ST. MARIES JOINT SCHOOL DISTRICT No. 41

St. Maries, Idaho

Audited Financial Statements

For the Year Ended June 30, 2019

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

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Hayden Ross, PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
St. Maries Joint School District No. 41
St. Maries, Idaho 83861

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 the St. Maries Joint School District No. 41, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

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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 St. Maries Joint School District No. 41 as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the District recorded a prior period adjustment as a result of implementing GASB 75 related to other post-employment benefits for sick leave.

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 4-10, budgetary comparisons on pages 43-44, the net pension liability related schedules on page 45, the other post-employment benefit liability schedule on page 46, the net OPEB asset – sick leave plan related schedules on page 47 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 St. Maries Joint School District No. 41's basic financial statements. The combining and nonmajor fund financial statements are presented for purposes of additional analysis and are 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 combining and nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2019 on our consideration of the St. Maries Joint School District No. 41's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and to provide an opinion on the 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 St. Maries Joint School District No. 41's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
September 16, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

As management of the St. Maries Joint School District No. 41 (District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2019.

Financial Highlights

- St. Maries Joint School District No. 41's financial status, as reflected in the General Fund balance, increased $68,044 from the previous fiscal year to an ending balance of $867,181. Unanticipated revenues contributed to the increase in ending fund balance.

- Supplemental levies have supported essential school programs for over 30 years in St. Maries. Voters approved the $2,073,385 two year supplemental levy held on March 14, 2017 which provides support for the 2017-2018 and 2018-2019 school years. Supplemental levies continue to be a necessary part of the school district's budget to help close the gap between State revenues received for education and the expenditures necessary to provide a quality education for our students. The supplemental levy for 2018-2019 represents 23.77% of general fund revenues.

- Overall district enrollment for the 2018-2019 school year decreased from the 2017-2018 school year. The School District began the 2018-2019 school year with 980 students and ended with 929 students in June. The average size per grade at the end of 2018-2019 was 71 students.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components:

1) Government-wide Financial Statements
2) Fund Financial Statements, and
3) Notes to the Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statement. 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 statements present an aggregate view of the District's finances. They contain useful long-term information for the just completed fiscal year.

The statement of net position presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between them 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 net position of the District 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.

In the statements, the District's activities are all classified as governmental activities. Governmental activities include all regular and special education, all educational support activities, administration, transportation, and food services. Most of these activities are supported by property taxes and formula aid from the State of Idaho.

Fund Financial Statements. A fund is a group 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. Fund statements generally report operations in more detail than the government-wide statements.

Some funds are required by state law and bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. repaying long-term debt.) The District has two types of funds: Governmental and Fiduciary.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the district's own programs.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. The budgetary comparison schedules, the net pension liability schedules provide additional information required by GASB 68. The other post-employment schedules provides additional information required by GASB 75.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis - Table 1
Statement of Net Position
June 30,

	2019	2018	Change
Assets			
Current assets	4,976,661	4,637,299	339,362
Noncurrent assets	3,541,539	3,501,592	39,947
Total Assets	**8,518,200**	**8,138,891**	**379,309**
Deferred Outflows of Resources	**1,141,283**	**912,234**	**229,049**
Liabilities			
Current liabilities	1,129,054	1,132,208	(3,154)
Noncurrent liabilities	2,931,121	2,997,286	(66,165)
Total Liabilities	**4,060,175**	**4,129,494**	**(69,319)**
Deferred Inflows of Resources	**2,593,344**	**2,510,328**	**83,016**
Net Position			
Net investment in capital assets	3,110,652	3,319,926	(209,274)
Restricted	801,386	526,898	274,488
Unrestricted	(906,074)	(1,435,521)	529,447
Total Net Position	**$ 3,005,964**	**$ 2,411,303**	**$ 594,661**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3,005,964 at the close of the most recent fiscal year.

The largest portion of the District's net position (103.48%) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt (mortgage obligations and obligations under capital leases) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (26.66%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (-30.14%) may be used to meet the District's ongoing obligations to students, employees, and creditors.

The unrestricted net position amount is typically earmarked for the following purposes: To meet cash flow needs throughout the year and to provide a General Fund contingency. The District is reporting a deficit in unrestricted net position.

Changes in Net Position
For Fiscal Year Ending June 30,

	2019	2018	Change
Revenues			
Program revenues:			
Charges for services	150,527	144,450	6,077
Operating grants and contributions	2,006,197	1,598,586	407,611
General revenues:			
Property taxes -general purposes	2,128,199	2,108,619	19,580
Property taxes -liability insurance	12,787	10,465	2,322
Federal and state revenues	5,563,291	5,718,175	(154,884)
Other	171,450	127,527	43,923
Gain on sale of fixed asset	2,797	1,882	915
Interest and investment earnings	55,000	38,705	16,295
Total revenues	10,090,248	9,748,409	341,839

Changes in Net Position (Continued)
For Fiscal Year Ending June 30,

	2019	2018	Change
Expenses			
Preschool - 12 instruction	5,258,456	5,195,085	63,371
Support services:			
Pupil support	490,960	387,658	103,302
Staff support	237,073	274,112	(37,039)
General administration	357,106	313,867	43,239
School administration	893,938	868,170	25,768
Maintenance/custodial	788,172	715,323	72,849
Transportation	828,909	869,837	(40,928)
Other support	10,928	13,136	(2,208)
Child Nutrition	462,944	452,719	10,225
Capital outlay	9,306	376	8,930
Debt service	8,585	11,685	(3,100)
Depreciation, unallocated	476,151	260,469	215,682
Total Expenses	9,822,528	9,362,437	460,091
Change in Net Position	267,720	385,972	(118,252)
Net Position – Beginning	2,411,303	2,544,353	(133,050)
Prior Period Adjustment	326,941	(519,022)	845,963
Net Position – Ending	$ 3,005,964	$ 2,411,303	$ 594,661

District Funds

General Fund. The General Fund is the chief operating fund of the District. At the end of the current fiscal year the total balance of $867,181 was unreserved and undesignated. The unreserved and undesignated fund balance increased by $68,044 during the current fiscal year.

Expenditures for general District purposes totaled $8,498,795, an increase of 2.41% during the current fiscal year from the prior year, which was $8,298,551.

Capital Asset and Debt Administration

Capital Assets. The Plant Facility Fund is the District fund used to pay for capital construction, building repair and remodeling, and furniture, fixtures, and equipment. Capital asset acquisitions for the fiscal year totaled $216,218 which were with funds other than Plant Facility.

Capital Assets
Governmental Activities
Net of Accumulated Depreciation
June 30,

	2019	2018	Change
Land	92,884	92,884	-
Construction in progress	-	11,857	(11,857)
Site improvements	1,576,896	1,576,896	-
Building	7,735,551	7,633,201	102,350
Equipment	1,948,887	1,932,673	16,214
Transportation	1,867,096	1,797,701	69,395
Less: Accumulated Depreciation	(9,979,655)	(9,543,620)	(436,035)
Total Net Capital Assets	$ 3,241,659	$ 3,501,592	$ (259,933)

<u>Long Term Debt.</u> At year end the District had $131,007 of outstanding debt as follows:

	Long-Term Obligations June 30, 2018	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations June 30, 2019	Due Within One Year	Remaining
Capital lease obligations	$ 181,666	$ -	$ (50,659)	$ 131,007	$ 53,645	$ 77,362

Total long-term debt decreased from the prior year due to the District making payments against the capital lease.

Factors Bearing on the District's Future

Circumstances that may impact the District's financial status in the future are:

- The economy in Benewah County and other factors which impact student enrollment and attendance.
- Idaho State's economy which directly affects the school district's state funding resources that accounts for the majority of general fund revenues.
- The uncertainty of existing levels of Federal Program funds.
- The lack of funding resources for aging equipment and facilities.

Requests for Information

This financial report is designed to provide a general overview of the St. Maries Joint School District No. 41's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mrs. Alica Holthaus, Superintendent, St. Maries School District No. 41, P.O. Box 384 St. Maries, Idaho 83861.

