Clark County School District #161

Financial Statements and Supplementary Information

Year Ended June 30, 2019



WIPFLi LLP
CPAs and Consultants

Clark County School District #161

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June 30, 2019

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WIPFLi LLP
CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Clark County School District #161
Dubois, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clark County School District #161 (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Summary of Opinions

Opinion Unit	***Type of Opinion***
Governmental Activities	Qualified
General Fund	Unmodified
Federal Forest Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Governmental Activities

As discussed in Note H to the financial statements, management of the District has not implemented the requirements of GASB Statement No. 75 and has not determined the District's annual other post-employment benefit (OPEB) cost and net OPEB obligation. Accounting principles generally accepted in the United States require that such costs and obligations, which would increase the liabilities and change the expenditures in the Statement of Net Position and the Statement of Activities, respectively be recorded. The amount by which this departure would affect the liabilities and expenditures of the District's Government-wide Financial Statements is not reasonably determinable.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of not accounting for its OPEB costs and obligations, and pension expenditures in the District's Government-wide Financial Statements as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of Clark County School District #161, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

Unmodified Opinion on the Major Funds and Aggregate Remaining Fund Information
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clark County School District #161, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the budgetary comparison information, schedule of employer's share of net pension liability for PERSI-Base plan, and schedule of employer contributions PERSI-Base plan on pages 27 through 30 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, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clark County School District #161's basic financial statements. The accompanying supplementary information, such as the combining nonmajor fund financial statements and agency funds combining statements of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, such as the combining nonmajor fund financial statements and agency funds combining statement of changes in assets and liabilities 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. In our opinion, the combining nonmajor fund financial statements and other schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clark County School District #161's 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 the District's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
CPAs and Consultants

Idaho Falls, Idaho
November 4, 2019

Clark County School District #161

Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Cash and investments	723,841
Property tax receivable, net	42,631
Other receivables	188,707
Land	42,500
Depreciable buildings, equipment, and vehicles - net of depreciation	2,750,549
Total assets	3,748,228
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	217,647
LIABILITIES	
Accounts payable	36,045
Accrued wages	189,022
Accrued employee benefits	65,248
Unavailable revenue	12,344
Long-term liabilities	
Net pension liability	527,198
Compensated absences	11,578
Total liabilities	841,435
DEFFERED INFLOWS OF RESOURCES	
Related to pensions	116,469
NET POSITION	
Net investment in capital assets	2,793,049
Restricted for	
Capital improvements	97,977
Debt service	597
Other purposes	64,010
Unrestricted	52,338
Total net position	3,007,971

The accompanying notes are an integral part of these statements.

Clark County School District #161

Statement of Activities
Fiscal Year Ended June 30, 2019

Functions / Programs	Expenses	Program Revenues: Charges for services	Program Revenues: Operating grants and contributions	Program Revenues: Capital grants and contributions	Net (expense) revenue and changes in net position: Total governmental activities
Governmental activities					
Instruction	1,382,005	450	132,415		(1,249,140)
Support services	231,804	8,400	151,721		(71,683)
Administrative	174,425				(174,425)
Business admin services	117,839				(117,839)
Operations	276,361		45,122		(231,239)
Transportation	88,147		47,680		(40,467)
Noninstructional	89,005	25,876	41,448		(21,681)
Community services	6,675				(6,675)
Other support services	80,944		167,327		86,383
Total governmental activities	2,447,205	34,726	585,713	0	(1,826,766)

General revenues	
Taxes	
Property taxes levied for general purposes	267,739
Property taxes levied for debt service	0
State aid - formula grants	1,332,852
Unrestricted investments earnings	17,050
Unrestricted federal grants	116,555
Total general revenues	1,734,196
Change in net position	(92,570)
Net position - beginning	3,100,541
Net position - ending	3,007,971

The accompanying notes are an integral part of these statements.

Clark County School District #161

Combined Balance Sheet
Governmental Funds
June 30, 2019

	General	Federal Forest	Debt Service	Capital Projects	All Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and investments	51,801	476,829	501	97,977	96,733	723,841
Receivables						
Taxes - current	35,883					35,883
Taxes - delinquent	6,652		96			6,748
Federal grants					96,990	96,990
Other	69,460				22,257	91,717
Interfund receivable	92,406					92,406
Total assets	256,202	476,829	597	97,977	215,980	1,047,585
LIABILITIES						
Accounts payable	15,658				20,387	36,045
Accrued wages	169,584				19,438	189,022
Accrued employee benefits	57,853				7,395	65,248
Interfund payable					92,406	92,406
Total liabilities	243,095	0	0	0	139,626	382,721
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	6,652	0	96	0	12,344	19,092
FUND BALANCES						
Restricted for						
Debt service			501			501
Capital projects				97,977		97,977
Assigned		374,650			64,010	438,660
Unassigned	6,455	102,179				108,634
Total fund balances	6,455	476,829	501	97,977	64,010	645,772
Total liabilities, deferred inflows of resources, and fund balances	256,202	476,829	597	97,977	215,980	1,047,585

The accompanying notes are an integral part of these statements.

