

# Financial Statements

Mountain Home School District #193  
Includes Supplemental Information  
Year Ended June 30, 2021



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## 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, 2021, 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.

#### *Opinions*

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, 2021, 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.





### *Change in Accounting Principle*

As discussed in Notes A and L to the financial statements, the District has adopted the provisions of GASB Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

### **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 and of employer contributions, schedule of changes in the District's total OPEB liability, and budgetary comparison information as 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 combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and 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 November 5, 2021 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, 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 CPAs*

Meridian, Idaho  
November 5, 2021

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

# **MOUNTAIN HOME SCHOOL DISTRICT #193**

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

### **June 30, 2021**

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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 2020-2021 fiscal year, ending on June 30, 2021. 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 \$1,654,443 or 4% of revenue. Total General Fund revenue was over budget by \$1,536,927 or 6%. Impact Aid was \$229,957 over budget. State revenue was over budget by \$2,487,024 or 13% of budget. Other revenue was under budget by \$(1,316,065) and other local revenue was over budget by \$136,011. Total expenses were under budget by \$498,025 or 5% of budget. This gives the General Fund a total Fund Balance of \$8,292,469 (Of which \$8,867,068 is unrestricted and \$25,401 is nonspendable relating to inventories) or 31% of revenue at the end of FY 2021.
- State revenue in the General Fund was over the FY 2021 budget by \$273,405. This was due to higher revenue from other state sources, higher transportation reimbursement for the FY 2020 transportation expenses and increased student attendance.
- Federal revenue from Impact Aid in the General Fund was \$1,229,957 in FY 2021 which is \$149,623 less than last year, a decrease of 13.8%. This program supplements educational expenses for children affiliated with the military. Impact Aid payments received in FY 2021 included \$211,910 from the final vouchers from FY2020. FY2021 voucher #1 and voucher #2 combined for a total of \$1,083,464. On the FY 2021 application, students whose parents live and work on the base decreased from 443 students to 431 for a decrease of 12 students. Uniformed services living off the base and work on base increased from 412 students to 442 students for an increase of 30 students. Civilians working on Federal Property were 315 on the October 2018 application and 246 on the October 2020 application. Impact Aid revenue in FY 2021 is 4.0% of total revenue.
- District enrollment as of the middle of May decreased by 322 students to 3,571 in FY2021 from the previous year's end of school enrollment of 3,893. This is a decrease over the prior fiscal year of 8.27%. Stephensen Elementary and the High School had the largest declines of 106 and 66 students respectively. Junior High and Pine had the largest increases of 5 and 1 students respectively over the prior school year. The grade showing the largest decrease is the Ninth grade, decreasing by 74 students from the previous year. Tenth Grade increased 24 students from the prior year's class. Total elementary enrollment was 2,024 and secondary enrollment was 1,547 for a total of 3,571 for FY 2021.
- Effective FY2021, there is no longer a Plant and Facilities Levy in place.
- Due to the spread of COVID 19, the Governor ordered a 5% general fund holdback on all public schools for FY2021. The holdback affected several of the District's programs. The State has also distributed \$2,939,876 in federal CRRSA Act funds to help offset the holdback to the District as of June 30, 2021.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required supplementary information.

#### **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.

# **MOUNTAIN HOME SCHOOL DISTRICT #193**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

### **June 30, 2021**

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The *Statement of Activities* shows how the net position of the District have changed during the most recent fiscal year. All changes in net position are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when the cash is received or paid. Changes in the net position occur as soon as the underlying event gives 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 18-22 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.

**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.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Mountain Home School District's Net Assets

Governmental Activities	(Restated)		Change
	2021	2020	
Current and Other Assets	\$ 16,420,326	\$ 13,766,554	\$ 2,653,772
Capital Assets	10,633,543	11,150,177	(516,634)
Total Assets	27,053,869	24,916,731	2,137,138
Deferred Outflow of Resources	2,587,880	2,921,316	(333,436)
Long-Term Liabilities Outstanding	11,596,198	6,556,261	5,039,937
Other Liabilities	3,332,734	3,165,693	167,041
Total Liabilities	14,928,932	9,721,954	5,206,978
Deferred Inflow of Resources	887,691	3,099,101	(2,211,410)
Net Position			
Invested in Capital Assets, Net of Related Debt	8,972,230	11,150,177	(2,177,947)
Restricted	2,130,961	1,850,244	280,717
Unrestricted	2,721,935	2,016,571	705,364
Total Net Position	\$ 13,825,126	\$ 15,016,992	\$ (1,191,866)

Net position may serve as a useful indicator of a District’s financial position. In the case of the District, total assets exceeded liabilities by \$13,825,126 at the close of the most recent fiscal year. This represents an overall decrease of \$1,191,866 from the prior year.

The largest portion of the District’s net position reflects 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 position increased \$280,717 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 position increased from the prior fiscal year amount of \$705,364 to a current year balance in FY 2021 of \$2,721,935. The decrease is primarily due to additional special program funds and a decrease in the unfunded portion of pension and other post-employment benefit liabilities. It is not expected that the District will ever actually have to incur these obligations; it is for reporting purposes only.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

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 2021 over FY 2020 by \$699,484. The majority of this increase is in state revenues and other federal revenues.

	2021	2020	Change
<b>Revenues</b>			
Program Revenues			
Program Revenues	\$ 12,978	\$ 316,241	\$ (303,263)
Operating Grants and Contributions	9,158,884	6,692,408	2,466,476
General Revenues			
Property Taxes levied for General Purposes	2,889,706	2,823,949	65,757
Property Taxes levied for Capital Outlay	30,176	1,008,828	(978,652)
Revenue in Lieu of Taxes	15,459	11,594	3,865
State Revenues	18,876,948	19,643,345	(766,397)
Grants and Contributions not Restricted to Specific Purposes			
Federal Impact Aid	1,275,645	1,129,055	146,590
Other Federal Revenue	534,905	560,212	(25,307)
Interest and Investment Earnings	56,508	204,167	(147,659)
Miscellaneous	834,810	596,736	238,074
Total Revenue	<u>33,686,019</u>	<u>32,986,535</u>	<u>699,484</u>
<b>Expenses</b>			
Instructional Services			
Elementary Programs	10,053,717	7,426,081	2,627,636
Secondary/ Alternative Programs	6,585,568	6,384,458	201,110
Exceptional Child Programs	2,385,549	2,223,617	161,932
Other Programs	483,562	540,624	(57,062)
Support Services			
Student Services	2,282,241	2,267,111	15,130
Instructional Improvement	1,713,929	864,549	849,380
Educational Media	242,617	248,389	(5,772)
District Administration	1,132,329	996,860	135,469
School Administration	3,051,045	3,102,196	(51,151)
Maintenance and Improvements	2,137,531	2,221,781	(84,250)
Pupil Transportation Services	1,396,886	1,259,494	137,392
Non-Instructional Services			
Community Service Programs	539,653	10,208	529,445
School Lunch	1,092,496	1,332,439	(239,943)
Capital Improvements	623,363	1,920,528	(1,297,165)
Depreciation - Unallocated	1,157,399	800,166	357,233
Total Expenses	<u>34,877,885</u>	<u>31,598,501</u>	<u>3,279,384</u>
Changes in Net Position	<u>\$ (1,191,866)</u>	<u>\$ 1,388,034</u>	<u>\$ (2,579,900)</u>

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

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**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 2020-2021 fiscal year, fund balance was \$8,292,469, which is an increase of \$1,654,443 from the fiscal year 2019-2020 ending balance of \$6,638,026. In the General Fund in FY 2021, 80% of the revenue comes from the State of Idaho, 4% lower than FY 2020. Federal sources provided 5% of revenue (4% in FY 2020), and support from the local community provided 11% of the revenue. The remainder of the revenue comes from other sources. General Fund expenses were 92% of revenue resulting in an increase of the fund balance.

Actual revenues for General Fund totaled \$26,298,965. Total revenue funding was \$1,536,927 over the budgeted projection of \$25,179,547. Total Federal revenue was over budget by \$229,957. Other revenue was under budget by \$(1,316,065). State revenue was over budget by \$2,478,024 due to appropriations for other dedicated state programs and additional Covid funding.

Expenditures for general District purposes totaled \$24,644,522, an increase of \$1,162,308 or 5% from the 2019-2020 fiscal year expenditures of \$24,448,337.