FINANCIAL STATEMENTS

ST. MARIES JOINT SCHOOL DISTRICT NO. 41
St. Maries, Idaho

STATEMENT OF NET POSITION
June 30, 2019

ASSETS		
Current assets:		
Cash	489,391	
Investments	1,090,892	
Taxes receivable	170,784	
Unbilled taxes receivable	2,088,013	
Other receivables:		
Due from other governmental units	1,038,713	
Other receivables	85,186	
Inventory	13,682	
Total current assets	4,976,661	
Noncurrent assets:		
Nondepreciated capital assets	92,884	
Depreciated capital assets	13,128,430	
Less: accumulated depreciation	(9,979,655)	
Net OPEB asset - sick leave	299,880	
Total noncurrent assets	3,541,539	
Total assets		8,518,200
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	1,046,893	
Net OPEB - sick leave related items	94,030	
OPEB related items	360	
Total deferred outflows of resources		1,141,283
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	1,075,409	
Current portion of long-term debt	53,645	
Total current liabilities	1,129,054	
Noncurrent liabilities:		
Noncurrent portion of long-term debt	77,362	
Other post employment benefit liability	625,219	
Net pension liability	2,228,540	
Total noncurrent liabilities	2,931,121	
Total liabilities		4,060,175
DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	2,088,013	
Pension related items	461,630	
Net OPEB - sick leave related items	23,365	
OPEB related items	20,336	
Total deferred inflows of resources		2,593,344
NET POSITION		
Net investment in capital assets	3,110,652	
Restricted for:		
Capital projects	564,458	
Grant programs	236,928	
Unrestricted	(906,074)	
TOTAL NET POSITION		$ 3,005,964

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
Preschool - 12 instruction	5,258,456	75,204	901,878	-	(4,281,374)
Support services					
Pupil support	490,960	-	183,464	-	(307,496)
Staff support	237,073	-	-	-	(237,073)
General administration	357,106	-	-	-	(357,106)
School/business administration	893,938	-	-	-	(893,938)
Maintenance/custodial	788,172	-	-	-	(788,172)
Transportation	828,909	-	559,959	-	(268,950)
Other support	10,928	-	-	-	(10,928)
Child nutrition	462,944	75,323	360,896	-	(26,725)
Capital outlay	9,306	-	-	-	(9,306)
Debt services	8,585	-	-	-	(8,585)
Depreciation, unallocated	476,151	-	-	-	(476,151)
Total school district	$ 9,822,528	$ 150,527	$ 2,006,197	$ -	(7,665,804)

General revenues	
Taxes:	
Property taxes levied for general purposes	2,128,199
Property taxes levied for liability insurance	12,787
Federal and State aid not restricted to specific purposes	5,563,291
Other	171,450
Gain on sale of capital assets	2,797
Interest and investment earnings	55,000
Total general revenues	7,933,524
Change in net position	267,720
Net position - beginning	2,411,303
Prior period adjustment (Note 14)	326,941
Net position - ending	$ 3,005,964

GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2019

	General	Plant Facilities	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash	419,139	-	70,252	489,391
Investments	1,089,258	797	837	1,090,892
Due from other funds	53,978	445,857	369,788	869,623
Taxes receivable	170,784	-	-	170,784
Unbilled taxes receivable	2,088,013	-	-	2,088,013
Other receivables:				
Due from other governmental units	204,819	-	145,759	350,578
Taxes due from county	688,135	-	-	688,135
Interest receivable	3,223	2	2	3,227
Other receivables	81,959	-	-	81,959
Inventories	-	-	13,682	13,682
Total assets	4,799,308	446,656	600,320	5,846,284
Deferred outflows of resources	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,799,308	$ 446,656	$ 600,320	$ 5,846,284
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Due to other funds	736,982	-	132,641	869,623
Accounts payable	40,782	-	13,387	54,169
Accrued payroll and benefits	921,678	-	99,562	1,021,240
Total liabilities	1,699,442	-	245,590	1,945,032
Deferred inflows of resources:				
Deferred revenue	144,672	-	-	144,672
Unavailable property tax revenue	2,088,013	-	-	2,088,013
Total deferred inflows of resources	2,232,685	-	-	2,232,685
Fund balance:				
Nonspendable	-	-	13,682	13,682
Restricted	-	446,656	341,048	787,704
Unassigned	867,181	-	-	867,181
Total fund balance	867,181	446,656	354,730	1,668,567
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 4,799,308	$ 446,656	$ 600,320	$ 5,846,284

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2019

Total fund balances - governmental funds	1,668,567
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in government funds:	
Cost of capital assets	13,221,314
Accumulated depreciation	(9,979,655)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	144,672
Total Net OPEB asset for PERSI sick leave is a long-term asset and is not available to pay current year expenditures, therefore is not reported as an asset in governmental funds	299,880
Certain pension related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:	
Deferred outflow of resources	1,046,893
Deferred inflow of resources	(461,630)
Certain OPEB related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:	
Deferred outflow of resources	360
Deferred inflow of resources	(20,336)
Certain OPEB Sick Leave related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:	
Deferred outflow of resources	94,030
Deferred inflow of resources	(23,365)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:	
Long-term debt	(131,007)
Other post employment benefit liability	(625,219)
Net pension liability	(2,228,540)
Total net position - governmental activities	$ 3,005,964

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

	General	Plant Facilities	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local	2,417,948	21	100,104	2,518,073
State	6,404,834	-	289,919	6,694,753
Federal	-	-	874,735	874,735
Total revenues	8,822,782	21	1,264,758	10,087,561
EXPENDITURES				
Instruction	4,882,312	-	463,839	5,346,151
Support	3,499,444	-	183,464	3,682,908
Non-instruction	-	-	466,700	466,700
Capital asset program	57,795	-	135,028	192,823
Debt service	59,244	-	-	59,244
Total expenditures	8,498,795	-	1,249,031	9,747,826
Excess (deficiency) of revenue over (under) expenditures	323,987	21	15,727	339,735
Other financing sources (uses)				
Sale of capital assets	2,797	-	-	2,797
Transfer in	20,000	184,000	99,361	303,361
Transfer out	(278,740)	(4,621)	(20,000)	(303,361)
Total other financing sources (uses)	(255,943)	179,379	79,361	2,797
Net change in fund balances	68,044	179,400	95,088	342,532
Fund balance - beginning of year	799,137	267,256	259,642	1,326,035
Fund balance - end of year	$ 867,181	$ 446,656	$ 354,730	$ 1,668,567

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds		342,532
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 outlays	216,218	
Depreciation expense	(476,151)	
		(259,933)
Net Pension Liability Adjustments:		
Fiscal year 2018 employer PERSI contributions recognized as pension expense in the current year	(555,077)	
Fiscal year 2019 employer PERSI contributions deferred to subsequent year	575,997	
Pension related amortization expense	98,260	
		119,180
Some property taxes will not be collected for several months after the District's fiscal year ends and they are not considered as "available" revenues in the governmental funds. Instead they are counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.		(110)
Net OPEB asset - sick leave adjustment:		
Fiscal year 2018 employer PERSI Sick Leave contributions recognized as pension expense in the current year	(56,388)	
Fiscal year 2019 employer PERSI Sick Leave contributions deferred to subsequent year	58,580	
OPEB related amortization expense	41,412	
		43,604
Net OPEB liability adjustment:		
Current year change in liability		(28,212)
Repayment of long-term debt obligations is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net positon.		50,659
Total change in net position of governmental activities		$ 267,720

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
For the Year Ended June 30, 2019

	Scholarship Trust Fund	Agency Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Cash	22,144	79,098
Investments	40,021	27,637
Interest receivable	-	58
Total assets	62,165	106,793
Deferred outflows of resources	-	-
Total assets and deferred outflows of resources	62,165	106,793
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities:		
Due to student groups	-	106,793
Deferred inflows of resources	-	-
Total liabilities and deferred inflows of resources	-	106,793
NET POSITION		
Restricted for scholarships	62,165	-
Total net position	$ 62,165	$ -

SCHOLARSHIP TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2019

ADDITIONS		
Earnings on investments	1,170	
Donations	6,453	
Net decrease in fair value of investments	(314)	
Total additions		7,309
DEDUCTIONS		
Purchased services		6,504
Change in net position		805
Net position - beginning		61,360
Net position - ending		$ 62,165

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 Summary of Significant Accounting Policies

The financial statements of the St. Maries Joint School District No. 41 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

Reporting Entity - The St. Maries Joint School District No. 41 is the basic level of government, which has financial accountability, and control over all activities related to the public school education within the District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental “reporting entity” as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters.

Basis of Presentation, Fund Accounting - District-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall district, except for fiduciary activities. Only governmental-type activities are shown, since there are no “business-type activities” within the school district. The District eliminates internal activity on the statement of net position.

The statement of activities presents a comparison between direct expenses and program revenues for each different function of the District’s governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the District related to the administration and support of the District’s programs, such as personnel and accounting – are not allocated to programs.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state foundation aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District’s funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented.

NOTE 1 Summary of Accounting Policies (Continued)

The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- General Fund. This is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

- Plant Facilities Fund. This fund is used to account for financial resources that are legally restricted for the acquisition, construction, or major repair of school property.

The District reports the following fiduciary fund types:

- Agency funds. These funds account for assets held by the District as an agent for various student groups and clubs.

- Scholarship trust fund. These funds report a trust arrangement under which contributions to endowments are maintained to support programs identified specifically by the donors.

Basis of Accounting - The district-wide and fiduciary fund (excepting agency funds) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. State support for grant revenues are susceptible to accrual.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

NOTE 1 Summary of Accounting Policies (Continued)

Under the terms of grant agreements, the District funds certain programs by cost-reimbursement grants and general revenues. When program expenses are incurred, the related revenue of cost-reimbursement grants is recognized.

Restricted Resources - The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Budgets - Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for general, special revenue, and capital projects funds.

