

The Board of Trustees held their regular meeting on Wednesday, October 12, 2011 at 7:00 p.m. in the School Library as posted. Those in attendance were Chairman Cecil Martin, Trustees Richard Grant, Kathryn Bomar and Bryce Scrimsher, Superintendent Darrell Olson, Principal Loretta Stowers, Clerk/Treasurer Loretta Hammond-Nichols, five staff members, six patrons and guest Jurgens & Co Auditor Kim Key. (Absent Vice-chairman Lori Zenner)

ORDER/SALUTE – Chairman called the meeting to order at 7:00 p.m. and those present joined in the flag salute.

#### SUPERINTENDENT REPORT

- \*Budget Status for September 2011 reported by Superintendent Olson as not much change from previous month.
- \*ISBA Conference is November 9-11 in Coeur d'Alene for the Board of Trustees.
- \*Funding for the upcoming fourth quarter is down from the projection which means another cut for education. Superintendent Luna has requested an increase but Legislature does not always fund his requests.
- \*Roof project is only partially finished. The elementary wing is done but main building roof was not completed. The roofers were to get back to me and have not done so to date.
- \*Erate for the previous year has been approved for partial funding in a notice received in September for XO Communication for T-1 connection and Ednetics for Technology services. January will be another request filed for Erate for this year. The qualification was at 80% for funding. The District will need to cover the 20% expense of about \$26,000.00. The reimbursement from the approved last year funding can help cover the school match needed if the next Erate is approved. The school has received an extension timeline to file for the reimbursement. The approval for excess funds comes from other districts who do not utilize their funds which are then reallocated.
- \*H&H Business Machines donated a copier to the school and hauled off the old one that did not work. It is worth about \$8,000.00 to \$10,000.00.
- \*2010-11 Audit Report - Superintendent Olson introduced Auditor Kim Key with Jurgens & Company to present the annual audit report to the Board of Trustees

Ms. Key began with information that the District implemented GASB 54 with this audit in reclassification of different levels of fund balances. During the school audit no problems or difficulties were encountered and corrections made were in agreement with management. The Schedule of Revenues and Expenditures for All Governmental Funds on page 43 report three years by category. The major differences were due to one-time ARRA funds from last year, lack of Nezperce Tribal Grant and donations were down for revenues. Expenditure major differences were cutback in staffing wages and benefits due to declining enrollment, additional Special Services due to an increase in special needs of students, Pupil support expenses reduced by the shared Counselor with the Lewiston Coop, Technology costs down due to loss of Technology funds, District Administration costs down to previous year additional attorney fees used for the Teacher Union negotiations, School Administration costs down due to REAP funds were used help offset costs, Transportation costs down from previous year due to the Super retired and route reduction, Equipment cost down to previous year utilizing stimulus funds to purchase a bus, and receiving additional ARRA MOE funds at year end which helped the District fund balance increase by keeping expenditures under budget.

The Statement of Net Asset report on page 10 covers district wide governmental activities. Assets were up this year with a decrease in liabilities for salary and benefits, depreciation schedule for capital assets adjustment included removal of old junk items, outdated computers, and sale of the bus. Payroll and taxes payable were down due to staff cutback with Long-term liability for Postemployment benefits (OPEB) less than last year due to the option for employees to opt out of the Blue Cross Insurance coverage. The district does not have long term debt. The district is in decent financial shape at this time.

The Independent Auditor's Report on page 1 states that the audit is conducted under the generally accepted accounting standards and the financial reports were presented fairly. No findings were reported regarding tests of compliance,

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laws, regulations, contracts or grants. The Management Discussion and Analysis (MD&A) is a narrative written by the management on pages 3-8 to include a district wide analysis as a whole with factors that could have financial bearing on the future of the school.

The Statement of Activities for all programs report expenses by revenues that fund those functions. The report reads from left to right. The expenses are in the first column by category with the program revenues in the following three columns which support that function or program. The final column shows the net expense or revenue and change in Net Asset. Food Service Program expenses of \$56, 107 were covered by local charges for services of \$15,120, Federal reimbursement for student meals of \$30,163 and Grant for a mixer of \$5,361. The net difference is a loss of \$5,463 for the program with the difference picked up by the district to cover operating expenses. Overall programs were covered by the net revenue making up the gap of expenses with a total of increased net assets in the

amount of \$101, 113.