Clark County School District #161

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balances - governmental funds	645,772
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the asset is $5,390,124 and the accumulated depreciation is $2,597,075.	2,793,049
Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	6,748
The net pension liability (asset) and the deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position. Net pension liability is $527,198, deferred inflows of resources related to pensions is $116,469, and deferred outflows of resources related to pensions is $217,647.	(426,020)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year end consisted of:	
Compensated absences	(11,578)
Total net position - governmental activities	3,007,971

The accompanying notes are an integral part of these statements.

Clark County School District #161

Governmental Fund Types
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Fiscal Year Ended June 30, 2019

	General	Federal Forest	Debt Service	Capital Projects	All Nonmajor Funds	Total Governmental Funds
REVENUES						
Property taxes	266,351		10			266,361
Penalties and interest on delinquent taxes	980		2			982
Earnings on investments	8,365	8,565	121	2,011	7	19,069
Food service					23,858	23,858
Other local	21,259				19,582	40,841
State apportionment						
Base	1,171,916					1,171,916
Transportation	47,680					47,680
Benefits	156,314					156,314
Property tax replacement	4,622					4,622
Other state revenue	165,916				92,067	257,983
Federal grants and assistance		86,221			278,393	364,614
Total revenues	1,843,403	94,786	133	2,011	413,907	2,354,240
EXPENDITURES						
Current						
Instruction	1,206,199				147,528	1,353,727
Support services	80,895				143,842	224,737
Administration	168,326					168,326
Business operations	117,057					117,057
Operations	266,381				798	267,179
Transportation	71,374					71,374
Other support services					80,944	80,944
Community services					6,675	6,675
Noninstructional	2,421				81,465	83,886
Capital expenditures				88,260		88,260
Total expenditures	1,912,653	0	0	88,260	461,252	2,462,165
Revenues over (under) expenditures	(69,250)	94,786	133	(86,249)	(47,345)	(107,925)

The accompanying notes are an integral part of these statements.

Clark County School District #161

Governmental Fund Types
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Fiscal Year Ended June 30, 2019

	General	Federal Forest	Debt Service	Capital Projects	All Nonmajor Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)						
Operating transfers, net	(63,805)			15,873	47,932	0
Total other financing sources (use	(63,805)	0	0	15,873	47,932	0
Revenues and other financing sources over (under) expenditures	(133,055)	94,786	133	(70,376)	587	(107,925)
Fund balance - July 1, 2018	139,510	382,043	368	168,353	63,423	753,697
Fund balance - June 30, 2019	6,455	476,829	501	97,977	64,010	645,772

The accompanying notes are an integral part of these statements.

Clark County School District #161

Reconciliation of the Governmental Funds Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Fiscal Year Ended June 30, 2019

Total net change in fund balances - governmental funds:	(107,925)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported for governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of $108,730 exceeded capital outlays of $88,260 in the period.	(20,470)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered 'available' revenues in the governmental funds. Unavailable tax revenues increased by $396 this year.	396
In the Statement of Activities, certain operating expenses - compensated absences and pensions are measured by the amounts earned during the year. In the governmental funds expenditures for these items are measured by the amount of financial resources used. This year vacation used was more than the amounts earned by $2,176 and the pension liability decreased by $29,858. Change in deferred outflows of resources and deferred inflows of resources related to pensions was $30,646 and $13,257, respectively.	35,429
Change in net position of governmental activities	(92,570)

The accompanying notes are an integral part of these statements.

Clark County School District #161

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2019

	Agency Funds
ASSETS	
Cash and investments	25,756
Total assets	25,756
LIABILITIES	
Due to student groups	25,756
Total liabilities	25,756

The accompanying notes are an integral part of these statements.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General. The general purpose financial statements listed in the table of contents have been prepared in accordance with the American Institute of Certified Public Accountants' Industry Audit Guide for Audits of State and Local Government Units.

2. Reporting Entity. Clark County School District #161 (the District) is the basic level of government, which has financial accountability and control over all activities related to the public school education in the area served. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board that are required to be included in the District's reporting entity.

3. Government-wide and Fund 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 nonfiduciary activities of the District. For the 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 function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

   Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

4. Fund Accounting. The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

   A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental funds, each reported in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

   Governmental Fund Types

   The District reports the following major governmental funds:

   General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds and related costs. The primary revenue source is local property taxes levied specifically for debt service.

Capital Projects Fund - The Capital Projects Fund is used to account for the financial resources used to acquire school facilities, renovate existing facilities, or as otherwise provided in the Idaho Code.

Federal Forest Fund – The Federal Forest Fund is a special revenue fund utilized to track federal forest assistance and related expenditures.