*Forest Fund* – This fund historically is used for technology and textbook purchases. Revenues of \$534,905 is from the Department of Defense. 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 2020 was \$560,212.

*Plant Facility Fund* – There is no current Plant Facility levy. The Board of Trustees agreed not to renew it.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

In June, the District adopted an original budget for the subsequent year. The budget for the FY 2020-2021 was approved by the Board of Trustees on June 16, 2020. The budget was not amended.

**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 \$32,181,955 in a broad range of capital assets over the years. The total accumulated depreciation on these assets at June 30, 2021 amounts to \$23,209,725.

- Asset additions for governmental activities totaled \$6,000 for the current fiscal year.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

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**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 2021. The District continues to face difficult choices over the allocation of available resources.

The District witnessed a large decrease in student enrollment in FY 2021. Enrollment decreased 322 students over the FY 2020 level. Since fiscal year 2000-2001, enrollment has dropped from a high of 4,454 enrolled students to 3,571 at the end of fiscal year 2020-2021. Student enrollment was budgeted at 3,750 students for the FY 2022 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 244. 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 2020, this levy accounts for 10.1% of total funding for the District general fund revenue. The patrons of the community passed another supplemental levy in May of 2020 for another two years in the amount of \$2.7 million per year.

For the fiscal year 2022 budget, staffing was adjusted to reflect the student enrollment needs. Salary scales reflected a slight increase to the bottom cell due to decrease in funding by the State Department of Education. In FY 2021, the District uses the existing career ladder format in correlation with the funding method used by the State Department of Education. There were several positions re-defined this year to meet student needs in a more economical ways and cost-cutting measures implemented through the District in a variety of departments.

The budget for FY 2021 reflected a relative stabilization of student enrollment with a large decrease over FY 2020 budget. The District budgeted a corresponding certified staff level commensurate with student growth anticipated in FY 2022.

State funding continues to allocate funds for specific purposes with usage restrictions. Funding in FY 2022 for discretionary spending per support unit increased \$1,986 per support unit from \$27,556 to \$29,542. This was a 7.2% increase.

Insurance continues to be a major expense for the District. The District pays for healthcare, vision, and dental for all eligible employees. Effective FY 2020 insurance premiums increased 5% over the FY 2019 rates due to higher than anticipated claims experience. Insurance is an extremely costly benefit amounting to over \$2,400,000 of total benefits. In the FY 2022 budget, the insurance premium did not increase over the FY 2021 rates.

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 student of civilians working on Federal property, in FY 2021, we did not qualify with enough students of civilians working on Federal property. This prevented us from counting the civilian students on the 2022 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 2022 based on the results of the FY 2021 application. The Department of Defense is attempting to continue to reduce the number of civilian contractors its employees.

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.

**MOUNTAIN HOME SCHOOL DISTRICT #193  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

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**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:

Levi Vick  
Mountain Home School District #193  
470 North 3<sup>rd</sup> East  
Mountain Home ID 83647  
(208) 587-2580  
vick\_lj@mtnhomesd.org

## **BASIC FINANCIAL STATEMENTS**

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

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<b>ASSETS</b>	<b><u>Governmental Activities</u></b>
<b>Current Assets</b>	
Cash and investments	\$ 11,887,376
Restricted cash and cash equivalents	975,208
Receivables	
Property tax	1,223,580
State and federal receivables	2,273,821
Other receivables	12,549
Prepaid expenses	22,391
Inventories	<u>25,401</u>
Total Current Assets	16,420,326
<b>Noncurrent Assets</b>	
Capital assets, not subject to depreciation	481,372
Capital assets, net of accumulated depreciation	8,490,858
Net pension asset - sick leave	<u>1,661,313</u>
Total Noncurrent Assets	<u>10,633,543</u>
Total Assets	27,053,869
<b>Deferred Outflows</b>	
Pension obligations	2,394,114
OPEB obligations - sick leave	<u>193,766</u>
Total Deferred Outflows	<u>2,587,880</u>

See accompanying notes to basic financial statements.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**STATEMENT OF NET POSITION (Continued)**  
**June 30, 2021**

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	<u>Governmental Activities</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>	
<b>Current Liabilities</b>	
Accounts payable	230,640
Accrued payroll and related liabilities	<u>3,102,094</u>
Total Current Liabilities	3,332,734
<b>Noncurrent Liabilities</b>	
Due in More Than One Year	
Accrued compensated absences	75,930
Other post employment benefits obligation	1,186,433
Net pension liability	<u>10,333,835</u>
	<u>11,596,198</u>
Total Liabilities	14,928,932
<b>Deferred Inflows</b>	
Pensions	708,473
Other post employment benefits	<u>179,218</u>
Total Liabilities and Deferred Inflows	15,816,623
<b>NET POSITION</b>	
Investment in Capital Assets	8,972,230
Unrestricted	2,721,935
Restricted	
Food Service	481,125
Capital Projects	95,942
Grant Programs	1,120,949
Organizations	<u>432,945</u>
	<u>2,130,961</u>
Total Net Position	<u><u>\$ 13,825,126</u></u>

See accompanying notes to basic financial statements.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2021**

Functions/Programs	PROGRAM REVENUES				Net (Expense) Revenue Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental Activities					
Instruction					
Elementary programs	\$ 10,053,717	\$	\$ 922,334	\$	\$ (9,131,383)
Secondary/alternative programs	6,585,568		174,754		(6,410,814)
Exceptional/preschool programs	2,385,549		1,128,155		(1,257,394)
Other instructional programs	483,562		147,991		(335,571)
Support services					
Student services	2,282,241		2,158,508		(123,733)
Instructional improvement	1,713,929		2,544,830		830,901
Educational media	242,617				(242,617)
District administration	1,132,329				(1,132,329)
School administration	3,051,045				(3,051,045)
Maintenance and improvements	2,137,531				(2,137,531)
Pupil transportation services	1,396,886		944,044		(452,842)
Food services	1,092,496	12,978	1,138,268		58,750
Capital improvements	623,363				(623,363)
Community services program	539,653				(539,653)
Depreciation - unallocated	1,157,399				(1,157,399)
Total Governmental Activities	<u>\$ 34,877,885</u>	<u>\$ 12,978</u>	<u>\$ 9,158,884</u>	<u>\$</u>	<u>\$ (25,706,023)</u>
			<b>General Revenues</b>		
			State revenue		18,876,948
			Property taxes:		
			Property taxes - General		2,889,706
			Property taxes - Capital outlay		30,176
			State revenue in lieu of taxes		15,459
			Grants and contributions - Unrestricted		
			Federal impact aid		1,275,645
			Other federal revenue		534,905
			Interest, penalties, and investment earnings		56,508
			Miscellaneous		834,810
			Total General Revenues		<u>24,514,157</u>
			Change in Net Position		(1,191,866)
			<b>Net Position</b>		
			Beginning of Year (restated)		15,016,992
			End of Year		<u>\$ 13,825,126</u>

See accompanying notes to basic financial statements.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2021**

	MAJOR FUNDS		NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
	General	Forest Fees		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,131,139	\$ 2,535,088	\$ 1,221,149	\$ 11,887,376
Restricted cash			975,208	975,208
Receivables				
Property taxes	1,185,986		37,594	1,223,580
State and federal	705,786	331,661	1,236,374	2,273,821
Other receivables			12,549	12,549
Internal balances	1,185,788			1,185,788
Prepaid expenses			22,391	22,391
Inventories	25,401			25,401
Total Assets	<u>\$ 11,234,100</u>	<u>\$ 2,866,749</u>	<u>\$ 3,505,265</u>	<u>\$ 17,606,114</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 194,393	\$	\$ 36,247	\$ 230,640
Internal balances			1,185,788	1,185,788
Accrued payroll and related liabilities	2,675,755		426,339	3,102,094
Total Liabilities	2,870,148		1,648,374	4,518,522
<b>Deferred Inflows</b>				
Unavailable property taxes	71,483		11,198	82,681
<b>Fund Balances</b>				
Nonspendable	25,401		22,391	47,792
Restricted for				
Food service			481,125	481,125
Capital projects			95,942	95,942
Grant programs			1,120,949	1,120,949
Organizations			432,945	432,945
Unassigned	8,267,068	2,866,749	(307,659)	10,826,158
Total Fund Balances	<u>8,292,469</u>	<u>2,866,749</u>	<u>1,845,693</u>	<u>13,004,911</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 11,234,100</u>	<u>\$ 2,866,749</u>	<u>\$ 3,505,265</u>	<u>\$ 17,606,114</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, 2021**

