



**Harris & Co.** PLLC

CERTIFIED PUBLIC ACCOUNTANTS

**Mountain Home School District # 193**

**Financial Statements and  
Supplementary Information**

**Year Ended June 30, 2017**

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**Harris & Co.** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

Helping our clients make sense of a changing and complex world

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Mountain Home School District #193  
Mountain Home, Idaho

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

We have audited the accompanying statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain Home School District #193 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, the aggregate remaining fund information of Mountain Home School District #193 as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer's share of net pension liability, schedule of employer contributions and budgetary comparison information listed in the table of contents 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mountain Home School District #193's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2017 on our consideration of the Mountain Home School District #193's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mountain Home School District #193's internal control over financial reporting and compliance.

*Harris & Co. PLLC*

Meridian, Idaho  
October 17, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MOUNTAIN HOME SCHOOL DISTRICT #193

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

The following management discussion and analysis of the Mountain Home School District's financial performance provides an overall review of financial activities, with the focus on the District's financial activities for the 2016-2017 fiscal year, ending on June 30, 2017. Efforts have been made to provide comparison to prior years' data, when such data is available.

#### Financial Highlights

- The District ended the fiscal year with general fund revenues exceeding expenses, including transfers, by \$431,052 or 1.8% of revenue. Total General Fund revenue was over budget by \$1,293,342 or 5.7% of budget. Impact Aid was \$107,962 over budget or 10.8%. State revenue was over budget by \$1,048,021 or 5.7%. Other revenue was under budget by \$173,804 and other local revenue was over budget by \$254,821. Total expenses were over budget by \$216,993 or .9% of budget. This gives the General Fund an unrestricted Fund Balance of \$502,145 or 2.1% of revenue at the end of FY 2017.
- State revenue was over the FY 2017 budget by \$1,048,021. This was due to higher revenue from other state sources, higher transportation reimbursement for the FY 2016 transportation expenses and increased student attendance.
- Federal revenue from Impact Aid was \$1,107,962 in FY 2017 which is \$160,124 more than last year. This program supplements educational expenses for children affiliated with the military. Impact Aid payments received in FY 2017 included \$120,270 from the final voucher from FY 2016 and \$987,691 from FY 2017 voucher #1 and voucher #2. On the FY 2017 application, students whose parents live and work on the base decreased from 374 students to 373 for a decrease of 1 student. Uniformed services living off the base were 471 on October 2015 and increased by 61 to 532 in October of 2016. Civilians working on Federal Property were 401 on the FY 2016 application and decreased to 317 on the FY 2017 application. Impact Aid revenue in FY 2017 is 25.8% of what the District received in FY 2008 of \$4,298,396 and 4.6% of total FY 2017 revenue.
- District enrollment as of the middle of May increased by 53 students to 3,899 in fiscal year 2016-2017 from the previous year's end of school enrollment of 3,846. This is an increase over the prior fiscal year of 1.4%. North Elementary and Hacker Middle School had the largest declines of 40 and 17 students respectively. West Elementary and Stephensen Elementary had the largest increases of 34 and 13 students respectively over the prior school year. Bennett Mountain High School showed an increase of 10 students for a total of 95. The grade showing the largest decrease is the fifth grade, decreasing by 33 students from the previous year. The seventh grade class increased 38 students from the prior year's class. Total elementary enrollment was 2,296 and secondary enrollment was 1,603 for a total of 3,899 for FY 2017.

#### Overview of the Financial Statements

This section of the annual financial report consists of three parts: management's discussion and analysis, basic financial statements, and other required supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

# MOUNTAIN HOME SCHOOL DISTRICT #193

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

### Government-wide Financial Statements

The *GWFS* (i.e. statement of net assets and statement of activities) provides readers with a broad overview of the District's finances. The Statement of Net Assets and the Statement of Activities displays information about the reporting entity as a whole. The GWFS report information about the District as a whole, using accounting methods similar to those used by private-sector companies.

The *Statement of Net Assets* provides information on all of the assets and liabilities of the District, with the difference between the two providing the *net assets*. Increases or decreases in the net assets may indicate whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* shows how the net assets of the District have changed throughout the fiscal year. Changes in the net assets occur as soon as the underlying events give rise.

The statements present an aggregate view of the District's finances. GWFS contain useful long-term information as well as information for the just-completed fiscal year. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings, and other facilities, should be considered.

In the GWFS, the District's activities are all classified as government activities. Governmental activities include all regular and special education, all educational support activities, administration, transportation, and food services. Funding for these services come from property taxes, the State of Idaho, and Federal Impact Aid.

The GWFS can be found on pages 15-17 of this report.

### Fund Financial Statements

Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Fund Financial Statements focus on individual parts of the District. Fund Statements generally report operation in more detail than the government-wide statements. This statement focuses on its most significant or "major" funds and not on the District as a whole.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. repaying its long-term debt) or to show that it is properly using certain revenues (i.e. Plant Facility Funds). The District has two types of funds: Governmental and Fiduciary.

**Governmental Funds** – Governmental Funds account for nearly the same functions as the Governmental Activities. However, unlike the GWFS, Governmental Funds focus on near-term inflows and outflows, as well as the balances left at year-end that are available for funding future basic services.

It is useful to compare information found in the Governmental Funds with that of the Governmental Activities. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

**Fiduciary Funds** – The District serves as a trustee, or fiduciary, for student organizations. The assets of these organizations belong to the organization, and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes, and only by those to whom the assets belong. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.



**MOUNTAIN HOME SCHOOL DISTRICT #193**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2017**

Notes – The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures so that statement users have a complete picture of the District's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Mountain Home School District's Net Assets

Governmental Activities

	2017	2016	Change
Current and Other Assets	\$ 6,288,252	\$ 4,650,396	\$ 1,637,856
Capital Assets	10,751,774	10,708,269	43,505
Total Assets	17,040,026	15,358,665	1,681,361
Deferred Outflow of Resources	6,652,740	4,247,025	2,405,715
Long-Term Liabilities Outstanding	10,905,532	6,657,427	4,248,105
Other Liabilities	3,667,051	4,397,075	(730,024)
Total Liabilities	14,572,583	11,054,502	3,518,081
Deferred Inflow of Resources	3,398,978	4,408,562	(1,009,584)
Net Position			
Invested in Capital Assets, Net of Related Debt	10,751,774	10,708,269	43,505
Restricted	1,285,680	649,526	636,154
Unrestricted	(6,316,249)	(6,733,769)	417,520
Total Net Position	\$ 5,721,205	\$ 4,624,026	\$ 1,097,179

Net assets may serve as a useful indicator of a District's financial position. In the case of the District, total assets exceeded liabilities by \$5,721,205 at the close of the most recent fiscal year. This represents an overall increase of \$1,097,207 from the prior year.

The largest portion of the District's net assets reflect investments in capital assets (i.e. land, buildings and improvements, furniture, and equipment) net of related debt (general obligation bonds) used to acquire those assets still outstanding. These capital assets provide services to students; consequently, these assets are not available for future spending. The District calculation of net assets uses a historical cost of school buildings that does not accurately reflect current replacement value.

Restricted net assets increased \$636,154 from the prior year. These resources are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's ongoing obligations to students, employees, and creditors. Unrestricted net assets decreased from the prior fiscal year amount of -\$6,733,797 to a current year balance in FY 2017 of -\$6,316,249. This balance is a result of the recognition of the unfunded PERSI liability recognized by GASB 68. It is not expected that the District will ever actually have to incur this obligation; it is for reporting purposes only.