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least 14 days prior to the public hearing the District publishes a proposed budget for public review.
2. A public hearing is set to obtain taxpayers comments.
3. Prior to July 1, the final budget is adopted by resolution of the Board at the regular June meeting of the Board of Directors.
4. Prior to July 15, the final budget is filed with the State Department of Education.

The budget is a plan of spending under which expenditures may not exceed the budget at the fund level.

Management may amend the budget without seeking the approval of the trustees for revisions which do not increase the total budget.

Cash and Investments - The District's cash includes amounts in demand deposits and checking accounts in local depositories. Investments are deposited in the Idaho State Treasurer's Local Government Investment Pool, which allow school districts within the state of Idaho to pool their funds for investment purposes.

Interest income is defined as non-operating revenue.

Deposits in State Treasurer's local government investment pool are stated at cost, which approximates market. All funds are invested in accordance with Section 67-1210 and 67-1210A of the Idaho Code. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

Short-Term Interfund Loans Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

NOTE 1 Summary of Accounting Policies (Continued)

Inventory - The Districts inventory is valued at the lower of cost, using the first-in, first-out (FIFO) method, or net realizable value, or, if donated, at fair value when received. The District does not follow the practice of capitalizing expendable supplies at year-end in the General Fund. All supplies are recorded as expenditures in the period in which they were purchased.

General Fixed Assets - Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

The Board has set a capitalization threshold of $2,500. All purchases and improvements to facilities, which are not considered repairs, are capitalized and depreciated using the straight-line method in the government-wide statements and proprietary funds. Lives for buildings and improvements range from 15–40 years. Lives for equipment range from 5–10 years. Vehicles and school buses have estimated lives of 5-10 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Accumulated Unpaid Vacation and Sick Pay - Under the terms of the "St. Maries School District Board Policies" District employees are granted vacation and sick leave in varying amounts. Unused sick leave can be accumulated from year to year. Unused vacation leave cannot be accumulated.

In accordance with the provisions of Governmental Accounting Standards Board Statement 16, Accounting for Compensated Absences, no liability is recorded for non-vesting an accumulating right to receive sick pay benefits.

Long Term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Deferred Compensation - The Sick Leave Bank represents a type of long-term payroll protection insurance for absences beyond the employee's accumulated sick leave. Participation is optional for all employees eligible for the Idaho Public Employees Retirement System, with all new participants contributing one sick leave day for membership.

The Bank is administered by an in-District four-member committee as provided in the School District Board Policies.

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

NOTE 1 Summary of Accounting Policies (Continued)

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at fiscal year-end are reported as fund balance since they do not constitute expenditures or liabilities. An appropriation equal to the outstanding year-end encumbrance is made in the succeeding year. Unspent appropriations lapse at year-end.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance - The *nonspendable* fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (grants), or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, *assigned* fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amount not contained in the other classifications.

Deferred Revenue - Deferred revenue in the General Fund represents property taxes recorded but not estimated to be collected within 60 days of the end of the accounting period.

Unavailable Property Tax Revenue - Unavailable property tax revenue in the General Fund represents the property taxes levied for 2019 that is measurable but unavailable to the District, and therefore recorded as a deferred inflow of resources in both the governmental fund and the government-wide financial statements.

Subsequent Events - The District has evaluated subsequent events through the date of the audit report. This is the date the financial statements were available to be issued. The District has concluded that no material subsequent events have occurred.

NOTE 2 Property Tax

The District's property tax is levied each September on the value listed as of the prior January 1 for all real property located in the District. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2018 upon which the 2018 levy was based was $548,989,362.

NOTE 2 Property Tax (Continued)

The District's actual levy was 0.23410% per $100 of market valuation for tort liability insurance and claims. The combined tax rate to finance educational services for the year ended June 30, 2019 was 37.76731% per $100, which means that the District was required to pass an override levy in the amount of 38.00141% per $100. The total tax levy for the year ended June 30, 2019 was $2,114,417 with total tax collections being $2,014,062.

Taxes are due in two equal installments on December 20th and June 20th following the levy date. Current tax collections for the year ended June 30, 2019 were 95.25% of the tax levy. Property taxes levied for 2018 are recorded as receivables to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

In accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the District has recognized the 2019 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The total property taxes levy for 2019 of $2,088,013 is recorded as uncollected but are not considered available at June 30, 2019. The entire receivable is considered deferred revenue.

Total taxes receivable at June 30, 2019	170,784
Less: Taxes estimated to be collected by the County Treasurer by August 31, 2019	26,112
Deferred Revenue	$144,672

NOTE 3 Cash and Investments

Cash	Carrying Amount	Bank Balance
Checking Accounts	$590,633	$595,329

Deposits with US Bank of which $250,000 of interest bearing accounts and non-interest bearing accounts were covered by Federal Deposit Insurance and $194,576 was not covered.

Investments

Details of investments at June 30, 2019 are as follows:

	Rate	General Fund	Child Nutrition	Capital Projects	Fiduciary	Total
General Motors Stock		-	-	-	30,787	30,787
Investment in State Treasurer's Pool	Variable	1,089,258	837	797	36,871	1,127,763
Total		$1,089,258	$837	$797	$67,658	$1,158,550

Investment Maturities External Investment Pool	Book Value	Market Value	Less than 1 Year	1-8 Years
State Investment Pool	$1,127,763	$1,127,763	$1,127,763	$ -

NOTE 3 Cash and Investments (Continued)

The State Treasurer's Local Government Investment Pool is managed by the State of Idaho Treasurer's office. All funds are invested in accordance with Section 67-1210 and 67-1210A of Idaho Code. Authorized investments include bonds, treasury bills, interest-bearing notes, and other obligations of the U.S. Government, general obligation or revenue bonds of the State of Idaho or other local governments within the state of Idaho, bonds, debentures, or other similar obligations issued by the farm credit system or by public corporations of the state of Idaho, repurchase agreements covered by any legal investment for the state of Idaho, tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the state of Idaho, revenue bonds of institutions of higher education of the state of Idaho, and time deposits and savings accounts in amounts not to exceed applicable insurance limits. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

Participants have overnight availability to their funds, up to $10 million. Withdrawals of $10 million or more require three business days' notification.

The State Treasurer's investment policy and the Local Government Investment Pool financial statements which can be obtained by writing P.O. Box 83720, Boise, ID 83720-0091.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Custodial credit risk for investments is the risk that in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or Standard & Poor's. The investments of the District at year-end are not required to be rated. The District does not have a policy regarding credit risk.

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rate. At year-end, the District is not subject to interest rate risk as all investments are held in the State Treasurer's Local Government Investment Pool, which has a maturity of 91 days. The District does not have a policy regarding interest rate risk.

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total investments of the entity are concentrated in any on issuer.

NOTE 3 Cash and Investments (Continued)

Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District has no policy limiting the amount it may invest in any one issuer.

The State Treasurer's Local Government Investment Pool issues its own financial statement which can be obtained by writing P.O. Box 83720, Boise, ID 83720-0091.

The District acts as a trustee for the Scholarship Trust Fund. This fund is composed of General Motors stock. This stock is registered and held in the District's name. The market price as of June 30, 2019 was $30,787.

NOTE 4 Changes in Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Non-depreciated assets					
Land	92,884	-	-	-	92,884
Construction in Progress	11,857	-	-	(11,857)	-
Total non-depreciated assets	104,741	-	-	(11,857)	92,884
Depreciated assets					
Site improvement	1,576,896	-	-	-	1,576,896
Building	7,633,201	102,350	-	-	7,735,551
Equipment	1,932,673	11,973	(7,616)	11,857	1,948,887
Transportation	1,797,701	101,895	(32,500)	-	1,867,096
Total depreciated assets	12,940,471	216,218	(40,116)	11,857	13,128,430
Total assets	13,045,212	216,218	(40,116)	-	13,221,314
Accumulated Depreciation					
Function					
Elementary	(1,357,393)	(98,934)	-	-	(1,456,327)
Secondary	(6,281,316)	(222,690)	3,195	-	(6,500,811)
Administration	(227,478)	(31,963)	-	-	(259,441)
Maintenance	(22,462)	(642)	684	-	(22,420)
Transportation	(1,497,043)	(114,968)	32,500	-	(1,579,511)
Child Nutrition	(157,928)	(6,954)	3,737	-	(161,145)
Total accumulated depreciation	(9,543,620)	(476,151)	40,116	-	(9,979,655)
Governmental Activities Assets (Net)	**$ 3,501,592**	**$ (259,933)**	**$ -**	**$ -**	**$ 3,241,659**

NOTE 5 Long-term Debt

Capital Lease Obligations

In November 2008, the District entered into a lease agreement with the Panhandle Area Council, In. (PAC), a non-profit organization whose purpose is to promote economic development in North Idaho. The purpose of the lease was to help the District acquire real estate for current and future expansion and to help the District finance a "Woody Bio-Mass Heating System," which provides the heating to one of the District's school buildings.

The total lease was for $605,000 and, at June 30, 2009, $375,615 of lease proceeds were used to acquire real estate. The remaining $229,385 was utilized when the Bio-Mass Project was completed in the fiscal year ended June 30, 2010.