Additionally, the District reports the following fund types:

Special Revenue Funds - The purpose of the Special Revenue Funds is to account for federal, state, and locally funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks as defined in the Grant Awards. The Special Revenue Fund types include the Child Nutrition Fund. The purpose of the Child Nutrition Fund is to account for all federal support and student charges which are received by the District for the purpose of providing students with a nutritional, inexpensive meal.

Fiduciary Fund Types

Agency Fund (School Activity Funds) - Activity Funds are monies collected principally through fund raising efforts of the individual schools or school sponsored groups. The school principal is responsible, under the authority of the Board of Trustees, for collecting, controlling, disbursing, and accounting for all School Activity Funds.

5. Basis of Accounting. The District applies GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the District's financial outlook.

Government-wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for its fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of given functions is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other internally directed revenues are reported instead as general revenues.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation has been allocated specifically to functional areas with the majority of it being allocated to instructional. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditures-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

6. Budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, Debt Service, and Capital Projects Funds. All annual appropriations lapse at fiscal year end. The District did not amend its budget for the fiscal year ended June 30, 2019.

   Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year end are reported as assigned fund balance to indicate an obligation to the District.

   The District budgets transfers from the General Fund to other funds to cover the costs incurred by these funds in excess of the revenues generated. Certain indirect costs are charged to several special revenue funds through budgeted transfers from the Special Revenue Funds to the General Fund.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

7. Cash and Investments. Cash includes amounts in demand as well as short-term investments with a maturity date within three months of the date acquired by the District. 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. 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.

   State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements. The District has elected to deposit cash in excess of immediate needs into the Local Government Investment Pool. The Local Government 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 is managed by the State of Idaho Treasurer's office. An annual audit of the Local Government Investment Pool is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool. All other cash is deposited with local banks in checking or savings accounts.

   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. The District does not have a policy for custodial credit risk outside of the deposit and investment agreements. The District is authorized to invest in the State of Idaho Local Government Investment Pool. This pooling is intended to improve administrative efficiency and increase investment yield.

   Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation and is commonly expressed in terms of the credit quality rating issued by nationally recognized statistical rating organization such as Moody's, Standard & Poor's, and Fitch's. The investments of the District are not rated and the District's policy does not restrict them to rated investments.

8. Short-term Interfund Receivables / Payables. During the course of operations, numerous transactions occur between individual funds and the General Fund for goods provided or services rendered. These receivables and payables are classified as 'interfund receivables' or 'interfund payables' on the balance sheet. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

   Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

9. Inventories. Supplies inventory on hand at year-end has not been recorded as inventory and was treated as expended when purchased.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

10. Capital Assets. Capital assets, including land, buildings, improvements, and equipment assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 (excluding vehicles which are capitalized regardless of individual cost) and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

    The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Buildings, improvements, and equipment assets are depreciated using the straight-line depreciation over the following estimated useful lives:

Assets	Years
Buildings	20-50
Equipment	5-20
Vehicles	5-8

11. Compensated Absences. Employees are entitled to certain compensated absences based on their length of employment. The entire compensated absences owed are reported in the governmental-wide financial statement.

12. 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.

13. Long-term Obligations. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. The entire portion of such obligations is reported in the government-wide financial statements.

14. Deferred Outflows / Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so 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 and it occurs on the government-wide statement of net position. The District reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset).

    In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions.

15. Net Position Flow Assumption. Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

16. Fund Balance Flow Assumptions. Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balances). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

    It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

17. Fund Balance. In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

    Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributions, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

    Committed fund balance: These amounts can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The School Board is the highest level of decision-making authority for the District that can, by board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

    Assigned fund balance: This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The School Board has by resolution authorized management to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

18. Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

19. Risk Management. The District is exposed to a considerable number of risks of loss, including: (a) damage to and loss of property and contents; (b) employee torts; (c) professional liability, i.e. errors and omissions; (d) environmental damage; (e) workers' compensation, i.e. employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts, and professional liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE B CASH AND INVESTMENTS

At June 30, 2019, the carrying amount of the District's deposits was $151,557 and the bank balance was as follows:

Insured by Federal Depository Insurance	174,900
Uninsured and uncollateralized	
Total	174,900

At June 30, 2019, the cost and fair market value of the District's investments were as follows:

	Cost	Fair Value	Average Maturity
Local Government Investment Pool	598,040	598,040	88 days
Total investments	598,040	598,040	

Interest rate risk - The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk - The District's deposits and investments at year end are limited to the Local Government Investment Pool, bank deposits, and certificates of deposits with various banks located in Idaho. The District has reduced its concentration of credit risk by using several financial institutions. As of June 30, 2019, there is a policy for the deposits to be fully insured when possible and practical.

