



Elko County School District

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STATE OF NEVADA

JUNE 30, 2017



ELKO COUNTY SCHOOL DISTRICT
JUNE 30, 2017

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FINANCIAL SECTION



Independent Auditor's Report

To the Honorable Board of Trustees
Elko County School District
Elko, Nevada

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12; the schedule of revenues, expenditures, and changes in fund balance – budget and actual for the general fund on page 49-53; the schedule of funding progress- other post-employment benefits on page 54; the schedule of district's proportionate share of net pension liability on page 55; and the schedule of district contributions on page 55 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 District's basic financial statements. The supplementary information section, which includes the combining and individual nonmajor fund financial statements and schedules, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of revenues, expenditures and changes in fund balance – budget to actual for the capital improvement fund, combining and individual nonmajor fund financial statements and schedules 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 schedule of revenues, expenditures and changes in fund balance – budget to actual for the capital improvement fund, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Partial Comparative Information

The schedule of revenues, expenditures and changes in fund balance – budget to actual for the general fund, the capital improvement fund, and the combining and individual nonmajor fund financial statements and schedules related to the 2016 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The statements and schedules referred to above are consistent in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sallie LLP".

Elko, Nevada
October 31, 2017

Elko County School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

This discussion and analysis of the Elko County School District ("District") serves to introduce the financial reports for the reader, assist the reader in focusing on significant financial issues, provide an overview of the District's financial activities, identify changes in the District's financial position, and identify any material changes from the financial plan (the approved budget).

Financial Highlights

- Government-wide net position decreased by \$1,900,793 to \$39,516,132.
- Government-wide net capital assets increased by \$10,292,251 to \$159,447,952.
- The General Fund assigned and unassigned ending fund balance decreased by \$933,997 to \$6,323,678. This combined ending fund balance equates to 7.03% of FY16-17 General Fund expenditures and uses of funds.
- The General Fund Nonspendable/Restricted/Committed Ending Fund Balance decreased by \$165,674 to \$1,113,850.
- The District's total governmental revenues increased \$4,322,525 to \$128,623,912. Local revenues increased \$891,991, state sources increased \$2,469,556 and federal sources increased by \$960,978.
- The District's total governmental expenditures decreased \$1,101,204 to \$130,311,960. Construction costs declined as the new elementary school in West Wendover neared completion along with the remodel of the old elementary school for use as a middle school. Facility acquisition and improvements decreased \$9,500,647 and were partially offset by additional cost in regular programs (\$3.7 million), special programs (\$.8 million), and operation and maintenance costs (\$1 million).

Overview of the Financial Statements

The Elko County School District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In many government entities, the government-wide financial statements distinguish functions that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges by reporting them as business-type activities. The District has no functions in the business-type category resulting in the entire statement representing governmental activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's operations can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Elko County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. To provide a better understanding of the relationship between the fund statements and government-wide statements, a reconciliation is provided between the two statement types.

The focus of the governmental fund statements is on major funds. The District has 11 individual governmental funds of which the General and Capital Improvement funds are considered major. These funds are disclosed separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The remaining 9 nonmajor funds are combined into a single presentation in these statements. Individual fund data for each of these nonmajor funds is reported in combining and individual statements in the supplementary information section of this report.

Proprietary Funds - Proprietary funds are comprised of enterprise funds and internal service funds. As reported previously, the District has no business-type activities to be accounted for in enterprise funds. Internal service funds are used to accumulate and allocate costs internally among the District's various programs and functions. The District uses three internal service funds to account for the self-insured cost of unemployment compensation, employee health insurance and worker's compensation. All 3 internal service funds are combined into a single presentation in the proprietary fund financial statements. Individual fund data is provided in the combining and individual statements in the supplementary information section of this report.

Fiduciary Funds - Fiduciary funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the government's own programs. Since those resources do not support District activities, they are not included in the government-wide statements. The District currently maintains assets related to student activities of various schools and scholarship funds.

Notes to the Financial Statements

The notes provide required disclosure and information necessary to understand the District's activities.

Other

Supplementary information, including combining and individual fund statements and schedules providing budget to actual and prior year comparisons, are presented after the government-wide financial statements. These schedules report compliance with budgetary constraints to enhance accountability at the fund and function level.

The report also presents required supplementary information concerning the District's progress in funding its obligation to provide pension and Other Post-Employment benefits (OPEB) to its employees.

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,516,132 at the close of the year.

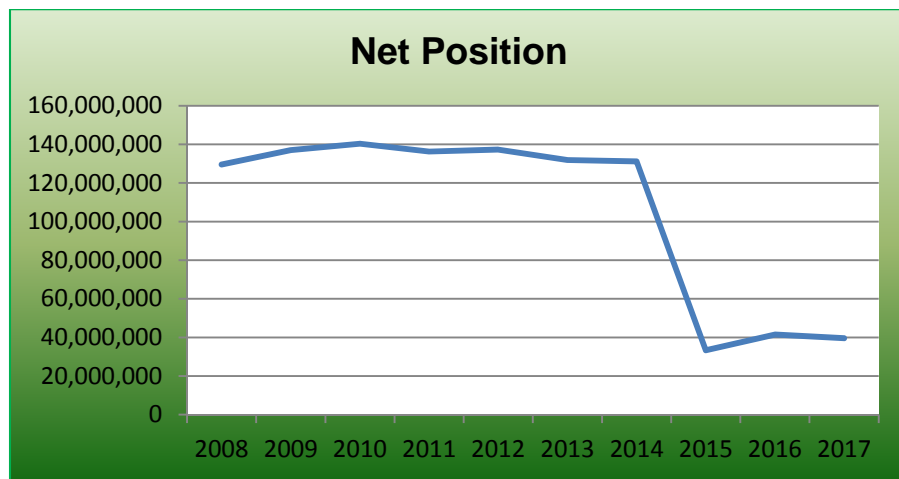
ELKO COUNTY SCHOOL DISTRICT'S NET POSITION

	<u>FY16</u>	<u>FY17</u>	<u>Change</u>	<u>Percentage Change</u>
Assets				
Current and other assets	\$ 59,922,796	\$ 61,848,029	\$ 1,925,233	3.21%
Net capital assets	149,155,701	159,447,952	10,292,251	6.90%
Total Assets	<u>209,078,497</u>	<u>221,295,981</u>	<u>12,217,484</u>	5.84%

Elko County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

	<u>FY16</u>	<u>FY17</u>	<u>Change</u>	<u>Percentage Change</u>
Deferred Outflows				
Pension related	13,786,732	30,476,119	16,689,387	121.05%
Liabilities				
Current liabilities	17,141,683	20,526,962	3,385,279	19.75%
Long-term liabilities	148,046,000	180,490,660	32,444,660	21.92%
Total Liabilities	165,187,683	201,017,622	35,829,939	21.69%
Deferred Inflows				
Pension related	16,260,621	11,238,346	(5,022,275)	(30.89)%
Net Position				
Net investment in capital assets	148,374,377	156,689,681	8,315,304	5.60%
Restricted	34,006,230	35,472,542	1,466,312	4.31%
Unrestricted (deficit)	(140,963,682)	(152,646,091)	(11,682,409)	8.29%
Total Net Position	\$ 41,416,925	\$ 39,516,132	\$ (1,900,793)	(4.59)%

Net Position - The largest portion of net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress). The District uses these assets to provide services to citizens; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay any debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.



Note – GASB 68 Implementation 2015

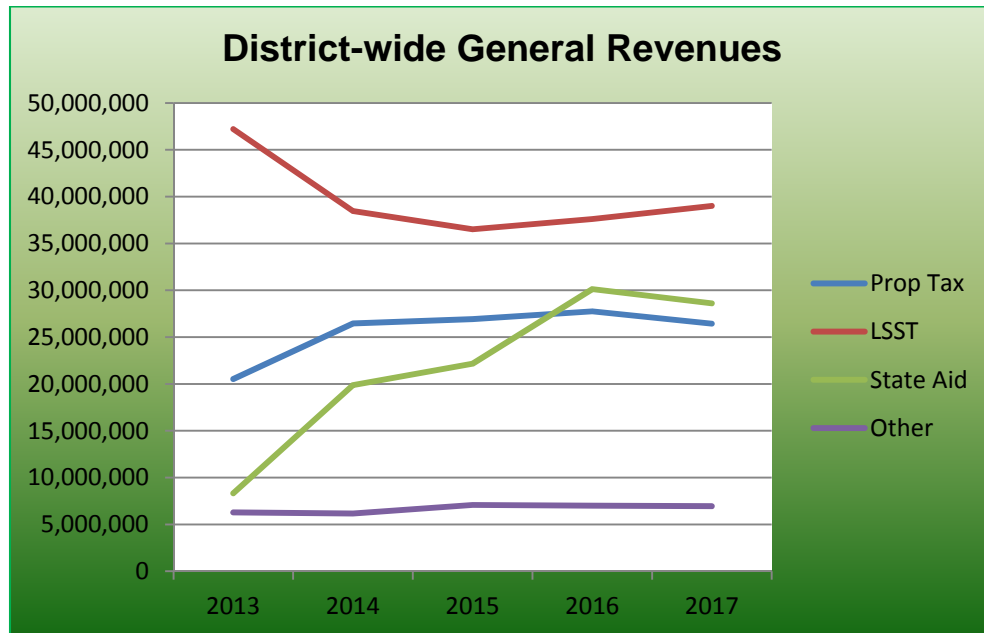
ELKO COUNTY SCHOOL DISTRICT'S CHANGE IN NET POSITION

	<u>FY16</u>	<u>FY17</u>	<u>Change</u>	<u>Percentage Change</u>
Revenues				
Program Revenues:				
Charges for services	\$ 3,581,118	\$ 4,266,514	\$ 685,396	19.14%
Operating grants and contributions	20,677,135	25,410,650	4,733,515	22.89%
Total Program Revenues	24,258,253	29,677,164	5,418,911	22.34%

Elko County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

	<u>FY16</u>	<u>FY17</u>	<u>Change</u>	<u>Percentage Change</u>
General Revenues:				
Property taxes	27,755,712	26,429,368	(1,326,344)	(4.78)%
Local school support tax	37,608,184	39,013,891	1,405,707	3.74%
Governmental services tax	4,228,602	4,235,452	6,850	0.16%
Undesignated state aid	30,125,941	28,602,602	(1,523,339)	(5.06)%
Undesignated federal aid	1,312,273	1,466,836	154,563	11.78%
Investment earnings	268,591	255,390	(13,201)	(4.91)%
Gain on sale of equipment	7,379	-	(7,379)	(100.00)%
Other sources	1,244,938	984,367	(260,571)	(20.93)%
Total General Revenues	102,551,620	100,987,906	(1,563,714)	(1.52)%
Total Revenues	\$ 126,809,873	\$ 130,665,070	\$ 3,855,197	3.04%

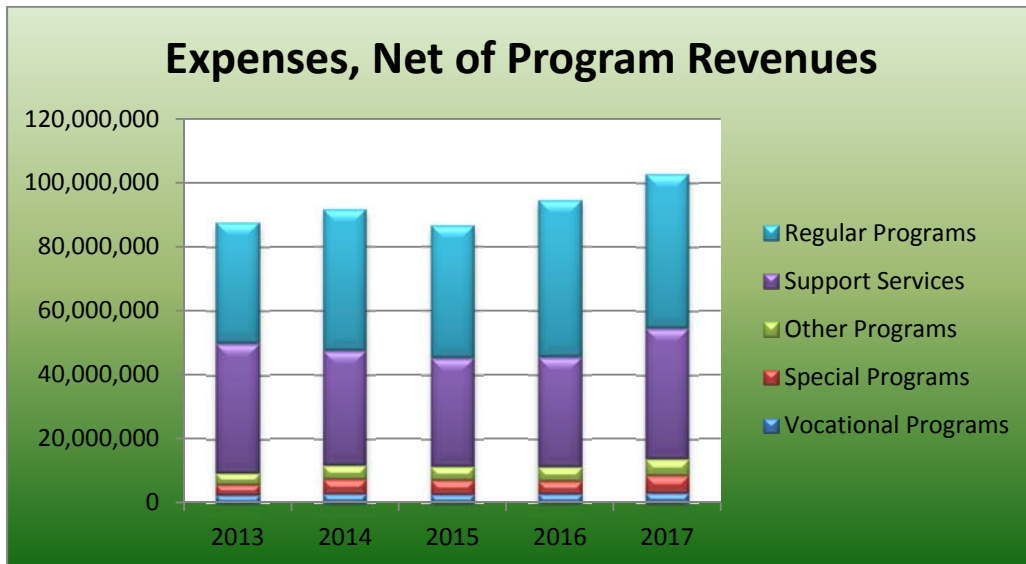
The largest general revenue sources for the District are property taxes (ad valorem), local school support taxes (sales tax), and state aid not restricted to specific purposes, which comprise 71.9% of the current year's total revenues. Program revenues are used to pay the costs of providing specific programs. These include charges for services, grants, and contributions to be used for a specific program.



Expenses	<u>FY16</u>	<u>FY17</u>	<u>Change</u>	<u>Percentage Change</u>
Instruction:				
Regular programs	\$ 58,323,453	\$ 62,213,205	\$ 3,889,752	6.67%
Special programs	10,051,248	11,747,305	1,696,057	16.87%
Vocational programs	3,361,004	3,608,366	247,362	7.36%
Other instructional programs	2,675,850	3,035,348	359,498	13.43%

Elko County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

	<u>FY16</u>	<u>FY17</u>	<u>Change</u>	<u>Percentage Change</u>
Adult education program	241,153	304,379	63,226	26.22%
Co-curricular/Extra-curricular programs	1,833,451	2,157,123	323,672	17.65%
Support Services:				
Student support	5,239,676	6,180,596	940,920	17.96%
Instructional support	3,640,427	3,923,288	282,861	7.77%
General administration	1,113,470	1,067,097	(46,373)	(4.16)%
School administration	6,555,430	7,642,770	1,087,340	16.59%
Central services	3,257,793	3,529,915	272,122	8.35%
Operation and maintenance of plant	12,181,211	14,139,727	1,958,516	16.08%
Student transportation	4,045,069	4,360,307	315,238	7.79%
Other support services	2,516,519	4,074,695	1,558,176	61.92%
Noninstructional Services:				
Community support	47,614	50,557	2,943	6.18%
Food services	3,667,684	3,760,573	92,889	2.53%
Miscellaneous	-	27,687	27,687	100.00%
Facility acquisition and improvements	-	742,925	742,925	100.00%
Total Expenses	118,751,052	132,565,863	13,814,811	11.63%
Change in Net Position	8,058,821	(1,900,793)	(9,959,614)	(123.59%)
NET POSITION, BEGINNING	33,358,104	41,416,925	8,058,821	24.16%
NET POSITION, ENDING	\$ 41,416,925	\$ 39,516,132	\$ (1,900,793)	(4.59%)



Total instruction expenses accounted for 62.7% of the expenses for the current year, with 89.0% of those costs incurred by regular and special programs. The remaining 37.3% of the expenses are used to operate and maintain the District and support the students and instructional staff. The largest support expenses are for operation and maintenance of facilities at 28.6% of the support costs.

Elko County School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Instruction costs increased from the prior fiscal year \$6,579,567. This is largely due to: personnel salary increases (approximately \$2.1 million); adding new positions to reduce class-sizes, provide full-day kindergarten for all District students, and add additional special education aides (approximately \$2.1 million, including benefits); and additional technology costs for four entities, including the District, under a Tele Medicine grant of \$500,000.

Major Governmental Funds:

The following schedule presents a summary of the revenue sources of the major governmental funds, which include the General Fund and the Capital Improvement Fund.

Revenues	<u>FY16</u>	<u>FY17</u>	<u>Change</u>	<u>Percentage Change</u>
Local Sources	\$ 70,974,785	\$ 72,016,950	\$ 1,042,165	1.47%
State Sources	30,125,941	28,602,602	(1,523,339)	(5.06)%
Federal Sources	19,548	14,084	(5,464)	(27.95)%
Total Revenues	\$101,120,274	\$100,633,636	\$ (486,638)	0.48%

Local Sources:

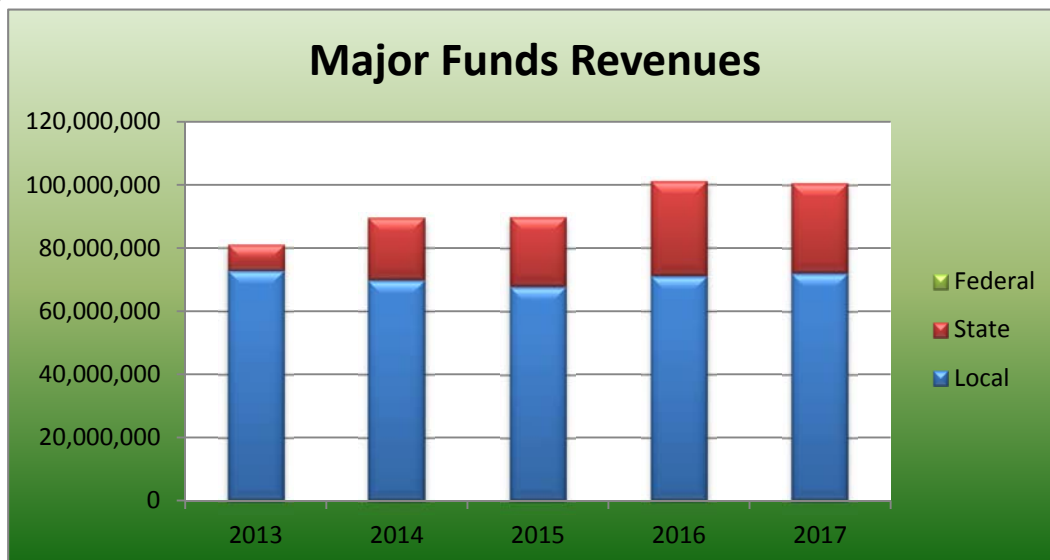
Local revenues increased \$1,042,165 in FY17 as compared to FY16 primarily due to increased Local School Support Tax (sales tax, "LSST") in the amount of \$1,405,706, offset by overall decreases in Ad Valorem (property tax) and Net Proceeds of Minerals (NPOM) collections in the amount of \$167,654, and lower tuition for educating out of district students \$135,796.

State Sources:

State revenues decreased \$1,523,339 from the prior year due to smaller per pupil Distributive School Account (DSA) allocations as provided for in the "Nevada Plan".

Federal Sources:

Federal revenues decreased \$5,464 from the prior year primarily as a result of decreased Forest Service revenue collected by the federal government.