## MOUNTAIN HOME SCHOOL DISTRICT #193

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

The following statement for Changes in Net Assets from Operating Results reflects fund level activity and includes all funds. Total revenue has increased in FY 2017 over FY 2016 by \$2,330,950. The majority of this increase is in State Revenue.

	2017	2016	Change
<b>REVENUES</b>			
Program Revenues			
Program Revenues	\$ 307,123	\$ 320,111	\$ (12,988)
Operating Grants and Contributions	5,365,750	4,925,039	440,711
General Revenues			
Property Taxes levied for General Purposes	2,789,024	2,789,886	(862)
Property Taxes levied for Debt Services	7,685	11,412	(3,727)
Property Taxes levied for Capital Outlay	1,018,417	979,650	38,767
Revenue in Lieu of Taxes	15,459	23,455	(7,996)
State Revenues	17,406,861	16,505,522	901,339
Grants and Contributions not Restricted to Specific Purposes			-
Federal Impact Aid	1,146,528	892,464	254,064
Other Federal Revenue	205,818	397,640	(191,822)
Interest and Investment Earnings	33,815	18,700	15,115
Other Funds	-	-	-
Miscellaneous	1,491,953	593,604	898,349
Total Revenue	29,788,433	27,457,483	2,330,950
<b>EXPENSES</b>			
Instructional Services			
Elementary Programs	6,605,728	6,403,914	201,814
Secondary/Alternative Programs	6,155,882	5,817,847	338,035
Exceptional Child Programs	2,501,545	2,198,273	303,272
Other Programs	558,344	681,264	(122,920)
Support Services			
Student Services	2,067,704	2,187,224	(119,520)
Instructional Improvement	1,218,001	417,769	800,232
Educational Media	261,968	278,201	(16,233)
District Administration	634,843	1,653,292	(1,018,449)
School Administration	2,579,121	1,568,577	1,010,544
Maintenance and Improvements	2,231,145	2,047,687	183,458
Pupil Transportation Services	1,243,830	1,219,174	24,656
Non-Instructional Services			
Community Service Programs	6,204	-	6,204
School Lunch	1,274,375	1,234,414	39,961
Capital Improvements	673,469	714,590	(41,121)
Capital Outlays	-	1,019	(1,019)
Depreciation-unallocated	679,067	663,754	15,313
Total Expenses	28,691,226	27,086,999	1,604,227
Changes in Net Position	\$ 1,097,207	\$ 370,484	\$ 726,723

## MOUNTAIN HOME SCHOOL DISTRICT #193

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

#### **DISTRICT'S FUNDS FINANCIAL ANALYSIS**

As noted earlier, the District uses funds to demonstrate compliance with finance-related legal requirements.

##### *Governmental Funds*

The focus of the District's governmental funds is to provide balances of spendable resources and to provide data on near-term inflows and outflows.

*General Fund* – The General Fund is the general operating fund for the District. At the end of the 2016-2017 fiscal year, the fund balance was \$502,145, which is an increase of \$431,052 from the fiscal year 2015-2016 ending balance of \$71,093. In the General Fund in FY 2017, 81.0% of the revenue comes from the State of Idaho, the same percentage as in FY 2016. Federal sources provided 4.6% of revenue (4.0% in FY 2016), and support from the local community provided 11.7% of the revenue. The remainder of the revenue comes from other sources. General Fund expenses were 95.4% of revenue resulting in an increase of the fund balance.

Actual revenues for General Fund totaled \$24,027,342. Total revenue funding was \$1,293,342 over the budgeted projection of \$22,734,000. Total Federal revenue was over budget by \$107,962. Other revenue was over budget due to prior year's credits being applied to FY 2017. State revenue was over budget by \$1,048,021 due to appropriations for other dedicated state programs and an increase in student attendance.

Expenditures for general District purposes totaled \$22,929,993, an increase of \$216,993 or .9% from the 2016-2017 fiscal year budget of \$22,713,000. The total governmental wide expenditures in FY 2017 include PERSI and OPEB obligations that created liabilities that the District will never pay for, but must show on the financial statements due to GASB requirements. The Statement of Activities on page 17 shows the governmental wide expense broken into types, net of any activity related revenue. Total net position for the District increased \$1,097,207 to \$5,721,205 for FY 2017. On this schedule, instructional expenses category accounts for 55.1% of all general fund expenditures this year. Support services constitute 35.7% of government-wide general fund expenditures. Capital expenditures were \$673,469 due to building and site improvements related to the passing of the Plant Facility levy.

*Forest Fund* – This fund historically is used for technology and textbook purchases. The main revenue in the current year was a transfer from general fund to reimburse a FY 2016 transfer into the General Fund to offset IDEA expenses. Revenues of \$205,818 from the Department of Defense and Federal Forest funding were under budget of \$250,000 by \$44,182. There is discussion about Federal Forest revenue legislation sun setting and the Department of Defense is appropriately annually. Revenue in this fund is not considered stable or dependable. Federal Forest revenue in FY 2016 was \$397,640 and in FY 2017, it was \$205,818.

*Plant Facility Fund* – The Plant Facility Fund is the fund used to pay for capital construction and building repair and remodeling throughout the District. On May 25<sup>th</sup> 2015, the patrons of Mountain Home generously approved a \$1,000,000 Plant Facility levy each year for five years. We used this fund in FY 2017 to pay for the resurfacing of parking lots and playgrounds. Other student safety and asset preservation projects were implemented.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

In June, the District adopted an original budget for the subsequent year. The budget for the FY 2016-2017 was approved by the Board of Trustees on June 21, 2016. The budget was not amended.

## **MOUNTAIN HOME SCHOOL DISTRICT #193**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2017**

#### **CAPITAL ASSETS**

The capital assets in Note D are the assets acquired and currently in use in the District to account for the costs incurred acquiring and improving sites, constructing and remodeling facilities, and purchasing equipment necessary for providing educational programs for all students within the District. The Mountain Home School District has invested \$29,575,382 in a broad range of capital assets over the years. The total accumulated depreciation on these assets at June 30, 2017 amounts to \$19,304,980.

- Asset additions for governmental activities totaled \$241,200 for the current fiscal year.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District continues to balance current needs versus available resources. Mandatory requirements by the State and Federal Government have increased the administrative burden to the District. Student achievement and academic growth will continue to be the focus of resource allocation in FY 2018. The District continues to face difficult choices over the allocation of available resources.

The District witnessed a slight increase in student enrollment in FY 2017. Enrollment increased 58 students over the FY 2015-2016 level. Since fiscal year 2000-2001, enrollment has dropped from a high of 4,454 enrolled students to 3,899 at the end of fiscal year 2016-2017. In FY 2018, there will be an increase in marketing by the Charter Montessori elementary school and Secondary Charter high school. This will take approximately 30-35 children out of our district each year for the following six years as that school is phased in. Student enrollment was budgeted at 3,920 students for the FY 2018 school year. The student enrollment on the air base has fallen from a high of 1,022 students in fiscal year 2000-2001 to a current enrollment of 309. There are no indications of any significant increase of student enrollment on the base.