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Total fund balance - total governmental funds \$ 13,004,911

Amounts reported for governmental activities in the Statement of Net Position are different because:

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:

Cost of capital assets	32,181,955	
Accumulated depreciation	<u>(23,209,725)</u>	
Total capital assets, net of accumulated depreciation		8,972,230

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. 82,681

Total OPEB asset for sick leave is a long term asset and is not recognized on the Governmental Statements 1,661,313

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:

Compensated absences payable	(75,930)	
Other post employment benefits obligation	(1,186,433)	
Due in more than one year-pension liabilities	<u>(10,333,835)</u>	
Total long term liabilities		(11,596,198)

Deferred outflows and inflows of resources not reported in the funds:

Deferred outflows of resource - pension obligations.	2,394,114
Deferred outflows of resource - other post-employment benefits.	193,766
Deferred inflows of resources - other post employment benefits.	(179,218)
Deferred inflows of resources - pension obligations.	<u>(708,473)</u>

Total net position of governmental activities \$ 13,825,126

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, 2021**

	MAJOR FUNDS		NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
	General Fund	Forest Fees Fund		
<b>REVENUES</b>				
Local revenues				
Property taxes	\$ 2,903,501	\$	\$ 50,279	\$ 2,953,780
Interest, penalties, and investment earnings	56,501		7	56,508
Other	20,109		61,166	81,275
State revenue	21,269,942		500,894	21,770,836
Federal revenue				
Impact aid	1,229,957		45,688	1,275,645
Other federal	1,236,464	534,905	4,934,398	6,705,767
Other revenue			639,664	639,664
Total Revenues	26,716,474	534,905	6,232,096	33,483,475
<b>EXPENDITURES</b>				
Instructional				
Elementary school program	6,728,235		787,289	7,515,524
Secondary/alternative school program	6,114,128		482,435	6,596,563
Exceptional school program	1,548,608		794,072	2,342,680
Preschool school program	0		42,869	42,869
Gifted and talented school program	897			897
Interscholastic school program	453,255			453,255
Summer school program	1,411		20,786	22,197
School activity program				-
Total instructional	14,846,534		2,127,451	16,973,985

See accompanying notes to basic financial statements.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS (Continued)**  
**For the Year Ended June 30, 2021**

	<u>MAJOR FUNDS</u>		<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>General Fund</u>	<u>Forest Fees Fund</u>		
Support Services				
Attendance - guidance	583,574		17,045	600,619
Educational services	1,227,061		67,047	1,294,108
Instructional improvement program	1,255,451		165,210	1,420,661
Educational media program	241,967			241,967
District administration program	494,324	19,329	823,367	1,337,020
School administration program	1,696,250		113,425	1,809,675
Business administrative services	861,075			861,075
Maintenance and improvements	2,038,577		157,817	2,196,394
Pupil support services			369,602	369,602
Staff support services			120,928	120,928
Public transportation	<u>1,390,795</u>	<u>          </u>	<u>          </u>	<u>1,390,795</u>
Total Support Services	9,789,074	19,329	1,834,441	11,642,844
Community services program			539,653	539,653
Food services program			1,092,496	1,092,496
Capital assets program	<u>8,914</u>	<u>          </u>	<u>704,954</u>	<u>713,868</u>
Total Expenditures	<u>24,644,522</u>	<u>19,329</u>	<u>6,298,995</u>	<u>30,962,846</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,071,952	515,576	(66,899)	2,520,629
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	<u>(417,509)</u>	<u>387,509</u>	<u>30,000</u>	<u>          </u>
Net Change in Fund Balances	1,654,443	903,085	(36,899)	2,520,629
Fund Balances, Beginning of Year (Restated)	<u>6,638,026</u>	<u>1,963,664</u>	<u>1,882,592</u>	<u>10,484,282</u>
Fund Balances, End of Year	<u>\$ 8,292,469</u>	<u>\$ 2,866,749</u>	<u>\$ 1,845,693</u>	<u>\$ 13,004,911</u>

See accompanying notes to basic financial statements.

**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, 2021**

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Net change in fund balances - total governmental funds \$ 2,520,629

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	6,000	
Depreciation expense	<u>(1,157,399)</u>	
Excess of capital outlay over depreciation expense		(1,151,399)

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. (33,898)

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. 24,813

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. 634,765

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 (3,186,776)

Change in Net Position of Governmental Activities \$ (1,191,866)

See accompanying notes to basic financial statements.

# MOUNTAIN HOME SCHOOL DISTRICT #193

## NOTES TO FINANCIAL STATEMENTS

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### 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

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### 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 Forest Fees Fund* - accounts for forest fees received through the Craig-Wyden Act that are legally restricted to expenditures for specified purposes under the program.

*Special Revenue Funds* - account 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

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### 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 are 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

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### 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 as well as funds that are held for others.

#### *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

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### 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's only investments are funds in a state investment pool at June 30, 2021.

#### *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

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### 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 \$5,000. 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

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### 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

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### 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, 2021.

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, 2021.

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

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### 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, 2021, 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.

#### *Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the net OPEB liability health/dental, deferred outflows of resources and deferred inflows of resources related to OPEB health/dental, and OPEB health/dental expense, information about the fiduciary net position of the District and additions to/deductions from District's fiduciary net position have been determined on the same basis as they are reported by District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms.

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

#### *Implementation of GASB Statement No. 84*

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The District reported all Associated Student Body Activities in the General Purpose Financial Statement (GPFS). The effect of the implementation of this standard on beginning net position and fund balance is disclosed in Note L.

# MOUNTAIN HOME SCHOOL DISTRICT #193

## NOTES TO FINANCIAL STATEMENTS

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### Note B – Cash and Investments

At June 30, 2021, the District’s cash and investments consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and Investments		
Bank Deposits	\$ 3,076,693	\$ 2,630,100
LGIP - uninsured	10,232,484	10,232,484
Total Cash and Investments	\$ 13,309,177	\$ 12,862,584
	<u>Rating</u>	<u>Amortized Cost</u>
Investments		
State Treasurer’s investment pool	N/A	\$ 10,001,605
State Treasurer’s investment pool - Agency	N/A	230,879
Total Investments		\$ 10,232,484

#### *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.

The District's investment policy only allows securities to be purchased from the following institutions organized in the United States that have assets exceeding \$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, 2021.

#### *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, 2021.

# MOUNTAIN HOME SCHOOL DISTRICT #193

## NOTES TO FINANCIAL STATEMENTS

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### Note B – Cash and Investments (Continued)

#### *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, 2021. The District was in compliance with this policy at June 30, 2021.

#### *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, 2021 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.

### Note C – Due from other Governments

Amounts due from other units of government were as follows at June 30, 2021:

State Agencies	\$	676,770
Federal Agencies		1,597,051
County Agencies		<u>1,223,580</u>
	\$	<u>3,497,401</u>

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note D – Capital Assets**

Capital asset activity for the year ended June 30, 2021 is as follows:

	<u>Balance</u> <u>06/30/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/21</u>
Capital assets, not being depreciated:				
Land	\$ 481,372	\$	\$	\$ 481,372
Capital assets, being depreciated:				
Land Improvements	\$ 5,189,472	\$	\$	\$ 5,189,472
Buildings	23,300,045			23,300,045
Furniture and equipment	<u>3,205,066</u>	<u>6,000</u>	<u></u>	<u>3,211,066</u>
Total capital assets, being depreciated	31,694,583	6,000		31,700,583
Less accumulated depreciation for:				
Land improvements	3,509,531	491,931		4,001,462
Buildings	15,909,719	473,656		16,383,375
Furniture and equipment	<u>2,633,076</u>	<u>191,812</u>	<u></u>	<u>2,824,888</u>
Total accumulated depreciation	<u>22,052,326</u>	<u>1,157,399</u>	<u></u>	<u>23,209,725</u>
Governmental activities capital assets, net	<u>\$ 9,642,257</u>	<u>\$ (1,151,399)</u>	<u>\$</u>	<u>\$ 8,490,858</u>

**Note E – Interfund Transfers**

During the year ended June 30, 2021, the General Fund transferred \$30,000 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. The General Fund transferred \$387,509 to the Forrest Fees Fund for general use.