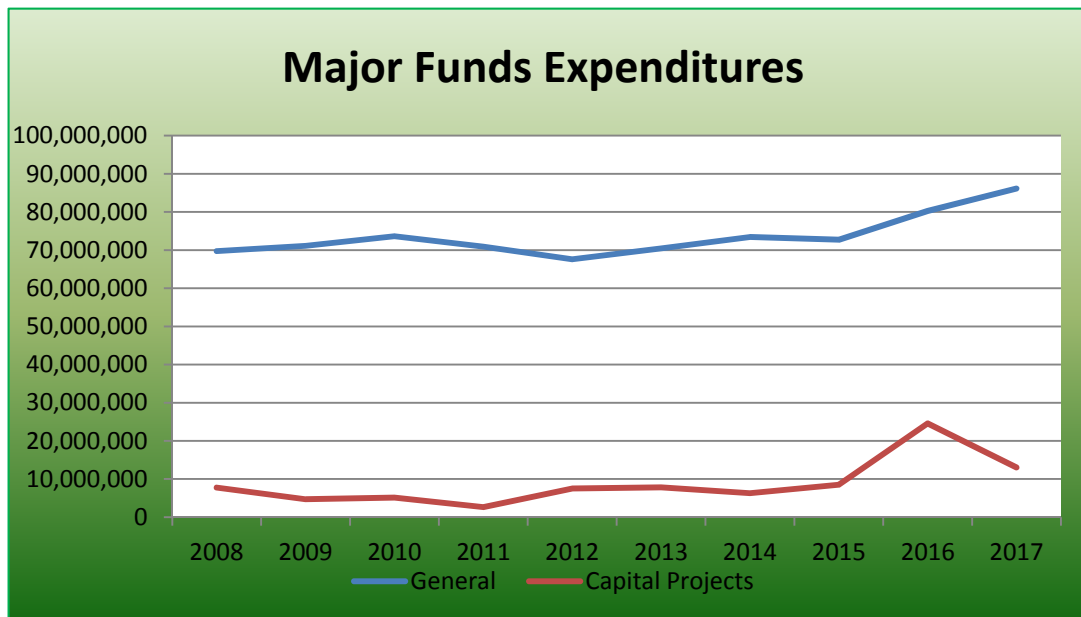


General Fund expenditures totaled \$86,136,128 in the current year compared to \$80,246,028 in the prior year. Regular and other instructional programs increased \$1,365,212 due to salary increases, new positions and related benefits. Student

Elko County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

support increased \$531,953, school administration increased \$432,352, and operation and maintenance increased \$915,316 due to salary and related benefit increases. Facilities costs increased more than two million dollars due to the purchase of 20 new school buses with the aid of notes payable.

The Capital Improvement Fund spent \$11,539,144 less than in the preceding year as the construction of a new elementary school in West Wendover wound to a close. A new project of remodeling the existing elementary for a middle school was much smaller in scope.



Capital Assets

At June 30, 2017, the District had \$261,196,938 invested in a broad range of capital assets, including land, construction in progress, buildings and improvements, and equipment. This was an increase of \$15,546,858 from the prior year. The increase is the result of current year additions of buildings, modular buildings, other improvements, construction in progress, vehicles, and equipment as outlined in the District's Capital Improvement Plan. The amount invested in capital assets, net of accumulated depreciation, increased \$10,292,251 to \$159,447,952. The accumulated depreciation at June 30, 2017 is \$101,748,986.

The table below reflects additions and disposals of capital assets for the governmental activities. For more detailed information, see Note 5.

	June 30, 2016	Additions	Disposals	June 30, 2017
Land	\$ 3,409,122	\$ -	\$ -	\$ 3,409,122
Construction in Progress	29,391,616	11,938,513	5,291,687	36,038,442
Buildings and improvements	196,077,451	4,808,845	405,342	200,480,954
Equipment	16,771,891	4,825,618	329,089	21,268,420
Total Capital Assets	245,650,080	21,572,976	6,026,118	261,196,938
Less: Accumulated Depreciation	(96,494,379)	(5,928,265)	(673,658)	(101,748,986)
Totals	\$ 149,155,701	\$15,644,711	\$ 5,352,460	\$ 159,447,952

Elko County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The District currently utilizes a tax-override, which the taxpayers approved on November 2, 2010. Revenues generated from this \$0.75 Capital Projects Tax have been and will be used to construct, improve and equip facilities throughout the District, in accordance with the Capital Improvement Plan. This tax rate expires on June 30, 2022.

Long-Term Debt Obligations

As of June 30, 2017, the District has two capital leases and two notes payable outstanding. The long-term obligations consist of:

	<u>June 30, 2016</u>	<u>Issued or Incurred</u>	<u>Retired or Paid</u>	<u>June 30, 2017</u>
Compensated absences	\$ 1,250,154	\$ 692,515	\$ 735,738	\$ 1,206,931
Notes payable	-	2,281,472	-	2,281,472
Capital lease	375,545	-	193,991	181,554
	<u>\$ 1,625,699</u>	<u>\$ 2,973,987</u>	<u>\$ 929,729</u>	<u>3,669,957</u>
Less: Current Maturities				<u>1,407,335</u>
Total Long-Term Debt				<u>\$ 2,262,622</u>

The liability for compensated absences changes annually due to changes in District personnel, policies, collective bargaining agreements, and Nevada Revised Statutes that specify criteria in which employees to receive payoffs of their accrued leave balances upon retirement. The capital leases make newer computers available.

The District reports a liability for Other Post-Employment Benefits (OPEB) which will increase over time as the amortization of the total liability is recorded unless the District determines it will pre-fund all or part of this liability. As of June 30, 2017 \$57,794,144 was reported as OPEB liability in the Statement of Net Position, along with \$255,228 OPEB benefits asset.

The District also reports a liability for the net pension liability. As of June 30, 2017 \$120,429,330 was reported as this liability in the Statement of Net Position, along with deferred outflows of resources \$30,476,119 and deferred inflows of resources \$11,238,346.

Budgetary Highlights

The Final budget (2016-2017) was approved May 24, 2016. Budgeted appropriations are developed with certain main determinants remaining unknown; most important of which are the per pupil allocations, final certified enrollment, the prior year's audited ending fund balance, and changes in legislative mandates. For this reason, the "original" budget is approved and submitted based on future resolution of these unknown issues. The 2016-2017 Amended Final Budget was filed on December 13, 2016. Additional budget revisions, including amendments and augmentations were approved and submitted on June 27, 2017.

Nevada statutes and District regulations require that Districts legally adopt budgets for all funds (except for agency funds). Budgets are prepared in accordance with generally accepted accounting principles and in accordance with state statutes. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year. The final appropriated budget is prepared by fund, program and function. All appropriations lapse at year-end and encumbrances are re-appropriated in the ensuing fiscal year.

The District's weighted enrollment decreased 23 students in FY17, for an average weighted enrollment of 9,481.7. The final budget was formulated with an estimated enrollment of 9,504.9 students, and was amended to reflect the actual revenue related to enrollment.

Elko County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The Board adopted Amended Final Budget for the General Fund reflected total resources and applications of \$98,880,247 including a projected ending fund balance of \$4,504,994. Actual General Fund revenue recognized in FY2016-17 is \$86,556,905 which is \$900,800 less than the Amended Final Budget. This variance is mainly attributable to sales tax (Local School Support Tax) that was more than expected offset by decreased state DSA.

Total actual General Fund expenditures and transfers during fiscal year 2017 were \$89,938,048. This is \$4,437,205 less than the budgeted appropriations. This variance is the result of conservative spending and greater than anticipated savings in operational costs at year-end.

The actual ending fund balance of \$7,437,528 is greater than budgeted as a result of the decreased spending, however it is \$1,099,671 less than the ending fund balance of the prior year. It is anticipated that a large portion of this will be spent on program costs already budgeted for the subsequent fiscal year. A priority of the Board of Trustees has been to increase the unreserved/unassigned ending fund balance in the general fund to protect the district from potential unanticipated economic downturns. This fund balance shows that vigilance in controlling spending is needed to obtain the goal of maintaining fund balance of 8% to 15% of the current General Fund expenditures and transfers which would allow better financial stability for the District.

Actual Capital Improvement Fund revenue resources recognized in FY2016-17 are \$14,076,731 which is \$75,469 less than the Amended Final Budget. This variance is mainly attributable to smaller than budgeted ad valorem taxes.

Total actual Capital Improvement Fund expenditures during fiscal year 2017 were \$13,033,034. This is \$4,247,187 less than the budgeted appropriations. This variance is the result of certain construction projects not being completed as quickly as anticipated. The costs did include substantial completion of a new elementary facility in West Wendover.

The actual ending fund balance of the Capital Improvement Fund is \$31,940,536 which is \$1,043,697 more than the prior year. The ending fund balance will be programmed into the District's Five Year Capital Improvement Plan to provide resources for prioritized school construction and improvement projects.

ELKO COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017
(Page 1 of 2)

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and investments	\$ 50,128,798
Accounts receivable	58,627
Taxes receivable, delinquent	318,206
Due from other governments	11,008,280
Inventory	76,530
Prepaid items	2,360
Other postemployment benefits asset	255,228
Capital assets:	
Depreciable, net of accumulated depreciation	120,000,388
Nondepreciable	<u>39,447,564</u>
 TOTAL ASSETS	 <u>221,295,981</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>30,476,119</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>251,772,100</u>
 LIABILITIES	
Accounts payable	6,304,439
Accrued salaries	5,579,451
Accrued payroll expenses	3,555,912
Due to other governments	1,744,434
Accrued contract retainage	295,245
Unearned revenue	1,580,571
Due to students	64,139
Noncurrent liabilities portion due or payable within one year:	
Compensated absences	735,738
Capital lease	118,120
Notes payable	548,913
Noncurrent liabilities portion due or payable after one year:	
Compensated absences	471,193
Capital lease	63,434
Notes payable	1,732,559
Other postemployment benefits obligation	57,794,144
Net pension liability	<u>120,429,330</u>
 TOTAL LIABILITIES	 <u>201,017,622</u>

ELKO COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017
(Page 2 of 2)

	<u>GOVERNMENTAL ACTIVITIES</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	<u>11,238,346</u>
NET POSITION	
Net investment in capital assets	156,689,681
Restricted for:	
Net proceeds of mines per NRS 387.1235(2)	816,848
Capital projects (NRS 387.3285, 387.177)	31,981,691
Payment of claims (NRS 354.6215)	1,867,422
Other purposes	806,581
Unrestricted (deficit)	<u>(152,646,091)</u>
 TOTAL NET POSITION	 <u>\$ 39,516,132</u>

**ELKO COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

		PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:				
Regular programs	\$ (62,213,205)	\$ -	\$ 13,968,761	\$ (48,244,444)
Special programs	(11,747,305)	-	6,221,212	(5,526,093)
Vocational programs	(3,608,366)	-	415,131	(3,193,235)
Other instructional programs	(3,035,348)	-	453,450	(2,581,898)
Adult education programs	(304,379)	-	-	(304,379)
Co-curricular and extra-curricular programs	(2,157,123)	-	-	(2,157,123)
Support services:				
Student support	(6,180,596)	-	68,572	(6,112,024)
Instructional support	(3,923,288)	-	1,630,559	(2,292,729)
General administration	(1,067,097)	-	1,500	(1,065,597)
School administration	(7,642,770)	-	-	(7,642,770)
Central services	(3,529,915)	-	-	(3,529,915)
Operation and maintenance of plant	(14,139,727)	-	201,811	(13,937,916)
Student transportation	(4,360,307)	-	-	(4,360,307)
Other support services	(4,074,695)	3,215,603	-	(859,092)
Noninstructional services:				
Community support	(50,557)	-	-	(50,557)
Food services	(3,760,573)	1,050,911	1,978,877	(730,785)
Miscellaneous	(27,687)	-	-	(27,687)
Facility acquisition and improvements	(742,925)	-	470,777	(272,148)
TOTAL SCHOOL DISTRICT	\$ (132,565,863)	\$ 4,266,514	\$ 25,410,650	(102,888,699)
GENERAL REVENUES:				
Property taxes				26,429,368
Local school support taxes				39,013,891
Governmental services tax				4,235,452
State aid not restricted to specific purposes				28,602,602
Federal aid not restricted to specific purposes				1,466,836
Other local sources				984,367
Unrestricted investment earnings				255,390
TOTAL GENERAL REVENUES				100,987,906
			Change in net position	(1,900,793)
NET POSITION, BEGINNING				41,416,925
NET POSITION, ENDING				\$ 39,516,132

See accompanying notes.

ELKO COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS
ASSETS			
Cash and investments	\$ 9,217,196	\$ 34,773,982	\$ 3,877,056
Accounts receivable	6,845	-	51,782
Taxes receivable	157,917	160,289	-
Due from other governments	7,681,702	-	3,326,578
Prepaid items	2,360	-	-
Inventory	44,642	-	31,888
	<u>17,110,662</u>	<u>34,934,271</u>	<u>7,287,304</u>
Total Assets	\$ 17,110,662	\$ 34,934,271	\$ 7,287,304
LIABILITIES			
Accounts payable	\$ 467,791	\$ 2,538,201	\$ 1,179,025
Accrued salaries	3,838,201	-	1,741,250
Accrued payroll expenses	2,461,813	-	1,094,099
Due to other funds	1,045,924	-	545,725
Due to other governments	1,701,488	-	36,310
Due to students	-	-	64,139
Accrued contract retainage	-	295,245	-
	<u>9,515,217</u>	<u>2,833,446</u>	<u>4,660,548</u>
Total Liabilities	9,515,217	2,833,446	4,660,548
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, property taxes	<u>157,917</u>	<u>160,289</u>	<u>-</u>
FUND BALANCES			
Nonspendable	47,002	-	31,888
Restricted for:			
Net proceeds of mines per NRS 387.1235(2)	816,848	-	-
Capital projects (NRS 387.3285, 387.177)	-	31,940,536	41,155
Other purposes	-	-	806,581
Committed for increase in salaries (NRS 391A.455)	250,000	-	-
Assigned to:			
Subsequent year operations	4,470,104	-	402,211
Other purposes	-	-	1,376,809
Unassigned	<u>1,853,574</u>	<u>-</u>	<u>(31,888)</u>
Total Fund Balances	<u>7,437,528</u>	<u>31,940,536</u>	<u>2,626,756</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>17,110,662</u>	\$ <u>34,934,271</u>	\$ <u>7,287,304</u>

See accompanying notes.

TOTAL
GOVERNMENTAL
FUNDS

\$ 47,868,234
58,627
318,206
11,008,280
2,360
76,530

\$ 59,332,237

\$ 4,185,017
5,579,451
3,555,912
1,591,649
1,737,798
64,139
295,245

17,009,211

318,206

78,890

816,848
31,981,691
806,581
250,000

4,872,315
1,376,809
1,821,686

42,004,820

\$ 59,332,237

ELKO COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balance, governmental funds \$ 42,004,820

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

Capital assets net of the related depreciation are not reported in the Governmental Funds financial statements because they are not current financial resources, but they are reported in the statement of net position.

Capital assets	\$ 221,749,374	
Less accumulated depreciation	<u>(101,748,986)</u>	
	120,000,388	
Capital assets, not being depreciated	<u>39,447,564</u>	159,447,952

Other long-term assets are not available to pay for the current period expenditures and, therefore, are unavailable revenue in the funds. 318,206

Internal service funds are used by management to charge the cost of health care, unemployment, and workers compensation risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 145,584

Deferred outflows/inflows of resources are not current financial resources or liabilities and, therefore, not reported in the governmental funds.

Deferred outflows related to pensions	30,476,119	
Deferred inflows related to pensions	<u>(11,238,346)</u>	19,237,773

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences	(1,206,931)	
Capital lease	(181,554)	
Notes payable	(2,281,472)	
Postemployment benefits	(57,538,916)	
Net pension liability	<u>(120,429,330)</u>	<u>(181,638,203)</u>

Total net position, governmental activities \$ 39,516,132

ELKO COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

		CAPITAL	OTHER
REVENUES	GENERAL	IMPROVEMENT	GOVERNMENTAL
			FUNDS
Local sources	\$ 57,940,219	\$ 14,076,731	\$ 1,985,262
State sources	28,602,602	-	18,385,650
Federal sources	14,084	-	7,619,364
Total Revenues	86,556,905	14,076,731	27,990,276
EXPENDITURES			
Current:			
Regular programs	40,206,199	-	12,668,653
Special programs	1,681,291	-	8,958,850
Vocational programs	2,828,304	-	336,026
Other instructional programs	1,938,091	-	1,011,477
Adult education programs	-	-	280,165
Co-curricular and extra-curricular activities	1,932,110	-	2,829
Support Services:			
Student support	5,451,174	-	221,412
Instructional support	1,919,473	-	1,779,945
General administration	943,001	-	1,549
School administration	6,856,638	-	-
Central services	3,164,170	-	129,145
Operation and maintenance	12,417,148	-	421,938
Student transportation	3,751,493	-	8,069
Other	-	-	854,377
Noninstructional Services:			
Community Services/Support	-	-	52,426
Food services	-	-	3,484,547
Miscellaneous	27,687	-	-
Facility acquisition and improvements	3,019,349	13,033,034	931,390
Total Expenditures	86,136,128	13,033,034	31,142,798
Excess (Deficiency) of			
Revenues over Expenditures	420,777	1,043,697	(3,152,522)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	3,801,920
Transfers out	(3,801,920)	-	-
Proceeds from note payable	2,281,472	-	-
Sale of capital assets	-	-	20,332
Total Other Financing Sources (Uses)	(1,520,448)	-	3,822,252
Net Change in Fund Balances	(1,099,671)	1,043,697	669,730
FUND BALANCES, July 1	8,537,199	30,896,839	1,957,026
FUND BALANCES, June 30	\$ 7,437,528	\$ 31,940,536	\$ 2,626,756

See accompanying notes.

TOTAL
GOVERNMENTAL
FUNDS

\$	74,002,212
	46,988,252
	<u>7,633,448</u>
	<u>128,623,912</u>

52,874,852
10,640,141
3,164,330
2,949,568
280,165
1,934,939

5,672,586
3,699,418
944,550
6,856,638
3,293,315
12,839,086
3,759,562
854,377

52,426
3,484,547
27,687
16,983,773

130,311,960

(1,688,048)

3,801,920
(3,801,920)
2,281,472
20,332

2,301,804

613,756

41,391,064

\$ 42,004,820

ELKO COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances, governmental funds \$ 613,756

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay to purchase capital assets	\$ 16,281,289	
Current depreciation expense	<u>(5,928,265)</u>	10,353,024

The net effect of various miscellaneous transactions involving capital assets (such as sales, trade-ins, or disposals) is to decrease net position.		(60,773)
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Property taxes that are collected in time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that relate to prior periods that first become available in the current period should not be reported as revenue in the statement of activities.

Current period	318,206	
Prior period	<u>(1,492,651)</u>	(1,174,445)

Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the governmental funds. Some expenses reported in the statement of activities last year are reported as expenditures in governmental funds this year.

Current year change in compensated absences	43,223	
Current year change in capital leases	193,991	
Current year change in notes payable	(2,281,472)	
Current year change in post employment benefits	<u>(8,327,836)</u>	(10,372,094)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Current year change in net pension liability	(22,642,119)	
Current year change in deferred inflows related to pension contributions	5,022,275	
Current year change in deferred outflows related to pension contributions	<u>16,689,387</u>	(930,457)

The internal service funds are used by management to charge the costs of health care, unemployment, and workers compensation risk management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>(329,804)</u>
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Change in net position of governmental activities		\$ <u>(1,900,793)</u>
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ELKO COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	GOVERNMENTAL ACTIVITIES, INTERNAL SERVICE FUNDS
ASSETS	
Current Assets:	
Cash and investments	\$ 2,260,564
Due from other funds	<u>1,591,649</u>
Total Current Assets	<u>3,852,213</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	2,119,422
Due to other governments	6,636
Unearned revenue	<u>1,580,571</u>
Total Current Liabilities	<u>3,706,629</u>
NET POSITION	
Restricted for payment of claims (NRS 354.6215)	1,867,422
Unrestricted (Deficit)	<u>(1,721,838)</u>
Unrestricted	<u>\$ 145,584</u>

**ELKO COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	GOVERNMENTAL ACTIVITIES, INTERNAL SERVICE FUNDS
OPERATING REVENUES	
Local Sources	\$ 16,885,128
OPERATING EXPENSES	
Support services	<u>17,214,932</u>
Operating Income (Loss)	(329,804)
NET POSITION, July 1	<u>475,388</u>
NET POSITION, June 30	\$ <u><u>145,584</u></u>

**ELKO COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	GOVERNMENTAL ACTIVITIES, INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:	
Cash received from premiums, current employees	\$ 15,715,502
Cash received from premiums, former employees	862,229
Cash received from other operating revenues	98,290
Cash payments for claims	(14,111,947)
Cash payments for supplemental insurance	(1,714,645)
Cash payments for fund administration	(685,639)
Cash payments for other operating costs	(14,950)
	<hr/>
Net Cash Provided (Used) by Operating Activities	148,840
CASH AND CASH EQUIVALENTS BALANCE, July 1	<hr/> 2,111,724
CASH AND CASH EQUIVALENTS BALANCE, June 30	\$ <hr/> <hr/> 2,260,564

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ <hr/> (329,804)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables	(43,353)
Increase (decrease) in accounts payable	479,024
Increase (decrease) in unearned revenue	42,973
	<hr/>
Total Adjustments	478,644
	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ <hr/> <hr/> 148,840

ELKO COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	SCHOLARSHIP PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and investments	\$ 52,228	\$ 1,923,832
LIABILITIES		
Due to Administrators	-	424
Due to student groups	<u>-</u>	<u>1,923,408</u>
Total Liabilities	<u>-</u>	<u>1,923,832</u>
NET POSITION		
Held in trust for scholarship payments	\$ <u><u>52,228</u></u>	\$ <u><u>-</u></u>

ELKO COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>SCHOLARSHIP PRIVATE- PURPOSE TRUST FUND</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 188
DEDUCTIONS	
Current:	
Regular programs	<u>2,650</u>
Change in Net Position	(2,462)
NET POSITION, July 1	<u>54,690</u>
NET POSITION, June 30	\$ <u><u>52,228</u></u>

**ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

**1. Summary
of
Significant
Accounting
Policies**

Reporting Entity

Elko County School District (the District) is a local government created by Nevada Revised Statutes (NRS) in which the registered voters of Elko County, Nevada elect the seven members of the Board of Trustees. The District is responsible for elementary and secondary education within the County's boundaries. The accompanying financial statements include all the activities that comprise the financial reporting entity of the District. The Board is legally separate and fiscally independent of other governing bodies, therefore the District is a primary government and is not reported as a component unit by another governmental unit. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial principles.

