60,958	8,410
Deferred revenue			163,067	3,852		8,728
Total liabilities	5,977	12,137	178,215	108,657	105,306	18,337
FUND BALANCES						
Restricted for capital improvements						
Committed for capital improvements						
Unassigned	0	0	0	0	0	0
Total fund balances	0	0	0	0	0	0
Total liabilities and fund balances	\$ 5,977	\$ 12,137	\$ 178,215	\$ 108,657	\$ 105,306	\$ 18,337

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS

June 30, 2011

	Carl Perkins Vocational Education	Title II-A Improving Teacher Quality	Title IV-A Drug Free Schools	ARRA Title I	ARRA Title VI-B
ASSETS					
Cash					\$ 1,498
Investments					
Property taxes receivable					
Accounts receivable	\$ 18,789	\$ 65,835	\$ 3,202	\$ 33,941	13,311
Due from other funds					
Total assets	<u>\$ 18,789</u>	<u>\$ 65,835</u>	<u>\$ 3,202</u>	<u>\$ 33,941</u>	<u>\$ 14,809</u>
LIABILITIES					
Accounts payable	\$ 952	\$ 4,463		\$ 11,280	\$ 14,809
Payroll and taxes payable	17,507	25,761		22,661	
Due to other funds					
Deferred revenue	330	35,611	\$ 3,202		
Total liabilities	<u>18,789</u>	<u>65,835</u>	<u>3,202</u>	<u>33,941</u>	<u>14,809</u>
FUND BALANCES					
Restricted for capital improvements					
Committed for capital improvements					
Unassigned	0	0	0	0	0
Total fund balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 18,789</u>	<u>\$ 65,835</u>	<u>\$ 3,202</u>	<u>\$ 33,941</u>	<u>\$ 14,809</u>

JOINT SCHOOL DISTRICT NO. 171

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS
June 30, 2011

	Recycling Grant	Medicaid	School Lunch	School Plant Facility Reserve	Combined
ASSETS					
Cash	\$ 12,658	\$ 21,252	\$ 14,290	\$ 17,036	\$ 212,706
Investments				2,436	1,480,917
Property taxes receivable					784,692
Accounts receivable		22,108	18,990		939,891
Due from other funds					612,146
Total assets	\$ 12,658	\$ 43,360	\$ 33,280	\$ 19,472	\$ 4,030,352
LIABILITIES					
Accounts payable					\$ 288,644
Payroll and taxes payable		\$ 13,817	\$ 18,699		1,168,902
Due to other funds		29,543	14,581		612,146
Deferred revenue					338,000
Total liabilities	\$ 0	43,360	33,280	\$ 0	2,407,692
FUND BALANCES					
Restricted for capital improvements				19,472	19,472
Committed for capital improvements					1,488,652
Unassigned	12,658				114,536
Total fund balances	12,658	0	0	19,472	1,622,660
Total liabilities and fund balances	\$ 12,658	\$ 43,360	\$ 33,280	\$ 19,472	\$ 4,030,352

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General	Forest Reserve	District Property	Nez Perce Tribe Grants	After School	Labor Management Committee	School Building Maintenance
REVENUES							
General property taxes	\$ 1,808,003						
State foundation program	6,546,152						
Other state revenue	7,355						
Federal revenue	11,113	\$ 364,271					
Charges for services	8,580						
Earnings on investments	4,952	1,223	\$ 751				\$ 160
Other revenues	64,856	16,491	170,288	\$ 5,600			
Total revenues	8,451,011	381,985	171,039	5,600	\$ 0	\$ 0	160
EXPENDITURES							
Instruction							
Regular programs	4,580,282			5,038			
Special programs	408,930						
Interscholastic and school activity	166,655						
Support services							
Pupil support	389,557						
Staff support	346,469	51,760	217,811				
General administration	165,712						
School administration	497,463						
Business services	155,865	1,030					
Maintenance and operations	884,586	230,888					
Transportation	681,864	57,001					
Food services	10,062	55,868					
Capital outlay		396,547	217,811	5,038	0	0	0
Total expenditures	8,287,445	977,139	46,772	562	0	0	160
EXCESS OF REVENUES OVER EXPENDITURES	163,566	(14,562)	(46,772)	562	0	0	160
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	76,178						
Transfers to other funds	(139,744)	(3,489)					(72,689)
Total other financing sources (uses)	(63,566)	(3,489)	0	0	0	0	(72,689)
NET CHANGE IN FUND BALANCES	100,000	(18,051)	(46,772)	562	0	0	(72,529)
FUND BALANCES AT BEGINNING OF YEAR	0	977,139	576,336	1,237	26	53	72,529
FUND BALANCES AT END OF YEAR	\$ 100,000	\$ 959,088	\$ 529,564	\$ 1,799	\$ 26	\$ 53	\$ 0