The terms of the lease provide for monthly payments of $5,025, which includes PAC's administrative fee of $88 and the balance to service a bank loan negotiated by PAC with imputed interest of 5.25%.

The lease is for a one-year term, commencing December 31, 2011 with the option to renew the lease for twelve additional one-year terms. If the District elects to not renew the lease, or other uncontrollable events occur, the real estate and equipment revert back to PAC.

The following is a summary of changes in long-term debt obligations of the District for the year ended June 30, 2019:

	Long-Term Obligations June 30, 2018	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations June 30, 2019	Due Within One Year	Remaining
Capital lease obligations	$ 181,666	$ -	$ (50,659)	$ 131,007	$ 53,645	$ 77,362

The annual requirements to amortize all outstanding debt as of June 30, 2019, including interest, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	53,645	5,599	59,244
2021	56,530	2,714	59,244
2022	20,832	237	21,069
Total	$ 131,007	$ 8,550	$ 139,557

NOTE 6 Pension Plan

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions*, which became effective for the year ended June 30, 2015, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June 30, 2018. All amounts are as of June 30, 2018 unless otherwise noted.

Plan Description

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

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

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state

NOTE 6 Pension Plan (Continued)

law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2017 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District's employer contributions required and paid were $575,997, $555,077 and $510,576 for the three years ended June 30, 2019, 2018, and 2017, respectively.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability as of June 30, 2018. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the District's proportion was 0.1510857 percent.

The District's pension expense (revenue) is calculated and made available as part of PERSI's annual audit. PERSI's audit for the year ended June 30, 2019 has not been completed at the time of issuance. The pension expense (revenue) for the year ending June 30, 2018 was calculated at $446,933.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	244,630	168,309
Changes in assumptions or other inputs	145,011	-
Net difference between projected and actual earning on pension plan investments	-	247,603
Change in proportionate share	81,255	45,718
Employer contributions subsequent to the measurement date	575,997	-
Total	$1,046,893	$461,630

NOTE 6 Pension Plan (Continued)

$575,997 reported as deferred outflow 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 ended June 30, 2020.

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

For the Year Ending June 30:	Amount to be Recognized
2020	181,152
2021	21,345
2022	(182,613)
2023	(46,155)

Actuarial Assumptions

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

Inflation	3.00%
Salary Increases including inflation	3.75%
Investment rate of return	7.05% net of investment expenses
Cost-of-living adjustments	1.00%

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

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

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are

NOTE 6 Pension Plan (Continued)

shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

Asset Class	Target Allocation	Long - Term Expected Nominal Rate of (Arithmetic)	Long - Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			**7.05%**

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

NOTE 6 Pension Plan (Continued)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	$5,578,541	$2,228,540	$(545,397)

Pension plan fiduciary net position

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

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

Payables to the pension plan

At June 30, 2019, the District reported payables to the defined benefit pension plan of $0 for legally required employer contributions and $0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 7 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 8 Excess of Actual Expenditures over Budget in Individual Funds

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2019:

Fund	Excess
State Driver Education	1,673
State Professional Technical	2,965
School-Based Medicaid	12,737
Child Nutrition	12,255
Title II-A, ESEA – Supporting Effective Instruction	386

These over-expenditures arose due to an increase in Local, State and Federal funding. To meet the student's education needs, the Board of Trustees approved the additional expenditures when additional funding became available. Idaho Code Section 33-701 allows the District to make budget adjustments to reflect the availability of funds and the requirements of the school district.

NOTE 9 Interfund Receivables, Payables and Transfers

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

Interfund Transfers - Transfers to support the operations of other funds are recorded as "Transfers In/(Out)" and are classified with "Other financing sources or uses." Idaho Code and State Department of Education Regulations mandate transfers into the Capital Projects Fund to cover the depreciation reimbursement. Total transfers are as follows:

	Out	In
General	278,740	20,000
KIC Heyburn Playground		4,621
School-Based Medicaid	-	10,550
Child Nutrition	-	30,516
Plant Facilities	4,621	184,000
Plant Facilities - Bus Acquisition	-	53,674
Federal Forest	20,000	-
Total	$ 303,361	$ 303,361

NOTE 9 Interfund Receivables, Payables and Transfers (Continued)

The composition of interfund receivables and payables as of June 30, 2019 was as follows:

	Due from Other Funds	Due to Other Funds
General Fund	53,978	736,982
Special Revenue Funds:		
Federal Forest Reserve	20,218	-
KIC Heyburn Playground	6,999	-
Student Utility Building	2,778	-
State Driver Education	3,452	-
State Professional Technical	8,789	
State Technology Grant	196,057	-
State Substance Abuse	10,487	-
Title I-A, ESEA – Improving Basic Programs	-	12,743
IDEA Part B – School Age	-	48,126
IDEA Part B – Pre-School	-	653
School-Based Medicaid		11,850
Title II-A, ESEA – Student Support and Academic Enrichment	-	1,472
Perkins III – Professional Technical Act	2,286	-
Summer Recreation	920	-
Title II-A, ESEA - Supporting Effective Instruction	-	3,819
Child Nutrition	-	53,978
Capital Project Funds:		
Plant Facilities	445,857	-
Plant Facilities – Lottery	117,802	-
Total	$ 869,623	$ 869,623

NOTE 10 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 and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past year.

NOTE 11 Other Post-Employment Benefits

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the St. Maries School District Employee Group Benefit Plan have been determined based the requirements of GASB 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. The Plan has been calculated using the entry age normal funding method.

NOTE 11 Other Post-Employment Benefits (Continued)

General Information about the OPEB Plan

The St. Maries Joint School District Employee Group Benefit Plan is a single-employer defined benefit OPEB plan that provides benefits to current and future retirees.

Retirement and Dependent Medical Benefit Eligibility

Upon separation from public school employment by retirement in accordance with Chapter 13, Title 59, Idaho Code, a retiree may continue to pay premiums for the retiree and the retiree's dependents at the rate for the active employee's group health, long-term care, vision, prescription drug and dental insurance programs as maintained by the employer for the active employees until the retiree and/or the retiree's spouse becomes eligible for Medicare at which time the district shall make available a supplemental program to Medicare for the eligible individual (Medicare Retirees).

Eligibility for Retirement

Normal retirement eligibility is age 65 with five years of service, including six months of membership service. Early retirement eligibility is age 55 with five years of service, including six months of membership coverage.

Medicare Retirees

Medicate retirees are defined as retirees who are 65 years of age or older, are not included in the District's plan, and Medicare will be considered their primary plan. Medicare Retirees and eligible dependents who enroll in Medicare (both Part A and Part B) are eligible to participate in the Statewide School Retiree Program that supplements Medicare.

Funding

The District's OPEB plan is funded under a pay-as-you-go funding method. Under this method, the District has not set aside any assets (nor accumulated any assets in a trust) that meet the definition of plan assets under GASB 74 or 75 to offset the OPEB liability. Therefore, the Net OPEB liability is equal to the Total OPEB liability.

OPEB Benefits

The health care benefits are contracted by the District through group medical and dental plans. The medical and dental plans includes an annual deductible, coinsurance payment requirements, and an annual out-of-pocket maximum for the member/family. The prescription drug benefit is provided through a tiered system comprising of the type of prescription (generic, preferred brand, and non-preferred brand).

Census Data

As of June 30, 2017, the valuation date, the District had 138 active (future retirees) participants and 58 inactive (current retirees) participants.

NOTE 11 Other Post-Employment Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Employer reported a liability of $625,219 of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

For the year ended June 30, 2019, the Employer recognized OPEB expense of $28,213. At June 30, 2019, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	13,438
Changes in assumptions or other inputs	360	6,898
Total	$360	$20,336

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB's will be recognized in OPEB expense as follows

Year ended June 30:	
2020	$2,462
2021	$2,462
2022	$2,462
2023	$2,462
Thereafter	$7,667

Actuarial assumptions

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Interest/Discount Rate	3.87% as of the measurement date
Projected Payroll Increases	3.75%
Health Care Cost Trend Rate	Medical: between 6.6% and 7.0% Dental: 3.5% Prescription Drugs: between 6.6% and 7.0%
Retiree Contributions	Retiree contributions are assumed to increase to match the health care cost trends.

NOTE 11 Other Post-Employment Benefits (Continued)

Participation

For future retirees, participation rates were assumed to be 45.0% for medical coverage and 37.8% for dental coverage. Future retired members who elect to participate in the plan are assumed to be married. 70.0% of the future retirees who elect medical or dental coverage and married are assumed to elect spousal coverage. Males are assumed to be three years older than females. Actual spouse information is used for current retires.

Mortality

For active members, inactive members and healthy retirees, mortality rates were based on the RP2000 Combined Healthy Mortality Table adjusted with generational mortality adjustments using Scale AA, set back three years for both males and females. For disabled retirees, mortality rates were based on the RP2000 Disabled Mortality Table adjusted with generational mortality adjustments using Scale AA, set back one year for males and set forward two years for females.

Interest/Discount rate

The interest rate is based on the 20-year municipal bond index.