In May of 2016, the voters of Mountain Home approved a supplemental levy of \$2.7 million per year for 2 years to stabilize the funding for the District during the revenue cutbacks from the State and Federal governments. This levy prevented employee layoffs, service cutbacks, and provided athletic opportunities in the District which would have resulted in significant operational changes. In FY 2017, this levy accounts for 11.7% of total funding for the District general fund revenue. The patrons will be asked to renew this levy to sustain current operations.

For the fiscal year 2018 budget, staffing was adjusted to reflect the student enrollment needs. Salary scales reflected a slight increase due to increased funding by the State Department of Education. In FY 2017, the District converted the existing salary scale to a career ladder format in correlation with the funding method to the District used by the State Department of Education. Educational and experience advances were implemented in this career ladder conversion. Total salary funding from the State is catching up to the 2009 levels but still remains behind in some areas. There were several positions re-defined this year to meet student needs in a more economical means and cost-cutting measures implemented throughout the District in a variety of departments.

The budget for FY 2018 reflected a relative stabilization of student enrollment with a slight increase over FY 2017 budget. We have budgeted a corresponding certified staff level commensurate with student growth anticipated in FY 2018.

State funding continues to allocate funds for specific purposes with usage restrictions. Funding in FY 2018 for discretionary spending per support unit increased \$1,052 per support unit from \$25,696 to \$26,748. This was a 4.0% increase. Although the discretionary amount per support unit is beyond the 2009 level, other funding appropriations such as transportation and salaries still lag behind.

## **MOUNTAIN HOME SCHOOL DISTRICT #193**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2017**

Insurance continues to be a major expense for the District. The District pays for healthcare, vision, and dental for all eligible employees. Effective 9-1-2016, the FY 2017 insurance premiums increased 2.9% over the FY 2016 rates. This is an extremely costly benefit amounting to over \$2,400,000 of total benefits. This was an increase of approximately \$80,000 in costs that are not specifically reimbursed by any revenue source. In the FY 2018 budget, the insurance premium increase was an incredibly low 0.0% increase due to lower than anticipated claims experience.

Base occupancy rates have stabilized and there is no expectation of any increase in enrollment of students living on the base. There continues to be a drop in students of civilians working on Federal property, in FY 2016, we did not qualify with enough students of civilians working on Federal property. This prevented us from counting the civilian students on the 2016 Impact Aid application and reduced our funding by approximately \$375,000. We have budgeted not to receive compensation for students of civilian workers in FY 2018 based on the results of the FY 2016 application. The Department of Defense is attempting to continue to reduce the number of civilian contractors it employs.

Federal funding is uncertain from year to year especially with the recent sequestration, federal shutdown, and future legislative priorities. Federal posturing on issues such as the debt ceiling, continuing resolutions, and federal programs will continue to raise concerns with adequate sustained Federal funds.

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

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

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## **BASIC FINANCIAL STATEMENTS**

**MOUNTAIN HOME SCHOOL DISTRICT # 193**

**STATEMENT OF NET POSITION**

June 30, 2017

	<u>Governmental Activities</u>
<b>ASSETS</b>	
CURRENT ASSETS	
Cash and Investments	\$ 3,659,930
Restricted cash and cash equivalents	260,952
Receivables	
Property tax	1,552,803
State and federal receivables	780,509
Other receivables	9,240
Inventories	<u>24,818</u>
Total Current Assets	6,288,252
NONCURRENT ASSETS	
Capital assets, not subject to depreciation	481,372
Capital assets, net of accumulated depreciation	<u>10,270,402</u>
Total Noncurrent Assets	<u>10,751,774</u>
Total Assets	17,040,026
DEFERRED OUTFLOWS	
Pension obligations	<u>6,652,740</u>
 Total Assets and Deferred Outflows	 <u><u>\$ 23,692,766</u></u>

See accompanying notes to basic financial statements.

<b>LIABILITIES AND DEFERRED INFLOWS</b>	<b>Governmental Activities</b>
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 702,138
Accrued payroll and related liabilities	2,964,913
Advanced revenue	
Total Current Liabilities	<u>3,667,051</u>
<b>NONCURRENT LIABILITIES</b>	
Due in More Than One Year	
Accrued compensated absences	96,400
Other post employment benefits obligation	984,733
Net pension liability	<u>9,824,399</u>
Total Liabilities	<u>10,905,532</u>
	14,572,583
<b>DEFERRED INFLOWS</b>	
Pensions	3,398,978
<b>NET POSITION</b>	
Investment in Capital Assets	10,751,774
Unrestricted	(6,316,249)
Restricted	
Food Service	166,113
Capital Projects	661,528
Grant Programs	<u>458,039</u>
Total Net Position	<u>5,721,205</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 23,692,766</u>



**MOUNTAIN HOME SCHOOL DISTRICT # 193**

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				Net (Expense) Revenue Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	
Governmental Activities					
Instruction					
Elementary programs	\$ 6,605,728	\$	\$ 836,056	\$	\$ (5,769,672)
Secondary/alternative programs	6,155,882		230,272		(5,925,610)
Exceptional/preschool programs	2,501,545		798,503		(1,703,042)
Other instructional programs	558,344		144,125		(414,219)
Support services					
Student services	2,067,704		962,948		(1,104,756)
Instructional improvement	1,218,001		541,426		(676,575)
Educational media	261,968				(261,968)
District administration	634,843				(634,843)
School administration	2,579,121				(2,579,121)
Maintenance and improvements	2,231,145				(2,231,145)
Pupil transportation services	1,243,830		920,248		(323,582)
Food services	1,274,375	307,123	932,172		(35,080)
Capital improvements	673,469				(673,469)
Community services program	6,204				(6,204)
Depreciation - unallocated	679,067				(679,067)
Total Governmental Activities	<u>\$ 28,691,226</u>	<u>\$ 307,123</u>	<u>\$ 5,365,750</u>	<u>\$</u>	<u>\$ (23,018,353)</u>
			General Revenues		
			State revenue		17,406,861
			Property taxes:		
			Property taxes - General		2,789,024
			Property taxes - Debt service		7,685
			Property taxes - Capital outlay		1,018,417
			State revenue in lieu of taxes		15,459
			Grants and contributions - Unrestricted		
			Federal impact aid		1,146,528
			Other federal revenue		205,818
			Interest, penalties, and investment earnings		33,815
			Miscellaneous		1,491,953
			Total General Revenues		<u>24,115,560</u>
			Change in Net Position		1,097,207
			NET POSITION, Beginning		<u>4,623,998</u>
			NET POSITION, End of Year		<u>\$ 5,721,205</u>

See accompanying notes to basic financial statements.