**Note F – Operating Leases**

The District leases copier equipment under non-cancelable operating leases entered into in 2018 and ending in 2025. The agreement also includes a per copy charge for all copies run. Lease expense including maintenance and per copy fees under this agreement was \$153,002 for the year ended June 30, 2021.

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

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2022	\$ 178,026
2023	178,026
2024	168,726
2025	<u>59,205</u>
	<u>\$ 583,983</u>

# MOUNTAIN HOME SCHOOL DISTRICT #193

## NOTES TO FINANCIAL STATEMENTS

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### 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.

*Plan Membership*

Employee membership data related to the plan, as of June 30, 2020 was as follows:

Active plan members	313
Inactive plan members	21
	334

*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. Retirees are required to pay 100% of the premiums based on the combined active and retiree pool. Monthly contribution rates in effect for retirees during fiscal year 2021 were as follows:

<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	\$582.50	\$39.19	\$54.40	\$6.92
Retiree + Spouse	\$1,277.20	\$74.46	\$93.10	\$13.83
Retiree + Child	\$894.50	\$74.46	\$93.10	\$14.82
Retiree + Children	\$1,036.90	\$109.73	\$135.39	\$14.82
Retiree + Family	\$1,474.20	\$109.73	\$135.39	\$23.67

*Total OPEB Liability*

The District’s total OPEB liability of \$1,127,510 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs*

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. Mortality rates is assumed to follow the RP-2000 Healthy Combined Mortality Table adjusted with generational mortality adjustments using Scale AA, set back three years for both males and females.

Inflation	3.00%
Salary increases	3.75%
Discount rate	2.27%
Medical price index trend	3.50%

The discount rate was based on 20-year municipal bond index per GASB 75 requirements.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note G – Post-Retirement Healthcare Plan (Continued)**

**Changes in Total OPEB Liability**

	<u><b>Total OPEB Liability</b></u>
<b>Balance at June 30, 2020</b>	\$ 1,362,011
Service Cost	138,241
Interest	38,713
Benefit payments	(93,873)
Difference in experience	<u>(258,659)</u>
Net Change in total OPEB liability	<u>(175,578)</u>
<b>Balance at June 30, 2021</b>	<u><u>\$ 1,186,433</u></u>

*Sensitivity of the total OPEB liability to changes in the discount rate.*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total Net OPEB	\$1,259,976	\$1,186,433	\$1,624,303

*Sensitivity of the total OPEB liability to changes in the medical trend.*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a medical trend that is 1-percentage-point lower or 1-percentage-point higher than the medical trend rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total Net OPEB	\$1,259,976	\$1,186,433	\$1,624,303

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note G – Post-Retirement Healthcare Plan (Continued)**

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2021, the District recognized OPEB revenue of \$70,463. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between expected and actual expense	\$ 76,546	\$ 0
Changes in assumptions or other inputs	<u>0</u>	<u>0</u>
Total	<u>\$ 76,546</u>	<u>\$ 0</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30:	
2022	\$ 5,607
2023	5,607
2024	5,607
2025	5,607
Thereafter	54,118

**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

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### Note H – Pension Plan (Continued)

#### *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 at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020 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 \$1,892,070 for the year ended June 30, 2021.

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

At June 30, 2021, 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, 2020, 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, 2021, the District's proportion was 0.446223 percent.

For the year ended June 30, 2021, Mountain Home School District #193 recognized pension expense of \$1,618,376.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note H – Pension Plan (Continued)**

At June 30, 2021 Mountain Home School District #193 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 expense	\$ 807,391	\$ 353,002
Changes in assumptions or other inputs	1,259,223	0
Net difference between projected and actual Earnings on pension plan investments	0	337,423
Changes in the employer’s proportion and differences between the employer’s contributions and the employer’s proportionate contributions	0	18,048
Mountain Home School District #193 contributions subsequent to the measurement date	<u>327,500</u>	<u>0</u>
Total	<u>\$ 2,394,114</u>	<u>\$ 708,473</u>

\$1,983,363 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, 2021.

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, 2018, the beginning of the measurement period ended June 30, 2019, is 4.9 years and 4.9 years for the measurement period ended June 30, 2020.

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 Ending <u>June 30</u>	<u>Amount</u>
2021	\$ 33,374
2022	453,303
2023	590,810
2024	769,705

*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

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### Note H – Pension Plan (Continued)

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases*	3.75%
Salary inflation	3.75%
Investment rate of return, net of investment expenses	7.05%
Cost-of-living adjustments	1.00%

\*There is an additional component of assumed salary growth (on top of the 3.75%) that varies for each individual member based on years of service

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, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2020 is based on the results of an actuarial valuation date of June 30, 2020.

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, 2017.

# MOUNTAIN HOME SCHOOL DISTRICT #193

## NOTES TO FINANCIAL STATEMENTS

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### Note H – Pension Plan (Continued)

#### *Capital Market Assumptions*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	30.00%	2.80%	55.00%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	4.65%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%
Portfolio Long-Term Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
<b>Long-Term Expected Nominal Rate of Return, Net of Investment Expenses</b>			<b>7.05%</b>

#### *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 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.

# MOUNTAIN HOME SCHOOL DISTRICT #193

## NOTES TO FINANCIAL STATEMENTS

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### Note H – Pension Plan (Continued)

*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 (8.05%)
Employer's proportionate share Of the net pension liability (asset)	\$ <u>21,191,901</u>	\$ <u>10,333,835</u>	\$ <u>1,356,016</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).

#### *Payables to the Pension Plan*

At June 30, 2021, 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 – PERSI OPEB – Sick Leave

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI 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 the Sick Leave Plan. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Sick Leave Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active 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.

#### *OPEB Benefits*

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company.

#### *Employer Contributions*

The contribution rate for employers are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. During 2020-21 the PERSI Board issued a premium holiday effective January 1, 2020 through the entire school year. The District's contributions were \$105,530 for the year ended June 30, 2021.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note I – PERSI OPEB – Sick Leave (Continued)**

*OPEB Liabilities, OPEB Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2021, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB asset was based on the District’s share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2020, the District’s proportion was 1.10718 percent.

For the year ended June 30, 2021, the District recognized OPEB revenue (expense offset) of \$78,787. At June 30, 2021 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	\$ (7,942)	\$ 160,466
Changes in assumptions or other inputs	0	0
Net difference between projected and actual Earnings on pension plan investments	0	95,298
Changes in the employer’s proportion and differences between the employer’s contributions and the employer’s proportionate contributions	95,298	0
Mountain Home School District #193 contributions subsequent to the measurement date	<u>106,410</u>	<u>0</u>
Total	<u>\$ 193,766</u>	<u>\$ 255,764</u>

The \$106,410 reported as deferred outflows of resources related to OPEBs resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2021.

The amortization period is based on the remaining expected service lives of all employees that are provided with OPEB through the System determined at the beginning of the measurement period. The amortization period was calculated at 9 years. The amortization of the net difference between projected and actual investment earnings on OPEB plan investments is amortized over a closed 5-year period inclusive of this fiscal year.

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

<u>Year Ending June 30</u>	<u>Amount</u>
2022	(16,016)
2023	(1,519)
2024	3,897
2025	(29,667)
Thereafter	(109,892)

# MOUNTAIN HOME SCHOOL DISTRICT #193

## NOTES TO FINANCIAL STATEMENTS

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### Note I – PERSI OPEB – Sick Leave (Continued)

#### *Actuarial Assumptions*

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years.

#### *Actuarial Assumptions (Continued)*

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return (net of OPEB plan investment expense)	7.05%
Health care trend rate	N/A*

\*Health care trend rate is not applicable as the benefit is based on the unused sick leave hours retirement and is calculated as fixed dollar amount that can be applied to premiums

The long-term expected rate of return on OPEB 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 OPEB 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. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact.

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.