Sensitivity Disclosures

The following presents the net OPEB liability of the Plan as of June 30, 2019, calculated using the discount rate of 3.87%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB liability	Unavailable	$625,219	Unavailable

The following presents the net OPEB liability of the Plan as of June 30, 2019, calculated using the assumed heath care cost trend rate, as well as what the net OPEB liability would be if it were calculated using a heath care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	Unavailable	$625,219	Unavailable

NOTE 11 Other Post-Employment Benefits (Continued)

Summary of the Change in OPEB Liability

Total OPEB Liability – Beginning of Year	$594,544
Service Cost	51,692
Interest	24,000
Plan Design Changes	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	-
Benefit Payments (Estimated)	(45,017)
Total OPEB Liability – End of Year	$625,219

NOTE 12 Other Post-Employment Benefit Plan – Sick Leave Plan

In accordance with GASB 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which became effective for the year ended June 30, 2018, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June, 30, 2018. All amounts are as of June 30, 2018 unless otherwise noted.

Plan Description

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

OPEB Benefits

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

NOTE 12 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

Employer Contributions

The contribution rate for employees are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The District's contributions required and paid were $58,580, $56,388 and $52,078 for the three years ended June 30, 2019, 2018, and 2017, respectively.

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

At June 30, 2019, the District reported an asset for its proportionate share of the net OPEB asset as of June 30, 2018. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2018, the District's proportion was 0.3615406 percent.

The District's OPEB expense (expense offset) is calculated and made available as part of PERSI's annual audit. PERSI's audit for the year ended June 30, 2019 has not been completed at the time of issuance. The OPEB expense (expense offset) for the year ending June 30, 2018 was calculated at $16,411.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	33,930	-
Changes in assumptions or other inputs	1,520	-
Net difference between projected and actual earning on pension plan investments	-	17,813
Change in proportionate share	-	5,552
Employer contributions subsequent to the measurement date	58,580	-
Total	$94,030	$23,365

NOTE 12 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

The $58,580 reported as deferred outflows of resources resulted from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year June 30, 2019.

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

For the Year Ending June 30:	Amount to be Recognized
2020	1,086
2021	1,086
2022	1,086
2023	1,086

Actuarial Assumptions

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

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

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses

The long-term expected rate of return on OPEB plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact.

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

NOTE 12 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Capital Market Assumptions

Asset Class	Target Allocation	Long - Term Expected Nominal Rate of (Arithmetic)	Long - Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			**7.05%**

Discount Rate

The discount rate used to measure the total OPEB liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions form plan members will be made at the current contribution rate. Based on these assumptions, the OPEB plan’s net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

NOTE 12 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

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

The following presents the District's proportionate share of net OPEB asset calculated using the discount rate of 7.05 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net OPEB liability (asset)	\$(264,784)	\$(299,880)	\$(332,840)

OPEB plan fiduciary net position

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

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

Payable to the OPEB plan

At June 30, 2019, the District reported payables to the defined benefit OPEB plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 13 Deficit Fund Balance

The District had the following deficit fund balances at June 30, 2019:

Child Nutrition	6,007

It is the District's intent to eliminate the deficit over the next five years in the Child Nutrition Fund.

NOTE 14 Prior Period Adjustment

As a result of implementing GASB 75 related to other post-employment benefits – sick leave plan, a prior period adjustment was made to record the estimated asset in the amount of \$270,553 as of June 30, 2018. The adjustment increased deferred outflows of resources by \$56,388 and increased unrestricted net position by \$326,941.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable) Original to Actual	Final to Actual
REVENUES					
Local:					
Taxes	2,107,194	2,108,237	2,141,096	33,902	32,859
Earnings on investments	36,500	50,000	54,979	18,479	4,979
Tuition from individuals	29,000	29,000	50,423	21,423	21,423
Other	113,000	146,407	171,450	58,450	25,043
Total local	2,285,694	2,333,644	2,417,948	132,254	84,304
State:					
Base support	4,913,221	4,903,448	4,875,031	(38,190)	(28,417)
Transportation	530,000	539,744	559,959	29,959	20,215
Tuition equivalency	-	-	4,078	4,078	4,078
Benefit apportionment	650,737	646,850	646,151	(4,586)	(699)
Other state support	250,865	265,590	271,541	20,676	5,951
Revenue in lieu of taxes	46,332	46,332	46,333	1	1
Other state revenue	-	-	1,741	1,741	1,741
Total state	6,391,155	6,401,964	6,404,834	13,679	2,870
Total revenues	8,676,849	8,735,608	8,822,782	145,933	87,174
EXPENDITURES					
Instruction:					
Salaries	3,375,400	3,314,400	3,204,146	171,254	110,254
Benefits	1,542,837	1,530,543	1,466,653	76,184	63,890
Purchased services	36,018	36,018	39,103	(3,085)	(3,085)
Supplies/materials	236,890	259,323	172,410	64,480	86,913
Total instruction	5,191,145	5,140,284	4,882,312	308,833	257,972
Support:					
Salaries	1,648,218	1,694,346	1,648,403	(185)	45,943
Benefits	809,196	823,497	784,246	24,950	39,251
Purchased services	570,704	570,704	610,801	(40,097)	(40,097)
Supplies/materials	264,384	280,834	348,178	(83,794)	(67,344)
Capital objects	75,000	75,000	32,701	42,299	42,299
Insurance	75,060	75,116	75,115	(55)	1
Total support	3,442,562	3,519,497	3,499,444	(56,882)	20,053
Capital asset program:					
Capital objects	-	-	57,795	(57,795)	(57,795)
Debt service:					
Debt services - principal	42,000	42,000	50,659	(8,659)	(8,659)
Debt services - interest	18,300	18,300	8,585	9,715	9,715
Total debt services	60,300	60,300	59,244	1,056	1,056
Total expenditures	8,694,007	8,720,081	8,498,795	195,212	221,286
Excess (deficiency) of revenues over (under) expenditures	(17,158)	15,527	323,987	341,145	308,460
Other financing sources (uses):					
Sale of capital assets	-	2,856	2,797	2,797	(59)
Transfer in	-	-	20,000	20,000	20,000
Transfers out	(115,020)	(120,474)	(278,740)	(163,720)	(158,266)
Total other financing sources (uses)	(115,020)	(117,618)	(255,943)	(140,923)	(138,325)
Net change in fund balance	$ (132,178)	$ (102,091)	68,044	$ 200,222	$ 170,135
Fund balance-beginning of year			799,137		
Fund balance-end of year			$ 867,181		

PLANT FACILITIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

				Variances Favorable (Unfavorable)	
	Original Budget	Final Budget	Actual	Original to Actual	Final to Actual
REVENUES					
Local:					
Earnings on investments	-	-	21	21	21
Total revenues	-	-	21	21	21
EXPENDITURES					
Capital asset programs:					
Capital objects	206,000	323,000	-	206,000	323,000
Total expenditures	206,000	323,000	-	206,000	323,000
Excess (deficiency) of revenues over (under) expenditures	(206,000)	(323,000)	21	206,021	323,021
Other financing sources (uses)					
Transfer in	56,000	56,000	184,000	128,000	128,000
Transfer out	-	-	(4,621)	(4,621)	(4,621)
Total other financing sources (uses)	56,000	56,000	179,379	123,379	123,379
Net change in fund balance	$ (150,000)	$ (267,000)	179,400	$ 329,400	$ 446,400
Fund balance-beginning of year			267,256		
Fund balance-end of year			$ 446,656		

NET PENSION LIABILITY RELATED SCHEDULES

Schedule of the District's Share of Net Pension Liability*
PERSI - Base Plan
As of June 30,

	2019	2018	2017	2016	2015	2014
Employer's portion of the net pension liability	Unavailable	0.1510857%	0.1445448%	0.1492027%	0.1466438%	0.1512820%
Employer's proportionate share of the net pension liability	Unavailable	2,228,540	2,271,996	3,024,568	1,931,060	1,113,672
Employer's covered payroll	5,050,000	4,860,972	4,489,461	4,364,067	4,107,451	4,098,428
Employer's proportional share of the net pension liability as a percentage of its covered payroll	Unavailable	45.85%	50.61%	69.31%	47.01%	27.17%
Plan fiduciary net position as a percentage of the total	Unavailable	91.69%	90.68%	87.26%	91.38%	94.95%

Schedule of the District's Contributions*
PERSI - Base Plan
As of June 30,

	2019	2018	2017	2016	2015	2014
Statutorily required contribution	571,670	550,262	508,207	493,974	464,963	463,942
Contributions in relation to the statutorily required contribution	(571,670)	(550,262)	(508,207)	(493,974)	(464,963)	(463,942)
Contribution (deficiency) excess	-	-	-	-	-	-
Employer's covered payroll	5,050,000	4,860,972	4,489,461	4,364,067	4,107,451	4,098,428
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%	11.32%	11.32%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
As of June 30, 2018 (most recently issued PERSI information)

Change of Assumptions. Actuarial assumptions were adjusted for the year ended June 30, 2018 as follows:
-Inflation changed to 3.0% from 3.25%
-Salary increase changed to 3.75% from 4.25 - 10.00%
-Investment rate of return changed to 7.05% from 7.10%

OTHER POST EMPLOYMENT BENEFIT LIABILITY SCHEDULE
As of June 30,

	2019	2018	2017
Service Cost	51,692	54,074	51,066
Interest	24,000	22,484	22,468
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	(18,397)
Changes of assumptions or other inputs	-	438	(9,445)
Benefit payments	(45,017)	(36,666)	(46,756)
Net change in total OPEB Liability	30,675	40,330	(1,064)
Total OPEB liability - beginning	594,544	554,214	555,278
Total OPEB liability-ending	$ 625,219	$ 594,544	$ 554,214
Covered-employee payroll	4,656,760	4,529,922	4,366,190
Total OPEB liability as a percentage of covered-employee payroll	13.43%	13.12%	12.69%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
As of June 30, 2019

Change of Assumptions. As of June 30, 2019, there were no change of assumptions.