Custodial credit risk - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2019, none of the District's deposits and certificates of deposit was exposed to custodial credit risk because it was uninsured and uncollateralized. Of the deposits, $598,040 was held in the Local Government Investment Pool which is not insured or guaranteed by the FDIC.

NOTE B CASH AND INVESTMENTS, continued

The District invests in accordance with Idaho code, Title 67, chapter 12. They have elected to invest in the Local Government Investment Pool through the Idaho State Treasurer. The Idaho State Treasurer provides oversight for investments by or through any department or institution of the State of Idaho.

Amounts held by the Local Government Investment Pool were held in the following investments: government agency notes, corporate bonds, Idaho bank deposits, repurchase agreements, commercial paper, U.S. treasury notes, and purchased accrued interest. All investments for the Local Government Investment Pool are collateralized with securities held by the pool's agent in the pool's name. The investments held by the Local Government Investment Pool are carried at cost which is not materially different than fair value (determined by the Idaho State Treasurer's office). These investments are subject to risk from market and interest rate fluctuations.

The Local Government Investment Pool is audited annually and the related financial statements and note disclosures are included in the State of Idaho's Comprehensive Annual Financial Report, a copy of which can be downloaded from www.sco.idaho.gov.

NOTE C INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

During the course of its operations, the District had numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable have been recorded. The interfund balances at June 30, 2019, were as follows:

	Receivable	Payable
General Fund	92,406	
Nonmajor Funds		92,406
Total	92,406	92,406

The General Fund transferred $33,073 to support various nonmajor programs in accordance with the budget and other funding considerations. The General Fund transferred $16,152 to cover the deficit in Child Nutrition and budgeted expenses. The General Fund also transferred $15,874 to the Capital Projects Fund for bus depreciation as required by the State. In addition transfers of $1,293 was transferred from School Maintenance to the General Fund and $6,100 was transferred to the School Maintenance Fund from the District Housing Fund.

NOTE D CAPITAL ASSETS

Following is a summary of the capital assets at June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	**Balance June 30, 2019**
Capital assets, not being depreciated				
Land - administration	42,500	0	0	**42,500**
Capital assets, being depreciated				
Buildings				
Elementary	290,073			**290,073**
Secondary	4,489,211			**4,489,211**
Administration	21,405			**21,405**
Total buildings	4,800,689	0	0	**4,800,689**
Equipment				
Elementary	45,776			**45,776**
Secondary	83,154			**83,154**
Administration	28,414			**28,414**
Total equipment	157,344	0	0	**157,344**
Vehicles	301,331	88,260	0	**389,591**
Total capital assets being depreciated	5,259,364	88,260	0	**5,374,624**
Less accumulated depreciation for:				
Buildings	(2,076,588)	(86,252)		**(2,162,840)**
Equipment	(142,926)	(4,946)		**(147,872)**
Vehicles	(268,831)	(17,532)		**(286,363)**
Total accumulated depreciation	(2,488,345)	(108,730)	0	**(2,597,075)**
Total capital assets being depreciated, net	2,771,019	(20,470)	0	**2,750,549**
Governmental activities capital assets, net	2,813,519	(20,470)	0	**2,793,049**

Depreciation expense was charged to the functions of the primary government as follows:

Governmental Activities	
Instruction	55,503
Support services	9,675
Administration	6,210
Business operations	4,364
Operations	9,996
Transportation	17,533
Noninstructional	5,449
Total depreciation expense – governmental activities	108,730

NOTE E PAYROLL EXPENDITURES AND RELATED LIABILITIES

Teacher contracts were signed for the nine-month period September 1, 2018, through May 31, 2019, to be paid over the twelve months of August 1, 2018, through July 31, 2019, or for new contracts to be paid over the twelve months of September 1, 2018, through August 31, 2019. The financial statements reflect the salary expense for this period. The accrued payroll reflects the final one or two months of these contracts.

NOTE F LEGAL DEBT MARGIN

The District is subject to a statutory limitation by the Idaho Code for bonded indebtedness payable principally from property taxes. The limit of bonded indebtedness is 5% of property market value for assessment purposes less the aggregate outstanding debt. At June 30, 2019, the limit for the District was $6,217,807. The general obligation debt, net of cash and investments available for bond retirement, was $0 leaving a legal debt margin of $6,217,807.

NOTE G PROPERTY TAXES

In accordance with Idaho State Law, ad valorem property tax is levied in dollars in September for each calendar year. Taxes are recorded by the District using the modified accrual basis of accounting. Levies are made on the second Monday of September. All of the personal property tax and one-half of the real property tax is due on or before December 20. The remaining one-half of the real property tax is due on or before June 20 of the following year. Property taxes attach as an enforceable lien on property as of January 1 of the following year. Notice of foreclosure is filed with the County Clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year.

Clark County acts as the agent for the District in both the assessment and collection areas. The county remits tax revenues to the District periodically, with the majority of the collections being remitted in January and July.