# MOUNTAIN HOME SCHOOL DISTRICT #193

## NOTES TO FINANCIAL STATEMENTS

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### Note I – PERSI OPEB – Sick Leave (Continued)

#### *Capital Market Assumptions*

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70.00%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55.00%	50% - 65%
International	9.25%	20.20%	15.00%	10% - 20%
Fixed Income	3.05%	3.75%	30.00%	23% - 33%
Cash	2.25%	0.90%	0.00%	0% - 5%
 			<b>Expected</b>	
Total Fund	Expected Return	Expected Inflation	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				
<b>Actuarial Assumptions</b>				
Assumed Inflation - Mean				3.25%
Assumed Inflation - Standard Deviation				2.00%
Portfolio Arithmetic Mean Return				8.08%
Portfolio Long-Term Expected Geometric Rate of Return				7.50%
Assumed Investment Expenses				0.35%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>				<b>7.05%</b>

#### *Discount Rate*

The discount rate used to measure the total OPEB 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 OPEB plan's 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note I – PERSI OPEB – Sick Leave (Continued)**

*Sensitivity of the net OPEB asset to changes in the discount rate*

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 7.5 percent, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share Of the net pension liability (asset)	\$ (450,899)	\$ (474,880)	\$ (515,245)

*OPEB plan fiduciary net position*

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

*Payables to the OPEB plan*

At June 30, 2021, the District reported no payables to the defined benefit OPEB 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 J – 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.

**Note K – Subsequent Events**

The District has evaluated subsequent events through the issuance date of the financial statements. In March, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this filing, the District has developed reopening plans for the 2022 school year which includes elements of in-person and remote learning. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact financial position and results of operations on a long-term basis.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note L – Adoption of New Standard**

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The implementation of this standard requires governments to report activities associated with student clubs and activities in the General Purpose Financial Statements. The fund balance and the net position must be restated as of June 30, 2020. Fund balance and net position as of June 30, 2020 was restated to retroactively report the beginning net cash and fund balance and net position. The restatement of fund balance is identified as follows:

Beginning fund Balance as previously reported at June 30, 2020	\$ 10,006,228
Prior period adjustment - Implementation of GASB 84 ASB Fund Balance	<u>478,054</u>
Fund Balance Restated June 30, 2020	<u>\$ 10,484,282</u>

The restatement of net position is identified as follows:

Beginning Net Position Government Wide as previously reported at June 30, 2020	\$ 14,538,938
Prior period adjustment - Implementation of GASB 84 ASB Fund Balance	<u>478,054</u>
Fund Position Restated June 30, 2020	<u>\$ 15,016,992</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2021**

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	<b>Budget Original And Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Local revenues			
Property taxes	\$ 2,740,000	\$ 2,903,501	\$ 163,501
Interest, penalties, and investment earnings	60,000	56,501	(3,499)
Other	44,100	20,109	(23,991)
State revenue	18,782,918	21,269,942	2,487,024
Federal revenue			
Impact aid	1,000,000	1,229,957	229,957
Other revenue	<u>2,552,529</u>	<u>1,236,464</u>	<u>(1,316,065)</u>
 Total Revenue	 25,179,547	 26,716,474	 1,536,927
<b>Expenditures</b>			
Instructional			
Elementary school program	6,936,653	6,728,235	208,418
Secondary/alternative school program	6,071,643	6,114,128	(42,485)
Exceptional school program	1,371,786	1,548,608	(176,822)
Preschool school program	1,000	0	1,000
Gifted and talented school program	85,446	897	84,549
Interscholastic school program	501,538	453,255	48,283
Summer school program	0	1,411	(1,411)
School activity program	<u>1,500</u>	<u></u>	<u>1,500</u>
 Total Instructional	 14,969,566	 14,846,534	 123,032

See notes to required supplementary information.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND (Continued)**  
**For the Year Ended June 30, 2021**

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	<b>Budget Original And Final</b>	<b>Actual</b>	<b>Variance</b>
Support Services			
Attendance - guidance	737,459	583,574	153,885
Educational services	1,420,029	1,227,061	192,968
Instructional improvement program	178,388	1,255,451	(1,077,063)
Educational media program	227,605	241,967	(14,362)
District administration program	714,424	494,324	220,100
Business administrative services	1,277,504	861,075	416,429
School administration program	1,832,354	1,696,250	136,104
Maintenance and improvements	2,412,218	2,038,577	373,641
Pupil transportation	<u>1,341,000</u>	<u>1,390,795</u>	<u>(49,795)</u>
Total Support Services	10,140,981	9,789,074	351,907
Capital assets program	<u>32,000</u>	<u>8,914</u>	<u>23,086</u>
Total Expenditures	<u>25,142,547</u>	<u>24,644,522</u>	<u>498,025</u>
Excess of Revenues Over Expenditures	37,000	2,071,952	2,034,952
<b>Other Financing Sources (Uses)</b>			
Transfers in			
Transfers out	<u>(35,000)</u>	<u>(417,509)</u>	<u>(382,509)</u>
Net Other Financing Sources (Uses)	<u>(35,000)</u>	<u>(417,509)</u>	<u>(382,509)</u>
Net Change in Fund Balance	<u>\$ 2,000</u>	1,654,443	<u>\$ 1,652,443</u>
<b>Fund Balance, Beginning of Year</b>		<u>6,638,026</u>	
<b>Fund Balance, End of Year</b>		<u>\$ 8,292,469</u>	

See notes to required supplementary information.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET TO ACTUAL - FOREST FEES FUND**  
**For the Year Ended June 30, 2021**

---

	<u>Budget Original And Final</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Federal revenue			
Other revenue	\$ 20,000	\$ 534,905	\$ 514,905
	<u>20,000</u>	<u>534,905</u>	<u>514,905</u>
Total Revenue			
	20,000	534,905	514,905
<b>Expenditures</b>			
Support Services			
District Administration	<u>                    </u>	<u>19,329</u>	<u>19,329</u>
		19,329	19,329
Total Support Services			
		19,329	19,329
<b>Capital Improvements</b>			
	<u>20,000</u>	<u>                    </u>	<u>(20,000)</u>
Total Expenditures	20,000	19,329	(671)
Excess of Revenues Over Expenditures		515,576	515,576
<b>Other Financing Sources (Uses)</b>			
Transfers in		387,509	387,509
Transfers out	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Other Financing Sources (Uses)	<u>                    </u>	<u>387,509</u>	<u>387,509</u>
Net Change in Fund Balance	<u>\$ 0</u>	903,085	<u>\$ 903,085</u>
<b>Fund Balance, Beginning of Year</b>		<u>1,963,664</u>	
<b>Fund Balance, End of Year</b>		<u>\$ 2,866,749</u>	

See notes to required supplementary information.

# **MOUNTAIN HOME SCHOOL DISTRICT #193**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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### **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, 2021.
- 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, 2021**

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

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Employer's portion of net the pension liability	0.5101686%	0.4960134%	0.484601%	0.470039%	0.462707%	0.446223%	0.445018%
Employer's proportionate share of the net pension liability	\$ 3,755,639	\$ 6,531,690	\$ 9,824,399	\$ 7,388,203	\$ 6,825,008	\$ 5,093,507	\$ 10,333,853
Employer's covered-employee payroll	\$ 14,129,343	\$ 14,009,719	\$ 14,032,415	\$ 14,599,080	\$ 15,155,524	\$ 15,912,368	\$ 16,611,081
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	26.58%	46.62%	70.01%	50.61%	45.03%	32.01%	62.21%
Plan fiduciary net position as a percentage of total pension liability	94.95%	91.38%	87.26%	91.00%	91.69%	93.79%	88.22%

\* 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, 2020 (measurement date)

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Statutorily required contribution	\$ 1,564,552	\$ 1,605,308	\$ 1,652,616	\$ 1,685,203	\$ 1,715,605	\$ 1,892,070	\$ 1,983,363
Contributions in relation to statutorily required contribution	\$ (1,564,552)	\$ (1,605,308)	\$ 1,652,616	\$ 1,685,203	\$ 1,715,605	\$ 1,892,070	\$ 1,983,363
Contribution (deficiency) excess	-	-	-	-	-	-	-
Employer's covered-employee payroll	\$ 14,009,719	\$ 14,239,555	\$ 14,599,080	\$ 14,886,953	\$ 15,155,524	\$ 15,912,368	\$ 16,611,081
Contributions as a percentage of covered-employee payroll	11.17%	11.27%	11.32%	11.32%	11.32%	11.89%	11.94%

\* 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.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB ASSET SICK LEAVE**  
**For the year ended June 30, 2021**

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	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Employer's portion of net OPEB asset	1.150%	1.107%	1.072%	1.072%
Employer's proportionate share of the net OPEB asset	\$ 879,336	\$ 918,408	\$ 1,026,548	\$ 1,661,313
Employer's covered-employee payroll	\$ 14,599,080	\$ 14,886,953	\$ 15,912,368	\$ 16,611,081
Employer's proportionate share of net OPEB asset as a percentage of its covered-employee payroll	6.02%	6.17%	6.45%	10.00%
Plan fiduciary net position as a percentage of net OPEB asset	137.00%	136.00%	138.51%	138.51%