The Balance Sheet report on page 12 breaks out the major funds of the district. The report covers the General M&O, Capital Projects, Food Service and the Special Revenues are grouped in summary for this report. The last column is the total for all funds. This report shows the different classification of fund balances that were implemented under GASB 54. The Nonspendable Fund Balance is for inventory and pre-paid insurance. Restricted Fund Balance is for the Bus, Food Service and Special accounts. The Assigned Fund Balance is for the Capital Outlay (Plant) Account. Unassigned Fund Balance is available for use which is the General M&O in the amount of \$267,154. Committed Fund Balance requires a resolution by the Board to spend and at this time the District does not have any special projects designated.

The Reconciliation of the Balance Sheet for Governmental Funds report to the Statement of Net Assets report is on page 13. The governmental fund balance total different from the statement of net assets is deferred revenue which decreased the report on revenues for the full accrual basis. The Capital Assets in the governmental activities are not considered financial resources which then are not on the governmental funds report. The cost and accumulated depreciation of the assets make up that difference. Long-term liabilities applied to governmental activities are not due and payable for current period as reported in the statement of net activities for the (OPEB) costs.

Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds on page 14 report the different major funds of General M&O, Capital Projects, Food Service and Special Revenues grouped in summary. The revenues are by category including transfers between programs with expenditures reported by function. The difference between revenue and expenditures is the total net change in the fund balance. The total fund balance for all funds resulted in an increase. Food Service and Special Funds reported a net decrease in their fund balance. The Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Activities is reported on page 15. The difference is the capital asset acquisitions are reported as expenditures in the year of purchase where the statement of activities the cost is depreciated over the life of the asset net the depreciation value. Another difference is the collection of delinquent property tax is not considered available revenue after 60 days and reported as deferred revenue. The OPEB liability does not require current financial resources and is not reported as expenditure in the governmental funds.

The Statement of Fiduciary Net Assets report those accounts held in trust by the district for student purposes and are not spendable by the Board of Trustees. Both page 16 and 17 report a summary of the funds as a private trust for the scholarship and the student account under agency. GASB Footnotes are found on page 23 and 24 which explain the different classification of the implemented fund balances with respect to purposes of expenditures to be utilized as resources for funding.

The Budget Comparison Schedule for the General Fund to Actual is on page 33 which shows revenues over and expenditures under for a net increase in fund balance. The budget comparison for Capital Project Fund is on page 34 shows additional revenues and fewer expenses for a net increase in fund balance. The budget comparison schedule for Food Service on page 35 report shows more revenue and an excess of expenses for a net loss in fund balance in the Food Service Program.

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Supplemental information for the Special Funds is reported on pages 38 and 39 for the Combine Balance Sheet by account. The break down on page 40 and 41 report the Combining Schedule of Revenue, Expenditures and Changes in Fund Balance for the Special Funds for each account.

The Independent Auditors Report on Internal Control to the Board of Trustees is on page 44 which states that due to the size of the district, segregation of duties needs to be noted in the report with the comments that it is not cost effective for the district to hire additional office personnel. The results of the audit testing disclosed no instances of noncompliance or other matters that are reportable under Government Auditing Standards.

Superintendent Olson thanked Ms. Key for the presentation and noted that the Jurgens & Co Audit firm is pleasant, efficient and thorough to work with and present the information with understandable language that can be understood by the common person.

PRINCIPAL REPORT

\*Policy 615.0 regarding the Special Education Manual needs updated with the current version adopted by the Board.

\*Policy 707.2 Graduation requirements need revised. Secondary staff reviewed the district required high school credits with the SDE guidelines for the following revisions: 9<sup>th</sup> grade Social Studies, PTE option offered each year, 16 elective credits for a total of 52 credits. SDE only requires 42 credits for graduation. Previously the District required 48 credits which work for a 7-period day class offering. The only glitch is that other schools offer a 6-period day which causes problems for transfer students. Also in consideration is the 2 on-line courses as per SDE, required Senior Project and GEAR UP providing the college entrance exam for this year under their grant, 8<sup>th</sup> grade needs to pass Pre-Algebra before advancing to 9<sup>th</sup> grade, 8<sup>th</sup> graders taking Algebra do not get to count the math class

as one of the qualifying 6 math credits for graduation.