NOTE H RETIREMENT HEALTHCARE PLAN

GASB Statement 75, is an accounting and financial reporting requirement for employers to measure and report the cost and liabilities associated with other (than pension) postemployment benefits (OPEB).

Clark County School District #161's Employee Group Benefits Plan is a single-employer defined benefit healthcare plan administered by Blue Cross of Idaho. Blue Cross provides medical and prescription drug insurance benefits to eligible retirees and their eligible dependents. Blue Cross Dental and Willamette Dental provide dental insurance benefits to eligible retirees and their eligible dependents.

A retiree who retires with the Public Employee Retirement System of Idaho (PERSI) is eligible to keep the District's health insurance as a retiree until age 65, or until the retiree is eligible for coverage under Medicare. Retirement eligibility is determined based on a minimum of reaching age 55 with at least five years of membership with a PERSI employer. The retiree is on the same medical plan as the District's active employees. The District's required contribution is based on projected pay-as-you-go financing requirements.

The District has not implemented the requirements of GASB Statement 75 or previously GASB Statement 45 and as a result has not determined its annual OPEB cost and net OPEB obligation. The District's plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis.

NOTE I POST RETIREMENT BENEFITS

The District funds post-retirement benefits on a current basis through PERSI. The District paid 1.16% of the wages covered by PERSI to the State for the 2018-2019 school year. At the time of retirement, a sum equal to one-half of the monetary value of unused sick leave, calculated at the rate of pay at that time, is transferred from the sick leave account to the employee's retirement account. This money shall then be used to pay premiums for health, accident, dental, and life insurance.

NOTE J 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 or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

Pension Benefits

The Base Plan provides retirement, disability, death, and survivor benefits for 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% (2.3% for police/firefighters) 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. 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 adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2018, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The District School's contributions were $125,471 for the year ended June 30, 2019.

NOTE J PENSION PLAN, continued

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the District's proportion was .0357418 percent.

For the year ended June 30, 2019, the District recognized pension expense of $100,431. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	57,871	39,816
Changes in assumptions or other inputs	34,305	
Net difference between projected and actual earnings on pension plan investments		58,575
Changes in the employer's proportion and differences between the employer's contribution and the employer's proportionate contributions		18,078
District contributions subsequent to the measurement date	125,471	
Total	217,647	116,469

$125,471 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, 2020.

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, 2017, the beginning of the measurement period ended June 30, 2018, is 4.9 years and 4.9 years for the measurement period ended June 30, 2018.

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:

Year ended June 30:	
2019	37,557
2020	2,223
2021	(54,018)
2022	(10,054)

NOTE J PENSION PLAN, continued

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 50-1322, Idaho Code, is 25 years.

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

Inflation	3.25%
Salary increases	1.0 – 3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net investment expenses
Cost-of-living adjustments	1%

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, 2013, which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009, through June 30, 2013. The Total Pension Liability as of June 30, 2018, is based on the results of an actuarial valuation date of July 1, 2018.

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, 2018.

NOTE J PENSION PLAN, continued

Capital Market Assumptions

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
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%

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

*Expected arithmetic return net of fees and expenses.

Actuarial Assumptions:	
Assumed Inflation – Mean	2.25%
Assumed Inflation – Standard Deviation	1.50%
Portfolio Arithmetic Mean Return	6.75%
Portfolio Long-Term Expected Geometric Rate of Return	6.13%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	**7.05%**

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. 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 period 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 7.05 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	1,319,695	527,198	(129,023)

NOTE J PENSION PLAN, continued

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.

Payables to the pension plan

At June 30, 2019, 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 K NONMONETARY TRANSACTIONS

The District received $7,334 in USDA Commodities during the 2018-2019 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as revenue and expense of the fund receiving the commodities.

NOTE L EXCESS OF ACTUAL EXPENDITURES OVER BUDGETED IN THE MAJOR FUNDS

Actual expenditures for the fiscal year ended June 30, 2019, did not exceed budgeted expenditures for the major funds.

NOTE M COMMITMENTS AND CONTINGENT LIABILITIES

The District receives a substantial portion of its revenues from government grants, all of which are subject to audit by the federal government and/or state pass through agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs.

On August 18, 2017, the District entered into a promissory note payable in the amount of $24,613 for the purpose of purchasing a plasma cutter to be used by the Future Farmers of America (FFA) student group. The promissory note is payable in five annual payments of $4,923 beginning in May 2018 and bears no interest. The intention of the District was to have the FFA student group make the payments on the promissory note with fundraising events from school activity funds. The first payment was paid out of school activity funds as intended and the balance on the promissory note at June 30, 2019, was $14,768. The District has not reflected the promissory note payable or the asset of the plasma cutter in its financial statements as it believes the student FFA group will continue to make the payments.