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Driver Education	Vocational Education	Substance Abuse	Education Jobs	Title I	Title VI-B	Title VI-B Preschool
REVENUES							
General property taxes							
State foundation program							
Other state revenue	\$ 15,478	\$ 44,663		\$ 103,945	\$ 260,686	\$ 266,881	\$ 14,203
Federal revenue							
Charges for services	13,650						
Earnings on investments							
Other revenues							
Total revenues	<u>29,128</u>	<u>44,663</u>	<u>\$ 0</u>	<u>103,945</u>	<u>260,686</u>	<u>266,881</u>	<u>14,203</u>
EXPENDITURES							
Instruction							
Regular programs	31,316	46,430			227,575	266,881	14,203
Special programs							
Interscholastic and school activity							
Support services							
Pupil support			119				
Staff support				103,945	33,111		
General administration							
School administration							
Business services							
Maintenance and operations							
Transportation							
Food services							
Capital outlay							
Total expenditures	<u>31,316</u>	<u>46,430</u>	<u>119</u>	<u>103,945</u>	<u>260,686</u>	<u>266,881</u>	<u>14,203</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(2,188)</u>	<u>(1,767)</u>	<u>(119)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	1,435	1,767					
Transfers to other funds							
Total other financing sources (uses)	<u>1,435</u>	<u>1,767</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	<u>(753)</u>	<u>0</u>	<u>(119)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>753</u>	<u>0</u>	<u>119</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>

JOINT SCHOOL DISTRICT NO. 171

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Carl Perkins Vocational Education	Title II-A Improving Teacher Quality	Title IV-A Drug Free Schools	ARRA Title I	ARRA Title VI-B	Recycling Grant	Community Foundation Grants
REVENUES							
General property taxes							
State foundation program							
Other state revenue				\$ 87,425	\$ 119,901		
Federal revenue	\$ 19,859	\$ 61,613					
Charges for services						\$ 13,850	
Earnings on investments							
Other revenues						13,850	
Total revenues	<u>19,859</u>	<u>61,613</u>	<u>\$ 0</u>	<u>87,425</u>	<u>119,901</u>	<u>13,850</u>	<u>\$ 0</u>
EXPENDITURES							
Instruction							
Regular programs	17,968				119,901		1,500
Special programs							
Interscholastic and school activity							
Support services							
Pupil support							
Staff support	1,891	61,613		87,425		1,192	
General administration							
School administration							
Business services							
Maintenance and operations							
Transportation							
Food services							
Capital outlay							
Total expenditures	<u>19,859</u>	<u>61,613</u>	<u>0</u>	<u>87,425</u>	<u>119,901</u>	<u>1,192</u>	<u>1,500</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,658</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>
NET CHANGE IN FUND BALANCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,658</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>1,500</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,658</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, 2011

	Medicaid	School Lunch	School Plant Facility Reserve	Combined
REVENUES				
General property taxes				\$ 1,808,003
State foundation program				6,546,152
Other state revenue				67,496
Federal revenue	\$ 179,554	\$ 292,442		1,781,893
Charges for services		81,384		103,614
Earnings on investments			\$ 7	7,093
Other revenues			3,155	274,240
Total revenues	179,554	373,826	3,162	10,588,491
EXPENDITURES				
Instruction				
Regular programs				5,030,010
Special programs				690,014
Interscholastic and school activity				166,655
Support services				
Pupil support				389,676
Staff support	200,806			1,106,023
General administration				165,712
School administration				497,463
Business services				156,895
Maintenance and operations				1,115,474
Transportation			101,000	839,865
Food services		388,116		398,178
Capital outlay				55,868
Total expenditures	200,806	388,116	101,000	10,611,833
EXCESS OF REVENUES OVER EXPENDITURES	(21,252)	(14,290)	(97,838)	(23,342)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	21,252	14,290	101,000	215,922
Transfers to other funds				(215,922)
Total other financing sources (uses)	21,252	14,290	101,000	0
NET CHANGE IN FUND BALANCES	0	0	3,162	(23,342)
FUND BALANCES AT BEGINNING OF YEAR	0	0	16,310	1,646,002
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 19,472	\$ 1,622,660