NET OPEB ASSET - SICK LEAVE PLAN RELATED SCHEDULES

Schedule of the District's Share of Net OPEB Asset - Sick Leave Plan
PERSI - OPEB Plan
As of June 30,

	2019	2018	2017
Employer's portion of the net OPEB asset	Unavailable	0.1510857%	0.3524528%
Employer's proportionate share of the net OPEB asset	Unavailable	299,880	270,553
Employer's covered payroll	5,050,000	4,860,972	4,489,461
Employer's proportional share of the net OPEB asset as a percentage of its covered payroll	Unavailable	6.17%	6.03%
Plan fiduciary net position as a percentage of the total OPEB asset	Unavailable	135.69%	136.78%

Schedule of the District's Contributions*
PERSI - OPEB Plan
As of June 30,

	2019	2018	2017
Statutorily required contribution	58,580	56,387	52,078
Contributions in relation to the statutorily required contribution	(58,580)	(56,387)	(52,078)
Contribution (deficiency) excess	-	-	-
Employer's covered payroll	5,050,000	4,860,972	4,489,461
Contributions as a percentage of covered payroll	1.16%	1.16%	1.16%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
As of June 30, 2018 (most recently issued PERSI information)

Change of Assumptions. Actuarial assumptions were adjusted for the year ended June 30, 2018 as follows:
-Inflation changed to 3.0% from 3.25%
-Investment rate of return changed to 7.05% from 7.10%

SUPPLEMENTARY INFORMATION

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Actual	Final Budget	Variance Favorable (Unfavorable)
INSTRUCTION			
Elementary school program:			
Salaries	1,358,526	1,346,375	(12,151)
Benefits	642,933	641,670	(1,263)
Purchased services	9,708	10,350	642
Supplies/materials	82,544	168,472	85,928
Total elementary school program	2,093,711	2,166,867	73,156
Secondary school program:			
Salaries	1,173,405	1,264,375	90,970
Benefits	518,405	563,295	44,890
Purchased services	16,382	13,600	(2,782)
Supplies/materials	49,044	51,837	2,793
Total secondary school program	1,757,236	1,893,107	135,871
Alternative school program:			
Salaries	63,892	70,805	6,913
Benefits	27,557	30,258	2,701
Purchased services	853	1,380	527
Supplies/materials	3,028	3,989	961
Total alternative school program	95,330	106,432	11,102
Special education program:			
Salaries	416,696	437,005	20,309
Benefits	229,770	246,221	16,451
Supplies/materials	9,192	3,000	(6,192)
Total special education program	655,658	686,226	30,568

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2019

	Actual	Final Budget	Variance Favorable (Unfavorable)
INSTRUCTION (Continued)			
Special education preschool program:			
Salaries	64,067	64,840	773
Benefits	26,389	26,420	31
Purchased services	200	-	(200)
Supplies/materials	1,317	5,000	3,683
Total special education preschool program	91,973	96,260	4,287
School activity program:			
Salaries	127,560	126,200	(1,360)
Benefits	21,599	21,694	95
Purchased services	11,960	10,688	(1,272)
Supplies/materials	27,285	27,000	(285)
Total school activity program	188,404	185,582	(2,822)
Summer school program:			
Salaries	-	4,800	4,800
Benefits	-	985	985
Supplies/materials	-	25	25
Total summer school program	-	5,810	5,810
TOTAL INSTRUCTION			
Salaries	3,204,146	3,314,400	110,254
Benefits	1,466,653	1,530,543	63,890
Purchased services	39,103	36,018	(3,085)
Supplies/materials	172,410	259,323	86,913
Total Instruction	$ 4,882,312	$ 5,140,284	$ 257,972

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2019

	Actual	Final Budget	Variance Favorable (Unfavorable)
SUPPORT			
Attendance-guidance-health program:			
Salaries	154,917	159,770	4,853
Benefits	67,776	69,655	1,879
Purchased services	971	1,246	275
Supplies/materials	3,833	2,800	(1,033)
Total attendance-guidance-health program	227,497	233,471	5,974
Special education support services program:			
Salaries	167,683	169,790	2,107
Benefits	69,105	70,339	1,234
Purchased services	8,682	3,865	(4,817)
Supplies/materials	1,659	2,000	341
Total special education support services program	247,129	245,994	(1,135)
Instruction improvement program:			
Salaries	32,718	32,730	12
Benefits	13,388	13,574	186
Purchased services	10,867	55,853	44,986
Supplies/materials	14,997	-	(14,997)
Total instruction improvement program	71,970	102,157	30,187
Educational media program:			
Salaries	44,590	182,435	137,845
Benefits	34,378	38,346	3,968
Supplies/materials	9,895	9,300	(595)
Total educational media program	88,863	230,081	141,218
Instruction-related technology program:			
Salaries	3,000	3,000	-
Benefits	560	625	65
Purchased services	2,881	2,000	(881)
Total instruction-related technology program	6,441	5,625	(816)

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2019

	Actual	Final Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued)			
Board of education program:			
Salaries	51,903	49,975	(1,928)
Benefits	21,987	22,175	188
Purchased services	52,356	36,676	(15,680)
Supplies/materials	1,447	3,379	1,932
Insurance	21,545	21,546	1
Total board of education program	149,238	133,751	(15,487)
District administration program:			
Salaries	128,410	-	(128,410)
Benefits	48,416	50,493	2,077
Purchased services	22,617	21,413	(1,204)
Supplies/materials	13,014	10,923	(2,091)
Total district administration program	212,457	82,829	(129,628)
School administration program:			
Salaries	388,557	390,020	1,463
Benefits	170,490	175,631	5,141
Purchased services	25,855	22,511	(3,344)
Supplies/materials	8,283	7,500	(783)
Total school administration program	593,185	595,662	2,477
Business operation program:			
Salaries	59,392	58,750	(642)
Benefits	21,912	21,938	26
Purchased services	8,073	5,101	(2,972)
Supplies/materials	1,561	810	(751)
Total business operation program	90,938	86,599	(4,339)
Administrative technology service:			
Purchased services	98,581	92,300	(6,281)
Supplies/materials	37,694	34,900	(2,794)
Total administrative technology service	136,275	127,200	(9,075)

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

GENERAL FUND

SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2019

	Actual	Final Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued)			
Buildings - care program (custodial):			
Salaries	73,425	90,400	16,975
Benefits	45,169	58,754	13,585
Purchased services	259,357	245,884	(13,473)
Supplies/materials	38,840	30,660	(8,180)
Insurance	31,459	31,459	-
Total building - care program (custodial)	448,250	457,157	8,907
Maintenance - non-student occupied:			
Purchased services	1,272	1,000	(272)
Supplies/materials	1,750	3,350	1,600
Total maintenance - non-student occupied	3,022	4,350	1,328
Maintenance - student occupied buildings :			
Salaries	149,563	146,350	(3,213)
Benefits	60,404	58,675	(1,729)
Purchased services	35,623	13,223	(22,400)
Supplies/materials	41,869	48,730	6,861
Capital objects	18,277	60,000	41,723
Total maintenance - student occupied buildings	305,736	326,978	21,242
Maintenance - grounds:			
Purchased services	11,609	4,647	(6,962)
Supplies/materials	5,555	4,000	(1,555)
Total maintenance - grounds	17,164	8,647	(8,517)
Security program:			
Purchased services	3,978	3,500	(478)
Supplies/materials	33,013	11,500	(21,513)
Total security program	36,991	15,000	(21,991)
Pupil-to-school transportation program:			
Salaries	366,401	388,615	22,214
Benefits	225,164	239,665	14,501
Purchased services	51,830	49,927	(1,903)
Supplies/materials	126,325	103,882	(22,443)
Capital objects	410	-	(410)
Insurance	14,990	14,990	-
Total pupil-to-school transportation program	785,120	797,079	11,959

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2019

	Actual	Final Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued)			
Pupil-activity transportation program:			
Salaries	25,325	21,000	(4,325)
Benefits	4,877	3,205	(1,672)
Purchased services	3,063	-	(3,063)
Total pupil-activity transportation program	33,265	24,205	(9,060)
General transportation program:			
Salaries	2,519	1,511	(1,008)
Benefits	620	422	(198)
Purchased services	2,258	1,000	(1,258)
Supplies/materials	8,443	7,100	(1,343)
Capital outlay	14,014	15,000	986
Insurance	7,121	7,121	-
Total general transportation program	34,975	32,154	(2,821)
Other support services program:			
Purchased services	10,928	10,558	(370)
TOTAL SUPPORT			
Salaries	1,648,403	1,694,346	45,943
Benefits	784,246	823,497	39,251
Purchased services	610,801	570,704	(40,097)
Supplies/materials	348,178	280,834	(67,344)
Capital objects	32,701	75,000	42,299
Insurance	75,115	75,116	1
Total Support	$ 3,499,444	$ 3,519,497	$ 20,053

NONMAJOR SPECIAL REVENUE FUNDS

Federal Forest Reserve Fund - To account for unrestricted Federal revenue received from the U.S. Department of Agriculture. This Fund has been used for special capital outlay projects.