Government-wide and fund financial statements

The basic financial statements consist of government-wide statements, the fund financial statements, and the notes to the financial statements. The government-wide financial statements include a statement of net position and a statement of activities. The government-wide statements report information on all of the activities of the District, except for fiduciary activity. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, would be reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not engage in any business-type activities.

The statement of net position presents the consolidated financial position of the District at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Program revenues* include charges to patrons who use or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meet the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*. Those programs or functions with a net cost not supported by program revenues are generally dependent on general-purposes revenues, such as taxes, to remain operational.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

**1. Summary
of
Significant
Accounting
Policies
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Gross receipts and sales taxes are considered “measurable” when in the hands of intermediary collecting agents or governments. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days after year-end. When revenues are due but will not be collected within sixty days after year-end, the receivable is recorded and an offsetting unavailable revenue account is established. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable and the payment seems certain. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District’s financial records are organized on the basis of funds, which are independent fiscal and accounting entities with a separate set of self-balancing 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 major revenue sources of the District include state distributive fund revenues, local school support taxes, ad valorem (property) taxes, governmental services tax, interest income and various state and federal grants. Ad valorem taxes have been reported as unavailable in the individual funds if they are not available to finance the activities of the current period.

The District reports the following major governmental funds:

General Fund is the District’s primary operating fund. It accounts for all financial resources and costs of operations traditionally associated with governments, which are not required to be accounted for in another fund.

Capital Improvement Fund accounts for voter approved property tax revenue under NRS 387.3285 (Pay-As-You-Go) for the construction, acquisition or remodeling of facilities and the purchase of necessary furniture and equipment for schools. These funds are collected and held by Elko County for the District.

Internal Service (Proprietary) Funds are used to account for operations that provide services to other departments within the District on a cost-reimbursement basis. The District currently has three internal services funds which account for transactions relating to unemployment claims, workers compensation claims, and health insurance coverage for employees and retired employees provided to other District departments on a cost reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with proprietary funds’ principal ongoing operations. The principal revenue of the internal service fund is charges to other funds and retired employees for services. Operating expenses include the cost of claims, supplemental insurance and administrative charges. Revenue and expense not meeting this definition are reported as nonoperating revenues and expenses.

**ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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**1. Summary of
Significant
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Fiduciary funds account for assets held by the District on behalf of others. The Jackpot Scholarship Fund is a private-purpose trust fund to provide scholarships to college students meeting predetermined criteria. The District's Student Activity Agency Funds report assets held by the District for student groups and organizations or administrator groups.

Budget and Budgetary Accounting

Nevada Statutes require school districts to legally adopt budgets for all funds except fiduciary funds. The budgets are filed as a matter of public record with the County Auditor, State Department of Taxation and State Department of Education. The District staff uses the following procedures to establish, modify and control the budgetary data reflected in the financial statements:

1. On or before April 15, the School District Board of Trustees files a tentative budget for all funds for the fiscal year commencing the following July 1. The tentative budget includes proposed expenditures and the means of financing them.
2. Public hearings on the tentative budget are held prior to the adoption of the budget to obtain taxpayer comments.
3. Prior to June 8, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by a majority vote of the Board. The final budget must then be forwarded to the Nevada Tax Commission for final approval. The above dates may be adjusted as necessary during legislative years.
4. On or before January 1, the School Board of Trustees adopts an amended final budget reflecting any adjustments necessary as a result of the completed count of students.
5. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year, however formal encumbrance accounting is not utilized. All appropriations lapse at the end of the fiscal year.
6. The appropriated budget amounts may be transferred between functions if the transfer does not increase the total appropriations for the fiscal year subject to advisement of the Board of Trustees at the next subsequent meeting and must be recorded in the minutes of the meeting. Budget augmentations and amendments in excess of original budgetary amounts require prior approval of the School District Board of Trustees, following a scheduled and noticed public hearing.
7. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts reflected in the accompanying financial statements recognize budget amendments made during the year in accordance with the above procedures.
8. In accordance with state statute, actual expenditures may not exceed budgetary appropriations of the various functions of the individual funds except for bond repayments, short-term financing repayment and any other long-term contract expressly authorized by law, and certain other items specified in NRS 354.626. For Proprietary Funds, the sum of operating and nonoperating expenses may not exceed the sum of the budgeted operating and nonoperating expenses.

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NOTES TO FINANCIAL STATEMENTS
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**1. Summary of
Significant
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(Continued)**

Excess of Expenditures/Expenses Over Appropriations:

Total expenditures/expenses exceeded those budgeted for the year in the following funds/functions

Fund	Program/Function	
Major Governmental Fund:		
General Fund	Vocational Programs	\$ 278,643
Nonmajor Governmental Fund:		
Adult Education	Adult Education Program	16,521
State Grants Fund	Support Services/Student support	159
Federal Funds	Other Instructional Programs	15,707
Food Service	Noninstructional/Food Services	9,949
Internal Service:		
Self-Insurance Health	Support Services/Other Support	1,513,108

The above are potential violations of NRS 354.626. The District plans to monitor expenditures/expenses in fiscal year 2017-2018 to help prevent potential violations.

The District appropriated the ending fund balance of the Food Service Fund when preparing an amended budget document. This is a potential violation of Nevada Administrative Code (NAC) 354.410. District personnel have been reminded of this NAC limitation.

Property Taxes

All real property in Elko County is assigned a parcel number in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The valuation of the property and its improvements is assessed at 35% of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located.

The State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of Elko County (i.e., the County, the District, the State, and any other city, town, or special district) to an amount not to exceed \$3.64 per \$100 of assessed valuation of the property being taxed, except in cases of severe financial emergency as defined by NRS 354.705. In 2005, the Nevada State Legislature passed Assembly Bill 489 which provides for a partial abatement of the property tax levied on qualified property. For qualified property, the abatement will limit the increase of property taxes based on the previous year's assessed value.

Taxes on real property are levied and the lien attached on July 1 (the levy date) of the year for which the taxes are levied. Taxes are due on the third Monday of August, however, they may be paid in quarterly installments payable on the third Monday of August and the first Mondays in October, January and March to the County Treasurer. Any tax paid more than ten days late is assessed a penalty. In the event of nonpayment, a tax lien is taken on the first Monday in May, and the County Treasurer is authorized to hold the property for two additional years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer, upon approval of the County Commissioners, obtains a tax deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien.

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**1. Summary of
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(Continued)**

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation and tax rates described above. The major classifications of personal property are commercial and mobile homes.

Taxes on net proceeds of mines are determined by the Nevada Tax Commission. Billing and collection functions are performed by the State with amounts remitted to Elko County who apportions and remits a share to the District. All property taxes are collected by Elko County and General Fund property taxes are remitted to the District monthly.

Cash and Investments

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, all highly liquid debt instruments with original maturities of three months or less and investments in pool accounts which are available upon request. In accordance with NRS 355.175(3), the Board adopted a resolution to recognize all interest earned on these investments in the Building and Sites Fund, except for amounts credited to various other funds in accordance with a legal or contractual requirement.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurements and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The District invests in a money market account backed by government certificates. The bank balance of the money market account is the same as the fair value of the account.

State statutes authorize deposits in any bank, credit union or savings and loan that is federally insured. The District may invest in the following securities:

- ◆ United States bonds and debentures, bills and notes of the United States Treasury, or obligations of the United States or a corporation sponsored by the government maturing within ten (10) years from the date of purchase.
- ◆ Certain farm loan bonds.
- ◆ Negotiable certificates of deposit from commercial banks, insured credit unions or insured savings and loan associations.
- ◆ State of Nevada Local Government Pooled Investment Fund.
- ◆ Certain securities issued by local governments of the State of Nevada.
- ◆ Negotiable notes or medium-term negotiable bonds issued by local governments of the State of Nevada.
- ◆ Certain “AAA” rated money market mutual funds that invest in federal securities.
- ◆ Other securities expressly provided by other statutes, including repurchase agreements.
- ◆ Certain bankers acceptances not to exceed 180 days maturities or 20% of the money available for investment.
- ◆ Obligations of state and local governments rated A or higher and exempt from gross income for federal income tax purposes.
- ◆ Certain corporate or depository institution commercial paper purchased from a registered broker-dealer rated A-1, P-1, or better with maturity of no more than 270 days.

Securities purchased by or on behalf of the District must remain in the physical possession of an appropriate officer of the District or a trust department of a designated bank (federally insured) after issuing a written acknowledgment.

**ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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**1. Summary
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Accounts Receivable

An allowance for uncollectible taxes receivable has not been established since Nevada law provides for the sale of property where a lien exists for the payment of property taxes. Other items are recorded as received or earned.

Inventory

Inventory consists of instructional materials, general supplies and food items held for future use and is valued at cost, as determined using the first-in, first-out (FIFO) and average cost methods. Inventory is maintained on a consumption basis of accounting, where items are purchased for inventory and charged to the various budgetary accounts as the items are consumed. Inventory is reported as non-spendable fund balance which indicates that the inventory does not constitute "available spendable resources" even though it is a component of net current assets.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value determined at the date of the donation.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Modular buildings	25 years
Improvements other than buildings	10 - 50 years
Vehicles and busses	5 - 10 years
Equipment	5 - 25 years

Accrued Salaries

Accrued salaries consist principally of salaries of certified staff (primarily teachers) that work under a 184-185 day contract to the District but have elected to be paid over twelve months. The contract with the employees typically begins around the end of August and the accrued salaries relate to services rendered by the employees that have been fully earned by the employees prior to June 30, 2017.

Compensated Absences

Certified staff and certain hourly employees do not receive vacation leave. For other District employees, vacation leave is earned at rates dependent on length of employment and can be accumulated to a specific maximum number of days. The District pays limited accumulated sick leave benefits to employees upon retirement. Costs for unused vacation and sick leave are recognized currently in the governmental funds for those retiring prior to year-end. Remaining costs of unused vacation and sick leave are not recorded in the fund financial statements, but are included in the government-wide financial statements for those employees who have met the vesting standards as defined in the District Policy Manual based upon the termination method of payment. These benefits are typically paid from the General Fund.

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**1. Summary
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Long-Term Obligations

The District reports long-term debt and other long-term obligations as liabilities at face value in the government-wide financial statements. Capital lease obligations are stated at the present value of the remaining payments, discounted at the implicit rate of interest in the lease, if known, or at the District's incremental borrowing rate. In the year an asset is acquired by capital lease, the expenditure for the asset and the offsetting amount of the financing source are reflected in the fund financial statements, while the liability and related asset are reported in the government-wide statements.

Other Postemployment Benefits

In addition to pension benefits (Public Employees Retirement System) described in Note 9, the District provides postemployment benefits to District retirees and their dependents. See Note 10.

Deferred Inflows/Deferred Outflows of Resources

In addition to assets and liabilities, the statement of financial position also reports separate sections for deferred inflows and deferred outflows of resources. These titles suggest that the inflow or outflow has been delayed until a future period. However, the events have already occurred but the recognition of the inflows and outflows as revenues and expenses is deferred until the future period to which the inflows and outflows are related.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources, or revenue, until that time. Deferred outflows of resources represent resources that have been expended, or a decrease of net position, that relates to a future period, and so will not be recognized as an outflow or expense until that time.

In a similar vein, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance/Net Position

Government-wide Financial Statements:

The government-wide Statement of Net Position utilizes a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted. Related debt is the debt outstanding that relates to the acquisition, construction, or improvement of capital assets.

Amounts restricted for capital projects consist of unspent grants, donations, funds restricted by statute, and debt proceeds with third party restrictions for use on specific projects or programs. The restriction for other purposes represents other assets restricted by statute. Unrestricted net position represents all other available financial resources of the District.

Fund Financial Statements:

In the governmental fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulations of other governments.

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**1. Summary
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Committed – Amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed (or rescinded) by the Board of Trustees, the District's highest level of decision making authority.

Assigned – Amounts that the District intends to use for a specific purpose, but do not meet the definitions of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Superintendent under the authorization of the Board.

Unassigned – Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Revenue Line Item Titles

Local sources are monies generated from local school support taxes (sales tax), ad valorem (property) taxes, governmental services tax, contributions to District self insurance plans, interest earned on investments, and sales of lunches to students and employees. These sources represent over 90 percent of revenues generated in this category. State sources are funds received from the State of Nevada either as a grant or as direct assistance (See Note 2 - the "Nevada Plan"). Federal sources are primarily grants and direct assistance received from the Federal Government for specific educational programs.

Expenditure Line Item Titles

The statements of revenues, expenditures, and changes in fund balances, as well as the statement of activities summarize current expenditure data by major program classifications pursuant to the provisions of *Financial Accounting for Local and State School Systems* as adopted by the Nevada Department of Education. Below is a brief description of these expenditure classifications.

Programs:

Regular programs consist of activities designed to provide elementary and secondary students with learning experiences to prepare them as citizens, family members, and non-vocational workers.

Special programs consist of activities designed primarily to deal with students having special needs. The special programs include kindergarten, elementary, and secondary services for the gifted and talented, mentally challenged, physically handicapped, emotionally disturbed, culturally different, learning disabled, bilingual, and special programs for other types of students.

Vocational and technical programs consist of learning experiences that will provide individuals with the opportunity to develop the necessary knowledge, skills, and attitudes needed for employment in an occupational area.

Other instructional programs consist of activities that provide elementary and secondary students with learning experiences in the areas of school-sponsored activities, athletics, and summer

**ELKO COUNTY SCHOOL DISTRICT
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**1. Summary
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school. It also includes school-sponsored co-curricular activities under the guidance and supervision of qualified adults to provide opportunities for students to participate in such experiences on an individual basis, in small groups, or in large groups - at school events, public events, or a combination of these - for purposes such as motivation, enjoyment, and improvement of skills. In practice, participation usually is not required and credit usually is not given. When participation is required or credit is given, the activity generally is considered to be a course.

Adult education programs consist of learning experiences designed to develop knowledge and skills to meet intermediate and long-range educational objectives for adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities.

Community/junior college programs consist of activities for students attending an institution of higher education that usually offers the first two years of college instruction.

Co-curricular and extra-curricular programs add to a student's educational experience but are not related to educational activities. These activities typically include events and activities that take place outside the traditional classroom.

Support services represent all charges not readily assignable directly to a program. Student and instructional staff support, as well as the overall general and administrative costs of the District, are classified as support services. Also included in this line item are costs of operating, maintaining and constructing the physical facilities of the District and providing food service to students and staff.

- Student support includes activities designed to assess and improve the well-being of students and to supplement the teaching process.
- Instructional support includes activities associated with assisting the instructional staff with the content and process of providing learning experiences for students.
- General administration includes activities concerned with establishing and administering policy for operating the District.
- School administration includes activities concerned with overall administrative responsibility for a school.
- Central services include activities that support other administrative and instructional functions including fiscal services, human resources, planning and administrative informational technology.
- Operation and maintenance include activities concerned with keeping the physical buildings open, comfortable, and safe for use. This also includes keeping the grounds, buildings and equipment in effective working condition and state of repair. Additional activities include maintaining safety in buildings, on the grounds, and in the vicinity of schools.
- Student transportation includes activities concerned with conveying students to and from school, as provided by state and federal law. It includes trips between home and school as well as trips to school activities.
- Noninstructional services are all other support services that are not otherwise properly classified elsewhere in the support service functions.
- Food services operations include activities concerned with providing food to students and staff in a school or school district. This includes preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery.
- Facilities acquisition and construction are activities concerned with the acquisition of land and buildings; remodeling buildings; constructing buildings and additions to

**ELKO COUNTY SCHOOL DISTRICT
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- 1. Summary of Significant Accounting Policies (Continued)**

buildings; initially installing or extending service systems and other built-in equipment; and improving sites.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, as are all entities. The District has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The District pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 general aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown, and money and securities.

The District continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by the Pool (bonding and boiler coverage). Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.
- 2. "Nevada Plan" for Financing Local Education Agencies**

The "Nevada Plan" is the current means used to finance elementary and secondary education in Nevada's public schools. The process is one in which the State provides a guaranteed amount of funding to a local school district. The guarantee is made up of state support paid through the Distributive School Fund and sources collected locally through 2.25-cent Local School Support Tax and 25 cents of Ad Valorem Tax.

Local school districts receive apportionments based on an average count of children enrolled in schools within the district. Each local school district is guaranteed a specific amount per pupil that is developed through a special formula that considers the demographic and geographic characteristics of the District. Transportation is included in the amount per pupil at the rate of 85% of actual historical cost to the District with an increase for inflation based on the Consumer Price Index. A wealth adjustment is made to the support per pupil based on the local school district's ability to generate revenues that are outside of the guaranteed level.

Special education is funded on a unit basis at a legislative approved amount per unit. A unit is an organized instructional unit, which includes full-time services of certified personnel providing a program of instruction in accordance with minimum standards prescribed by the State Board of Education.

Districts are protected from significant decreases in enrollment through "Hold Harmless" statutory provisions. If the enrollment of pupils on the last day of the first school month for the school year is less than the enrollment on the last day of the first school month for the prior, or in certain limited circumstances either or both of the immediately preceding two school years, the largest number must be used from among the applicable two or three years for purposes of apportioning money from the state distributive school account to that school district pursuant to NRS 387.124.

ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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3. Risk Management

The District is self-insured to risks resulting from injuries to employees. The risk financing funds are accounted for as internal service funds where assets are set aside for claim settlements. A premium is charged to each fund based upon the total payroll of each fund at the rates approved by the collective bargaining agreement. The District maintains stop loss insurance coverage from an outside insurance carrier for any claims in excess of \$300,000 per occurrence (\$175,000 for health claims).

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Unpaid Claims, Beginning of Year	Incurred Claims (including IBNRs)	Claim Payments	Unpaid Claims, End of Fiscal Year
Unemployment				
2015 - 2016	\$ -	\$ 4,532	\$ 4,532	\$ -
2016 - 2017	-	24,557	24,557	-
Self-Insurance Health				
2015 - 2016	1,483,689	11,487,362	11,326,008	1,645,043
2016 - 2017	1,645,043	13,972,013	13,497,634	2,119,422
Workers Compensation				
2015 - 2016	-	507,757	507,757	-
2016 - 2017	-	589,756	589,756	-

4. Cash and Investments

NRS sets forth acceptable investments for Nevada local governments as generally described in Note 1. The District has not adopted a formal investment policy that would further limit its exposure to certain risks.