**MOUNTAIN HOME SCHOOL DISTRICT # 193**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2017

	<u>MAJOR FUNDS</u>		<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL TOTAL</u>
	<u>General</u>	<u>Forest Fees</u>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,787,963	\$ 1,011,471	\$ 860,496	\$ 3,659,930
Restricted cash			260,952	260,952
Receivables				
Property taxes	1,153,166		399,637	1,552,803
State and federal	561,887	160,713	57,909	780,509
Other receivables			9,240	9,240
Inventories	<u>24,818</u>	<u>          </u>	<u>          </u>	<u>24,818</u>
Total Assets	<u>\$ 3,527,834</u>	<u>\$ 1,172,184</u>	<u>\$ 1,588,234</u>	<u>\$ 6,288,252</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 258,777	\$	\$ 443,361	\$ 702,138
Accrued payroll and related liabilities	<u>2,668,929</u>	<u>          </u>	<u>295,984</u>	<u>2,964,913</u>
Total Liabilities	2,927,706		739,345	3,667,051
<b>DEFERRED INFLOWS</b>				
Unavailable property taxes	97,983		28,864	126,847
<b>FUND BALANCES</b>				
Nonspendable	24,818			24,818
Restricted for				
Food service			166,113	166,113
Capital projects			661,528	661,528
Grant programs			458,039	458,039
Unassigned	<u>477,327</u>	<u>1,172,184</u>	<u>(465,655)</u>	<u>1,183,856</u>
Total Fund Balances	<u>502,145</u>	<u>1,172,184</u>	<u>820,025</u>	<u>2,494,354</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,527,834</u>	<u>\$ 1,172,184</u>	<u>\$ 1,588,234</u>	<u>\$ 6,288,252</u>

See accompanying notes to basic financial statements.

**MOUNTAIN HOME SCHOOL DISTRICT # 193**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

June 30, 2017

Total fund balance - total governmental funds	\$	2,494,354
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:</p>		
Cost of capital assets	\$	30,056,754
Accumulated depreciation		<u>(19,304,980)</u>
Total capital assets, net of accumulated depreciation		10,751,774
<p>Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay the current period's expenditures, and therefore are reported as advanced revenue in the funds.</p>		
		126,847
<p>Long-term liabilities, applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:</p>		
Compensated absences payable	\$	(96,400)
Other post employment benefits obligation		(984,733)
Due in more than one year-pension liabilities		<u>(9,824,399)</u>
Total long term liabilities		(10,905,532)
Deferred outflows of resources not reported in the funds.		6,652,740
Deferred inflows of resources not reported in the funds.		<u>(3,398,978)</u>
Total net position of governmental activities	\$	<u>5,721,205</u>

See accompanying notes to basic financial statements.

**MOUNTAIN HOME SCHOOL DISTRICT # 193**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2017

	MAJOR FUNDS		NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
	General Fund	Forest Fees Fund		
<b>REVENUES</b>				
Local revenues				
Property taxes	\$ 2,804,527	\$	\$ 1,014,571	\$ 3,819,098
Interest, penalties, and investment earnings	33,815			33,815
Other	309,421		342,128	651,549
State revenue	19,452,021		503,149	19,955,170
Federal revenue				
Impact aid	1,107,962		38,566	1,146,528
Other federal		205,818	3,068,144	3,273,962
Other revenue	<u>319,596</u>	<u></u>	<u>592,687</u>	<u>912,283</u>
Total Revenues	24,027,342	205,818	5,559,245	29,792,405
<b>EXPENDITURES</b>				
Instructional				
Elementary school program	6,079,132		619,900	6,699,032
Secondary/alternative school program	5,801,106		354,971	6,156,077
Exceptional school program	1,666,093		693,231	2,359,324
Preschool school program	98,031		44,190	142,221
Gifted and talented school program	79,413			79,413
Interscholastic school program	441,406		30,467	471,873
Summer school program	0		4,972	4,972
School activity program	<u>2,086</u>	<u></u>	<u></u>	<u>2,086</u>
Total instructional	14,167,267	-	1,747,731	15,914,998

See accompanying notes to basic financial statements.

	MAJOR FUNDS		NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
	General Fund	Forest Fees Fund		
Support Services				
Attendance - guidance	\$ 542,708	\$	\$ 8,137	\$ 550,845
Educational services	1,274,920		56,730	1,331,650
Instructional improvement program	314,962		903,039	1,218,001
Educational media program	261,968			261,968
District administration program	1,545,533	94,244	30,856	1,670,633
School administration program	1,479,974		63,357	1,543,331
Maintenance and improvements	2,093,538		137,607	2,231,145
Pupil support services			185,209	185,209
Public transportation	<u>1,240,363</u>	<u></u>	<u>3,467</u>	<u>1,243,830</u>
Total Support Services	8,753,966	94,244	1,388,402	10,236,612
Community services program			6,204	6,204
Food services program			1,274,375	1,274,375
Capital assets program	<u>8,760</u>	<u></u>	<u>905,909</u>	<u>914,669</u>
Total Expenditures	<u>22,929,993</u>	<u>94,244</u>	<u>5,322,621</u>	<u>28,346,858</u>
Excess of Revenues Over Expenditures	1,097,349	111,574	236,624	1,445,547
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0	600,000	66,297	666,297
Transfers out	<u>(666,297)</u>	<u></u>	<u></u>	<u>(666,297)</u>
Net Other Financing Sources (Uses)	<u>(666,297)</u>	<u>600,000</u>	<u>66,297</u>	<u>0</u>
Net Change in Fund Balances	431,052	711,574	302,921	1,445,547
FUND BALANCES, Beginning of Year	<u>71,093</u>	<u>460,610</u>	<u>517,104</u>	<u>1,048,807</u>
FUND BALANCES, End of Year	<u>\$ 502,145</u>	<u>\$ 1,172,184</u>	<u>\$ 820,025</u>	<u>\$ 2,494,354</u>

**MOUNTAIN HOME SCHOOL DISTRICT # 193**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2017**

Net change in fund balances - total governmental funds \$ 1,445,547

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	241,200	
Depreciation expense	<u>(679,067)</u>	
Excess of capital outlay over depreciation expense		(437,867)

Property taxes that will not be collected for several months after the District's fiscal year end are not considered available revenues in the governmental funds, but are deferred tax revenues in the Statement of Activities. (3,972)

In the Statement of Activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This year, vacation amounts earned is less than the amounts used. 29,337

Benefits paid on behalf of retirees for other post employment benefits (OPEB) in the Statement of Activities differs from the amount reported in the governmental funds because these costs are recognized as an expenditure in the governmental funds when they are paid, thus requiring the use of current financial resources. In the Statement of Activities, however, the OPEB obligation is recognized based on the actuarial valuation, regardless of when it is paid. (58,428)

Under the modified accrual basis of accounting used in the governmental changes in net pension liability and related pension source deferred outflow and deferred inflows of resources do not provide or require current financial resources and therefore are not reflected in the funds 122,590

Change in Net Position of Governmental Activities \$ 1,097,207

See accompanying notes to basic financial statements.

**MOUNTAIN HOME SCHOOL DISTRICT # 193**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**

June 30, 2017

	<b>Agency Fund</b>
ASSETS	
Cash and cash equivalents	\$ <u>472,097</u>
Total Assets	\$ <u><u>472,097</u></u>
LIABILITIES	
Due to student groups	\$ <u>472,097</u>
Total Liabilities	\$ <u><u>472,097</u></u>

See accompanying notes to basic financial statements.

# MOUNTAIN HOME SCHOOL DISTRICT #193

## NOTES TO FINANCIAL STATEMENTS

June 30, 2017

### NOTE A - SIGNIFICANT ACCOUNTING POLICIES

#### *General Statement*

Mountain Home School District #193 of Mountain Home, Idaho (the District) operates under a School Board form of government and provides education to students as authorized under Title 33 of the Idaho Code.