\*Policy 713.3 - ISAT Alternative measures need to be looked at earlier for graduation before students enter their Senior year if they have not passed their ISAT test by Sophomore year. Multiple measures need to be assessed as part of the process. The IEP team will need to review the student progress for recommendation.

\*Policy 713.4 – Secondary Route to Graduation deals with each 10% of the 100% required of the Academics used by the District to measure the multiple assessments such as PLATO, STAR Reading, STAR Math, ISAT tests, IDLA options, Portfolio process in the Senior Project with students scoring a total 85%. This policy adoption needs to be sent to the state by the end of October.

Superintendent reported that each month the Board needs to work on Policy Revisions to keep updated.

## PUBLIC COMMENTS

Comments and/or discussion from those in attendance covered: Agenda did not provide levy discussion, requested copy of audit, disappointment of Trustees not voting on open enrollment, Board refusing to listen to patron requests, Audit for District went well, good staff at Culdesac, frustration of Board not representing the community has caused the levy to fail, and the budget needs to plan for worse but hope for the best.

## BOARD COMMENTS

Trustee Richard Grant apologized for missing the special meeting as he was out of town on vacation. He did not want to vote on open enrollment due to the special needs costs which the district can't afford.

Chairman commented that open enrollment students cost the district more than the benefit which doesn't balance with the high risk costs. The open enrollment question result didn't go smooth as patrons may have wanted, but the outcome can't be known before the vote is taken. The patrons asked for the open enrollment item to be put on the Agenda.

## CONSENT AGENDA-Agenda/Minutes/Finance Report/Current Bills/Employee Leave Approval

Richard Grant moved to accept the consent agenda as presented. Seconded by Bryce Scrimsher/Motion passed.

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### UNFINISHED BUSINESS

#### PORTABLE CLASSROOM BID PUBLICATION APPROVAL

Superintendent reported that the manufacturer had been contacted for an estimate of value for the modular in regards for the call of bids. Board can accept or reject any bid. Superintendent explained that the modular is not needed in the next few years due to declining enrollment.

Bryce Scrimsher commented that the classrooms have not been used for two years.

Chairman noted that with the enrollment numbers it doesn't look like it will be used in the next 2 to 3 years.

Kathy Bomar explained that with the projected number of students the modular may not be needed. If sufficient bids are not received then keep the modular.

Kathy Bomar moved to put the portable building out to bid. Seconded by Bryce Scrimsher/Motion passed.

### 2010-11 AUDIT APPROVAL

Chairman commented that the presentation was good.

Superintendent reported that the report went well with hitting the highlights for the Board presentation.

Kathy Bomar was happy the school was in the black.

Richard Grant moved to accept the audit report for the 2010-11 year as presented. Seconded by Kathy Bomar/Motion passed.

## NEW BUSINESS

### 2011-12 WELLNESS PROGRAM

Mrs. Morgan presented the wellness program that is promoting involvement with students, staff and community with and invitation for the Board to participate as well. First event went well with a good turn out. Currently 72 participants have signed up for the program.

### POLICY 615.0 – SPECIAL EDUCATION REVISION

The policy was presented for the first reading.

### POLICY 707.2 – REQUIREMENTS FOR GRADUATION

The policy was presented for the first reading.

POICY 713.3 – ALTERNATIVE MEASURES TO THE ISAT

The policy was presented for the first reading.

POLICY 713.4 - SECONDARY ROUTE TO GRADUATION

The policy was presented for the first reading. Emergency adoption is needed to present to SDE.

Kathy Bomar moved for Policy 615.0, 707.2, and Policy 713.3 be considered as their first reading as presented. Seconded by Richard Grant/Motion passed.

Richard Grant moved to revise Policy 713.4 Secondary Route to Graduation as an emergency adoption as presented. Seconded by Bryce Scrimsher/Motion passed.

ADJOURNED: 8:18 P.M.

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Chairman

Clerk

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