KIC Heyburn Playground - To account for local project revenue related to the Heyburn playground.

Student Utility Building - To account for local project revenue related to the student utility building.

State Driver Education Fund - To account for costs of providing a driver education program. Financing for the program is provided through the Idaho State Department of Education.

State Professional Technical Fund - To account for restricted State revenue to be spent on equipment and materials for vocational programs.

State Technology Fund - To account for restricted State revenue to be spent on the technology program.

State Substance Abuse Fund - To account for restricted State revenue to be spent on drug education in-service training for teachers and parents and materials for classroom.

Title I-A, ESSA – Improving Basic Programs Fund - To account for restricted Federal revenue to be spent on programs to provide special instruction to disadvantaged students.

IDEA Part B (611 School Age 3-21) - To account for restricted Federal revenue to be spent on programs to provide for special testing, physical therapy, teacher aides, equipment and materials, etc. in special education.

IDEA Part B (619 Pre-School 3-5) - To account for restricted Federal revenue to be spent on programs to provide for preschool handicapped (3-5 years old) in the same manner provided for school age children in the Title VI-B program.

School-Based Medicaid Fund - To account for Federal revenue reimbursement of qualified Medicaid expenditures.

Title IV-A ESSA – Student Support and Academic Enrichment Fund - To account for Federal revenue for student support and academic enrichment.

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Perkins III – Professional Technical Act Fund - To account for restricted Federal revenue to be spent on equipment for the vocational program.

Title II-A, ESEA – Supporting Effective Instruction Fund - To account for restricted Federal revenue to be spent on in-service training of math and/or science teachers.

Summer Recreation Program Fund - To account for restricted Federal revenue to be spent on summer activities for children.

Child Nutrition Fund - To account for restricted Federal revenue to be spent on child nutrition.

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2019

	Federal Forest Reserve	KIC Heyburn Playground	Student Utility Building	State Driver Education	State Professional Technical	State Technology	State Substance Abuse	Title I-A, ESSA - Improving Basic Programs	IDEA Part B (611 School Age 3-21)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
Assets:									
Investments	-			-	-	-	-	-	-
Due from other funds	20,218	6,999	2,778	3,452	8,789	196,057	10,487	-	-
Other receivables:									
State receivable	-	-	-	2,625	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-
Federal receivable	-	-	-	-	-	-	-	38,609	76,353
Inventories	-	-	-	-	-	-	-	-	-
Total assets	20,218	6,999	2,778	6,077	8,789	196,057	10,487	38,609	76,353
Deferred outflows of resources	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 20,218	$ 6,999	$ 2,778	$ 6,077	$ 8,789	$ 196,057	$ 10,487	$ 38,609	$ 76,353
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE									
Liabilities:									
Due to other funds	-	-	-	-	-	-	-	12,743	48,126
Accounts payable	-	-	-	-	8,789	-	-	-	-
Accrued payroll and benefits	-	-	-	-	-	-	601	25,866	28,227
Total liabilities	-	-	-	-	8,789	-	601	38,609	76,353
Deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund balance:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	20,218	6,999	2,778	6,077	-	196,057	9,886	-	-
Total fund balance	20,218	6,999	2,778	6,077	-	196,057	9,886	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 20,218	$ 6,999	$ 2,778	$ 6,077	$ 8,789	$ 196,057	$ 10,487	$ 38,609	$ 76,353

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2019

	IDEA Part B (619 Pre-School Age 3-5)	School-Based Medicaid	Title IV-A ESSA - Student Support and Academic Enrichment	Perkins III - Professional Technical Act	Title II-A, ESEA - Supporting Effective Instruction	Summer Recreation Program	Child Nutrition	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Assets:								
Cash	-			-	-	-	70,252	70,252
Investments	-			-	-	-	837	837
Due from other funds	-	-	-	2,286	-	920	-	251,986
Other receivables:								
State receivable	-	-	-	-	-	-	-	2,625
Interest receivable	-	-	-	-	-	-	2	2
Federal receivable	2,218	13,749	3,577	-	8,628	-	-	143,134
Inventories	-	-	-	-	-	-	13,682	13,682
Total assets	2,218	13,749	3,577	2,286	8,628	920	84,773	482,518
Deferred outflows of resources	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,218	$ 13,749	$ 3,577	$ 2,286	$ 8,628	$ 920	$ 84,773	$ 482,518
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
Liabilities:								
Due to other funds	653	11,850	1,472	-	3,819	-	53,978	132,641
Accounts payable	-	1,899	2,105	594	-	-	-	13,387
Accrued payroll and benefits	1,565	-	-	1,692	4,809	-	36,802	99,562
Total liabilities	2,218	13,749	3,577	2,286	8,628	-	90,780	245,590
Deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balance:								
Nonspendable	-	-	-	-	-	-	13,682	13,682
Restricted	-	-	-	-	-	920	(19,689)	223,246
Total fund balance	-	-	-	-	-	920	(6,007)	236,928
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 2,218	$ 13,749	$ 3,577	$ 2,286	$ 8,628	$ 920	$ 84,773	$ 482,518

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

	Federal Forest Reserve	KIC Heyburn Playground	Student Utility Building	State Driver Education	State Professional Technical	State Technology Grant	State Substance Abuse	Title I-A, ESSA - Improving Basic Programs	IDEA Part B (611 School Age 3-21)
REVENUES									
Local:									
Lunch sales	-	-	-	-	-	-	-	-	-
Other	-	7,775	2,778	14,200	-	-	-	-	-
Total local	-	7,775	2,778	14,200	-	-	-	-	-
State:									
Other state support	-	-	-	-	-	160,521	13,995	-	-
Driver education program	-	-	-	8,250	-	-	-	-	-
Professional technical program	-	-	-	-	27,841	-	-	-	-
Total state	-	-	-	8,250	27,841	160,521	13,995	-	-
Federal:									
Restricted	22,098	-	-	-	-	-	-	159,280	203,416
Total revenues	22,098	7,775	2,778	22,450	27,841	160,521	13,995	159,280	203,416
EXPENDITURES									
Instruction:									
Salaries	-	-	-	9,801	2,321	-	-	111,455	106,861
Benefits	-	-	-	2,000	450	-	-	41,620	89,905
Purchased services	10,000	-	-	7,626	4,952	-	-	2,042	2,384
Supplies/materials	-	-	-	1,410	20,118	-	-	4,163	-
Total instruction	10,000	-	-	20,837	27,841	-	-	159,280	199,150
Support:									
Salaries	-	-	-	-	-	10,788	3,372	-	-
Benefits	-	-	-	-	-	2,208	635	-	-
Purchased services	-	-	-	-	-	73,506	-	-	2,399
Supplies/materials	-	-	-	-	-	39,364	2,372	-	1,867
Total support	-	-	-	-	-	125,866	6,379	-	4,266
Non-instruction:									
Salaries	-	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-	-	-	-
Supplies/materials	-	-	-	-	-	-	-	-	-
Total non-instruction	-	-	-	-	-	-	-	-	-
Capital asset program:									
Supplies/materials	-	5,397	-	-	-	-	-	-	-
Total expenditures	10,000	5,397	-	20,837	27,841	125,866	6,379	159,280	203,416
Excess (deficiency) revenues over (under) expenditures	12,098	2,378	2,778	1,613	-	34,655	7,616	-	-
Other financing sources (uses)									
Transfer in	-	4,621	-	-	-	-	-	-	-
Transfer out	(20,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(20,000)	4,621	-	-	-	-	-	-	-
Net change in fund balance	(7,902)	6,999	2,778	1,613	-	34,655	7,616	-	-
Fund balance - beginning of year	28,120	-	-	4,464	-	161,402	2,270	-	-
Fund balance - end of year	$ 20,218	$ 6,999	$ 2,778	$ 6,077	$ -	$ 196,057	$ 9,886	$ -	$ -

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
For the Year Ended June 30, 2019