#### *Financial Reporting Entity*

The District follows Governmental Accounting Standards (GASB) in determining the reporting entity and component units. The financial reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds, and agencies of the primary government whose budgets are controlled or whose boards are appointed by the District's Board of Trustees. Control or dependence on the District was determined on the basis of appointment authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District and legal standing.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

#### *Basis of Presentation*

*Government-wide financial statements:* The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the governmental entity. For most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include (1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

#### *Fund Financial Statements:*

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and fiduciary activities. These statements present each major fund as a separate column on the fund financial statements: all non-major funds are aggregated and presented in a single column. The general fund and the federal forest fund are considered major funds while the remaining governmental funds are considered non-major.



## MOUNTAIN HOME SCHOOL DISTRICT #193

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017

#### NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following governmental funds:

The *General Fund* 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.

The *Special Revenue Fund* accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Project Fund* accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Agency funds are used to account for assets that the government holds for others in an agency capacity. These agency funds are as follows:

The *School Activity Fund* is used to accounts for assets held by the District as an agent for the individual schools and school organizations.

##### *Measurement Focus/Basis of Accounting*

##### Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays intonation about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Funds at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position resulting from nonexchange transactions are recognized in accordance with the requirements of GASB

## MOUNTAIN HOME SCHOOL DISTRICT #193

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017

#### NOTE A -SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *Measurement Focus/Basis of Accounting (Continued)*

###### Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include charges to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

###### Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions is not allocated to those functions, but is reported separately in the Statement of Activities. Depreciation is not specifically identified by function and is considered an unallocated indirect expense. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

##### Fund Financial Statements

###### *Governmental Funds*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual, defined as 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 pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for outstanding principal and interest on general long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current position. The governmental funds use the following practices in recording revenues and expenditures:

###### Revenues

*Ad Valorem taxes* are susceptible to accrual.

*Entitlements and shared revenues* (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and when resources are available and all other grant requirements have been met and the susceptible to accrual criteria have been met.

*Other receipts* become measurable and available when cash is received by the District and are recognized as revenue at that time.

###### Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are accrued at June 30.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**June 30, 2017**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus/Basis of Accounting (Continued)*

*Other Financing Sources (Uses)*

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

*Cash and Cash Equivalents*

The District pools cash of all funds into common bank accounts. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits or time deposits with state banks organized under Idaho law and national banks having their principal offices in Idaho.

*Restricted Cash*

The restricted cash is comprised of debt service and school lunch funds that are restricted for use on specifically identified debt service payments and school lunch programs.

*Local Government Investment Pool*

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool (LGIP) is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. Since the LGIP is recorded at amortized cost and has a maturity of less than 90 days, the District considers these deposits as cash equivalents.

*Investments*

Investments are stated at fair value, as determined by quoted market prices, except for any certificates of deposit, which are non-participating contracts, and are therefore carried at amortized cost. Interest earned is allocated on a basis of average investment balance. Idaho Code provides authorization for the investment of funds as well as to what constitutes an allowable investment. The District policy allows for investment of idle funds consistent with the Idaho State Code 67-1210 and 67-1210A.

## MOUNTAIN HOME SCHOOL DISTRICT #193

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017

#### NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *Investments (Continued)*

The District has adopted an investment policy that further specifies that the following investments are allowed for the following types of securities:

- United States Securities
- United States Governmental Agencies
- Federal Instrumentalities
- Certificates of Deposit
- Repurchase Agreements of Governmental Securities
- Bankers' Acceptance
- Registered Investment Companies (Money Market Mutual Funds)
- Investment Pools composed entirely of instruments that are legal for direct investment by an intermediate school district (Idaho State Investment Pool)

The District did not have any investments at June 30, 2017.

##### *Inventories*

School operating supplies and maintenance supplies are stated at the lower of cost (first-in, first-out) or market.

Inventories on hand at year end are reflected as assets and are fully reserved in the fund financial statements indicating the inventories are unavailable for appropriation even though they are a component of reported assets.

##### *Property Taxes*

Property tax revenues are recognized when received or, if received within the two-month period subsequent to year end, they are accrued on the government fund financial statements. Property tax revenues are recognized when levied with appropriate accrual made at year end on the government-wide financial statements. The District's property taxes, levied on the second Monday in September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Other property taxes are due December 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion that meets the revenue recognition criteria is recognized as revenue on the fund financial statements. Under State law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Elmore County bills and collects property taxes for the District. Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no allowance for uncollectible taxes.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**June 30, 2017**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Receivables and Payables*

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of resources are reported as fund balance transfers. All other interfund transfers are reported as operating transfers. These transfers offset each other and are not a part of the government-wide financial statements unless between business-type (enterprise) funds and governmental funds.

*Capital Assets*

The District's policy is to capitalize capital assets in excess of \$20,000. Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful lives are management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	15-40
Furniture and equipment	3-15

The cost of land and buildings acquired before 1994 are recorded at estimated historical cost. Land and buildings acquired after 1994 are recorded at historical cost. The cost of equipment and vehicles is based on historical cost.

The cost of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives are not capitalized.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

The District does not possess any material amounts of infrastructure capital assets (e.g. roads, bridges, parking lots, and sewer). Amounts expended for such items prior to June 30, 2002 were considered part of the cost of the buildings or other immovable property. From July 1, 2002 forward, such items that are built or constructed, and appear to be material in cost compared to all capital assets, are capitalized and depreciated over their estimated useful lives.

## MOUNTAIN HOME SCHOOL DISTRICT #193

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017

#### NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *Compensated Absences*

All 12-month or full-time employees earn vacation and sick leave in amounts varying with tenure and classification. Upon retirement, unused vacation leave is paid to employees. No reimbursement or accrual is made for unused sick leave.

The District's recognition and measurement criteria for compensated absences follow:

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- The employees' right to receive compensation is attributable to services already rendered.
- It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "Accrued payroll and related liabilities" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported.

##### *Grants and Other Intergovernmental Revenues*

Federal and State reimbursement-type grants are recorded as intergovernmental revenues when the related expenditures/expenses are incurred and, in the governmental funds, when the revenues meet the availability criterion. For programs that are supported by multiple funding sources, federal and state grant monies and other restricted sources are applied to expenditures first.

##### *Net Position Classifications*

*Government-Wide Statements:* Net position is displayed in three components as follows:

Invested in capital assets, net of related debt – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted”.

##### *Use of Restricted/Unrestricted Net Position*

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the District's policy is to apply restricted resources first and then unrestricted resources as they are needed.

## MOUNTAIN HOME SCHOOL DISTRICT #193

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017

#### NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Fund Statements:* Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified debt service resources as restricted as they are to be used for future servicing of the general obligation bond and are restricted through debt covenants. The Local Specific Grants and the Food Service Fund resources are restricted for their respective purpose.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Trustees remove or change the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of June 30, 2017.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Trustees or through the Trustees delegating this responsibility to the Superintendent through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District did not have any assigned resources within the General Fund as of June 30, 2017.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

#### *Use of Estimates*

The District uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### *Property Tax Calendar*

The District's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the District. The lien date is effective January 1 of the year the property tax is levied. A revaluation of all property is required to be completed no less than every five years.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2017

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows or resources. Deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category which is the pension obligation reported in the government-wide Statement of Net Position. Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category reported on the government-wide statement of net position related to the pension obligation. As of June 30, 2017, deferred inflows reported on the governmental funds financial statements represented property taxes receivable unavailable for current use.