Interest Rate Risk – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statute.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. As noted above, the District does not have a formal investment policy that specifies minimum acceptable credit ratings further than those listed in state statutes. Money market mutual funds are SEC registered 2(A)7 and rated by a nationally recognized rating service as “AAA” or its equivalent. The money market fund listed below has a AAA rating.

Custodial Credit Risk – For deposits, custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District’s bank deposits are covered by FDIC insurance and collateralized by the Office of the State Treasurer/Nevada Collateral Pool. For an investment, 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 investments or collateral

ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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4. Cash and Investments (Continued)

securities that are in the possession of outside parties. The District has fiduciary oversight of an open-end mutual fund which is not subject to custodial credit risk disclosures. The account was set up by the donors who mandated the financial institution and form of investment.

To facilitate better management of the District's resources, all cash and investments under the direct management of the Board of Trustees are combined in pooled operating and investment accounts. Cash not directly managed by the School District Board of Trustees is held by two outside custodians: Trustees for the Self-Insurance Health Fund and Elko County Treasurer as part of an involuntary external investment pool. This pool is unrated and has oversight by the Elko County Commissioners, which has designated day-to-day oversight to the Elko County Treasurer. The District's investment in the pool is equal to its original investment plus monthly allocation of interest income and realized and unrealized gains and losses, which is the same as the value of pool shares. The investment is reported at fair value.

Student Activity Funds are a portion of the Fiduciary Funds that are not part of the District pooled cash and investments. The amount listed as cash is held for the individual schools and is included with funds held by District Trustees. The cash reflected in the balance sheet is the carrying amount of cash and investments comprised of the individual funds' equity in the pooled cash and investment balances and cash held by outside custodians. A summary of cash and investments for the Elko County School District as of June 30, 2017 is as follows:

Cash and investment balances held by:

Governmental Funds	\$ 47,868,234
Internal Service Funds	2,260,564
Fiduciary Funds	<u>1,976,060</u>
	<u><u>\$ 52,104,858</u></u>

As of June 30, 2017 the District had the following investments:

Investment Type	Investment Maturities (In Years)			
	Fair Value	< 1	1 - 5	5 - 10
Money Market Account	\$ 49,150	100.0%		
Open-end Mutual Fund	<u>16,956</u>	100.0%		
	66,106			
Elko County Investment Pool	<u>32,194,583</u>			
	<u><u>\$ 32,260,689</u></u>			

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

As of June 30, 2017, the District had the following recurring fair value measurements, except those measured at cost, as identified below:

ELKO COUNTY SCHOOL DISTRICT
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4. Cash and Investments (Continued)

	Fair Value Measurements Using			
	Total	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market Account (at cost)	\$ 49,150	\$ 49,150	\$ -	\$ -
Open-end Mutual Fund	16,956	16,956	-	-
	66,106	<u>\$ 66,106</u>	<u>\$ -</u>	<u>\$ -</u>
Elko County Investment Pool	32,194,583			
	<u>\$ 32,260,689</u>			

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. The District had no investments valued using Level 2 or Level 3 inputs.

5. Capital Assets

The amounts recorded as capital assets are summarized as follows:

Governmental Activities	Balance July 1, 2016	Transfers and Additions	Transfers and Deletions	Balance June 30, 2017
Capital assets, being depreciated:				
Buildings	\$ 91,323,679	\$ -	\$ -	\$ 91,323,679
Building improvements	61,334,708	4,808,845	-	66,143,553
Modular buildings	5,616,336	-	(405,342)	5,210,994
Other Improvements	37,802,728	-	-	37,802,728
Vehicles and buses	7,883,800	2,933,233	-	10,817,033
Equipment	8,888,091	1,892,385	(329,089)	10,451,387
	<u>212,849,342</u>	<u>9,634,463</u>	<u>(734,431)</u>	<u>221,749,374</u>
Less: Accumulated Depreciation for:				
Buildings	(31,707,406)	(1,668,198)	-	(33,375,604)
Building improvements	(31,888,186)	(1,197,113)	-	(33,085,299)
Modular buildings	(3,173,620)	(133,875)	405,342	(2,902,153)
Other Improvements	(18,236,776)	(1,639,258)	-	(19,876,034)
Vehicles and buses	(6,555,281)	(227,667)	-	(6,782,948)
Equipment	(4,933,110)	(1,062,154)	268,316	(5,726,948)
	<u>(96,494,379)</u>	<u>(5,928,265)</u>	<u>673,658</u>	<u>(101,748,986)</u>
Net	<u>116,354,963</u>	<u>3,706,198</u>	<u>(60,773)</u>	<u>120,000,388</u>

**ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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5. Capital Assets (Continued)	Governmental Activities	Balance July 1, 2016	Transfers and Additions	Transfers and Deletions	Balance June 30, 2017
	Capital assets, not being depreciated:				
	Land	3,409,122	-	-	3,409,122
	Construction in progress	29,391,616	11,938,513	(5,291,687)	36,038,442
		32,800,738	11,938,513	(5,291,687)	39,447,564
		<u>\$ 149,155,701</u>	<u>\$ 15,644,711</u>	<u>\$(5,352,460)</u>	<u>\$ 159,447,952</u>

Depreciation expense was charged to functions/programs of the District as follows:

Regular programs	\$ 4,834,391
Special programs	6,486
Vocational programs	101,141
Other instructional programs	30,267
Adult education programs	655
Co-curricular/extra-curricular programs	4,641
Support services:	
Student support	3,439
Instructional support	2,193
General administration	56,739
School administration	107,106
Central services	693
Operation and maintenance	407,674
Student transportation	307,974
Food services	64,866
	<u>\$ 5,928,265</u>

Several School District capital projects were not substantially completed as of June 30, 2017. In accordance with the School District's accounting policies, these projects will not be transferred from Construction in Progress to capital assets categories until completion. As of June 30, 2017, Construction in Progress is comprised of the following capital projects:

Gym floor refinishing, various locations	\$ 24,588
New Elko elementary school	500
Jackpot mechanical retrofit	1,757,907
Modulars	1,222,350
Northside ADA upgrade	432,076
Sage classroom addition	658,182
Spring Creek Middle School roofing	265,123
Southside Elementary ADA and fire alarm upgrades	223,551
Wendover elementary school facility	26,106,261
Wendover middle school retrofit	5,347,904
	<u>\$ 36,038,442</u>

ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

- 6. Interfund Transactions** Interfund balances between the general fund and other major and nonmajor governmental funds and the internal service funds represent the District's contributions for employee health insurance, unemployment, and workers compensation insurance paid subsequent to year end. Interfund receivable and payable balances (Due To/From Other Funds) as of June 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service	General Fund	\$ 1,045,924
Internal Service	Nonmajor Governmental	<u>545,725</u>
		<u>\$ 1,591,649</u>

Transfers between funds are shown as other financing sources or uses in governmental funds. Interfund transfers were used to supplement expected deficits, pay for geothermal liability insurance, and grant matching. Transfers between funds during the year ended June 30, 2017 are as follows:

	<u>Transfers In</u>	<u>Transfers Out:</u>
General Fund	\$ -	\$ 3,801,920
Nonmajor Governmental Funds:		
Class Size Reduction	311,702	-
Special Education	2,766,148	-
Other Special Revenue	182,977	-
Federal	86,334	-
Food Service	<u>454,759</u>	<u>-</u>
	<u>\$ 3,801,920</u>	<u>\$ 3,801,920</u>

- 7. Leases** Capital lease obligations consisted of computer equipment with an estimated original cost of \$784,087. The machines have an estimated four year useful life. This year, \$163,600 was included in depreciation expense, leaving a net book value of \$279,734 at year-end.

Changes in Capital Lease Obligations	
Balance June 30, 2016	\$ 375,545
Additions	-
Payments/Deletions	<u>(193,991)</u>
Balance June 30, 2017	<u>\$ 181,554</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

<u>Year</u>	
2018	\$ 122,684
2019	<u>65,004</u>
Total minimum lease payments	187,688
Less: amount representing interest	<u>(6,134)</u>
Present value of minimum lease payments	<u>\$ 181,554</u>

ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

- 7. Leases (Continued)** The District entered into an operating lease with Weidenhammer for financial administrative solution software. The contract is on a year to year basis with no long-term obligation. Costs incurred for the year ended June 30, 2017 were \$70,945.

The District entered into an operating lease with Compass Group for food service equipment. The contract may be cancelled upon sixty days' notice. Costs incurred for the year ended June 30, 2017 were \$80,000.

- 8. Notes Payable** The District entered into two notes payable to acquire school buses. Both notes are scheduled to be repaid by June 30, 2021. The changes in notes payable during the year ended June 30, 2017 are shown below:

	Issue Date	Interest Rate	Balance July 1, 2016	Issued	Retired or Paid	Balance June 30, 2017
Santander	2017	2.650%	\$ -	\$ 1,268,454	\$ -	\$ 1,268,454
MBFS	2017	2.478%	-	1,013,018	-	1,013,018
			<u>\$ -</u>	<u>\$ 2,281,472</u>	<u>\$ -</u>	<u>\$ 2,281,472</u>

- 9. Long-Term Liabilities** Long-term liabilities as of June 30, 2017 consisted of the following:

	Balance July 1, 2016	Issued or Incurred	Retired or Paid	Balance June 30, 2017
Compensated Absences	\$ 1,250,154	\$ 692,515	\$ (735,738)	\$ 1,206,931
Notes Payable	-	2,281,472	-	2,281,472
Capital Lease	375,545	-	(193,991)	181,554
Total	<u>\$ 1,625,699</u>	<u>\$2,973,987</u>	<u>\$ (929,729)</u>	<u>3,669,957</u>
		Less: current maturities		<u>(1,407,335)</u>
				<u>\$ 2,262,622</u>

Nevada Revised Statutes limit the aggregate principal amount of the District's general obligation debt to 15% of the District's total reported assessed valuation. As of June 30, 2017, the District has no general obligation bonds and is within the statutory debt limitation.

- 10. Defined Benefit Pension Plan** *Plan Description*
The District contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by NRS (or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

**ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

**10. Defined
Benefit
Pension
Plan
(Continued)**

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier and for regular members entering PERS on or after July 1, 2015, there is a 2.25% factor. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

Vesting

Regular members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members who entered PERS on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards to eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

10. Defined Benefit Pension Plan
(Continued)

The actuarial funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2017, the Statutory Employer/Employee matching rate was 14.50% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 28.00% for Regular and 40.50% for Police/Fire.

The District's contributions were \$14,730,136 for the year ended June 30, 2017.

PERS Investment Policy

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2016:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2016, PERS' long-term inflation assumption was 3.5%.

Net Pension Liability

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 proportionate share of the net pension liability was based on the District's share of combined employer and member contributions in the PERS pension plan relative to the total combined employer and member contributions of all participating PERS employers. At June 30, 2016, the District's proportion was 0.89491%, which was an increase of .04158% from its proportion measured as of June 30, 2015.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the District as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	\$ 176,525,871	\$ 120,429,330	\$ 73,757,699

Pension Plan Fiduciary Net Position and Additional Information

Detailed information about the pension plan's fiduciary net position and additional information are available in the PERS Comprehensive Annual Financial Report, available on the PERS website (www.nvpers.org).

**ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

**10. Defined
Benefit
Pension
Plan
(Continued)**

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll Growth	5.00% including inflation
Investment Rate of Return	8.00%
Productivity Pay Increase	0.75%
Projected Salary Increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other Assumptions	Same as those used in the June 30, 2016 funding actuarial valuation

Mortality rates for non-disabled male regular members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Mortality rates for non-disabled female regular members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. Mortality rates for all non-disabled police/fire members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular or police/fire members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016 and June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 as of June 30, 2016 and June 30, 2015.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the District recognized pension expense of \$15,662,161. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

10. Defined Benefit Pension Plan (Continued)		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
	Differences between expected and actual experience	\$ -	\$ 8,064,259
	Changes in assumptions or other inputs	-	-
	Net difference between projected and actual earnings on pension plan investments	11,195,405	-
	Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	4,550,578	3,174,087
	District contributions subsequent to the measurement date	<u>14,730,136</u>	<u>-</u>
	Total	<u>\$ 30,476,119</u>	<u>\$ 11,238,346</u>

\$14,730,136 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, 2018.

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, 2015 (the beginning of the measurement period ended June 30, 2016) was 6.48 years.

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

<u>Year Ended June 30:</u>	
2018	\$ 735,039
2019	735,040
2020	(3,934,918)
2021	(1,987,420)
2022	117,458
Thereafter	(172,836)

11. Post Employment Healthcare Plans	Plan Descriptions: The District administers a single-employer defined benefit healthcare plan, Elko County School District Employee Health Benefit Plan (ECSDEHBP). Additionally, the District contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees' Benefits Plan (PEBP). Each plan provides medical, vision, dental and life insurance benefits to eligible retired District employees and beneficiaries.
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Benefit provisions for ECSDEHBP are established pursuant to NRS 287.023 and amended through negotiations between the District and the respective employee associations. NRS 288.150 assigns the authority to establish benefit provisions to the Board of Trustees. The plan provides healthcare insurance for eligible retirees and their beneficiaries through the District's group health insurance plan, which covers both active and retired members. Under NRS 287.023 eligible retirees are able to participate in the plan with blended rates, thereby benefitting from an implicit subsidy. Retirees are required to pay 100% of their premiums under the plan. As of June 30, 2017, 390 retirees were using this plan. ECSDEHBP does not issue a publicly available financial report.

**ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

**11. Post
Employment
Healthcare
Plans
(Continued)**

Benefit provisions for PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. District employees who met the eligibility requirements effective September 1, 2008 for retirement within the Public Employee Retirement System had the option upon retirement to enroll in coverage under PEBP. NRS 287.023 sunsetted the option to join PEBP for District employees who retired after November 29, 2008. Local governments are required to pay the same portion of cost of coverage for those persons joining PEBP that the State of Nevada pays for state retirees participating in the plan. As of June 30, 2017, 183 school district retirees were utilizing this benefit. PEBP issued a publicly available financial report that includes financial statement. That report may be obtained by writing to Public Employees Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701, by calling (775)684-7000, or by accessing the website at <https://pebp.state.nv.us/resources/fiscal-utilization-reports/>.

Funding Policy and Annual OPEB Cost: For ECSDEHBP, contribution requirements of the plan members and the District are established and may be amended through negotiations between the District and the associations. Each month, the District contributes \$1 for each year an employee worked for the District toward the cost of the healthcare premium in retirement; the balance of the cost is paid by the retiree. The pay-as-you-go premiums are based on a blended rate that blends active participants and retirees. The District's contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates, as well as the monthly explicit subsidy, and is determined in actuarial studies contracted for by the District. The District paid \$43,995 as an explicit subsidy and incurred an implicit subsidy as determined by the actuary of \$3,501,319.

For the PEBP, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired District employees. The contribution requirements of plan members and the District are established may be amended by the PEBP board through legislation. Premium rates determined by PEBP are the same for all participating members. The unsubsidized nonstate retiree plan premiums in effect for fiscal year 2017 ranged from \$808 to \$976 for retiree only coverage, depending on the type of plan chosen. Plan members receiving benefits have their monthly contribution deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy therefore, their contributions are not available. For the plan year ended June 30, 2017, retirees qualified for a subsidy ranging from \$4.36 to \$1,372 per month. As a participating employer, the District is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it. For fiscal year 2017, the District contributed \$603,281 to the plan for current premiums. The District did not prefund any future benefits.

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligations (assets), by plan were as follows for fiscal years 2015 through 2017:

ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

**11. Post
Employment
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(Continued)**

	Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
ECSDEHB	6/30/17	\$11,906,929	\$ 3,545,314	29.78%	\$57,794,144
ECSDEHB	6/30/16	6,904,276	1,279,197	18.53%	49,432,529
ECSDEHB	6/30/15	6,552,557	1,186,332	18.10%	43,807,450
PEBP	6/30/17	569,502	603,281	105.93%	(255,228)
PEBP	6/30/16	535,131	620,630	115.98%	(221,449)
PEBP	6/30/15	536,777	587,183	109.39%	(135,950)
Combined	6/30/17	12,476,431	4,148,595	33.25%	57,538,916
Combined	6/30/16	7,439,407	1,899,827	25.54%	49,211,080
Combined	6/30/15	7,089,334	1,773,515	25.02%	43,671,500

The net OPEB obligation (NOPEBO) as of June 30, 2017, was calculated as follows:

	ECSDEHBP	PEBP	Totals
Annual required contribution	\$ 11,894,123	\$ 563,036	\$ 12,457,159
Interest on the beginning net OPEB obligation	1,977,301	(8,858)	1,968,443
ARC adjustment	(1,964,495)	15,324	(1,949,171)
Annual OPEB cost (expense)	11,906,929	569,502	12,476,431
Contributions made	3,545,314	603,281	4,148,595
Change in net OPEB obligation	8,361,615	(33,779)	8,327,836
Net OPEB obligation (asset), beginning of year	49,432,529	(221,449)	49,211,080
Net OPEB obligation (asset), end of year	<u>\$ 57,794,144</u>	<u>\$ (255,228)</u>	<u>\$ 57,538,916</u>

Funded Status and Funding Progress: The funded status of the plans as of the most recent actuarial valuation (July 1, 2016) was as follows:

	ECSDEHBP	PEBP	Totals
Accrued actuarial liability (a)	\$158,220,519	\$ 8,136,503	\$166,357,022
Actuarial value of plan assets (b)	-	-	-
Unfunded Actuarial Accrued Liability (a) – (b)	158,220,519	8,136,503	166,357,022
Funded Ratio (b) / (a)	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered payroll (c)	<u>\$ 57,577,284</u>		
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ([(a) – (b)] / (c))	<u>274.80%</u>		

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

ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

**11. Post
Employment
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(Continued)**

about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions used in the July 1, 2016 actuarial valuation were as follows:

	<u>ECSDEHBP</u>	<u>PEBP</u>
Actuarial valuation date	7/1/16	7/1/16
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level % of pay	Level dollar
Amortization period (open)	30 years (open)	22 years (closed)
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Projected general inflation rate	2.75%	2.75%
Investment rate of return	4.00%	4.00%
Projected salary increases	4.00%	N/A
Healthcare inflation rate*	7.0%	7.0%

* Decreasing .50% in 2018 and 2019, then .25% each year until ultimate trend rate of 5.00% is reached in 2023

**12. Fund
Equity**

At year end, the Self-Insurance Health Fund (internal service fund) had a deficit fund balance of \$1,721,838.

**13. Commitments
and
Contingencies**

Commitments

The District was in the construction or pre-construction stage for several projects at June 30, 2017 and had related architectural and construction commitments as follows:

Northside Elementary ADA upgrades	\$ 885,899
Sage Elementary classroom addition	919,721
Southside Elementary ADA upgrades	338,066
West Wendover Middle School	2,205,704
Asphalt maintenance	194,234
	<u>\$ 4,543,624</u>

The District also approved adoption of new curriculum materials costing approximately \$1,300,000 to be purchased and utilized in fiscal year 2018 and purchase of retirement service credit for retiring personnel of approximately \$780,000.