NOTE N SUBSEQUENT EVENTS

Management of the District evaluated subsequent events through November 4, 2019, which was the date the financial statements were available to be issued. There were no subsequent type events, identified by management of the District, that are required to be disclosed.

REQUIRED FINANCIAL INFORMATION

Clark County School District #161

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
-Budget to Actual-
Fiscal Year Ended June 30, 2019

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Property taxes	265,555	266,351	796
Penalties and interest on delinquent taxes	450	980	530
Earnings on investments	8,000	8,365	365
Other local	19,000	21,259	2,259
State apportionment			
Base	1,261,193	1,171,916	(89,277)
Transportation	60,275	47,680	(12,595)
Exceptional child	4,000		(4,000)
Benefits	171,165	156,314	(14,851)
Property tax replacement	17,394	4,622	(12,772)
Other state revenue	320,339	165,916	(154,423)
Total revenues	2,127,371	1,843,403	(283,968)
EXPENDITURES			
Instruction			
Elementary	457,206	470,179	(12,973)
Secondary	473,396	502,861	(29,465)
Vocational	127,392	127,938	(546)
Special education program	29,011	79,295	(50,284)
Interscholastic program	31,869	19,975	11,894
School activity	9,050	5,951	3,099
Total instruction	1,127,924	1,206,199	(78,275)
Support services			
Attendance, guidance, and health	38,618	32,670	5,948
Special education support services	5,074	3,598	1,476
Educational media	29,144	24,663	4,481
Instruction related technology	20,332	19,964	368
Total support services	93,168	80,895	12,273
Administration			
Board of Education	64,400	44,127	20,273
District administration	114,169	46,478	67,691
School administration	75,188	77,721	(2,533)
Total administration	253,757	168,326	85,431

See Independent Auditor's Report.

Clark County School District #161

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
-Budget to Actual-
Fiscal Year Ended June 30, 2019

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
EXPENDITURES, continued			
Business operations	124,026	117,057	6,969
Operations			
Building care (custodial)	146,915	142,944	3,971
Maintenance	152,129	123,437	28,692
Total operations	299,044	266,381	32,663
Transportation	87,157	71,374	15,783
Noninstructional - food service benefits	2,519	2,421	98
Capital expenditures	0	0	0
Contingency reserve	129,800	0	129,800
Total expenditures	2,117,395	1,912,653	204,742
Revenues over (under) expenditures	9,976	(69,250)	(79,226)
OTHER FINANCING SOURCES (USES)			
Operating transfers, net	49,900	(63,805)	(113,705)
Revenues and other financing sources over (under) expenditures	59,876	(133,055)	(192,931)
Fund balance - July 1, 2018		139,510	
Fund balance - June 30, 2019		6,455	

Clark County School District #161

Federal Forest Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
-Budget to Actual-
Fiscal Year Ended June 30, 2019

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Earnings on investments		8,565	8,565
Federal grants and assistance		86,221	86,221
Total revenues	0	94,786	94,786
EXPENDITURES	0	0	0
Revenues over (under) expenditures		94,786	94,786
OTHER FINANCING SOURCES (USES)			
Operating transfers, net	(100,000)		100,000
Revenues and other financing sources over (under) expenditures	(100,000)	94,786	194,786
Fund balance - July 1, 2018		382,043	
Fund balance - June 30, 2019		476,829	

See Independent Auditor's Report.

Clark County School District #161

Pension Plan Required Supplementary Information
Fiscal Year Ended June 30, 2019

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

	2018	2017	2016	2015	2014
Employer's portion of net pension liability	0.0357418%	0.0354400%	0.0393070%	0.0348936%	0.0374623%
Employers proportionate share of the net pension liability	527,198	557,056	796,813	459,492	257,781
Employer's covered payroll	1,038,944	1,021,328	1,034,654	977,668	1,016,284
Employer's proportional share of the net pension liability as a percentage of its covered payroll	50.74%	54.54%	77.01%	44.41%	28.21%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	87.26%	91.38%	94.95%

* 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 years for which information is available.

Data for 2018 reported is measured as of June 30, 2018 (measurement date).

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

	2019	2018	2017	2016	2015
Statutorily required contribution	125,471	117,609	116,843	114,138	121,752
Contributions in relation to the statutorily required contribution	125,471	117,609	116,843	112,092	116,508
Contribution (deficiency) excess	0	0	0	(2,046)	(5,244)
Employer's covered payroll	1,108,969	1,038,944	1,021,328	1,034,654	977,668
Contributions as a percentage of covered payroll	11.3142%	11.3201%	11.4403%	10.8338%	11.9169%

* 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 years for which information is available.

Data reported is measured as of June 30, 2019 (reporting date).