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, 2011

	Nelson Scholarship Trust	Robbie Miller Scholarship Trust	Portfor Athletic Trust	Portfor Band Trust	Orofino High School	Timberline Schools	Orofino Elementary School	Combined
ASSETS								
Cash	\$ 60	\$ 162			\$ 30,865	\$ 37,474	\$ 13,976	\$ 82,537
Investments	6,752	12,384	\$ 5,520	\$ 11,162				35,818
Accounts receivable	35	496						531
Total assets	\$ 6,847	\$ 13,042	\$ 5,520	\$ 11,162	\$ 30,865	\$ 37,474	\$ 13,976	\$ 118,886
LIABILITIES								
Accounts payable			\$ 517	\$ 1,150	\$ 30,865	\$ 37,474	\$ 13,976	\$ 1,667
Due to student groups					30,865	37,474	13,976	82,315
Total liabilities	\$ 0	\$ 0	517	1,150	30,865	37,474	13,976	83,982
FUND EQUITY								
Unreserved, undesignated	6,847	13,042	5,003	10,012				34,904
Total fund equity	6,847	13,042	5,003	10,012	0	0	0	34,904
Total liabilities and fund equity	\$ 6,847	\$ 13,042	\$ 5,520	\$ 11,162	\$ 30,865	\$ 37,474	\$ 13,976	\$ 118,886

JOINT SCHOOL DISTRICT NO. 171

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY - ALL TRUST FUNDS
For the Year Ended June 30, 2011**

	Nelson Scholarship Trust	Robbie Miller Scholarship Trust	Portfor Athletic Trust	Portfor Band Trust	Combined
REVENUES					
Earnings on investments	\$ 1,289	\$ 496	\$ 13	\$ 31	\$ 1,829
Total revenues	<u>1,289</u>	<u>496</u>	<u>13</u>	<u>31</u>	<u>1,829</u>
EXPENDITURES					
Regular instruction	53	1,000	25	1,150	2,228
Total expenditures	<u>53</u>	<u>1,000</u>	<u>25</u>	<u>1,150</u>	<u>2,228</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,236	(504)	(12)	(1,119)	(399)
FUND EQUITY AT BEGINNING OF YEAR	<u>5,611</u>	<u>13,546</u>	<u>5,015</u>	<u>11,131</u>	<u>35,303</u>
FUND EQUITY AT END OF YEAR	<u>\$ 6,847</u>	<u>\$ 13,042</u>	<u>\$ 5,003</u>	<u>\$ 10,012</u>	<u>\$ 34,904</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO HIGH SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2011

FUND	Balance 06/30/10	Consolidated Balance * 06/30/10	Increases	Decreases	Balance 06/30/11
1st Priority	\$ 73	\$ 73	\$ 700	\$ 274	\$ 499
7th grade	0	729	529	525	733
8th grade	0	72	814	883	3
AED	1,453	1,453			1,453
Annual	(352)	(352)	14,445	13,533	560
AR Store	0	203	67		270
Art Fund	705	1,357	1,139	1,760	736
Baseball	328	628	11,666	11,407	887
Biology grant	1,594	1,594			1,594
Boys basketball	(597)	(597)	2,035	290	1,148
Cheerleader account	(537)	(537)	3,967	2,722	708
Chorus	148	370	534	367	537
Close Up	5	5			5
Coaches Fund	25	25	180		205
Contingency	1,123	2,649	8,976	10,197	1,428
District #171	0	0	748	748	0
Dramatics Club	1,520	1,520	363	242	1,641
Drill Team	(543)	(543)	1,036	1,496	(1,003)
Drivers Ed	(30)	(30)	7,410	7,380	0
Early Teen Living	0	0	1,829	1,195	634
Extra curricular	(1,808)	(1,808)	9,938	8,005	125
Faculty Fund	86	86	573	649	10
Football	(5,535)	(5,535)	88,419	88,471	(5,587)
Football Maniac Moms	38	38			38
Foreign language	75	75			75
Freshman	0	0	108		108
Girls basketball	705	705	4,468	4,236	937
Golf	2,278	2,278	1,682	3,727	233
Hosa	(410)	(410)	1,653	935	308
IDFY	175	175	(1)		174
Industrial Arts	114	114	332		446
Juniors	632	632	1,459	1,448	643
Knowledge Bowl	350	492	99		591
Lab fees	293	552	2,280	1,855	977
Leadership	0	0	3,695	2,447	1,248
Library	939	1,108	351	1,004	455
Library Club	17	17			17
Balance forward	<u>2,864</u>	<u>7,138</u>	<u>171,494</u>	<u>165,796</u>	<u>12,836</u>