*Pensions*

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE B - CASH AND INVESTMENTS**

At June 30, 2017, the District's cash and investments consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash		
Bank Deposits	\$ 3,953,859	\$ 3,420,882
LGIP - uninsured	500,000	500,000
Total Cash	\$ 3,453,859	\$ 3,920,882
	<b><u>Rating</u></b>	<b><u>Amortized Cost</u></b>
Investments		
State Treasurer's investment pool	N/A	\$ 500,000
State Treasurer's investment pool - Agency	N/A	256,656
Total Investments		\$ 756,656

*Custodial Credit Risk – Deposits*

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party.



## MOUNTAIN HOME SCHOOL DISTRICT #193

### NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017

#### NOTE B - CASH AND INVESTMENTS (Continued)

The District's investment policy only allows securities to be purchased from the following institutions organized in the United States that have \$500,000,000. The following is a list of the authorized institutions:

- Primary and regional dealers who qualify under the Securities and Exchange Commission Rule ISC3-1 (uniform net capital rule), and
- Capital of no less than \$10,000,000, and
- Registered as a dealer under the Securities Exchange Act of 1934, and
- A member of the National Association of Securities Dealers (NASD), and
- Registered to sell securities in the State of Idaho, and
- The firm and assigned broker have been engaged in the business of effecting transactions in U.S. Government and agency obligations for at least five consecutive years or,
- Any Public Depository qualified in accordance with Idaho Code (I.C.) 67-1210.

The securities must be registered and collateralized in the District's name. The District was in compliance with their policy at June 30, 2017.

#### *Credit Risk*

Credit risk is the risk that an issuer of debt securities or counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The District's policy only allows for investments that have an AAA or AA rating as prescribed by S&P and Moody's. Investments in the State Treasurer's Pool are not required to be rated. The District was in compliance with the policy at June 30, 2017.

#### *Interest Rate Risk*

Interest rate risk is the risk of loss in fair value should market interest rates change in the future. Investments with long-term, fixed interest rates are the most volatile. The District's policy is not to purchase investments with maturities greater than 185 calendar days, and repurchase agreements cannot exceed one business day. The District's investment in the State Treasurer's Investment Pool has a weighted average maturity of 118 days as of June 30, 2017. The District was in compliance with this policy at June 30, 2017.

#### *Concentration of Credit Risk*

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when 5% of the total entities investments are concentrated in anyone issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District's policy is to not allow more than 50% of the total portfolio in Certificate of Deposits, Bankers Acceptance, non-governmental money market mutual funds, or any combination thereof. As of June 30, 2017 no amounts represented more than 5% of the investments.

#### *Restrictions on Cash*

The restricted cash is comprised of debt service and school lunch funds that are restricted for use on specifically identified debt service payments and school lunch programs.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2017

**NOTE C - DUE FROM OTHER GOVERNMENTS**

Amounts due from other units of government were as follows at June 30, 2017:

State Agencies	\$	568,506
Federal Agencies		212,003
County Agencies		<u>1,552,803</u>
	\$	<u><u>2,333,312</u></u>

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 is as follows:

	<u>Balance</u> <u>06/30/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/17</u>
Capital assets, not being depreciated:				
Land	\$ 481,372	\$	\$	\$ 481,372
Capital assets, being depreciated:				
Land Improvements	1,827,622			1,827,622
Buildings	24,785,506			24,785,506
Furniture and equipment	<u>3,888,072</u>	<u>241,200</u>	<u>1,167,018</u>	<u>2,962,254</u>
Total capital assets, being depreciated	30,501,200	241,200	1,167,018	29,575,382
Less accumulated depreciation for:				
Land improvements	1,700,395			1,700,395
Buildings	14,939,379	560,644		15,500,024
Furniture and equipment	<u>3,153,157</u>	<u>118,423</u>	<u>(1,167,018)</u>	<u>2,104,561</u>
Total accumulated depreciation	<u>19,792,931</u>	<u>679,067</u>	<u></u>	<u>19,304,980</u>
Governmental activities capital assets, net	<u>\$ 11,189,641</u>	<u>\$ (437,867)</u>	<u>\$</u>	<u>\$ 10,751,774</u>

**NOTE E - INTERFUND TRANSFERS**

During the year ended June 30, 2017, the General Fund transferred \$66,297 to the non major funds in compliance with federal mandates to supplement support services to students requiring and qualifying for certain benefits to cover costs in excess of federal awards.

**NOTE F - OPERATING LEASES**

The District leases copier equipment under non-cancelable operating lease entered into in 2015 and ending in 2020. The agreement also includes a per copy charge for all copies run. Lease expense including maintenance and per copy fees under this agreement was \$243,505 for the year ended June 30, 2017.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2017

**NOTE F - OPERATING LEASES (Continued)**

The future minimum lease payments for these leases are as follows:

<b>Year Ended June 30,</b>	<b>Amount</b>
2018	\$ 159,000
2019	159,000
2020	<u>159,000</u>
	<u>\$ 477,000</u>

**NOTE G - POST-RETIREMENT HEALTHCARE PLAN**

*Plan Description*

Mountain Home School District #193's pension plan is a single employer defined benefit healthcare plan administered by Regence Blue Shield, Willamette, and VSP. Once a retiree becomes eligible for Medicare, the spouse can continue medical and dental coverage until the spouse is eligible for Medicare. Retirees and spouses are eligible for vision benefits for life. Disabled members and their dependents can receive medical, dental, and vision benefits until they qualify for SSDI and Medicare. Surviving spouses are eligible for medical and dental benefits until the survivor is 65 and vision benefits for life.

*Funding Policy*

The contribution requirement of plan members is established by the District's insurance committee in conjunction with our insurance provider. The required contribution is based on projected pay-as you-go financing requirements. For fiscal year 2016, the District contributed approximately \$171,293 to the plan or approximately 42 percent of estimated retiree costs. Plan members receiving benefits contributed approximately \$229,721 or approximately 58 percent of estimated retiree costs. Retirees are required to pay 100% of the premiums based on the combined active and retiree pool. Monthly contribution rates in effect for retirees under age 65 during fiscal year 2017:

<u>Pre-65 rates</u>	<u>Medical Regency Premium</u>	<u>Dental Delta Dental Premium</u>	<u>Dental Willamette Premium</u>	<u>Vision LifeMap Premium*</u>
Retiree Only	\$538.10	\$40.81	\$45.88	\$6.92
Retiree + Spouse	\$1,179.80	\$77.53	\$78.53	\$13.83
Retiree + Child	\$826.30	\$77.53	\$78.53	\$14.82
Retiree + Children	\$957.80	\$114.26	\$114.20	\$14.82
Retiree + Family	\$1361.80	\$114.26	\$114.20	\$23.67

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**June 30, 2017**

**NOTE G - POST-RETIREMENT HEALTHCARE PLAN (Continued)**

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the District's post-retirement healthcare plan:

Annual required contribution	\$ 232,268
Interest on net OPEB obligation	7,402
Adjustment to annual required obligation	<u>(9,949)</u>
Annual OPEB cost (expense)	229,721
Contributions made by the District	<u>(171,293)</u>
Increase in net OPEB obligation	58,428
Net OPEB obligation – beginning of year	<u>926,305</u>
Net OPEB obligation – end of year	\$ 984,733

The three year disclosure of the District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is shown below:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Expense (AOE)</u>	<u>Estimated Contribution as a Percentage of AOE*</u>	<u>Net OPEB Obligation at End of Year**</u>
6/30/2015	\$262, 534	61%	\$830,548
6/30/2016	\$273,471	65%	\$926,305
6/30/2017	\$229, 721	75%	\$984,733

\*Equals estimated actual incurred claims plus administration less retiree contributions as a percentage of AOE.