\* GASB Statement No. 75 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, 2020 (measurement date)

**Schedule of Employer Contributions**  
**PERSI - Sick Leave**  
**Last 10 - Fiscal Years \***

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Statutorily required contribution	\$ 169,261	\$ 172,691	\$ 105,530	\$ 106,410
Contributions in relation to statutorily required contribution	\$ 169,261	\$ 172,691	\$ 105,530	\$ 106,410
Contribution (deficiency) excess	-	-	-	-
Employer's covered-employee payroll	\$ 14,599,080	\$ 14,886,953	\$ 15,912,368	\$ 16,611,081
Contributions as a percentage of covered-employee payroll	1.16%	1.16%	0.66%	0.64%

\* GASB Statement No.75 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.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY HEALTH/DENTAL**  
**For the year ended June 30, 2021**

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**Schedule of Changes in the District's Total OPEB Liability**  
**Last 10 - Fiscal Years \***

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Service cost	\$ 121,932	\$ 128,408	\$ 138,241
Interest	52,259	47,068	38,713
Changes in assumptions and other inputs	26,237	0	0
Benefit payments	(99,520)	(94,600)	(93,873)
Differences in experience	(252,448)		(258,659)
Net change in total OPEB liability	(151,540)	80,876	(175,578)
Total OPEB liability - beginning	<u>1,432,675</u>	<u>1,281,135</u>	<u>1,362,011</u>
Total OPEB liability - ending	<u>\$ 1,281,135</u>	<u>\$ 1,362,011</u>	<u>\$ 1,186,433</u>

\* GASB Statement No. 75 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, 2020 (measurement date)

**SUPPLEMENTARY INFORMATION**

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2021**

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	<u>Grants</u>	<u>Driver Education</u>	<u>Professional Technical</u>	<u>State Technology</u>	<u>Substance Abuse</u>	<u>Title I-A</u>
<b>ASSETS</b>						
Cash and investments	\$ 77,739	\$	\$	\$ 124,375	\$ 130,053	\$ 78,863
Restricted cash						
Receivables						
Property tax						
State and federal		10,323				82,662
Other receivables	8,898					
Prepaid expenses						
Total Assets	<u>\$ 86,637</u>	<u>\$ 10,323</u>	<u>\$</u>	<u>\$ 124,375</u>	<u>\$ 130,053</u>	<u>\$ 161,525</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 98	\$ 571	\$ 1,316	\$ 2,317	\$	\$ 2,641
Internal balances		4,160	21,185			
Accrued payroll and related liabilities	<u>4,210</u>	<u>13,327</u>	<u>1,884</u>	<u></u>	<u>5,562</u>	<u>79,453</u>
Total Liabilities	4,308	18,058	24,385	2,317	5,562	82,094
<b>Deferred Inflows</b>						
Unavailable property taxes	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<b>Fund Balances</b>						
Nonspendable						
Restricted for:						
Food service						
Capital projects						
Grant programs	82,329			122,058	124,491	79,431
Organizations						
Unassigned	<u></u>	<u>(7,735)</u>	<u>(24,385)</u>	<u></u>	<u></u>	<u></u>
Total Fund Balances	<u>82,329</u>	<u>(7,735)</u>	<u>(24,385)</u>	<u>122,058</u>	<u>124,491</u>	<u>79,431</u>
Total Liabilities, Deferred Inflows and fund balances	<u>\$ 86,637</u>	<u>\$ 10,323</u>	<u>\$</u>	<u>\$ 124,375</u>	<u>\$ 130,053</u>	<u>\$ 161,525</u>

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2021**

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	CARES Act		Title I		IDEA	IDEA	
	<u>ESSERF</u>	<u>Title I-C</u>	<u>Delinquent</u>	<u>School Age</u>	<u>Pre-School</u>	<u>Title V-B</u>	
<b>ASSETS</b>							
Cash and investments	\$	\$ 27,873	\$	\$ 104,200	\$	\$	
Restricted cash							
Receivables							
Property tax							
State and federal	643,937	19,396	15,858	145,090	38,310		
Other receivables							
Prepaid expenses							
Total Assets	<u>\$ 643,937</u>	<u>\$ 47,269</u>	<u>\$ 15,858</u>	<u>\$ 249,290</u>	<u>\$ 38,310</u>	<u>\$</u>	
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$	\$ 6,719	\$	\$	\$	\$	
Internal balances	643,937		13,565		38,313		
Accrued payroll and related liabilities		<u>30,608</u>	<u>3,727</u>	<u>166,456</u>			
Total Liabilities	643,937	37,327	17,292	166,456	38,313		
<b>Deferred Inflows</b>							
Unavailable property taxes							
<b>Fund Balances</b>							
Nonspendable							
Restricted for:							
Food service							
Capital projects							
Grant programs		9,942		82,834			
Organizations							
Unassigned			<u>(1,434)</u>		<u>(3)</u>		
Total Fund Balances		<u>9,942</u>	<u>(1,434)</u>	<u>82,834</u>	<u>(3)</u>		
Total Liabilities, Deferred Inflows and fund balances	<u>\$ 643,937</u>	<u>\$ 47,269</u>	<u>\$ 15,858</u>	<u>\$ 249,290</u>	<u>\$ 38,310</u>	<u>\$</u>	

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2021**

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	<b>Perkins</b>				
<b>ASSETS</b>	<b><u>Professional</u></b>	<b><u>Title III</u></b>	<b><u>Title II-A</u></b>	<b><u>Title IV-B</u></b>	<b><u>Title IV-A</u></b>
Cash and investments	\$ 160,765	\$ 1,888	\$ 103,592	\$	\$
Restricted cash					
Receivables					
Property tax					
State and federal		2,852	28,255	9,109	
Other receivables					3,651
Prepaid expenses					
Total Assets	<u>\$ 160,765</u>	<u>\$ 4,740</u>	<u>\$ 131,847</u>	<u>\$ 9,109</u>	<u>\$ 3,651</u>
<b>LIABILITIES, DEFERRED INFLOWS</b>					
<b>AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 329	\$	\$	\$ 14,495	\$
Internal balances				2,869	3,651
Accrued payroll and related liabilities	<u>11,951</u>	<u>2,998</u>	<u></u>	<u>6,240</u>	<u></u>
Total Liabilities	12,280	2,998		23,604	3,651
<b>Deferred Inflows</b>					
Unavailable property taxes	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<b>Fund Balances</b>					
Nonspendable					
Restricted for:					
Food service					
Capital projects					
Grant programs	148,485	1,742	131,847		
Organizations					
Unassigned	<u></u>	<u></u>	<u></u>	<u>(14,495)</u>	<u></u>
Total Fund Balances	<u>148,485</u>	<u>1,742</u>	<u>131,847</u>	<u>(14,495)</u>	<u></u>
Total Liabilities, Deferred Inflows and fund balances	<u>\$ 160,765</u>	<u>\$ 4,740</u>	<u>\$ 131,847</u>	<u>\$ 9,109</u>	<u>\$ 3,651</u>

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2021**

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	<u>Public Law</u>	<u>Child Nutrition</u>	<u>Debt Service</u>	<u>Building ID Future</u>	<u>Plant Facilities</u>
<b>ASSETS</b>					
Cash and investments	\$ 75,036	\$	\$ 7,685	\$	\$ 69,546
Restricted cash		541,918			
Receivables					
Property tax					37,594
State and federal					
Other receivables					
Prepaid expenses		<u>22,391</u>			
Total Assets	<u>\$ 75,036</u>	<u>\$ 564,309</u>	<u>\$ 7,685</u>	<u>\$</u>	<u>\$ 107,140</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$	\$ 7,416	\$	\$	\$
Internal balances					
Accrued payroll and related liabilities	<u>7,671</u>	<u>53,377</u>	<u></u>	<u>38,875</u>	<u></u>
Total Liabilities	7,671	60,793		38,875	
<b>Deferred Inflows</b>					
Unavailable property taxes					<u>11,198</u>
<b>Fund Balances</b>					
Nonspendable		22,391			
Restricted for:					
Food service		481,125			
Capital projects					95,942
Grant programs	67,365				
Organizations					
Unassigned			<u>7,685</u>	<u>(38,875)</u>	
Total Fund Balances	<u>67,365</u>	<u>503,516</u>	<u>7,685</u>	<u>(38,875)</u>	<u>95,942</u>
Total Liabilities, Deferred Inflows and fund balances	<u>\$ 75,036</u>	<u>\$ 564,309</u>	<u>\$ 7,685</u>	<u>\$</u>	<u>\$ 107,140</u>