* Consolidated High School and Junior High School

JOINT SCHOOL DISTRICT NO. 171

OROFINO HIGH SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2011

FUND	Balance 06/30/10	Consolidated Balance *	Increases	Decreases	Balance 06/30/11
Balance forward	2,864	7,138	171,494	165,796	12,836
Life Schools School Store	25	25			25
M-Pact	200	200			200
Maniac Pride	1,849	1,882			1,882
Maniactivity	14	14			14
Mediacs	965	965	801	1,065	701
Modern Music Club	134	134			134
Music	(668)	1,734	5,004	4,072	2,666
Music Boosters	(55)	(55)	55		0
Nat Honor Society	931	931	368	332	967
NNU	1,300	1,300	550		1,850
OHS Alumni Fund	122	122			122
Rodeo Club	(707)	(707)	914	706	(499)
SADD	8	8			8
Seniors	127	127	5,288	4,984	431
Shop (reg acct)	2,758	2,758	4,846	5,110	2,494
Sign Fund	1,850	1,850	759		2,609
Silk screening	56	56	534	140	450
Skills USA	99	99	527	264	362
Soccer	1,673	1,673	7,156	6,487	2,342
Softball	505	505	4,495	6,410	(1,410)
Sophomores	415	415	(54)	119	242
Special shop account	377	377		377	0
Student Association	1,355	8,031	39,038	47,337	(268)
Student Council	(619)	412	5,563	5,752	223
Supplies	0	3,317	239	2,080	1,476
Tax	25	25	3,570	3,539	56
Technology	321	2,855	3,641	6,641	(145)
Towels	(239)	3,402	1,429	3,824	1,007
Track	49	49	376	510	(85)
Track resurfacing	(307)	(307)	307		0
Volleyball	(1,547)	(1,547)	5,365	3,847	(29)
Wrestling	32	32	849	774	107
Youth Leg	234	234	1,863	1,899	198
Bank charge	(294)	(294)	294	101	(101)
	<u>13,852</u>	<u>37,760</u>	<u>265,271</u>	<u>272,166</u>	<u>30,865</u>
Saving account	0	12,293	318	0	12,611
	<u>\$ 13,852</u>	<u>\$ 50,053</u>	<u>\$ 265,589</u>	<u>\$ 272,166</u>	<u>\$ 43,476</u>

* Consolidated High School and Junior High School

JOINT SCHOOL DISTRICT NO. 171

TIMBERLINE SCHOOLS

STATEMENT OF STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2011

FUND	Balance 06/30/10	Increases	Decreases	Balance 06/30/11
Accelerated Reading	\$ 639	\$ 2,243	\$ 2,511	\$ 371
Associated Student Body	1,110	1,912	2,808	214
Athletics	1,663	10,983	13,924	(1,278)
Baseball	2,162	2,113	809	3,466
Boys basketball	680	(1)	527	152
Building rent	750	1		751
Cheerleaders	895	903	1,587	211
Class of 2010	673			673
Class of 2011	251	4,578	4,568	261
Class of 2012	385	1,248	932	701
Class of 2013	292	240	84	448
Class of 2014	465		6	459
Class of 2015	525	371	6	890
Class of 2016	0	1,413	762	651
COMPASS test	70			70
Computer lab	324			324
Concessions	5,339	12,207	12,667	4,879
Contingency	(84)	513	429	0
Counselor	0	27	52	(25)
District sport fee	0	5,610	3,990	1,620
Donation	1,757	881	616	2,022
Drama	2,388	85	409	2,064
Drivers Ed	0	1,260	1,260	0
Elementary School	250	2,849	1,896	1,203
Faculty	340	619	847	112
FCCLA	151	1,468	1,376	243
Fees	1,079	79	28	1,130
Girls basketball	476	1,461	1,984	(47)
Girls softball	517	701	1,171	47
Grants	211			211
Green Club	878			878
H.S. football	0	1,731	1,731	0
H.S. track	120	3,322	3,634	(192)
Herff-Jones	60	365	372	53
Honor Society	555	571	860	266
Balance forward	<u>24,921</u>	<u>59,753</u>	<u>61,846</u>	<u>22,828</u>