**ELKO COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

- 13. Commitments and Contingencies (Continued)** **Contingencies**
- Internal Service Fund - The School District administration and the Trustees for the Self-Insurance Fund were not aware of any additional unreported claims that would have a material effect on the Self-Insurance Trust.
- The District has been named in one wrongful termination suit. The District intends to vigorously defend its position and a potential range of loss therefore cannot be reasonably established for this item.
- 14. Subsequent Events**
- After year end, the District awarded the following contracts or approved the following actions:
- Approved purchase of land from Spring Creek Association for future school site for \$240,000, later amended purchase price to \$1 consideration
 - Approved advertising for new board member to fill vacancy created by resignation of a board member and appointed new board member
 - Approved future construction of a new elementary school in Spring Creek
- 15. Changes in Accounting Principle**
- As of July 1, 2016, the District adopted GASB Statement No. 77, *Tax Abatement Disclosures* and portions of No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No.68, and No. 73*.
- GASB No. 77 requires state and local governments to disclose tax abatements affecting their revenue-raising abilities in their financial reports. The District had no significant abatements for the year ended June 30, 2017.
- GASB No. 82 addresses issues regarding the presentation of payroll-related measures in required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

(Page 1 of 5)

REVENUES	BUDGETED AMOUNTS		ACTUAL AMOUNTS	FINAL BUDGET VARIANCE	2016
	ORIGINAL	FINAL			
Local Sources:					
Ad valorem tax	\$ 13,458,944	\$ 13,066,290	\$ 12,939,119	\$ (127,171)	\$ 12,651,622
Net proceeds of mines	-	816,848	816,848	-	996,583
Local school support tax	37,252,858	38,339,906	39,013,891	673,985	37,608,184
Governmental services revenue	4,504,514	4,120,081	4,235,452	115,371	4,228,602
Tuition	765,000	750,175	750,274	99	886,070
Fees from pupil activities	1,000	-	-	-	1,993
Contributions	200	1,680	1,893	213	1,647
Other	209,904	70,513	182,742	112,229	233,193
	<u>56,192,420</u>	<u>57,165,493</u>	<u>57,940,219</u>	<u>774,726</u>	<u>56,607,894</u>
State Sources:					
Distributive school fund	<u>30,238,697</u>	<u>30,278,128</u>	<u>28,602,602</u>	<u>(1,675,526)</u>	<u>30,125,941</u>
Federal Sources:					
Schools and Roads Grants	5,000	-	-	-	5,872
Public Lands and Resources	<u>5,000</u>	<u>14,084</u>	<u>14,084</u>	<u>-</u>	<u>13,676</u>
	<u>10,000</u>	<u>14,084</u>	<u>14,084</u>	<u>-</u>	<u>19,548</u>
Total Revenues	<u>86,441,117</u>	<u>87,457,705</u>	<u>86,556,905</u>	<u>(900,800)</u>	<u>86,753,383</u>
EXPENDITURES					
Regular Programs:					
Instruction:					
Salaries	23,813,205	25,641,283	24,910,911	730,372	23,529,798
Benefits	14,083,701	12,779,321	12,603,083	176,238	12,790,521
Purchased services	1,078,793	973,958	603,739	370,219	874,631
Supplies	3,421,204	2,598,859	2,072,603	526,256	2,233,077
Property	278,350	137,051	16,093	120,958	304,413
Other	<u>8,600</u>	<u>16,430</u>	<u>15,863</u>	<u>567</u>	<u>6,604</u>
	<u>42,683,853</u>	<u>42,146,902</u>	<u>40,222,292</u>	<u>1,924,610</u>	<u>39,739,044</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

(Page 2 of 5)

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>FINAL BUDGET</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>VARIANCE</u>	<u>2016</u>
Special Programs:					
Instruction:					
Salaries	243,942	969,590	1,152,203	(182,613)	821,672
Benefits	119,405	412,336	288,471	123,865	401,552
Purchased services	247,000	337,700	231,352	106,348	216,258
Supplies	1,415	16,150	9,265	6,885	441
Property	4,000	-	-	-	2,313
	<u>615,762</u>	<u>1,735,776</u>	<u>1,681,291</u>	<u>54,485</u>	<u>1,442,236</u>
Vocational Programs:					
Instruction:					
Salaries	2,007,349	1,732,940	1,919,418	(186,478)	1,838,439
Benefits	899,191	715,445	821,539	(106,094)	811,584
Purchased services	13,050	12,978	8,248	4,730	7,405
Supplies	93,500	88,268	79,071	9,197	86,738
Other	-	30	28	2	74
	<u>3,013,090</u>	<u>2,549,661</u>	<u>2,828,304</u>	<u>(278,643)</u>	<u>2,744,240</u>
Other Instructional Programs:					
Instruction:					
Salaries	1,271,229	1,377,574	1,308,516	69,058	1,267,535
Benefits	609,636	606,587	600,414	6,173	581,291
Purchased services	25,500	45,500	28,734	16,766	-
Supplies	8,100	8,100	427	7,673	-
Other	150	150	-	150	110
	<u>1,914,615</u>	<u>2,037,911</u>	<u>1,938,091</u>	<u>99,820</u>	<u>1,848,936</u>
Adult Education Programs:					
Instruction:					
Supplies	-	-	-	-	382

**ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

(Page 3 of 5)

	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	
	ORIGINAL	FINAL	AMOUNTS	VARIANCE	2016
Co-curricular and Extra-curricular Activities:					
Instruction:					
Salaries	991,561	1,685,934	1,321,767	364,167	1,191,609
Benefits	110,383	91,113	71,789	19,324	56,525
Purchased services	12,770	8,944	4,861	4,083	14,119
Supplies	43,550	52,271	43,480	8,791	32,706
Property	4,800	1,670	936	734	2,575
Other	10,400	9,335	9,457	(122)	9,209
	<u>1,173,464</u>	<u>1,849,267</u>	<u>1,452,290</u>	<u>396,977</u>	<u>1,306,743</u>
Student Transportation:					
Purchased services	<u>250,000</u>	<u>390,000</u>	<u>344,242</u>	<u>45,758</u>	<u>304,845</u>
Other Support:					
Benefits	-	17	13	4	-
Purchased services	<u>162,750</u>	<u>182,950</u>	<u>136,501</u>	<u>46,449</u>	<u>143,658</u>
	<u>162,750</u>	<u>182,967</u>	<u>136,514</u>	<u>46,453</u>	<u>143,658</u>
Total Co-curricular and Extra-Curricular Programs	<u>1,586,214</u>	<u>2,422,234</u>	<u>1,933,046</u>	<u>489,188</u>	<u>1,755,246</u>
Support Services:					
Student Support:					
Salaries	3,499,203	3,877,731	3,586,762	290,969	3,301,425
Benefits	1,494,309	1,853,952	1,759,098	94,854	1,509,123
Purchased services	43,100	29,410	45,870	(16,460)	40,517
Supplies	63,377	70,424	58,367	12,057	67,337
Property	590	588	207	381	-
Other	2,218	1,853	1,077	776	819
	<u>5,102,797</u>	<u>5,833,958</u>	<u>5,451,381</u>	<u>382,577</u>	<u>4,919,221</u>
Instructional support:					
Salaries	1,245,195	1,340,697	1,277,053	63,644	1,213,474
Benefits	546,223	591,798	590,105	1,693	531,713
Purchased services	10,050	13,251	9,073	4,178	10,380
Supplies	46,743	51,525	40,035	11,490	39,902
Property	-	2,134	1,798	336	565
Other	5,150	4,290	3,207	1,083	190
	<u>1,853,361</u>	<u>2,003,695</u>	<u>1,921,271</u>	<u>82,424</u>	<u>1,796,224</u>

**ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

(Page 4 of 5)

	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	
	ORIGINAL	FINAL	AMOUNTS	VARIANCE	2016
General Administration:					
Salaries	369,776	368,181	376,750	(8,569)	361,280
Benefits	248,216	238,266	238,909	(643)	235,447
Purchased services	314,250	422,024	288,142	133,882	339,099
Supplies	20,200	23,000	21,541	1,459	33,293
Other	18,500	19,000	17,659	1,341	25,103
	<u>970,942</u>	<u>1,070,471</u>	<u>943,001</u>	<u>127,470</u>	<u>994,222</u>
School Administration:					
Salaries	4,226,883	4,539,368	4,497,381	41,987	4,283,462
Benefits	1,799,074	2,005,334	2,007,281	(1,947)	1,789,255
Purchased services	295,960	290,123	255,019	35,104	244,282
Supplies	148,424	131,974	92,558	39,416	101,621
Property	10,632	7,967	1,471	6,496	6,645
Other	5,505	5,010	4,399	611	5,666
	<u>6,486,478</u>	<u>6,979,776</u>	<u>6,858,109</u>	<u>121,667</u>	<u>6,430,931</u>
Central Services:					
Salaries	1,512,791	1,665,985	1,606,389	59,596	1,546,613
Benefits	621,483	710,348	709,503	845	615,497
Purchased services	889,250	943,572	736,183	207,389	845,836
Supplies	105,050	121,563	105,034	16,529	104,722
Property	-	8,000	6,400	1,600	-
Other	1,000	8,100	7,061	1,039	695
	<u>3,129,574</u>	<u>3,457,568</u>	<u>3,170,570</u>	<u>286,998</u>	<u>3,113,363</u>
Operation and Maintenance:					
Salaries	4,844,441	5,346,267	5,325,486	20,781	4,895,491
Benefits	2,105,398	2,255,831	2,251,887	3,944	1,951,870
Purchased services	1,902,410	2,162,511	2,028,053	134,458	2,010,303
Supplies	2,741,703	3,056,673	2,811,722	244,951	2,644,168
Property	65,667	80,394	37,226	43,168	27,448
	<u>11,659,619</u>	<u>12,901,676</u>	<u>12,454,374</u>	<u>447,302</u>	<u>11,529,280</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

(Page 5 of 5)

	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	
	ORIGINAL	FINAL	AMOUNTS	VARIANCE	2016
Student Transportation:					
Salaries	1,450,336	1,743,119	1,911,910	(168,791)	1,803,131
Benefits	676,847	775,764	872,499	(96,735)	733,505
Purchased services	146,000	209,965	182,187	27,778	257,142
Supplies	560,000	918,366	781,405	136,961	675,876
Property	1,600,000	3,285,000	2,955,218	329,782	463,049
Other	-	-	3,492	(3,492)	-
	<u>4,433,183</u>	<u>6,932,214</u>	<u>6,706,711</u>	<u>225,503</u>	<u>3,932,703</u>
Total Support Services	<u>33,635,954</u>	<u>39,179,358</u>	<u>37,505,417</u>	<u>1,673,941</u>	<u>32,715,944</u>
Miscellaneous:					
Purchased services	-	65,000	27,687	37,313	-
Contingency	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,200,000</u>	<u>65,000</u>	<u>27,687</u>	<u>37,313</u>	<u>-</u>
Total Expenditures	<u>84,649,488</u>	<u>90,136,842</u>	<u>86,136,128</u>	<u>4,000,714</u>	<u>80,246,028</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,791,629</u>	<u>(2,679,137)</u>	<u>420,777</u>	<u>3,099,914</u>	<u>6,507,355</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(3,824,531)	(4,238,411)	(3,801,920)	436,491	(3,868,178)
Proceeds from note payable	-	-	2,281,472	2,281,472	-
Capital lease	<u>-</u>	<u>2,885,343</u>	<u>-</u>	<u>(2,885,343)</u>	<u>250,747</u>
	<u>(3,824,531)</u>	<u>(1,353,068)</u>	<u>(1,520,448)</u>	<u>(167,380)</u>	<u>(3,617,431)</u>
Net Change in Fund Balance	(2,032,902)	(4,032,205)	(1,099,671)	2,932,534	2,889,924
FUND BALANCE, July 1	<u>6,359,009</u>	<u>8,537,199</u>	<u>8,537,199</u>	<u>-</u>	<u>5,647,275</u>
FUND BALANCE, June 30	<u>\$ 4,326,107</u>	<u>\$ 4,504,994</u>	<u>\$ 7,437,528</u>	<u>\$ 2,932,534</u>	<u>\$ 8,537,199</u>

ELKO COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

SCHEDULES OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Normal Age Entry (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
ECSDEHBP	7/1/16	\$ -	\$ 158,220,519	\$ 158,220,519	0.00%	\$ 57,577,284	274.80%
	7/1/14	-	78,481,264	78,481,264	0.00%	49,334,130	159.08%
	7/1/12	-	89,524,391	89,524,391	0.00%	49,306,136	181.57%
	7/1/10	-	73,393,764	73,393,764	0.00%	49,073,663	149.56%
	7/1/08	-	44,531,649	44,531,649	0.00%	50,534,765	88.12%
PEBP	7/1/16	-	8,136,503	8,136,503	0.00%	N/A	N/A
	7/1/14	-	8,150,851	8,150,851	0.00%	N/A	N/A
	7/1/12	-	10,675,599	10,675,599	0.00%	N/A	N/A
	7/1/10	-	11,816,334	11,816,334	0.00%	N/A	N/A
	7/1/08	-	23,544,854	23,544,854	0.00%	N/A	N/A

ELKO COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.8949%	0.8583%	0.8834%
District's proportionate share of the net pension liability (asset)	\$ 120,429,330	\$ 97,787,211	\$ 92,068,015
District's covered payroll	55,964,329	50,784,810	51,372,102
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	215.1894%	192.5521%	179.2179%
Plan fiduciary net position as a percentage of the total pension liability	72.2300%	75.1261%	76.3121%

* The amounts presented for each fiscal year were determined as of 7/1.

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

SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA
LAST 10 FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 14,730,136	\$ 13,786,732	\$ 12,170,467
Contributions in relation to the contractually required contribution	<u>(14,730,136)</u>	<u>(13,786,732)</u>	<u>(12,170,467)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 60,048,556	\$ 55,964,329	\$ 50,784,810
Contributions as a percentage of covered payroll	24.5304%	24.6349%	23.9648%

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

ELKO COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

The Schedules of Funding Progress – Other Postemployment Benefits reflects significant changes in the actuarial accrued liability for ECSDEHBP and for PEBP. As rates have increased and plan benefits have changed for PEBP, the number of retirees utilizing this benefit has declined and retirees have returned to the ECSDEHBP. Between the 7/1/08 valuation and the current valuation, 14.49% fewer retirees are utilizing PEBP. ECSDEHBP has increased due to the following items: 242.11% more retirees are utilizing the plan than in the 7/1/08 valuation; updates to the assumed rates of retirement and termination to be consistent with actual data; change in the percentage of future retirees assumed to elect medical and/or life insurance coverage in the District's plan in retirement; updated trend assumptions for future increases in medical premiums; projection of \$1.47 million future excise tax liability for high cost medical plans under the Affordable Care Act, and a change in the methodology and assumptions used for developing age related retiree medical claim costs.

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUND

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	BUDGETED AMOUNTS		ACTUAL	FINAL BUDGET	
	ORIGINAL	FINAL	AMOUNTS	VARIANCE	2016
REVENUES					
Local Sources:					
Ad Valorem tax	\$ 13,534,736	\$ 13,157,650	\$ 13,030,998	\$ (126,652)	\$ 13,464,351
Net proceeds of mines	-	816,850	816,848	(2)	658,910
Interest	205,000	177,700	228,885	51,185	243,630
	<u>13,739,736</u>	<u>14,152,200</u>	<u>14,076,731</u>	<u>(75,469)</u>	<u>14,366,891</u>
EXPENDITURES					
Regular Programs:					
Property	<u>975,000</u>	<u>170,071</u>	<u>78,652</u>	<u>91,419</u>	<u>98,326</u>
Support Services:					
Operation and Maintenance:					
Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445</u>
Facility Acquisition and Improvements:					
Purchased services	22,375,890	16,467,327	12,637,699	3,829,628	24,344,583
Supplies	-	142	142	-	-
Property	<u>500,000</u>	<u>642,681</u>	<u>316,541</u>	<u>326,140</u>	<u>128,824</u>
	<u>22,875,890</u>	<u>17,110,150</u>	<u>12,954,382</u>	<u>4,155,768</u>	<u>24,473,407</u>
Total Expenditures	<u>23,850,890</u>	<u>17,280,221</u>	<u>13,033,034</u>	<u>4,247,187</u>	<u>24,572,178</u>
Excess (Deficiency) of Revenues					
Over Expenditures	(10,111,154)	(3,128,021)	1,043,697	4,171,718	(10,205,287)
FUND BALANCE, July 1	<u>31,218,323</u>	<u>30,896,839</u>	<u>30,896,839</u>	<u>-</u>	<u>41,102,126</u>
FUND BALANCE, June 30	<u>\$ 21,107,169</u>	<u>\$ 27,768,818</u>	<u>\$ 31,940,536</u>	<u>\$ 4,171,718</u>	<u>\$ 30,896,839</u>

NONMAJOR GOVERNMENTAL FUNDS

**ELKO COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

SPECIAL REVENUE FUNDS

	<u>CLASS SIZE REDUCTION</u>	<u>ADULT EDUCATION</u>	<u>STATE GRANTS</u>	<u>SPECIAL EDUCATION</u>
ASSETS				
Cash and investments	\$ 890,918	\$ 43,395	\$ 502,621	\$ 1,063,829
Accounts receivable	-	-	17,874	-
Due from other governments	-	-	2,340,743	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 890,918</u>	<u>\$ 43,395</u>	<u>\$ 2,861,238</u>	<u>\$ 1,063,829</u>
LIABILITIES				
Accounts payable	\$ -	\$ 169	\$ 1,034,516	\$ 349
Accrued salaries	468,781	16,263	298,996	554,049
Accrued payroll expenses	302,133	8,779	180,260	359,997
Due to other funds	120,004	4,787	103,842	149,434
Due to other governments	-	13,397	14,778	-
Due to students	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>890,918</u>	<u>43,395</u>	<u>1,632,392</u>	<u>1,063,829</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for :				
Capital projects (NRS 387.177)	-	-	-	-
Other purposes	-	-	-	-
Assigned to:				
Subsequent year operations	-	-	-	-
Other purposes	-	-	1,228,846	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,228,846</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 890,918</u>	<u>\$ 43,395</u>	<u>\$ 2,861,238</u>	<u>\$ 1,063,829</u>

SPECIAL REVENUE FUNDS				CAPITAL PROJECTS	
GIFTS & DONATIONS	OTHER SPECIAL REVENUE	FEDERAL FUNDS	FOOD SERVICE	BUILDING AND SITES	TOTALS
\$ 15,499	\$ 818,366	\$ 286,158	\$ 218,786	\$ 37,484	\$ 3,877,056
-	8,000	19,488	2,800	3,620	51,782
-	-	920,396	65,388	51	3,326,578
-	-	-	31,888	-	31,888
<u>\$ 15,499</u>	<u>\$ 826,366</u>	<u>\$ 1,226,042</u>	<u>\$ 318,862</u>	<u>\$ 41,155</u>	<u>\$ 7,287,304</u>
\$ 693	\$ 30,218	\$ 35,222	\$ 77,858	\$ -	\$ 1,179,025
-	-	319,048	84,113	-	1,741,250
-	-	194,431	48,499	-	1,094,099
-	-	123,405	44,253	-	545,725
-	-	8,135	-	-	36,310
-	-	-	64,139	-	64,139
<u>693</u>	<u>30,218</u>	<u>680,241</u>	<u>318,862</u>	<u>-</u>	<u>4,660,548</u>
-	-	-	31,888	-	31,888
-	-	-	-	41,155	41,155
14,806	791,775	-	-	-	806,581
-	4,373	397,838	-	-	402,211
-	-	147,963	-	-	1,376,809
-	-	-	(31,888)	-	(31,888)
<u>14,806</u>	<u>796,148</u>	<u>545,801</u>	<u>-</u>	<u>41,155</u>	<u>2,626,756</u>
<u>\$ 15,499</u>	<u>\$ 826,366</u>	<u>\$ 1,226,042</u>	<u>\$ 318,862</u>	<u>\$ 41,155</u>	<u>\$ 7,287,304</u>