\*\* Equals prior year Net OPEB obligation plus current year AOE less estimated current year contributions.

*Funded Status and Funding Progress*

As of July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) for benefits was \$1,825,794. The District's plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plan is unfunded, the AAL and UAAL are equal.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**June 30, 2017**

**NOTE G - POST-RETIREMENT HEALTHCARE PLAN (Continued)**

The Schedule of funding progress is as follows:

Actuarial Valuation Date	7/1/2014	7/1/2016
Actuarial Value of Assets	\$0	\$0
Actuarial Accrued Liability (AAL)	\$2,854,396	\$1,825,794
Unfunded Actuarial Accrued Liability (UAAL) (3-2)	\$2,854,396	\$1,825,794
Funded Ratio (2/3)	0%	0%

*Actuarial Methods and Assumptions.*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2017 actuarial valuation, the entry age normal funding (ANF) actuarial cost method is used. The actuarial assumptions included a 3.82 percent discount rate assuming the District will fund the retirement benefit on a pay-as-you-go basis. This is calculated based on the expected long-term rate of return on the District's general funds at the valuation date. The valuation assumes that the probability that future retirees will elect medical, dental, and vision is 45 percent. The valuation also assumes that the percent of retirees who will enroll dependents in medical, dental, and vision is 60 percent. Annual medical healthcare cost trend rates of 2.3 percent in the first year, 7.5 percent in the second year, 7 percent in the third year and decreasing gradually per year until an ultimate rate of 4.7 percent by 2090, are used. Annual dental trend rates of 0 percent in the first year, 7.5 percent in the second year, and 7 percent thereafter are used. Annual vision trend rates of 0 percent in the first year, 4 percent in the second year, and 4 percent thereafter are used. It was assumed salary increases will be 3.75 percent per annum. The UAAL is being amortized as a level percentage of projected payrolls over a rolling twenty year time period.

**NOTE H - PENSION PLAN**

*Plan Description*

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

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

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**June 30, 2017**

**NOTE H - PENSION PLAN (Continued)**

Employee membership data related to the PERSI Base Plan, as of June 30, 2016 was as follows:

Retirees and beneficiaries currently receiving benefits	44,181
Terminated employees entitled to but not yet receiving benefits	12,251
Active plan members	<u>68,517</u>
	<u>124,949</u>

*Pension Benefits*

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

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

*Member and Employer Contributions*

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

The contribution rates for employees are set by statute as of June 30, 2017 it was 6.79% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees. The District's contributions required and paid were \$1,652,616 for the year ended June 30, 2017.

*Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2017, Mountain Home School District #193 reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the Association's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, the District's proportion was 0.4846401 percent.

For the year ended June 30, 2017, Mountain Home School District #193 recognized pension revenue of \$1,602,964.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**June 30, 2017**

**NOTE H - PENSION PLAN (Continued)**

At June 30, 2017 Mountain Home School District #193 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual expense	\$ 0	\$ 978,929
Changes in assumptions or other inputs	218,390	0
Net difference between projected and actual Earnings on pension plan investments	4,781,734	2,234,250
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	0	185,797
Mountain Home School District #193 contributions subsequent to the measurement date	<u>1,652,616</u>	<u>0</u>
Total	<u>\$ 6,652,740</u>	<u>\$ 3,398,976</u>

\$1,652,616 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2016 the beginning of the measurement period ended June 30, 2016 is 4.9 and 5.5 for the measurement period June 30, 2016.

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

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 9,984
2019	9,984
2020	1,139,796
2021	627,181

*Actuarial Assumptions*

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**June 30, 2017**

**NOTE H - PENSION PLAN (Continued)**

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 – 10.25%
Salary inflation	3.75%
Investment rate of return, net of investment expenses	7.10%
Cost-of-living adjustments	1.00%

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

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2017 is based on the results of an actuarial valuation date of June 30, 2016.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2016.

*Capital Market Assumptions*

<b>Asset Class</b>	<b>Expected Return</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

<b>Total Fund</b>	<b>Expected Return</b>	<b>Expected Inflation</b>	<b>Expected Real Return</b>	<b>Expected Risk</b>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

\*Expected arithmetic return net of fees and expenses.



**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2017

**NOTE H PENSION PLAN (Continued)**

*Capital Market Assumptions (Continued)*

Actuarial Assumptions	3.25%
Assumed Inflation – Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	<u>0.40%</u>
Long-Term Expected Geometric Rate of Return Net of Investment Expenses	7.10%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.*

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share Of the net pension liability (asset)	\$ <u>19,271,984</u>	\$ <u>9,824,399</u>	\$ <u>1,967,689</u>

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**June 30, 2017**

**NOTE H - PENSION PLAN (Continued)**

*Payables to the Pension Plan*

At June 30, 2017, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**NOTE I - RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MOUNTAIN HOME SCHOOL DISTRICT # 193**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

For the Year Ended June 30, 2017

	<b>Budget Original <u>And Final</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>REVENUES</b>			
Local revenues			
Property taxes	\$ 2,770,000	\$ 2,804,527	\$ 34,527
Earnings on investments	12,000	33,815	21,815
Other	54,600	309,421	254,821
State revenue	18,404,000	19,452,021	1,048,021
Federal revenue			
Impact aid	1,000,000	1,107,962	107,962
Other revenue	<u>493,400</u>	<u>319,596</u>	<u>(173,804)</u>
Total Revenue	22,734,000	24,027,342	1,293,342
<b>EXPENDITURES</b>			
Instructional			
Elementary school program	6,801,015	6,079,132	721,883
Secondary/alternative school program	5,349,323	5,801,106	(451,783)
Exceptional school program	1,209,576	1,666,093	(456,517)
Preschool school program	160,545	98,031	62,514
Gifted and talented school program	83,016	79,413	3,603
Interscholastic school program	464,526	441,406	23,120
School activity program	<u>1,500</u>	<u>2,086</u>	<u>(586)</u>
Total Instructional	14,069,501	14,167,267	(97,766)

**MOUNTAIN HOME SCHOOL DISTRICT # 193**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (Continued)**

For the Year Ended June 30, 2017

	<b>Budget Original <u>And Final</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
Support Services			
Attendance - guidance	359,593	542,708	(183,115)
Educational services	1,322,406	1,274,920	47,486
Instructional improvement program	145,233	314,962	(169,729)
Educational media program	233,250	261,968	(28,718)
District administration program	1,524,486	1,545,533	(21,047)
School administration program	1,705,632	1,479,974	225,658
Maintenance and improvements	2,147,399	2,093,538	53,861
Pupil transportation	<u>1,197,500</u>	<u>1,240,363</u>	<u>(42,863)</u>
Total Support Services	8,635,499	8,753,966	(118,467)
Capital assets program	<u>8,000</u>	<u>8,760</u>	<u>(760)</u>
Total Expenditures	<u>22,713,000</u>	<u>22,929,993</u>	<u>(216,993)</u>
Excess of Revenues Over Expenditures	21,000	1,097,349	1,076,349
OTHER FINANCING SOURCES (USES)			
Transfers in	35,000	0	(35,000)
Transfers out	<u>(45,000)</u>	<u>(666,297)</u>	<u>(621,297)</u>
Net Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(666,297)</u>	<u>(656,297)</u>
Net Change in Fund Balance	<u>\$ 11,000</u>	431,052	<u>\$ 420,052</u>
FUND BALANCE, Beginning of Year		<u>71,093</u>	
FUND BALANCE, End of Year		<u>\$ 502,145</u>	