JOINT SCHOOL DISTRICT NO. 171

TIMBERLINE SCHOOLS

STATEMENT OF STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2011

FUND	Balance 06/30/10	Increases	Decreases	Balance 06/30/11
Balance forward	\$ 24,921	\$ 59,753	\$ 61,846	\$ 22,828
IDFY	0	100		100
IDLA	116	184		300
Jr. High ASB	(38)	157	38	81
Jr. High basketball	210			210
Jr. High football	0	350	350	0
Jr. High girls basketball	25	183		208
Jr. High Journalism	134			134
Jr. High Shop	122	5		127
Jr. High track	211	1		212
Jr. High Trades	5	(5)		0
Jr. High volleyball	304	295	450	149
Library	159	3,661	3,486	334
Metal Shop	3,592	645	806	3,431
Music	1,050	(1)	265	784
PSAT	169	143	205	107
Red Cross donation	6			6
Reimbursement	(922)	4,168	3,768	(522)
SADD	285			285
Sales tax	1,760	1,837	1,737	1,860
Scholarships	201		200	1
Scholastic achievement	130		163	(33)
School Store	642	358	434	566
Science Club	5			5
Science lab	926	515	1,270	171
Spanish Club	2,660	571	1,329	1,902
Technology	3,818	450	2,537	1,731
Timberline Hilltop Scholarship	300		300	0
Volleyball	313	256	112	457
Wood Shop	1,352	342		1,694
Yearbook	(135)	1,383	902	346
	<u>\$ 42,321</u>	<u>\$ 75,351</u>	<u>\$ 80,198</u>	<u>\$ 37,474</u>

JOINT SCHOOL DISTRICT NO. 171

OROFINO ELEMENTARY SCHOOL

STATEMENT OF STUDENT ACTIVITY FUNDS
For the Year Ended June 30, 2011

	Balance 06/30/10	Increases	Decreases	Balance 06/30/11
OROFINO ELEMENTARY	<u>\$ 17,735</u>	<u>\$ 9,152</u>	<u>\$ 12,911</u>	<u>\$ 13,976</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, 2011 and 2010**

	General Fund		All Other Funds	
	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011
BEGINNING BALANCES	\$ 0	\$ 0	\$ 1,946,579	\$ 1,778,297
REVENUES				
General property taxes	1,560,181	1,808,003		
Other local revenue	127,449	77,759	417,211	275,858
Intergovernmental revenue				
State of Idaho	6,246,675	6,553,507	114,869	60,141
Federal	922,363	11,113	1,807,276	1,770,780
Other revenue	395	629	122,469	173,443
Transfers	387,943	76,178	202,175	139,744
Total revenues	<u>9,245,006</u>	<u>8,527,189</u>	<u>2,664,000</u>	<u>2,419,966</u>
EXPENDITURES				
Salaries	5,570,309	5,159,560	823,669	774,823
Benefits	2,255,117	1,996,774	461,386	394,632
Purchased services	793,066	649,734	577,719	514,010
Supplies and materials	361,164	400,517	324,512	514,117
Capital outlay	9,524	15,895	256,603	227,332
Insurance	53,651	64,965	450	
Transfers	202,175	139,744	387,943	76,178
Total expenditures	<u>9,245,006</u>	<u>8,427,189</u>	<u>2,832,282</u>	<u>2,501,092</u>
ENDING BALANCES	\$ 0	\$ 100,000	\$ 1,778,297	\$ 1,697,171