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2021**

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	<u>Office of</u> <u>Economic</u>	<u>Student</u> <u>Activity</u>	<u>ESSER II</u>	<u>Title II</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$	\$	\$	\$ 259,534	\$ 1,221,149
Restricted cash		433,290			975,208
Receivables					
Property tax					37,594
State and federal			229,691	10,891	1,236,374
Other receivables					12,549
Prepaid expenses					<u>22,391</u>
Total Assets	<u>\$</u>	<u>\$ 433,290</u>	<u>\$ 229,691</u>	<u>\$ 270,425</u>	<u>\$ 3,505,265</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$	\$ 345	\$	\$	\$ 36,247
Internal balances	228,417		229,691		1,185,788
Accrued payroll and related liabilities					<u>426,339</u>
Total Liabilities	228,417	345	229,691		1,648,374
<b>Deferred Inflows</b>					
Unavailable property taxes					<u>11,198</u>
<b>Fund Balances</b>					
Nonspendable					22,391
Restricted for:					
Food service					481,125
Capital projects					95,942
Grant programs				270,425	1,120,949
Organizations		432,945			432,945
Unassigned	<u>(228,417)</u>				<u>(307,659)</u>
Total Fund Balances	<u>(228,417)</u>	<u>432,945</u>		<u>270,425</u>	<u>1,845,693</u>
Total Liabilities, Deferred Inflows and fund balances	<u>\$</u>	<u>\$ 433,290</u>	<u>\$ 229,691</u>	<u>\$ 270,425</u>	<u>\$ 3,505,265</u>

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

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<b>Revenues</b>	<b>Grants</b>	<b>Driver Education</b>	<b>Professional Technical</b>	<b>State Technology</b>	<b>Substance Abuse</b>	<b>Title I-A</b>
Local Revenues						
Property taxes	\$	\$	\$	\$	\$	\$
Interest, penalties and investment earnings						
Other						
State Revenue			62,059	386,779	47,840	
Federal Revenue						
Impact aid						
Other federal	458,592					751,666
Other revenue		<u>65,071</u>				
Total Revenue	<u>458,592</u>	<u>65,071</u>	<u>62,059</u>	<u>386,779</u>	<u>47,840</u>	<u>751,666</u>
<b>Expenditures</b>						
Instructional						
Elementary school program						529,939
Secondary/alternative school program		66,806	86,444			87,656
Exceptional school program						
Preschool school program						
Summer school program						
Total instructional		<u>66,806</u>	<u>86,444</u>			<u>617,595</u>
Support Services						
Attendance - guidance						
Educational services						
Instructional improvement program	105			26,159		17,912
District administration program				133,861		
School administration program						113,425
Maintenance and improvements						
Pupil support services	329,995				39,607	
Staff support services	<u>114,837</u>					
Total Support Services	444,937			160,020	39,607	131,337
Community services program						5,373
Food services program						
Capital assets program		<u>6,000</u>		<u>132,686</u>		
Total Expenditures	<u>444,937</u>	<u>72,806</u>	<u>86,444</u>	<u>292,706</u>	<u>39,607</u>	<u>754,305</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,655	(7,735)	(24,385)	94,073	8,233	(2,639)
<b>Other Financing Sources (Uses)</b>						
Interfund transfers						
Net Change in Fund Balance	13,655	(7,735)	(24,385)	94,073	8,233	(2,639)
<b>Fund Balance, Beginning of Year</b>	<u>68,674</u>			<u>27,985</u>	<u>116,258</u>	<u>82,070</u>
<b>Fund Balance, End of Year</b>	<u>\$ 82,329</u>	<u>\$ (7,735)</u>	<u>\$ (24,385)</u>	<u>\$ 122,058</u>	<u>\$ 124,491</u>	<u>\$ 79,431</u>

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

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	CARES Act <u>ESSERF</u>	<u>Title I-C</u>	Title I <u>Delinquent</u>	IDEA <u>School Age</u>	IDEA <u>Pre-School</u>	<u>Title V-B</u>
<b>Revenues</b>						
Local Revenues						
Property taxes	\$	\$	\$	\$	\$	\$
Interest, penalties and investment earnings						
Other						
State Revenue						
Federal Revenue						
Impact aid						
Other federal	684,170	150,509	41,960	813,675	42,866	879
Other revenue						
Total Revenue	<u>684,170</u>	<u>150,509</u>	<u>41,960</u>	<u>813,675</u>	<u>42,866</u>	<u>879</u>
<b>Expenditures</b>						
Instructional						
Elementary school program	23,621	111,556				
Secondary/alternative school program	30,061	172	32,347			
Exceptional school program				747,818		
Preschool school program					42,869	
Summer school program		<u>20,786</u>				
Total instructional	53,682	132,514	32,347	747,818	42,869	
Support Services						
Attendance - guidance	12,856	4,189				
Educational services				65,857		
Instructional improvement program		14,033	9,612			879
District administration program	459,815					
School administration program						
Maintenance and improvements	157,817					
Pupil support services						
Staff support services		<u>6,091</u>				
Total Support Services	630,488	24,313	9,612	65,857		879
Community services program		400				
Food services program						
Capital assets program						
Total Expenditures	<u>684,170</u>	<u>157,227</u>	<u>41,959</u>	<u>813,675</u>	<u>42,869</u>	<u>879</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(6,718)	1		(3)	
<b>Other Financing Sources (Uses)</b>						
Interfund transfers						
Net Change in Fund Balance		(6,718)	1		(3)	
<b>Fund Balance, Beginning of Year</b>		<u>16,660</u>	<u>(1,435)</u>	<u>82,834</u>		
<b>Fund Balance, End of Year</b>	<u>\$</u>	<u>\$ 9,942</u>	<u>\$ (1,434)</u>	<u>\$ 82,834</u>	<u>\$ (3)</u>	<u>\$</u>

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

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	<b>Perkins</b>	<b>Title III</b>	<b>Title II-A</b>	<b>Title IV-B</b>	<b>Title IV-A</b>
<b>Revenues</b>	<b><u>Professional</u></b>	<b><u>Title III</u></b>	<b><u>Title II-A</u></b>	<b><u>Title IV-B</u></b>	<b><u>Title IV-A</u></b>
Local Revenues					
Property taxes	\$	\$	\$	\$	\$
Interest, penalties and investment earnings					
Other					52,404
State Revenue					
Federal Revenue					
Impact aid					
Other federal		25,157	169,917	46,319	
Other revenue	<u>85,822</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenue	85,822	25,157	169,917	46,319	52,404
<b>Expenditures</b>					
Instructional					
Elementary school program		22,527	38,832	60,814	
Secondary/alternative school program	50,464		128,485		
Exceptional school program					
Preschool school program					
Summer school program					
Total instructional	<u>50,464</u>	<u>22,527</u>	<u>167,317</u>	<u>60,814</u>	<u>          </u>
Support Services					
Attendance - guidance					
Educational services					
Instructional improvement program		2,631	2,600		52,404
District administration program					
School administration program					
Maintenance and improvements					
Pupil support services					
Staff support services					
Total Support Services		<u>2,631</u>	<u>2,600</u>		<u>52,404</u>
Community services program					
Food services program					
Capital assets program	<u>23,207</u>				
Total Expenditures	<u>73,671</u>	<u>25,158</u>	<u>169,917</u>	<u>60,814</u>	<u>52,404</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,151	(1)		(14,495)	
<b>Other Financing Sources (Uses)</b>					
Interfund transfers					
Net Change in Fund Balance	12,151	(1)		(14,495)	
<b>Fund Balance, Beginning of Year</b>	<u>136,334</u>	<u>1,743</u>	<u>131,847</u>		
<b>Fund Balance, End of Year</b>	<u>\$ 148,485</u>	<u>\$ 1,742</u>	<u>\$ 131,847</u>	<u>\$ (14,495)</u>	<u>\$</u>