OTHER FINANCIAL INFORMATION

Clark County School District #161

All Nonmajor Funds
Combining Balance Sheet
June 30, 2019

	Community Foundation	Gear Up Idaho Grant	School Maintenance	Driver's Ed	CTE Ag. Program	Public School Technology	Idaho Substance Abuse	Title I Basic Program	IDEA School Age	IDEA Preschool	Medicaid	Title IV	REAP	Perkins	Supporting Effective Instruction	21st Century	Child Nutrition	Scholarship	District Housing	All Nonmajor Funds
ASSETS																				
Cash and investments	22,241		16,266	90	11,794	21,517	135						12,424				1,042	1,050	10,174	96,733
Federal grants receivable								5,610	15,120	3,065		9,873		2,061	2,428	58,833				96,990
Other receivables		14,009		250							7,998									22,257
Total assets	22,241	14,009	16,266	340	11,794	21,517	135	5,610	15,120	3,065	7,998	9,873	12,424	2,061	2,428	58,833	1,042	1,050	10,174	215,980
LIABILITIES AND FUND EQUITY																				
LIABILITIES																				
Accounts payable	3,756	675			11,277				343			360	80			2,085		1,050	761	20,387
Accrued wages		1,907		261		1,537	99	1,339	3,824	506	3,445	2,450				3,083	987			19,438
Accrued employee benefits		588		79		651	36	304	1,388	209	3,489					596	55			7,395
Deferred revenues													12,344							12,344
Interfund payable		10,839						3,967	9,565	2,350	1,064	7,063		2,061	2,428	53,069				92,406
Total liabilities	3,756	14,009	0	340	11,277	2,188	135	5,610	15,120	3,065	7,998	9,873	12,424	2,061	2,428	58,833	1,042	1,050	761	151,970
FUND EQUITY																				
Assigned	18,485	0	16,266		517	19,329													9,413	64,010
Total fund equity	18,485	0	16,266	0	517	19,329	0	0	0	0	0	0	0	0	0	0	0	0	9,413	64,010
Total liabilities and fund equity	22,241	14,009	16,266	340	11,794	21,517	135	5,610	15,120	3,065	7,998	9,873	12,424	2,061	2,428	58,833	1,042	1,050	10,174	215,980

See Independent Auditor's Report.

Clark County School District #161

All Nonmajor Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Year Ended June 30, 2019

	Community Foundation	Gear Up Idaho Grant	School Maintenance	Driver's Ed	CTE Ag. Program	Public School Technology	Idaho Substance Abuse	Title I Basic Program	IDEA School Age	IDEA Preschool	Medicaid	Title IV	REAP	Perkins	Supporting Effective Instruction	21st Century	Child Nutrition	Scholarship	District Housing	All Nonmajor Funds
REVENUES																				
Earnings on investments																	7			7
Food service																	23,858			23,858
Other local	10,732			450															8,400	19,582
Other state revenue				250	24,875	63,339	3,603													92,067
Federal grants and assistance		19,386						22,572	35,278	3,713	30,334	9,873	2,419	2,061	7,935	103,374	41,448			278,393
Total revenues	10,732	19,386	0	700	24,875	63,339	3,603	22,572	35,278	3,713	30,334	9,873	2,419	2,061	7,935	103,374	65,313	0	8,400	413,907
EXPENDITURES																				
Instruction																				
Elementary													1,366							1,366
Secondary		19,386		5,787									1,053							26,226
Special education program								22,572	35,278		51,645									109,495
Special ed preschool program										3,713										3,713
School activity	6,728																			6,728
Attendance, guidance, and health							3,603													3,603
Instructional improvement														2,061	7,935	103,374				113,370
Instructional related technology					26,869															26,869
Operations																			798	798
Other support services						71,071						9,873								80,944
Community services																		6,675		6,675
Noninstructional services																	81,465			81,465
Total expenditures	6,728	19,386	0	5,787	26,869	71,071	3,603	22,572	35,278	3,713	51,645	9,873	2,419	2,061	7,935	103,374	81,465	6,675	798	461,252
Revenues over (under) expenditures	4,004	0	0	(5,087)	(1,994)	(7,732)	0	0	0	0	(21,311)	0	0	0	0	0	(16,152)	(6,675)	7,602	(47,345)
OTHER FINANCING SOURCES (USES)																				
Net transfers			4,807	5,087							21,311						16,152	6,675	(6,100)	47,932
Total other financing sources	0	0	4,807	5,087	0	0	0	0	0	0	21,311	0	0	0	0	0	16,152	6,675	(6,100)	47,932
Revenues and other financing sounces over (under) expenditures and other financing sources (uses)	4,004		4,807		(1,994)	(7,732)													1,502	587
Fund balance - July 1, 2018	14,481	0	11,459	0	2,511	27,061	0	0	0	0	0	0	0	0	0	0	0	0	7,911	63,423
Fund balance - June 30, 2019	18,485	0	16,266	0	517	19,329	0	0	0	0	0	0	0	0	0	0	0	0	9,413	64,010

See Independent Auditor's Report.