## MOUNTAIN HOME SCHOOL DISTRICT #193

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

#### NOTE A - BASIS OF BUDGETING

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- The District annually prepares a budget by estimating the probable amount of money necessary for all purposes for which an appropriation is to be made (including interest and principal due on the bonded debt) and by itemizing and classifying the proposed expenditures by department, fund or service as nearly as may be practicable. To support such proposed expenditures, the District prepares an estimate of the total revenue anticipated during the ensuing fiscal year for which a budget is being prepared and classifies such receipts by source as nearly as may be possible and practicable.
- The proposed budget is published in the local newspaper.
- The budget is formally adopted through approval by the Board of Trustees and published in the local newspaper.
- The District may, after school starts and actual enrollments figures are known, amend the budget using the same procedure that was used in adopting the original budget. A budget may be amended downward in any instance. However, amendment to a greater amount than adopted can only happen if the District receives additional revenues in that fiscal year as a result of an increase in non-property tax related receipts. Once the change is justified, the process for formal adoption is as described above. The original budget was not amended for the fiscal year ended June 30, 2017.
- Formal budgetary integration is employed as a management control device during the year for all funds. Legal budgetary control is established based upon total revenues and expenditures.
- Budgets for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The level of control (level at which expenditures may not exceed budget) is the fund.
- All annual appropriations lapse at fiscal year-end.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND  
EMPLOYER CONTRIBUTIONS**

**For the year ended June 30, 2017**

**Schedule of Employer's Share of Net Pension Liability  
PERSI – Base Plan  
Last 10 – Fiscal Years \***

	<b>2016</b>	<b>2015</b>
Employer's portion of net the pension liability	0.484601%	0.4960134%
Employer's proportionate share of the net pension liability	\$9,824,399	\$6,531,690
Employer's covered-employee payroll	\$14,032,415	\$14,009,719
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	67.29%	46.62%
Plan fiduciary net position as a percentage of total pension liability	87.26%	91.38%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

Data reported is measured as of June 30, 2016 (measurement date)

**Schedule of Employer Contributions  
PERSI – Base Plan  
Last 10 – Fiscal Years \***

	<b>2017</b>	<b>2016</b>
Statutorily required contribution	\$1,652,616	\$1,605,308
Contributions in relation to statutorily required contribution	\$1,652,616	\$1,605,308
Contribution (deficiency) excess	\$0	\$0
Employer's covered-employee payroll	\$14,599,080	14,239,555
Contributions as a percentage of covered-employee payroll	11.32%	11.27%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

Data reported is measured as of June 30 of the respective fiscal year.

**FEDERAL REPORTS**





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees  
Mountain Home School District #193  
Mountain Home, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General in the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain Home School District #193 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Mountain Home School District #193's basic financial statements and have issued our report thereon dated October 17, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Mountain Home School District #193 internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mountain Home School District #193's internal control. Accordingly, we do not express an opinion on the effectiveness of Mountain Home School District #193 internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Mountain Home School District #193'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 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 on noncompliance that are required to be reported under *Government Auditing Standards*.

# Harris & Co. PLLC

## **Purpose of this Report**

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

*Harris & Co. PLLC*

Meridian, Idaho  
October 17, 2017

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2017

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF EDUCATION:			
<i>Direct Grants</i>			
Impact Aid – Elementary and Secondary Education Act (ESEA) Section 8003 (b) & 8003 (d)	84.041	N/A	\$ 1,146,528
<i>Passed through the State of Idaho Department of education</i>			
Title 1 Grants to Local Educational Agencies	84.010	S010A150012/S010A160012	859,774
Migrant Education, State Grant Program	84.011	S011A150012/S011A160012	45,206
<i>Special Education Cluster</i>			
Special Education, Grants to States	84.027	H027A150133/H027A160133	696,259
Special Education, Preschool Grants	84.173	H173A150030/H173A160030	<u>44,189</u>
<i>Cluster Total</i>			2,791,956
English Language Acquisition State Grants	84.365	S365A150012/S36A160012	21,047
Improving Teach Quality, State Grants	84.367	S367A140011/S36A146011	142,274
Rural Education	84.358	S358B140012	<u>86,938</u>
Total Department of Education			<u>3,042,215</u>
DEPARTMENT OF DEFENSE EDUCATION ACTIVITY:			
<i>Direct Grants</i>			
Promoting k-12 Student Achievement in Military-Connected Schools	12.556	N/A	<u>594,368</u>
Total Department of Defense Education Activity			<u>594,368</u>
DEPARTMENT OF AGRICULTURE:			
<i>Direct Grants</i>			
Schools and Roads, Grants to States	10.665	N/A	205,818
<i>Passed through the State of Idaho Department of Education</i>			
<i>Child Nutrition Cluster</i>			
School Breakfast Program (Commodities)	10.553	2015IN109947/2016IN109947	220,124
National School Lunch Program	10.555	2015IN109947/2016IN109947	<u>812,509</u>
<i>Cluster total</i>			1,032,633
Total Department of Agriculture			<u>1,238,451</u>
Total expenditure of federal awards			<u>\$ 4,875,034</u>

See notes to schedule of expenditures of federal awards.

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2017**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mountain Home School District #193, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Mountain Home School District #193, it is not intended to and does not present the financial position, or changes in net assets of Mountain Home School District #193.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Mountain Home School District #193 has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – FOOD DONATION**

Nonmonetary assistance is reported in the SEFA at the fair market value of the commodities received and disbursed, which was approximately \$48,332 for the year ended June 30, 2017.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees  
Mountain Home School District #193  
Mountain Home, Idaho

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

We have audited Mountain Home School District #193's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Mountain Home School District #193's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and The Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mountain Home School District #193's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mountain Home School District #193's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Mountain Home School District #193, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

***Report on Internal Control over Compliance***

Management of Mountain Home School District #193 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Harris & Co. PLLC*

Meridian, Idaho  
October 17, 2017

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2017

**SECTION I – SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditors' report issued:		Unmodified		
Internal control over financial reporting:				
• Material weakness identified?	_____ yes	_____ <u>X</u> _____ no		
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> _____ none reported		
Noncompliance material to the financial statements noted?	_____ yes	_____ <u>X</u> _____ no		

**Federal Awards**

Internal control over major programs:		Unmodified		
• Material weakness identified?	_____ yes	_____ <u>X</u> _____ no		
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> _____ none reported		
Type of auditors' report issued on compliance for major programs:				
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	_____ yes	_____ <u>X</u> _____ no		
Identification of major programs:				

CFDA Number

10.553 & 10.555  
84.041

Name of Federal Program

Child Nutrition Cluster  
Impact Aid

Dollar threshold used to distinguish between type A and type B programs:		\$	750,000	
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Auditee qualified as a low-risk auditee?	_____ <u>X</u> _____ yes	_____ _____ no		
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**SECTION II – FINANCIAL STATEMENT FINDINGS**

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

**MOUNTAIN HOME SCHOOL DISTRICT #193**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**For the Year Ended June 30, 2017**

There were no prior audit findings.