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

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<b>Revenues</b>	<b><u>Public Law</u></b>	<b><u>Child Nutrition</u></b>	<b><u>Debt Service</u></b>	<b><u>Building ID Future</u></b>	<b><u>Plant Facilities</u></b>
Local Revenues					
Property taxes	\$	\$	\$	\$	\$ 50,279
Interest, penalties and investment earnings		7			
Other		8,762			
State Revenue		4,216			
Federal Revenue					
Impact aid	45,688				
Other federal		1,247,382			
Other revenue					
Total Revenue	<u>45,688</u>	<u>1,260,367</u>			<u>50,279</u>
<b>Expenditures</b>					
Instructional					
Elementary school program					
Secondary/alternative school program					
Exceptional school program	46,254				
Preschool school program					
Summer school program					
Total instructional	<u>46,254</u>				
Support Services					
Attendance - guidance					
Educational services					
Instructional improvement program				38,875	
District administration program					
School administration program					
Maintenance and improvements					
Pupil support services					
Staff support services					
Total Support Services				<u>38,875</u>	
Community services program					
Food services program		1,092,496			
Capital assets program		41,152			273,492
Total Expenditures	<u>46,254</u>	<u>1,133,648</u>		<u>38,875</u>	<u>273,492</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(566)	126,719		(38,875)	(223,213)
<b>Other Financing Sources (Uses)</b>					
Interfund transfers		30,000			
Net Change in Fund Balance	(566)	156,719		(38,875)	(223,213)
<b>Fund Balance, Beginning of Year</b>	<u>67,931</u>	<u>346,797</u>	<u>7,685</u>		<u>319,155</u>
<b>Fund Balance, End of Year</b>	<u>\$ 67,365</u>	<u>\$ 503,516</u>	<u>\$ 7,685</u>	<u>\$ (38,875)</u>	<u>\$ 95,942</u>

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

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<b>Revenues</b>	<b><u>Office of</u></b>	<b><u>Student</u></b>	<b><u>ESSER II</u></b>	<b><u>Title II</u></b>	<b><u>Total</u></b>
	<b><u>Economic</u></b>	<b><u>Activity</u></b>			
Local Revenues					
Property taxes	\$	\$	\$	\$	\$ 50,279
Interest, penalties and investment earnings					7
Other					61,166
State Revenue					500,894
Federal Revenue					
Impact aid					45,688
Other federal			229,691	271,615	4,934,398
Other revenue		<u>488,771</u>			<u>639,664</u>
Total Revenue		488,771	229,691	271,615	6,232,096
<b>Expenditures</b>					
Instructional					
Elementary school program					787,289
Secondary/alternative school program					482,435
Exceptional school program					794,072
Preschool school program					42,869
Summer school program					20,786
Total instructional					<u>2,127,451</u>
Support Services					
Attendance - guidance					17,045
Educational services				1,190	67,047
Instructional improvement program					165,210
District administration program			229,691		823,367
School administration program					113,425
Maintenance and improvements					157,817
Pupil support services					369,602
Staff support services					120,928
Total Support Services			229,691	1,190	1,834,441
Community services program		533,880			539,653
Food services program					1,092,496
Capital assets program	228,417				704,954
Total Expenditures	<u>228,417</u>	<u>533,880</u>	<u>229,691</u>	<u>1,190</u>	<u>6,298,995</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(228,417)	(45,109)		270,425	(66,899)
<b>Other Financing Sources (Uses)</b>					
Interfund transfers					30,000
Net Change in Fund Balance	(228,417)	(45,109)		270,425	(36,899)
<b>Fund Balance, Beginning of Year</b>		<u>478,054</u>			<u>1,882,592</u>
<b>Fund Balance, End of Year</b>	<u>\$ (228,417)</u>	<u>\$ 432,945</u>	<u>\$</u>	<u>\$ 270,425</u>	<u>\$ 1,845,693</u>

**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 Mountain Home School District #193 as of and for the year ended June 30, 2021, 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 November 5, 2021. As discussed in Notes A and L to the financial statements, the District has adopted the provisions of GASB Statement No. 84, Fiduciary Activities, which has resulted in a restatement of net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Mountain Home School District #193'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 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's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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*.





### **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.

*Hanis CPAs*

Meridian, Idaho  
November 5, 2021



**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, 2021. 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, 2021.

***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.





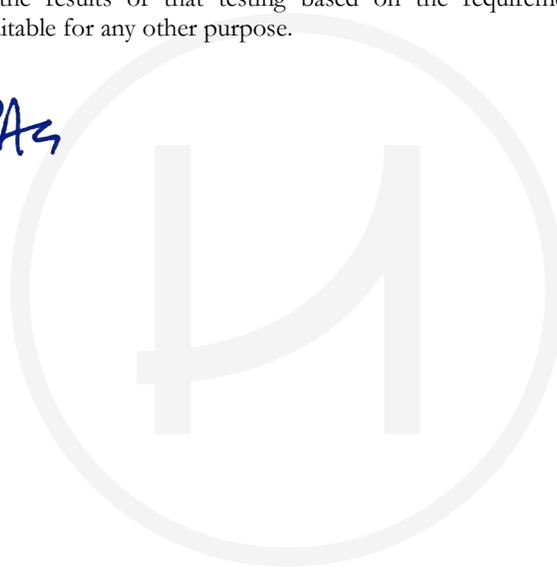
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

*Hanis CPAs*

Meridian, Idaho  
November 5, 2021



**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

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<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	\$ 1,275,645
<i>Passed through the State of Idaho Department of education</i>			
Title 1 Grants to Local Educational Agencies	84.010	S010A190012	796,266
Career and Technical Education	84.048	V048A180012	73,671
Migrant Education, State Grant Program	84.011	V048A190012	157,228
<i>Special Education Cluster</i>			
Special Education, Grants to States	84.027	H027A190088	813,675
Special Education, Preschool Grants	84.173	H173A190030	<u>42,869</u>
<i>Cluster Total</i>			856,544
Twenty-First Century Community Learning	84.287	S287C190012	60,814
English Language Acquisition State Grants	84.365	S365A190012	25,157
Improving Teach Quality, State Grants	84.367	S367A190011	169,917
Student Support and Academic Enrichment	84.424	S424A190013	52,404
Elementary & Secondary School Emergency Fnd	84.425	S425D200043	684,170
Rural Education	84.358	S358B180012	<u>879</u>
Total Department of Education			<u>4,152,695</u>
DEPARTMENT OF DEFENSE EDUCATION			
<i>Direct Grants</i>			
Promoting k-12 Student Achievement in Military-Connected Schools	12.556	N/A	<u>444,934</u>
DEPARTMENT OF HEALTH & WELFARE:			
<i>Passed through the State of Idaho Department of education</i>			
Child Care and Development Block Grant	93.575	G2001IDCCC3/2101IDCCC5	11,000
Total Department of Health & Welfare			<u>11,000</u>

See notes to schedule of expenditures of federal awards.

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For the Year Ended June 30, 2021**

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<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF THE TREASURY:			
<i>Passed through the State of Idaho Department of education</i>			
Corona Virus Relief Fund	21.019	20-1892-0-1-806	1,741,472
Total Department of the Treasury			<u>1,741,472</u>
DEPARTMENT OF AGRICULTURE:			
<i>Direct Grants</i>			
Schools and Roads, Grants to States	10.665	N/A	534,905
<i>Passed through the State of Idaho Department of Education</i>			
<i>Child Nutrition Cluster</i>			
School Breakfast Program (Commodities)	10.553	202020N850347	109,114
National School Lunch Program	10.555	202020N850347	199,778
Summer Food Service Program	10.559	202121N109947	<u>938,490</u>
Cluster Total			1,247,382
Total expenditure of federal awards			<u>\$ 8,132,388</u>

See notes to schedule of expenditures of federal awards.

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

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

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#### **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 \$109,114 for the year ended June 30, 2021

**MOUNTAIN HOME SCHOOL DISTRICT #193**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2021**

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**Section I – Summary of Audit Results**

**Financial Statements**

Type of auditors' report issued: Unmodified  
Internal control over financial reporting:  

- Material weakness identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ yes      X   no

**Federal Awards**

Internal control over major programs:  

- Material weakness identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Type of auditors' report issued on compliance for major programs: Unmodified  
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516? \_\_\_\_\_ yes      X   no  
Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
21.019	Corona Virus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$        750,000  
Auditee qualified as a low-risk auditee?   X   yes    \_\_\_\_\_ no

**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, 2021**

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There were no prior audit findings.