Clark County School District #161

All Agency Funds
Combining Statement of Changes in Assets and Liabilities
Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Cash and investments				
Annual	4,039	2,624	1,325	5,338
Athletics	4,597	13,961	15,527	3,031
Student council	1,659	414	1,135	938
Cheerleaders	(569)	1,723	597	557
Class of 2009-2017	1,781		1,781	
Class of 2018	1,218		166	1,052
Class of 2019	3,518	1,152	4,606	64
Class of 2020	2,136	1,501	1,218	2,419
Class of 2021	1,225	1,445	390	2,280
Class of 2022	218	526		744
Class of 2023	68	226		294
Class of 2024	37	226		263
Class of 2025		226		226
Concessions	3,295	1,926	1,668	3,553
Clark FFA	1	12,957	13,328	(370)
DBHT Customs	367			367
Elementary field trip	215	98	157	156
Elementary Idaho lottery	736	391		1,127
Elementary playday	200		63	137
Electronic sign	70			70
Honor society	199			199
Industrial arts	8,188	1,000	2,641	6,547
Jr/Sr End of School Luncheon		137	137	
Key card for doors	85	5		90
Library	821	160		981
Math club	541		94	447
Middle school lottery	361	628	377	612
Music and drama	1,882	5,363	6,294	951
Mexican folklore dancing	427			427
Science	509		47	462
Plasma Cam (FFA)		580		580
Preschool	244	290	145	389
Kindergarten	153	85	108	130
First grade	137	30		167
Second grade	40			40
Third grade	12			12
Fourth grade	4	1		5
Bell picture commission	805	138	302	641
Weight room				
Other	1,501	8,347	6,921	2,927
Total assets	40,720	56,160	59,027	37,853

Clark County School District #161

All Agency Funds
Combining Statement of Changes in Assets and Liabilities
Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
LIABILITIES				
Due to student groups				
Annual	4,039	2,624	1,325	5,338
Athletics	4,597	13,961	15,527	3,031
Student council	1,659	414	1,135	938
Cheerleaders	(569)	1,723	597	557
Class of 2009-2017	1,781		1,781	
Class of 2018	1,218		166	1,052
Class of 2019	3,518	1,152	4,606	64
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Elementary playday	200		63	137
Electronic sign	70			70
Honor society	199			199
Industrial arts	8,188	1,000	2,641	6,547
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Second grade	40			40
Third grade	12			12
Fourth grade	4	1		5
Bell picture commission	805	138	302	641
Weight room				
Other	1,501	8,347	6,921	2,927
Total liabilities	40,720	56,160	59,027	37,853

WIPFLi LLP
CPAs and Consultants

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*

Board of Trustees
Clark County School District #161
Dubois, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to the financial audits contain in the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clark County School District #161 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Clark County School District #161's basic financial statements and have issued our report thereon dated November 4, 2019. In our report we expressed a qualified opinion on the Governmental Activities because management of the District has not implemented the requirements of GASB Statement No. 75 and has not determined the District's annual other postemployment benefit (OPEB) cost and net OPEB obligation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clark County School District #161's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clark County School District #161's internal control. Accordingly, we do not express an opinion on the effectiveness of Clark County School District #161's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. However, as described in the accompanying paragraphs, we did identify certain deficiencies in the internal controls that we consider to be material weaknesses and significant deficiencies.

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 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. We considered the deficiencies described below to be material weaknesses.

There is a lack of segregation of duties in certain cash receipt, cash disbursement, and recordkeeping functions. There is also a lack of segregation of duties within certain purchasing, receiving, and recording functions of accounts payable. Bank reconciliations were not properly prepared in a timely fashion. The effects of such weaknesses cause a lack of proper oversight with governance as it related to relying on inaccurate numbers throughout the year. Other possible effects are misspending of governmental funds and an increase risk of error as it relates to recording financial data.

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. We consider the deficiencies described below to be significant deficiencies.

The Governmental Accounting Standards Board's (GASB) Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions require that governments that provide other postemployment benefits obtain biannually an actuarial study to determine the government's other postemployment benefit liability (OPEB). The District did not have an actuarial valuation performed to determine its OPEB liability and related expenses as of June 30, 2019. We inquired of District management to determine if the required valuation had been completed and were informed that it had not been performed. The governmental liabilities are understated; net position is overstated, and expenses would change. The District did not see the benefit in obtaining the valuation in proportion to related cost. The District should engage an actuarial firm to determine the OPEB liability and expense every other year as required by GASB Statement no. 75, which became effective for fiscal year 2018.The district has determined that the cost of an actuarial study is greater than the benefit of compliance.

Responses to Findings

Management of Clark County School District #161 has not prepared a written response to the significant deficiencies identified above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clark County School District #161'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.

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.

Wipfli LLP

Wipfli LLP
CPAs and Consultants

Idaho Falls, Idaho
November 4, 2019