ELKO COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE			
	CLASS SIZE REDUCTION	ADULT EDUCATION	STATE GRANTS	SPECIAL EDUCATION
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	5,126,788	250,247	9,079,018	3,929,597
Federal sources	-	-	-	-
Total Revenues	5,126,788	250,247	9,079,018	3,929,597
EXPENDITURES				
Current:				
Regular programs	5,438,490	-	5,066,909	-
Special programs	-	-	320,015	6,695,745
Vocational programs	-	-	249,261	-
Other Instructional programs	-	-	371,148	-
Adult education programs	-	280,165	-	-
Co-curricular and extra-curricular activities	-	-	-	-
Support Services:				
Student Support	-	-	214,774	-
Instructional Support	-	-	1,388,259	-
General Administration	-	-	-	-
Central Services	-	-	90,507	-
Operation and Maintenance	-	-	-	-
Student Transportation	-	-	-	-
Other	-	-	854,377	-
Noninstructional Services:				
Community Services	-	-	6,194	-
Food Services	-	-	-	-
Facility Acquisition and Improvements	-	-	104,104	-
Total Expenditures	5,438,490	280,165	8,665,548	6,695,745
Excess (Deficiency) of				
Revenues Over Expenditures	(311,702)	(29,918)	413,470	(2,766,148)
OTHER FINANCING SOURCES (USES)				
Transfers in	311,702	-	-	2,766,148
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	311,702	-	-	2,766,148
Net Change in Fund Balances	-	(29,918)	413,470	-
FUND BALANCES, July 1	-	29,918	815,376	-
FUND BALANCES, June 30	\$ -	\$ -	\$ 1,228,846	\$ -

SPECIAL REVENUE				CAPITAL PROJECTS BUILDING AND SITES	TOTALS
GIFTS & DONATIONS	OTHER SPECIAL REVENUE	FEDERAL FUNDS	FOOD SERVICE		
\$ 39,974	\$ 772,358	\$ 46,056	\$ 1,050,911	\$ 75,963	\$ 1,985,262
-	-	-	-	-	18,385,650
-	-	5,640,487	1,978,877	-	7,619,364
39,974	772,358	5,686,543	3,029,788	75,963	27,990,276
-	113,576	2,049,678	-	-	12,668,653
2,169	-	1,940,921	-	-	8,958,850
-	-	86,765	-	-	336,026
22,152	8,467	609,710	-	-	1,011,477
-	-	-	-	-	280,165
-	2,829	-	-	-	2,829
-	858	5,780	-	-	221,412
-	-	391,686	-	-	1,779,945
1,549	-	-	-	-	1,549
-	-	38,638	-	-	129,145
-	332,528	727	-	88,683	421,938
-	-	8,069	-	-	8,069
-	-	-	-	-	854,377
-	-	46,232	-	-	52,426
-	-	-	3,484,547	-	3,484,547
-	429,790	397,496	-	-	931,390
25,870	888,048	5,575,702	3,484,547	88,683	31,142,798
14,104	(115,690)	110,841	(454,759)	(12,720)	(3,152,522)
-	182,977	86,334	454,759	-	3,801,920
-	-	-	-	20,332	20,332
-	182,977	86,334	454,759	20,332	3,822,252
14,104	67,287	197,175	-	7,612	669,730
702	728,861	348,626	-	33,543	1,957,026
\$ 14,806	\$ 796,148	\$ 545,801	\$ -	\$ 41,155	\$ 2,626,756

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CLASS SIZE REDUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
REVENUES				
State Sources	\$ <u>5,126,788</u>	\$ <u>5,126,788</u>	\$ <u>-</u>	\$ <u>3,830,157</u>
EXPENDITURES				
Regular Programs:				
Instruction:				
Salaries	3,720,901	3,703,060	17,841	3,218,175
Benefits	<u>1,740,603</u>	<u>1,735,430</u>	<u>5,173</u>	<u>1,452,433</u>
Total Expenditures	<u>5,461,504</u>	<u>5,438,490</u>	<u>23,014</u>	<u>4,670,608</u>
Excess (Deficiency) of Revenues Over Expenditures	(334,716)	(311,702)	23,014	(840,451)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>334,716</u>	<u>311,702</u>	<u>(23,014)</u>	<u>668,572</u>
Net Change in Fund Balances	-	-	-	(171,879)
FUND BALANCE, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,879</u>
FUND BALANCE, June 30	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ADULT EDUCATION FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
REVENUES				
State Sources	\$ <u>263,644</u>	\$ <u>250,247</u>	\$ <u>(13,397)</u>	\$ <u>238,014</u>
EXPENDITURES				
Adult Education Programs:				
Instruction:				
Salaries	177,373	147,144	30,229	150,143
Benefits	44,566	60,544	(15,978)	57,571
Purchased services	7,000	6,981	19	7,548
Supplies	33,405	65,496	(32,091)	1,427
Other	<u>1,300</u>	<u>-</u>	<u>1,300</u>	<u>10,789</u>
Total Expenditures	<u>263,644</u>	<u>280,165</u>	<u>(16,521)</u>	<u>227,478</u>
Net Change in Fund Balance	-	(29,918)	(29,918)	10,536
FUND BALANCE, July 1	<u>27,919</u>	<u>29,918</u>	<u>1,999</u>	<u>19,382</u>
FUND BALANCE, June 30	\$ <u><u>27,919</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(27,919)</u></u>	\$ <u><u>29,918</u></u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)
(Page 1 of 5)

	BUDGETED AMOUNTS				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2016
REVENUES					
State Sources	\$ 6,881,454	\$ 9,249,668	\$ 9,079,018	\$ (170,650)	\$ 6,453,735
EXPENDITURES					
Regular Programs:					
Instruction:					
Salaries	1,885,256	2,108,311	1,814,567	293,744	1,046,779
Benefits	719,068	955,190	824,688	130,502	475,998
Purchased services	499	402,886	274,299	128,587	-
Supplies	174,581	716,947	662,645	54,302	473,125
Other	41,021	-	-	-	9,468
	<u>2,820,425</u>	<u>4,183,334</u>	<u>3,576,199</u>	<u>607,135</u>	<u>2,005,370</u>
Support Services:					
Student Support:					
Salaries	145,500	112,408	112,408	-	73,650
Benefits	107,462	64,465	64,465	-	32,028
Purchased services	16,826	36,620	35,745	875	24,796
	<u>269,788</u>	<u>213,493</u>	<u>212,618</u>	<u>875</u>	<u>130,474</u>
Instructional Support:					
Salaries	183,460	599,144	260,855	338,289	100,992
Benefits	90,530	204,152	99,995	104,157	53,056
Purchased services	285,953	369,597	300,051	69,546	176,909
Supplies	333,279	511,546	391,218	120,328	345,097
Other	614	-	-	-	9,451
	<u>893,836</u>	<u>1,684,439</u>	<u>1,052,119</u>	<u>632,320</u>	<u>685,505</u>
Central Support:					
Salaries	78,000	202,500	182,848	19,652	53,120
Benefits	2,613	6,320	6,952	(632)	1,628
	<u>80,613</u>	<u>208,820</u>	<u>189,800</u>	<u>19,020</u>	<u>54,748</u>
Student Transportation:					
Salaries	-	1,500	-	1,500	-
Benefits	-	500	-	500	-
	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)
(Page 2 of 5)

	BUDGETED AMOUNTS				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2016
Food Service:					
Supplies	33,786	3,174	3,180	(6)	30,391
Property	6,214	-	-	-	6,214
	<u>40,000</u>	<u>3,174</u>	<u>3,180</u>	<u>(6)</u>	<u>36,605</u>
Community Services:					
Salaries	22,500	24,028	19,764	4,264	20,452
Benefits	13,500	14,012	12,869	1,143	10,644
Supplies	12,339	381	360	21	8,663
	<u>48,339</u>	<u>38,421</u>	<u>32,993</u>	<u>5,428</u>	<u>39,759</u>
Total Regular Programs	<u>4,153,001</u>	<u>6,333,681</u>	<u>5,066,909</u>	<u>1,266,772</u>	<u>2,952,461</u>
Special Programs:					
Instruction:					
Salaries	182,687	141,581	134,040	7,541	122,452
Benefits	94,541	73,566	73,863	(297)	69,338
Purchased services	4,407	578	578	-	-
Supplies	153,889	120,224	98,304	21,920	85,053
Other	14,887	518	512	6	9,346
	<u>450,411</u>	<u>336,467</u>	<u>307,297</u>	<u>29,170</u>	<u>286,189</u>
Support Services:					
Instructional Support:					
Purchased services	26,942	20,842	12,718	8,124	48,590
Supplies	1,500	-	-	-	-
Other	-	195	-	195	-
	<u>28,442</u>	<u>21,037</u>	<u>12,718</u>	<u>8,319</u>	<u>48,590</u>
Total Special Programs	<u>478,853</u>	<u>357,504</u>	<u>320,015</u>	<u>37,489</u>	<u>334,779</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE GRANTS FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

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	BUDGETED AMOUNTS				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2016
Vocational Programs:					
Instruction:					
Purchased services	38,646	51,158	54,415	(3,257)	36,705
Supplies	301,843	192,089	194,846	(2,757)	228,896
Property	105,999	79,449	79,104	345	-
Other	8,044	-	-	-	7,756
	<u>454,532</u>	<u>322,696</u>	<u>328,365</u>	<u>(5,669)</u>	<u>273,357</u>
Building Improvements:					
Purchased services	68,888	5,499	-	5,499	68,888
Supplies	-	29,975	-	29,975	-
Property	35,100	-	-	-	33,744
Other	2,012	-	-	-	2,012
	<u>106,000</u>	<u>35,474</u>	<u>-</u>	<u>35,474</u>	<u>104,644</u>
Total Vocational Programs	<u>560,532</u>	<u>358,170</u>	<u>328,365</u>	<u>29,805</u>	<u>378,001</u>
Other Instructional Programs:					
Instruction:					
Salaries	219,593	293,885	230,853	63,032	162,845
Benefits	38,781	80,404	66,946	13,458	45,828
Purchased services	9,196	2,200	2,200	-	8,675
Supplies	60,775	75,930	63,731	12,199	54,798
Other	7,821	-	-	-	3,010
	<u>336,166</u>	<u>452,419</u>	<u>363,730</u>	<u>88,689</u>	<u>275,156</u>
Instructional Support:					
Purchased services	<u>-</u>	<u>2,200</u>	<u>2,200</u>	<u>-</u>	<u>-</u>
Student Transportation:					
Salaries	-	4,000	-	4,000	-
Benefits	<u>-</u>	<u>154</u>	<u>-</u>	<u>154</u>	<u>-</u>
	<u>-</u>	<u>4,154</u>	<u>-</u>	<u>4,154</u>	<u>-</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE GRANTS FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

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	BUDGETED AMOUNTS				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2016
Community Support:					
Salaries	-	5,636	2,606	3,030	-
Benefits	-	1,100	514	586	-
Supplies	-	2,375	2,098	277	-
	-	9,111	5,218	3,893	-
Total Other Instructional Programs	336,166	467,884	371,148	96,736	275,156
Community Services:					
Community Services Operations:					
Purchased services	6,250	6,250	6,194	56	6,251
Other	183	-	-	-	182
	6,433	6,250	6,194	56	6,433
Support Services:					
Student Support:					
Salaries	86,812	148,626	148,617	9	144,803
Benefits	36,088	55,738	55,906	(168)	52,843
Purchased services	-	10,251	10,251	-	-
	122,900	214,615	214,774	(159)	197,646
Instructional Support:					
Salaries	542,508	804,996	738,428	66,568	524,532
Benefits	217,042	293,633	289,003	4,630	210,896
Purchased services	491,222	281,458	270,227	11,231	454,339
Supplies	19,950	93,982	90,601	3,381	34,993
Other	-	3,517	-	3,517	240,116
	1,270,722	1,477,586	1,388,259	89,327	1,464,876
School Administration:					
Salaries	-	20,000	11,424	8,576	-
Benefits	-	1,940	1,083	857	-
Purchased services	-	86,394	78,000	8,394	91,666
	-	108,334	90,507	17,827	91,666

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE GRANTS FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

(Page 5 of 5)

	BUDGETED AMOUNTS				
	ORIGINAL	FINAL	ACTUAL	VARIANCE	2016
Student Transportation:					
Purchased services	747	747	-	747	480
Property	25,000	25,000	25,000	-	37,000
	<u>25,747</u>	<u>25,747</u>	<u>25,000</u>	<u>747</u>	<u>37,480</u>
Other Support Services:					
Other	-	854,377	854,377	-	-
Total Support Services	<u>1,419,369</u>	<u>2,680,659</u>	<u>2,572,917</u>	<u>107,742</u>	<u>1,791,668</u>
Facilities Acquisition and Construction Services:					
Building Acquisition:					
Property	-	-	-	-	337,000
Total Expenditures	<u>6,954,354</u>	<u>10,204,148</u>	<u>8,665,548</u>	<u>1,538,600</u>	<u>6,075,498</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(72,900)</u>	<u>(954,480)</u>	<u>413,470</u>	<u>1,367,950</u>	<u>378,237</u>
OTHER FINANCING SOURCES					
Transfers in	<u>72,900</u>	<u>117,396</u>	<u>-</u>	<u>(117,396)</u>	<u>88,396</u>
Net Change in Fund Balance	-	(837,084)	413,470	1,250,554	466,633
FUND BALANCE, July 1	<u>-</u>	<u>837,084</u>	<u>815,376</u>	<u>(21,708)</u>	<u>348,743</u>
FUND BALANCE, June 30	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,228,846</u>	\$ <u>1,228,846</u>	\$ <u>815,376</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
REVENUES				
State Sources	\$ <u>3,929,597</u>	\$ <u>3,929,597</u>	\$ <u>-</u>	\$ <u>3,863,647</u>
EXPENDITURES				
Special Programs:				
Instruction:				
Salaries	4,664,341	4,598,635	65,706	4,299,799
Benefits	2,084,991	2,070,800	14,191	1,950,410
Supplies	<u>35,844</u>	<u>26,310</u>	<u>9,534</u>	<u>20,130</u>
Total Expenditures	<u>6,785,176</u>	<u>6,695,745</u>	<u>89,431</u>	<u>6,270,339</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,855,579)</u>	<u>(2,766,148)</u>	<u>(89,431)</u>	<u>(2,406,692)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>2,855,579</u>	<u>2,766,148</u>	<u>(89,431)</u>	<u>2,406,692</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GIFTS AND DONATIONS FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
REVENUES				
Local Sources	\$ <u>39,974</u>	\$ <u>39,974</u>	\$ <u>-</u>	\$ <u>1,500</u>
EXPENDITURES				
Special Programs:				
Instruction:				
Supplies	5,740	2,169	3,571	-
Other Instructional Programs:				
Instruction:				
Supplies	32,734	22,152	10,582	-
Support Services:				
Student Support:				
Supplies	-	-	-	3,492
General administration:				
Supplies	<u>2,202</u>	<u>1,549</u>	<u>653</u>	<u>1,670</u>
Total Expenditures	<u>40,676</u>	<u>25,870</u>	<u>14,806</u>	<u>5,162</u>
Net Change in Fund Balance	(702)	14,104	14,806	(3,662)
FUND BALANCE, July 1	<u>702</u>	<u>702</u>	<u>-</u>	<u>4,364</u>
FUND BALANCE, June 30	\$ <u><u>-</u></u>	\$ <u><u>14,806</u></u>	\$ <u><u>14,806</u></u>	\$ <u><u>702</u></u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)
(Page 1 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
REVENUES				
Local Sources	\$ <u>762,253</u>	\$ <u>772,358</u>	\$ <u>10,105</u>	\$ <u>923,183</u>
EXPENDITURES				
Regular Programs:				
Instruction:				
Purchased services	5,897	5,897	-	-
Supplies	103,185	97,679	5,506	139,043
Property	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
	<u>119,082</u>	<u>113,576</u>	<u>5,506</u>	<u>139,043</u>
Other Instructional Programs:				
Instruction:				
Purchased services	4,000	4,127	(127)	-
Supplies	<u>8,900</u>	<u>4,340</u>	<u>4,560</u>	<u>-</u>
	<u>12,900</u>	<u>8,467</u>	<u>4,433</u>	<u>-</u>
Co-curricular and Extra-curricular Activities:				
Instruction:				
Supplies	<u>2,829</u>	<u>2,829</u>	<u>-</u>	<u>-</u>
Support Services:				
Student Support:				
Purchased services	-	-	-	2,900
Supplies	<u>858</u>	<u>858</u>	<u>-</u>	<u>6,242</u>
	<u>858</u>	<u>858</u>	<u>-</u>	<u>9,142</u>
Instructional Support:				
Salaries	-	-	-	2,765
Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>79</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,844</u>
Operation and Maintenance:				
Purchased services	495,116	326,139	168,977	209,422
Supplies	<u>17,886</u>	<u>6,389</u>	<u>11,497</u>	<u>1,431</u>
	<u>513,002</u>	<u>332,528</u>	<u>180,474</u>	<u>210,853</u>
Total Support Services	<u>513,860</u>	<u>333,386</u>	<u>180,474</u>	<u>222,839</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)
(Page 2 of 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
Facilities Acquisition and Construction Services:				
Facility Acquisition and Improvements:				
Purchased services	198,061	148,061	50,000	197,502
Supplies	<u>633,586</u>	<u>281,729</u>	<u>351,857</u>	<u>440,751</u>
	<u>831,647</u>	<u>429,790</u>	<u>401,857</u>	<u>638,253</u>
 Total Expenditures	<u>1,480,318</u>	<u>888,048</u>	<u>592,270</u>	<u>1,000,135</u>
 Excess (Deficiency) of Revenues Over Expenditures	<u>(718,065)</u>	<u>(115,690)</u>	<u>602,375</u>	<u>(76,952)</u>
 OTHER FINANCING SOURCES				
Transfers in	<u>185,083</u>	<u>182,977</u>	<u>(2,106)</u>	<u>232,106</u>
 Net Change in Fund Balance	(532,982)	67,287	600,269	155,154
 FUND BALANCE, July 1	<u>728,861</u>	<u>728,861</u>	<u>-</u>	<u>573,707</u>
 FUND BALANCE, June 30	\$ <u><u>195,879</u></u>	\$ <u><u>796,148</u></u>	\$ <u><u>600,269</u></u>	\$ <u><u>728,861</u></u>

**ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

(Page 1 of 4)

	BUDGET	ACTUAL	VARIANCE	2016
REVENUES				
Local Sources	\$ -	\$ 46,056	\$ 46,056	\$ -
Federal Sources	<u>5,904,372</u>	<u>5,640,487</u>	<u>(263,885)</u>	<u>4,757,092</u>
	<u>5,904,372</u>	<u>5,686,543</u>	<u>(217,829)</u>	<u>4,757,092</u>
EXPENDITURES				
Regular Programs:				
Instruction:				
Salaries	1,022,655	968,790	53,865	1,140,397
Benefits	465,314	409,508	55,806	505,693
Purchased services	64,384	39,030	25,354	18,641
Supplies	679,203	592,848	86,355	248,847
Property	397,496	397,496	-	-
Other	<u>35,568</u>	<u>32,180</u>	<u>3,388</u>	<u>26,105</u>
	<u>2,664,620</u>	<u>2,439,852</u>	<u>224,768</u>	<u>1,939,683</u>
Instructional support:				
Purchased services	<u>3,867</u>	<u>3,437</u>	<u>430</u>	<u>4,417</u>
Food Service:				
Property	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,972</u>
Community Services:				
Supplies	<u>9,782</u>	<u>3,885</u>	<u>5,897</u>	<u>1,095</u>
Total Regular Programs	<u>2,678,269</u>	<u>2,447,174</u>	<u>231,095</u>	<u>1,982,167</u>
Special Programs:				
Instruction:				
Salaries	1,058,629	1,029,545	29,084	1,070,300
Benefits	635,109	703,019	(67,910)	483,217
Purchased services	2,407	2,407	-	-
Supplies	382,738	35,734	347,004	25,678
Other	<u>45,859</u>	<u>45,859</u>	<u>-</u>	<u>44,261</u>
	<u>2,124,742</u>	<u>1,816,564</u>	<u>308,178</u>	<u>1,623,456</u>

**ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

(Page 2 of 4)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
Support Services:				
Student support:				
Salaries	34,482	34,482	-	63,421
Benefits	17,055	17,055	-	28,286
Supplies	46,601	45,825	776	50,280
Other	<u>1,577</u>	<u>1,577</u>	<u>-</u>	<u>1,505</u>
	<u>99,715</u>	<u>98,939</u>	<u>776</u>	<u>143,492</u>
Instructional support:				
Salaries	5,314	5,558	(244)	4,849
Benefits	481	503	(22)	439
Purchased services	<u>18,674</u>	<u>18,466</u>	<u>208</u>	<u>39,510</u>
	<u>24,469</u>	<u>24,527</u>	<u>(58)</u>	<u>44,798</u>
Student Transportation:				
Purchased services	<u>1,000</u>	<u>891</u>	<u>109</u>	<u>-</u>
Total Special Programs	<u>2,249,926</u>	<u>1,940,921</u>	<u>309,005</u>	<u>1,811,746</u>
Vocational and Technical Programs:				
Instruction:				
Supplies	83,666	55,397	28,269	18,786
Property	-	-	-	16,051
Other	<u>779</u>	<u>-</u>	<u>779</u>	<u>1,680</u>
	<u>84,445</u>	<u>55,397</u>	<u>29,048</u>	<u>36,517</u>
Support Services:				
Instructional support:				
Purchased services	<u>33,640</u>	<u>31,368</u>	<u>2,272</u>	<u>38,766</u>
Total Vocational and Technical Programs	<u>118,085</u>	<u>86,765</u>	<u>31,320</u>	<u>75,283</u>
Other Instructional Programs:				
Instruction:				
Salaries	331,542	289,550	41,992	240,855
Benefits	85,870	70,954	14,916	46,637
Purchased services	320	-	320	-
Supplies	74,974	68,883	6,091	40,765
Other	<u>12,479</u>	<u>10,910</u>	<u>1,569</u>	<u>8,858</u>
	<u>505,185</u>	<u>440,297</u>	<u>64,888</u>	<u>337,115</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)
(Page 3 of 4)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
Support Services:				
Student Support:				
Supplies	<u>1,211</u>	<u>1,202</u>	<u>9</u>	<u>966</u>
Instructional Support:				
Salaries	-	-	-	9,247
Benefits	-	-	-	1,079
Purchased services	70,912	71,124	(212)	85,590
Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,262</u>
	<u>70,912</u>	<u>71,124</u>	<u>(212)</u>	<u>97,178</u>
Student Transportation:				
Salaries	6,000	9,136	(3,136)	5,995
Benefits	873	78,675	(77,802)	806
Purchased services	<u>1,100</u>	<u>660</u>	<u>440</u>	<u>-</u>
	<u>7,973</u>	<u>88,471</u>	<u>(80,498)</u>	<u>6,801</u>
Community Support:				
Purchased services	2,720	2,750	(30)	2,720
Supplies	<u>6,002</u>	<u>5,866</u>	<u>136</u>	<u>2,302</u>
	<u>8,722</u>	<u>8,616</u>	<u>106</u>	<u>5,022</u>
Total Other Instructional Programs	<u>594,003</u>	<u>609,710</u>	<u>(15,707)</u>	<u>447,082</u>
Support Services:				
Student Support:				
Supplies	<u>5,780</u>	<u>5,780</u>	<u>-</u>	<u>-</u>
Instructional Support:				
Salaries	266,571	209,038	57,533	150,861
Benefits	50,369	43,277	7,092	29,607
Purchased services	279,660	114,000	165,660	157,176
Supplies	21,445	18,321	3,124	9,968
Other	<u>13,399</u>	<u>7,050</u>	<u>6,349</u>	<u>8,791</u>
	<u>631,444</u>	<u>391,686</u>	<u>239,758</u>	<u>356,403</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

(Page 4 of 4)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
School Administration:				
Salaries	-	-	-	10,000
Benefits	-	-	-	285
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,285</u>
Central Services:				
Purchased services	50,000	38,638	11,362	46,056
Supplies	1,015	-	1,015	1,963
	<u>51,015</u>	<u>38,638</u>	<u>12,377</u>	<u>48,019</u>
Operation and Maintenance:				
Purchased services	1,615	727	888	-
Student Transportation:				
Purchased services	10,484	8,069	2,415	8,528
Total Support Services	<u>700,338</u>	<u>444,900</u>	<u>255,438</u>	<u>423,235</u>
Community Support:				
Salaries	16,496	17,593	(1,097)	19,606
Benefits	7,684	7,647	37	7,702
Purchased services	20,000	20,000	-	10,500
Supplies	2,064	992	1,072	2,495
	<u>46,244</u>	<u>46,232</u>	<u>12</u>	<u>40,303</u>
Total Expenditures	<u>6,386,865</u>	<u>5,575,702</u>	<u>811,163</u>	<u>4,779,816</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(482,493)</u>	<u>110,841</u>	<u>593,334</u>	<u>(22,724)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>133,867</u>	<u>86,334</u>	<u>(47,533)</u>	<u>1,058</u>
Net Change in Fund Balance	(348,626)	197,175	545,801	(21,666)
FUND BALANCE, July 1	<u>348,626</u>	<u>348,626</u>	<u>-</u>	<u>370,292</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 545,801</u>	<u>\$ 545,801</u>	<u>\$ 348,626</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
REVENUES				
Local Sources:				
Food sales	\$ 977,611	\$ 1,050,911	\$ 73,300	\$ 1,064,257
Management company subsidy	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,221</u>
	<u>977,611</u>	<u>1,050,911</u>	<u>73,300</u>	<u>1,138,478</u>
State Sources				
State appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,202</u>
Federal Sources:				
Direct aid	1,377,300	1,447,625	70,325	1,448,225
Food commodities	235,947	235,947	-	179,002
School Breakfast program	<u>271,970</u>	<u>295,305</u>	<u>23,335</u>	<u>268,603</u>
Total Federal Sources	<u>1,885,217</u>	<u>1,978,877</u>	<u>93,660</u>	<u>1,895,830</u>
Total Revenues	<u>2,862,828</u>	<u>3,029,788</u>	<u>166,960</u>	<u>3,041,510</u>
EXPENDITURES				
Noninstructional Services:				
Food Services:				
Salaries	965,771	944,685	21,086	1,046,928
Benefits	475,404	458,179	17,225	500,002
Purchased services	303,200	306,965	(3,765)	196,022
Supplies	<u>1,730,223</u>	<u>1,774,718</u>	<u>(44,495)</u>	<u>1,772,561</u>
Total Expenditures	<u>3,474,598</u>	<u>3,484,547</u>	<u>(9,949)</u>	<u>3,515,513</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(611,770)</u>	<u>(454,759)</u>	<u>157,011</u>	<u>(474,003)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>611,770</u>	<u>454,759</u>	<u>(157,011)</u>	<u>471,354</u>
Net Change in Fund Balance	-	-	-	(2,649)
FUND BALANCE, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,649</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING AND SITES FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
REVENUES				
Local Sources:				
Interest income	\$ 29,050	\$ 26,505	\$ (2,545)	\$ 24,961
Rent	42,500	46,079	3,579	46,814
Other	<u>3,380</u>	<u>3,379</u>	<u>(1)</u>	<u>500</u>
Total Revenues	<u>74,930</u>	<u>75,963</u>	<u>1,033</u>	<u>72,275</u>
EXPENDITURES				
Support Services:				
Operation and Maintenance:				
Purchased services	<u>128,813</u>	<u>88,683</u>	<u>40,130</u>	<u>50,409</u>
Total Expenditures	<u>128,813</u>	<u>88,683</u>	<u>40,130</u>	<u>50,409</u>
Excess (Deficiency) of Revenues Over Expenditures	(53,883)	(12,720)	41,163	21,866
OTHER FINANCING SOURCES				
Sale of fixed assets	<u>20,340</u>	<u>20,332</u>	<u>(8)</u>	<u>7,379</u>
Net Change in Fund Balance	(33,543)	7,612	41,155	29,245
FUND BALANCE, July 1	<u>33,543</u>	<u>33,543</u>	<u>-</u>	<u>4,298</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 41,155</u>	<u>\$ 41,155</u>	<u>\$ 33,543</u>

INTERNAL SERVICE FUNDS

ELKO COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	<u>HEALTH INSURANCE</u>	<u>WORKERS COMPENSATION</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>TOTALS</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 393,877	\$ 1,543,603	\$ 323,084	\$ 2,260,564
Due from other funds	<u>1,510,574</u>	<u>65,386</u>	<u>15,689</u>	<u>1,591,649</u>
Total Current Assets	<u>1,904,451</u>	<u>1,608,989</u>	<u>338,773</u>	<u>3,852,213</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	2,119,422	-	-	2,119,422
Due to other governments	-	-	6,636	6,636
Unearned revenue	<u>1,506,867</u>	<u>59,067</u>	<u>14,637</u>	<u>1,580,571</u>
Total Current Liabilities	<u>3,626,289</u>	<u>59,067</u>	<u>21,273</u>	<u>3,706,629</u>
NET POSITION				
Restricted for payment of claims (NRS 354.6215)	-	1,549,922	317,500	1,867,422
Unrestricted (Deficit)	<u>(1,721,838)</u>	<u>-</u>	<u>-</u>	<u>(1,721,838)</u>
Total Net Position	<u>\$ (1,721,838)</u>	<u>\$ 1,549,922</u>	<u>\$ 317,500</u>	<u>\$ 145,584</u>

**ELKO COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>HEALTH INSURANCE</u>	<u>WORKERS COMPENSATION</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>TOTALS</u>
OPERATING REVENUES				
Local Sources	\$ 15,877,645	\$ 877,642	\$ 129,841	\$ 16,885,128
OPERATING EXPENSES				
Support Services	<u>16,477,908</u>	<u>692,872</u>	<u>44,152</u>	<u>17,214,932</u>
Operating Income (Loss)	(600,263)	184,770	85,689	(329,804)
NET POSITION (Deficit), July 1	<u>(1,121,575)</u>	<u>1,365,152</u>	<u>231,811</u>	<u>475,388</u>
NET POSITION (Deficit), June 30	\$ <u><u>(1,721,838)</u></u>	\$ <u><u>1,549,922</u></u>	\$ <u><u>317,500</u></u>	\$ <u><u>145,584</u></u>

ELKO COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	HEALTH INSURANCE	WORKERS COMPENSATION	UNEMPLOYMENT COMPENSATION
Cash Flows from Operating Activities:			
Cash received from premiums, current employees	\$ 14,802,982	\$ 783,731	\$ 128,789
Cash received from premiums, former employees	862,229	-	-
Cash received from other operating revenues	-	98,290	-
Cash payments for claims	(13,497,634)	(589,756)	(24,557)
Cash payments for supplemental insurance	(1,669,584)	(45,061)	-
Cash payments for fund administration	(627,584)	(58,055)	-
Cash payments for other operating costs	-	-	(14,950)
Net Cash Provided (Used) by Operating Activities	(129,591)	189,149	89,282
CASH AND CASH EQUIVALENTS BALANCE, July 1	523,468	1,354,454	233,802
CASH AND CASH EQUIVALENTS BALANCE, June 30	\$ 393,877	\$ 1,543,603	\$ 323,084

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ (600,263)	\$ 184,770	\$ 85,689
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
(Increase) decrease in receivables	(74,258)	32,125	(1,220)
(Increase) decrease in deposits	-	-	-
Increase (decrease) in accounts payable	474,379	-	4,645
Increase (decrease) in unearned revenue	70,551	(27,746)	168
Total Adjustments	470,672	4,379	3,593
Net Cash Provided (Used) by Operating Activities	\$ (129,591)	\$ 189,149	\$ 89,282

TOTALS

\$ 15,715,502
862,229
98,290
(14,111,947)
(1,714,645)
(685,639)
(14,950)

148,840

2,111,724

\$ 2,260,564

\$ (329,804)

(43,353)
-
479,024
42,973

478,644

\$ 148,840

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
SELF-INSURANCE HEALTH FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
OPERATING REVENUES				
Local Sources:				
Employer, employee and retiree contributions	\$ <u>16,086,375</u>	\$ <u>15,877,645</u>	\$ <u>(208,730)</u>	\$ <u>14,502,935</u>
OPERATING EXPENSES				
Support Services:				
Other support:				
Benefits	14,340,600	15,850,324	(1,509,724)	13,110,840
Purchased services	<u>624,200</u>	<u>627,584</u>	<u>(3,384)</u>	<u>663,916</u>
	<u>14,964,800</u>	<u>16,477,908</u>	<u>(1,513,108)</u>	<u>13,774,756</u>
Change in Net Position	1,121,575	(600,263)	(1,721,838)	728,179
NET POSITION (Deficit), July 1	<u>(1,121,575)</u>	<u>(1,121,575)</u>	<u>-</u>	<u>(1,849,754)</u>
NET POSITION (Deficit), June 30	\$ <u><u>-</u></u>	\$ <u><u>(1,721,838)</u></u>	\$ <u><u>(1,721,838)</u></u>	\$ <u><u>(1,121,575)</u></u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF CASH FLOWS
SELF-INSURANCE HEALTH FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Cash received from premiums, current employees	\$ 14,802,982	\$ 13,183,306
Cash received from premiums, former employees	862,229	1,030,323
Cash payments to providers for health claims	(13,497,634)	(11,326,008)
Cash payments for supplemental insurance	(1,669,584)	(1,534,172)
Cash payments for fund administration	<u>(627,584)</u>	<u>(667,611)</u>
Net Cash Provided (Used) by Operating Activities	<u>(129,591)</u>	<u>685,838</u>
CASH AND CASH EQUIVALENTS BALANCE, July 1	<u>523,468</u>	<u>(162,370)</u>
CASH AND CASH EQUIVALENTS BALANCE, June 30	<u>\$ 393,877</u>	<u>\$ 523,468</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ <u>(600,263)</u>	\$ <u>728,179</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in receivables	(74,258)	(241,933)
Increase (decrease) in payable items	474,379	157,659
Increase (decrease) in unearned revenue	<u>70,551</u>	<u>41,933</u>
Total Adjustments	<u>470,672</u>	<u>(42,341)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (129,591)</u>	<u>\$ 685,838</u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
WORKERS COMPENSATION FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
OPERATING REVENUES				
Local Sources:				
Employer contributions	\$ 858,700	\$ 779,352	\$ (79,348)	\$ 714,393
Miscellaneous	<u>98,300</u>	<u>98,290</u>	<u>(10)</u>	<u>42,020</u>
	<u>957,000</u>	<u>877,642</u>	<u>(79,358)</u>	<u>756,413</u>
OPERATING EXPENSES				
Support Services:				
Other support:				
Benefits	780,100	589,756	190,344	501,365
Purchased services	<u>125,100</u>	<u>103,116</u>	<u>21,984</u>	<u>139,254</u>
	<u>905,200</u>	<u>692,872</u>	<u>212,328</u>	<u>640,619</u>
Change in Net Position	51,800	184,770	132,970	115,794
TOTAL NET POSITION, July 1	<u>1,365,152</u>	<u>1,365,152</u>	<u>-</u>	<u>1,249,358</u>
TOTAL NET POSITION, June 30	\$ <u><u>1,416,952</u></u>	\$ <u><u>1,549,922</u></u>	\$ <u><u>132,970</u></u>	\$ <u><u>1,365,152</u></u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF CASH FLOWS
WORKERS COMPENSATION FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Cash received from employer premiums	\$ 783,731	\$ 964,393
Cash received from other operating revenues	98,290	42,020
Cash payments to providers for injury claims	(589,756)	(507,757)
Cash payments to providers for supplemental insurance	(45,061)	(45,061)
Cash payments for fund administration	<u>(58,055)</u>	<u>(104,891)</u>
Net Cash Provided (Used) by Operating Activities	<u>189,149</u>	<u>348,704</u>
CASH AND CASH EQUIVALENTS BALANCE, July 1	<u>1,354,454</u>	<u>1,005,750</u>
CASH AND CASH EQUIVALENTS BALANCE, June 30	\$ <u><u>1,543,603</u></u>	\$ <u><u>1,354,454</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ <u>184,770</u>	\$ <u>115,794</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	32,125	230,264
(Increase) decrease in deposits	-	(6,392)
Increase (decrease) in unearned revenue	<u>(27,746)</u>	<u>9,038</u>
Total Adjustments	<u>4,379</u>	<u>232,910</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>189,149</u></u>	\$ <u><u>348,704</u></u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
UNEMPLOYMENT COMPENSATION FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
OPERATING REVENUES				
Local Sources:				
Employer contributions	\$ <u>140,000</u>	\$ <u>129,841</u>	\$ <u>(10,159)</u>	\$ <u>118,304</u>
OPERATING EXPENSES				
Support Services:				
Other Support:				
Benefits	40,100	29,202	10,898	6,263
Purchased services	<u>35,000</u>	<u>14,950</u>	<u>20,050</u>	<u>18,249</u>
	<u>75,100</u>	<u>44,152</u>	<u>30,948</u>	<u>24,512</u>
Change in Net Position	64,900	85,689	20,789	93,792
NET POSITION, July 1	<u>231,811</u>	<u>231,811</u>	<u>-</u>	<u>138,019</u>
NET POSITION, June 30	\$ <u><u>296,711</u></u>	\$ <u><u>317,500</u></u>	\$ <u><u>20,789</u></u>	\$ <u><u>231,811</u></u>

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF CASH FLOWS
UNEMPLOYMENT COMPENSATION FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Cash received from employer premiums	\$ 128,789	\$ 118,304
Cash payments for claims	(24,557)	(4,532)
Cash payments for other operating costs	<u>(14,950)</u>	<u>(18,249)</u>
Net Cash Provided (Used) by Operating Activities	89,282	95,523
CASH AND CASH EQUIVALENTS BALANCE, July 1	<u>233,802</u>	<u>138,279</u>
CASH AND CASH EQUIVALENTS BALANCE, June 30	\$ <u><u>323,084</u></u>	\$ <u><u>233,802</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ <u>85,689</u>	\$ <u>93,792</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in receivables	(1,220)	(1,505)
Increase (decrease) in payable items	4,645	1,731
Increase (decrease) in unearned revenue	<u>168</u>	<u>1,505</u>
Total Adjustments	<u>3,593</u>	<u>1,731</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>89,282</u></u>	\$ <u><u>95,523</u></u>

FIDUCIARY FUNDS

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL
JACKPOT SCHOLARSHIP FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>2016</u>
ADDITIONS				
Local Sources:				
Interest	\$ <u>150</u>	\$ <u>188</u>	\$ <u>38</u>	\$ <u>46</u>
DEDUCTIONS				
Regular programs:				
Instruction:				
Purchased services	<u>5,165</u>	<u>2,650</u>	<u>2,515</u>	<u>3,159</u>
Net Increase in Net Position	(5,015)	(2,462)	2,553	(3,113)
NET POSITION, July 1	<u>54,690</u>	<u>54,690</u>	<u>-</u>	<u>57,803</u>
NET POSITION, June 30	\$ <u><u>49,675</u></u>	\$ <u><u>52,228</u></u>	\$ <u><u>2,553</u></u>	\$ <u><u>54,690</u></u>

ELKO COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(Page 1 of 4)

	<u>BALANCE</u> <u>JULY 1, 2016</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2017</u>
ADOBE MIDDLE SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>31,148</u>	\$ <u>129,435</u>	\$ <u>114,861</u>	\$ <u>45,722</u>
LIABILITIES				
Due to student groups	\$ <u>31,148</u>	\$ <u>129,435</u>	\$ <u>114,861</u>	\$ <u>45,722</u>
CARLIN HIGH SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>108,376</u>	\$ <u>118,265</u>	\$ <u>109,296</u>	\$ <u>117,345</u>
LIABILITIES				
Due to student groups	\$ <u>108,376</u>	\$ <u>118,265</u>	\$ <u>109,296</u>	\$ <u>117,345</u>
CENTRAL OFFICE ADMINISTRATORS FUND				
ASSETS				
Cash	\$ <u>1,283</u>	\$ <u>1,740</u>	\$ <u>2,599</u>	\$ <u>424</u>
LIABILITIES				
Due to administrators	\$ <u>1,283</u>	\$ <u>1,740</u>	\$ <u>2,599</u>	\$ <u>424</u>
ELKO HIGH SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>496,572</u>	\$ <u>1,341,024</u>	\$ <u>1,258,832</u>	\$ <u>578,764</u>
LIABILITIES				
Due to student groups	\$ <u>496,572</u>	\$ <u>1,341,024</u>	\$ <u>1,258,832</u>	\$ <u>578,764</u>
FLAGVIEW INTERMEDIATE SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>25,362</u>	\$ <u>89,861</u>	\$ <u>85,543</u>	\$ <u>29,680</u>
LIABILITIES				
Due to student groups	\$ <u>25,362</u>	\$ <u>89,861</u>	\$ <u>85,543</u>	\$ <u>29,680</u>

ELKO COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(Page 2 of 4)

	<u>BALANCE</u> <u>JULY 1, 2016</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2017</u>
GRAMMAR SCHOOL NO. 2				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>22,342</u>	\$ <u>26,392</u>	\$ <u>24,163</u>	\$ <u>24,571</u>
LIABILITIES				
Due to student groups	\$ <u>22,342</u>	\$ <u>26,392</u>	\$ <u>24,163</u>	\$ <u>24,571</u>
JACKPOT COMBINED SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>58,488</u>	\$ <u>53,373</u>	\$ <u>53,279</u>	\$ <u>58,582</u>
LIABILITIES				
Due to student groups	\$ <u>58,488</u>	\$ <u>53,373</u>	\$ <u>53,279</u>	\$ <u>58,582</u>
MOUNTAIN VIEW ELEMENTARY SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>102,167</u>	\$ <u>66,573</u>	\$ <u>87,830</u>	\$ <u>80,910</u>
LIABILITIES				
Due to student groups	\$ <u>102,167</u>	\$ <u>66,573</u>	\$ <u>87,830</u>	\$ <u>80,910</u>
NORTHSIDE ELEMENTARY SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>12,739</u>	\$ <u>12,210</u>	\$ <u>22,501</u>	\$ <u>2,448</u>
LIABILITIES				
Due to student groups	\$ <u>12,739</u>	\$ <u>12,210</u>	\$ <u>22,501</u>	\$ <u>2,448</u>
OWYHEE HIGH SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>56,842</u>	\$ <u>117,164</u>	\$ <u>125,345</u>	\$ <u>48,661</u>
LIABILITIES				
Due to student groups	\$ <u>56,842</u>	\$ <u>117,164</u>	\$ <u>125,345</u>	\$ <u>48,661</u>

ELKO COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(Page 3 of 4)

	BALANCE JULY 1, 2016	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2017
RURAL ELEMENTARY SCHOOLS				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>4,540</u>	\$ <u>554</u>	\$ <u>-</u>	\$ <u>5,094</u>
LIABILITIES				
Due to student groups	\$ <u>4,540</u>	\$ <u>554</u>	\$ <u>-</u>	\$ <u>5,094</u>
SAGE ELEMENTARY SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>45,141</u>	\$ <u>44,106</u>	\$ <u>49,133</u>	\$ <u>40,114</u>
LIABILITIES				
Due to student groups	\$ <u>45,141</u>	\$ <u>44,106</u>	\$ <u>49,133</u>	\$ <u>40,114</u>
SOUTHSIDE ELEMENTARY SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>18,078</u>	\$ <u>18,279</u>	\$ <u>12,863</u>	\$ <u>23,494</u>
LIABILITIES				
Due to student groups	\$ <u>18,078</u>	\$ <u>18,279</u>	\$ <u>12,863</u>	\$ <u>23,494</u>
SPRING CREEK ELEMENTARY SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>27,227</u>	\$ <u>55,346</u>	\$ <u>52,812</u>	\$ <u>29,761</u>
LIABILITIES				
Due to student groups	\$ <u>27,227</u>	\$ <u>55,346</u>	\$ <u>52,812</u>	\$ <u>29,761</u>
SPRING CREEK HIGH SCHOOL				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>383,505</u>	\$ <u>830,904</u>	\$ <u>847,275</u>	\$ <u>367,134</u>
LIABILITIES				
Due to student groups	\$ <u>383,505</u>	\$ <u>830,904</u>	\$ <u>847,275</u>	\$ <u>367,134</u>

ELKO COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(Page 4 of 4)

	<u>BALANCE</u> <u>JULY 1, 2016</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2017</u>
<u>SPRING CREEK MIDDLE SCHOOL</u>				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>95,454</u>	\$ <u>207,928</u>	\$ <u>173,271</u>	\$ <u>130,111</u>
LIABILITIES				
Due to student groups	\$ <u>95,454</u>	\$ <u>207,928</u>	\$ <u>173,271</u>	\$ <u>130,111</u>
<u>WELLS COMBINED SCHOOL</u>				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>106,236</u>	\$ <u>279,349</u>	\$ <u>231,643</u>	\$ <u>153,942</u>
LIABILITIES				
Due to student groups	\$ <u>106,236</u>	\$ <u>279,349</u>	\$ <u>231,643</u>	\$ <u>153,942</u>
<u>WEST WENDOVER ELEMENTARY</u>				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>23,890</u>	\$ <u>63,237</u>	\$ <u>57,308</u>	\$ <u>29,819</u>
LIABILITIES				
Due to student groups	\$ <u>23,890</u>	\$ <u>63,237</u>	\$ <u>57,308</u>	\$ <u>29,819</u>
<u>WEST WENDOVER HIGH SCHOOL</u>				
<u>STUDENT BODY ACTIVITIES FUND</u>				
ASSETS				
Cash	\$ <u>137,891</u>	\$ <u>259,884</u>	\$ <u>240,519</u>	\$ <u>157,256</u>
LIABILITIES				
Due to student groups	\$ <u>137,891</u>	\$ <u>259,884</u>	\$ <u>240,519</u>	\$ <u>157,256</u>
<u>TOTAL - AGENCY FUNDS</u>				
ASSETS				
Cash	\$ <u>1,757,281</u>	\$ <u>3,715,624</u>	\$ <u>3,549,073</u>	\$ <u>1,923,832</u>
LIABILITIES				
Due to administrators	\$ 1,283	\$ 1,740	\$ 2,599	\$ 424
Due to student groups	<u>1,755,998</u>	<u>3,713,884</u>	<u>3,546,474</u>	<u>1,923,408</u>
	\$ <u>1,757,281</u>	\$ <u>3,715,624</u>	\$ <u>3,549,073</u>	\$ <u>1,923,832</u>

COMPLIANCE SECTION



**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 Honorable Board of Trustees
Elko County School District
Elko, Nevada

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elko County School District, Nevada (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questions costs as Finding 2017-A that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Elko County School District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questions costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Elko, Nevada
October 31, 2017



Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Board of Trustees
Elko County School District
Elko, Nevada

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District'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 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on the Special Education Cluster, Title I Grants to Local Educational Agencies, and Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding CFDA 84.027 and 84.173 Special Education Cluster as described in finding number 2017-002 for Reporting, regarding CFDA 84.010 Title I Grants to Local Educational Agencies as described in finding number 2017-004 for Procurement, Suspension, and Debarment, and regarding CFDA 10.553 and 10.555 Child Nutrition Cluster as described in finding number 2017-004 for Procurement, Suspension, and Debarment. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

Qualified Opinion on the Special Education Cluster, Title I Grants to Local Educational Agencies, and Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster, Title I Grants to Local Educational Agencies, and Child Nutrition Cluster for the year ended June 30, 2017.

Opinion on the Other Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

Other Matters

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Findings 2017-002 and 2017-004 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Findings 2017-001 and 2017-003 to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Esde Bailly LLP". The signature is written in a cursive, flowing style.

Elko, Nevada
October 31, 2017



Auditor's Comments

To the Board of Trustees
Elko County School District
Elko, Nevada

In connection with our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Elko County School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, except as noted, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes (NRS) and the Nevada Administrative Code (NAC) is contained in Note 1 to the financial statements.

Progress on Prior Year Statute Compliance

The District reported expenditures exceeding budgetary authority for the year ended June 30, 2016 in four instances. While efforts were made to prevent expenditures exceeding budgetary authority during the current year, the District reported expenditures exceeding budgetary authority in Note 1 to the current year financial statements.

Prior Year Recommendations

The status of the prior year audit findings is included in the Summary Schedule of Prior Audit Findings under separate cover.

Current Year Recommendations

The current year findings are included in the accompanying Schedule of Findings and Questioned Costs.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Elko, Nevada
October 31, 2017

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017
(Page 1 of 2)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES/ DISBURSEMENTS
U.S. Department of Education			
Direct Programs:			
Impact Aid Cluster:			
Impact Aid (P.L. 81-874):	84.041	38-NV-2017-1005 38-NV-2015-1005	\$ 1,344,154 122,682
Total Impact Aid Cluster			1,466,836
Indian Education	84.060A	S060A160345	66,165
Passed Through State of Nevada Department of Education:			
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	17-639-04000	1,582,579
Special Education Preschool Grants	84.173	17-665-04000	53,114
Total Special Education Cluster (IDEA)			1,635,693
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S	17-610-04000	78,748
Passed Through Utah State University:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	P334A120037 P334A150032	95,946 84,200
			258,894
Passed Through State of Nevada Department of Education:			
English Language Acquisition Grants	84.365A	17-658-04000 17-659-04000	115,404 2,957
			118,361
Title I, Grants to Local Educational Agencies	84.010	17-633-04000	984,730
Title I, Part C Migrant Education	84.011A	17-629-04000	3,616
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A	17-630-04000	26,136
Career and Technical Education Basic Grants to States	84.048	17-631-04000	86,766
Grants to States for Emergency Management	84.184Q	17-683-04000	727
Twenty-First Century Community Learning Centers	84.287	17-770-04000	296,053
Improving Teacher Quality State Grants	84.367	17-709-04000	237,438
Total U.S. Department of Education			5,181,415

ELKO COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017
(Page 2 of 2)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES/ DISBURSEMENTS
U.S. Department of Agriculture			
Passed Through State of Nevada Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	-	1,447,625
National School Lunch Program, Commodity Food **	10.555	-	<u>235,947</u>
			1,683,572
School Breakfast Program	10.553	-	<u>295,305</u>
Total Child Nutrition Cluster			<u>1,978,877</u>
Fresh Fruit and Vegetable Program	10.582	-	27,201
Distance Learning and Telemedicine Loan and Grant Program	10.855	-	<u>424,387</u>
Total U.S. Department of Agriculture			<u>2,430,465</u>
U.S. Department of the Interior			
Bureau of Land Management			
Passed Through Elko County:			
Distribution of Receipts to State and Local Governments	15.227	-	<u>14,084</u>
U.S. Institute of Museum and Library Services			
Passed Through Nevada Department of Administration:			
LSTA State Grants	45.310		<u>5,473</u>
Total Expenditures of Federal Awards			\$ <u><u>7,631,437</u></u>

Note - the District has no subrecipients.

** Non-cash Assistance

See accompanying notes.

ELKO COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Note 1 - Basis of Presentation

The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Elko County School District, State of Nevada and is presented on the modified accrual basis of accounting.

Note 3 – Relationship to the Basic Financial Statements

Expenditures of federal awards have been included in the individual funds of the District as follows:

Revenue reported in:	
General Fund	\$ 14,084
Nonmajor Special Revenue Funds	<u>7,617,353</u>
	<u>\$ 7,631,437</u>

Note 4 – Indirect Cost Rate

The District was not eligible to utilize the “de minimis” indirect cost rate of 10%.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes

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

Unmodified for all major federal programs except for Special Education Cluster; Title I, Grants to Local Educational Agencies; and Child Nutrition Cluster, which were qualified opinions.

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	Yes
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Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Special Education Cluster:	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173
Title I, Grants to Local Educational Agencies	84.010
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Distance Learning and Telemedicine Loan and Grant Program	10.855
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

**2017-A: Contracts Payable
 Significant Deficiency**

<i>Criteria:</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. This includes ensuring obligations for services performed are recorded in the correct period in accordance with U.S. generally accepted accounting principles (GAAP).
<i>Condition:</i>	Four construction contract invoices received near year end included work performed in both fiscal year 2017 and fiscal year 2018. Each invoice was charged entirely to one fiscal year or the other. Invoices were not allocated to each year depending on the number of days of work performed.
<i>Cause:</i>	Elko County School District did not have controls in place to allocate construction contract invoices based on the number of days of work performed in each fiscal year.
<i>Effect:</i>	Prior to adjustment, the District's liabilities, capital outlay, and construction in progress were overstated by \$157,516.
<i>Recommendation:</i>	We recommend Elko County School District implement controls to allocate construction contract invoices based on the number of days of work performed in each fiscal year, or request contractors prepare a bill for the period ended June 30 th .
<i>Views of Responsible Officials:</i>	Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs:

2017-001: U.S. Department of Education
Passed Through State of Nevada, Department of Education:
Special Education Cluster:
Special Education – Grants to States, CFDA 84.027
Special Education - Preschool Grants, CFDA 84.173

Allowable Costs/Cost Principles
Significant Deficiency in Internal Control over Compliance

<i>Grant Award Number:</i>	Affects all grant awards included under CFDA 84.027 and CFDA 84.173.
<i>Criteria:</i>	2 CFR Part 200 (Uniform Guidance) requires that charges for salaries and wages must comply with the established accounting policies and practices of the non-Federal entity (Elko County School District).
<i>Condition:</i>	A substitute for a special education aide was incorrectly paid at the rate approved for a substitute teacher.
<i>Cause:</i>	Elko County School District did not have adequate controls to ensure a substitute special education aide was paid the appropriate rate.
<i>Effect:</i>	The substitute aide was paid more than was allowable under the policies and practices of the District.
<i>Questioned Costs:</i>	None reported
<i>Context/Sampling:</i>	A nonstatistical sample of 60 transactions, of which 55 were payroll-related transactions, out of approximately 1,000 total transactions was selected for testing. An incorrect rate was used for one transaction.
<i>Repeat Finding from Prior Year(s):</i>	No
<i>Recommendation:</i>	We recommend Elko County School District enhance controls to ensure a substitute special education aide is paid the appropriate rate.
<i>Views of Responsible Officials:</i>	Management agrees with the finding.

2017-002: U.S. Department of Education
Passed Through State of Nevada, Department of Education:
Special Education Cluster:
Special Education – Grants to States, CFDA 84.027
Special Education - Preschool Grants, CFDA 84.173

Reporting
Material Noncompliance and Material Weakness in Internal Control Over Compliance

<i>Grant Award Number:</i>	Affects all grant awards included under CFDA 84.027 and CFDA 84.173.
<i>Criteria:</i>	The OMB Compliance Supplement states, “Each State Education Agency (SEA) is required to report to the Secretary an unduplicated count of children with disabilities receiving special education and related service” and “Local Education Agencies (LEAs) must report to the SEA in accordance with the SEA-established procedure”. The SEA established procedure requires that Elko County School District annually report the number of children with disabilities receiving special education and related services by submitting a Child Count Report to the SEA.
<i>Condition:</i>	We noted instances where the gender, LEP status, setting, and disability codes were not supported by the underlying information.
<i>Cause:</i>	Elko County School District did not have adequate controls to ensure that the data reported to the SEA was accurate and appropriately documented.
<i>Effect:</i>	Inaccurate data was reported to the SEA.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	A nonstatistical sample of 60 child records out of 1,129 total child records was selected for testing. We noted 15 instances where the data was either reported inaccurately or did not have appropriate supporting documentation to verify the data element reported.
<i>Repeat Finding from Prior Year(s):</i>	Yes – prior year finding 2016-001.
<i>Recommendation:</i>	We recommend Elko County School District enhance controls to ensure that the data reported to the SEA is accurate and appropriately documented.
<i>Views of Responsible Officials:</i>	Management agrees with the finding.

2017-003: U.S. Department of Education
Passed Through State of Nevada, Department of Education:
Special Education Cluster:
 Special Education – Grants to States, CFDA 84.027
 Special Education - Preschool Grants, CFDA 84.173
Title I, Grants to Local Educational Agencies, CFDA 84.010

U.S. Department of Agriculture
Distance Learning and Telemedicine Loan and Grant Program, CFDA 10.855
Passed Through State of Nevada, Department of Agriculture:
Child Nutrition Cluster:
 School Breakfast Program, CFDA 10.553
 National School Lunch Program, CFDA 10.555

Procurement, Suspension, and Debarment
Significant Deficiency in Internal Control Over Compliance

<i>Grant Award Number:</i>	Affects all grant awards included under CFDA 84.027, CFDA 84.173, CFDA 84.010, CFDA 10.855, CFDA 10.553, and CFDA 10.555.
<i>Criteria:</i>	2 CFR Part 200 (Uniform Guidance) requires that a non-Federal entity must use its own documented procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and standards.
<i>Condition:</i>	We noted Elko County School District has not updated its procurement policies to conform to applicable federal law and standards.
<i>Cause:</i>	Elko County School District did not have controls to ensure its procurement policies were updated to conform with the procurement requirements identified in Uniform Guidance.
<i>Effect:</i>	Procurements did not follow federal standards.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	No sampling was performed as the procurement policy was examined in its entirety.
<i>Repeat Finding from Prior Year(s):</i>	No
<i>Recommendation:</i>	We recommend Elko County School District implement controls to ensure its procurement policies are updated to conform with the procurement requirements identified in Uniform Guidance.
<i>Views of Responsible Officials:</i>	Management agrees with the finding.

**2017-004: U.S. Department of Education
Passed Through State of Nevada, Department of Education:
Title I, Grants to Local Educational Agencies, CFDA 84.010**

**U.S. Department of Agriculture
Passed Through State of Nevada, Department of Agriculture:
Child Nutrition Cluster:
School Breakfast Program, CFDA 10.553
National School Lunch Program, CFDA 10.555**

**Procurement, Suspension, and Debarment
Material Noncompliance and Material Weakness in Internal Control Over Compliance**

<i>Grant Award Number:</i>	Affects all grant awards included under CFDA 84.010, CFDA 10.553, and CFDA 10.555.
<i>Criteria:</i>	2 CFR Part 200 (Uniform Guidance) requires price or rate quotations from an adequate number of qualified sources for small purchases.
<i>Condition:</i>	Quotations from an adequate number of sources were not obtained for a small purchase under Uniform Guidance.
<i>Cause:</i>	Elko County School District did not obtain price quotations for small purchases under Uniform Guidance because District and State policy sets the threshold at \$25,000; however, the Uniform Guidance threshold is \$3,000. As evidenced by this difference in policy, the District did not have adequate internal controls to ensure federal procurement policies were adhered to.
<i>Effect:</i>	The best price for the purchase may not have been obtained.
<i>Questioned Costs:</i>	None
<i>Context/Sampling:</i>	Title I: A nonstatistical sample of 23 procurement transactions out of approximately 1,500 was selected for testing. The federal procurement policies were not followed for eight transactions. Child Nutrition Cluster: A nonstatistical sample of nine procurement transactions out of 61 was selected for testing. The federal procurement policies were not followed for four transactions.
<i>Repeat Finding from Prior Year(s):</i>	No
<i>Recommendation:</i>	We recommend Elko County School District enhance internal controls to ensure federal procurement policies are adhered to.
<i>Views of Responsible Officials:</i>	Management agrees with the finding.