	IDEA Part B (619 Pre-School Age 3-5)	School-Based Medicaid	Title IV-A ESSA - Student Support and Academic Enrichment	Perkins III - Professional Technical Act	Title II-A, ESEA - Supporting Effective Instruction	Summer Recreation Program	Child Nutrition	Total
REVENUES								
Local:								
Lunch sales	-	-	-	-	-	-	75,323	75,323
Other	-	-	-	-	-	-	28	24,781
Total local	-	-	-	-	-	-	75,351	100,104
State:								
Other state support	-	-	-	-	-	-	-	174,516
Driver education program	-	-	-	-	-	-	-	8,250
Professional technical program	-	-	-	-	-	-	-	27,841
Total state	-	-	-	-	-	-	-	210,607
Federal:								
Restricted	9,378	17,187	12,700	12,116	31,753	-	406,807	874,735
Total revenues	9,378	17,187	12,700	12,116	31,753	-	482,158	1,185,446
EXPENDITURES								
Instruction:								
Salaries	5,177	-	-	6,343	-	-	-	241,958
Benefits	4,201	-	-	3,874	-	-	-	142,050
Purchased services	-	25,237	-	19	-	-	-	52,260
Supplies/materials	-	-	-	1,880	-	-	-	27,571
Total instruction	9,378	25,237	-	12,116	-	-	-	463,839
Support:								
Salaries	-	2,080	8,078	-	22,113	-		46,431
Benefits	-	420	4,622	-	9,282	-		17,167
Purchased services	-	-	-	-	64	-		75,969
Supplies/materials	-	-	-	-	294	-		43,897
Total support	-	2,500	12,700	-	31,753	-		183,464
Non-instruction:								
Salaries	-	-	-	-	-	-	147,458	147,458
Benefits	-	-	-	-	-	-	104,332	104,332
Purchased services	-	-	-	-	-	-	2,537	2,537
Supplies/materials	-	-	-	-	-	-	212,373	212,373
Total non-instruction	-	-	-	-	-	-	466,700	466,700
Capital asset program:								
Supplies/materials	-	-	-	-	-	-	-	5,397
Total expenditures	9,378	27,737	12,700	12,116	31,753	-	466,700	1,119,400
Excess (deficiency) revenues over (under) expenditures	-	(10,550)	-	-	-	-	15,458	66,046
Other financing sources (uses)								
Transfer in	-	10,550	-	-	-	-	30,516	45,687
Transfer out	-	-	-	-	-	-	-	(20,000)
Total other financing sources (uses)	-	10,550	-	-	-	-	30,516	25,687
Net change in fund balance	-	-	-	-	-	-	45,974	91,733
Fund balance - beginning of year	-	-	-	-	-	920	(51,981)	145,195
Fund balance - end of year	$ -	$ -	$ -	$ -	$ -	$ 920	$ (6,007)	$ 236,928

ALL CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2019

	Plant Facilities	Plant Facilities - Bus Acquisition	Plant Facilities - Lottery	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Investments	797	-	-	797
Due from other funds	445,857	-	117,802	563,659
Interest receivable	2	-	-	2
Total assets	446,656	-	117,802	564,458
Deferred outflows of resources	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 446,656	$ -	$ 117,802	$ 564,458
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:	-	-	-	-
Deferred inflows of resources:	-	-	-	-
Fund balance:				
Restricted	446,656	-	117,802	564,458
Total fund balance	446,656	-	117,802	564,458
TOTAL LIABILITIES AND DEFERRED INFLOWS OF OF RESOURCES AND FUND BALANCE	$ 446,656	$ -	$ 117,802	$ 564,458

ALL CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

	Plant Facilities	Plant Facilities - Bus Acquisition	Plant Facilities - Lottery	Total
REVENUES				
Local:				
Earnings on investments	21	-	-	21
State:				
Lottery/additional state maintenance	-	-	79,312	79,312
Total revenues	21	-	79,312	79,333
EXPENDITURES				
Capital asset program:				
Capital objects	-	101,896	27,735	129,631
Total expenditures	-	101,896	27,735	129,631
Excess (deficiency) of revenues over (under) expenditures	21	(101,896)	51,577	(50,298)
Other financing sources (uses)				
Transfer in	184,000	53,674	-	237,674
Transfer out	(4,621)	-	-	(4,621)
Total other financing sources (uses)	179,379	53,674	-	233,053
Net change in fund balance	179,400	(48,222)	51,577	182,755
Fund balance-beginning of year	267,256	48,222	66,225	381,703
Fund balance-end of year	$ 446,656	$ -	$ 117,802	$ 564,458

NONMAJOR FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Final Budgeted Revenue	Actual Revenue	Final Budgeted Expenditures	Actual Expenditures	Beginning Fund Balance	Ending Fund Balance
Non-major special revenue funds:						
Federal Forest Reserve	23,000	22,098	30,000	30,000	28,120	20,218
KIC Heyburn Playground	-	12,396	-	5,397	-	6,999
Student Utility Building	-	2,778	-	-	-	2,778
State Driver Education	14,700	22,450	19,164	20,837	4,464	6,077
State Professional Technical	24,876	27,841	24,876	27,841	-	-
State Technology Grant	155,416	160,521	159,045	125,866	161,402	196,057
State Substance Abuse	13,868	13,995	15,125	6,379	2,270	9,886
Title I-A, ESSA - Improving Basic Programs	174,511	159,280	174,511	159,280	-	-
IDEA Part B (611 School Age 3-21)	213,430	203,416	213,430	203,416	-	-
IDEA Part B (619 Pre-School Age 3-5)	9,378	9,378	9,378	9,378	-	-
School-Based Medicaid	15,000	27,737	15,000	27,737	-	-
Title IV-A ESSA - Student Support and Academic Enrichment	12,700	12,700	12,700	12,700	-	-
Perkins III - Professional Technical Act	12,116	12,116	12,116	12,116	-	-
Title II-A, ESEA - Supporting Effective Instruction	31,367	31,753	31,367	31,753	-	-
Summer Recreation Program	-	-	920	-	920	920
Child Nutrition	475,800	512,674	454,445	466,700	(51,981)	(6,007)
Non-major capital projects funds						
Plant Facilities - Bus Acquisition	53,674	53,674	101,896	101,896	48,222	-
Plant Facilities - Lottery	79,312	79,312	145,537	27,735	66,225	117,802
Total	$ 1,309,148	$ 1,364,119	$ 1,419,510	$ 1,269,031	$ 259,642	$ 354,730

SINGLE AUDIT SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

	Federal CFDA Number	Pass Through Grantor's Number	Federal Grant Number	Expenditures
U. S. Department of Agriculture				
Passed through State Department of Education				
Child Nutrition Cluster:				
National School Lunch Program (NSLP)	10.555	2019-41	201919N109947	233,335
School Breakfast Program (SBP)	10.553	2019-41	201919N109947	127,561
NSLP Donated Foods (non-cash)	10.555	2019-41	201919N109947	45,911
Total Child Nutrition Cluster				406,807
Total Passed Through State Department of Education				406,807
Direct through U.S. Department of Agriculture				
Federal Forest	10.665	Not Available	Not Available	30,000
Total Direct through U.S. Department of Agriculture				30,000
Total U.S. Department of Agriculture				436,807
U.S. Department of Education				
Passed through State Department of Education				
Special Education Cluster				
Grants to States (IDEA, Part B)	84.027	2019-41	H027A180088	203,416
Preschool Grants (IDEA Preschool)	84.173	2019-41	H173A170030	9,378
Total Special Education Cluster				212,794
Other Programs				
Title I, Part A of the ESEA	84.010	2019-41	S010A170012	159,280
Supporting Effective Instruction State Grant	84.367	2019-41	S367A170011	31,753
Career and Technical Education	84.048	2019-41	V048A170012	12,116
Student Support and Academic Enrichment Program	84.424	2019-41	S424A170013	12,700
Total Other Programs				215,849
Total U.S. Department of Education				428,643
Total Expenditures of Federal Awards				$ 865,450

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

NOTE 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the St. Maries Joint School District No. 41 under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the St. Maries Joint School District No. 41, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the St. Maries Joint School District No. 41.

NOTE 2 Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) St. Maries Joint School District No. 41 has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. The value of the non-cash assistance for the year ended June 30, 2019 was $45,911.

NOTE 4 Sub-Recipients

There were no awards passed through to subrecipients.

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

To the Board of Trustees
St. Maries Joint School District No. 41
St. Maries, Idaho 83861

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 governmental activities, each major fund, and the aggregate remaining fund information of St. Maries Joint School District No. 41, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise St. Maries Joint School District No. 41's basic financial statements, and have issued our report thereon dated September 16, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Maries Joint School District No. 41'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 St. Maries Joint School District No. 41's internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Maries Joint School District No. 41'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

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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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Maries Joint School District No. 41'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.*

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

Hayden Ross, PLLC

Moscow, Idaho
September 16, 2019

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

To the Board of Trustees
St. Maries Joint School District No. 41
St. Maries, Idaho 83861

Report on Compliance for Each Major Federal Program

We have audited the St. Maries Joint School District No. 41'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 St. Maries Joint School District No. 41's major federal programs for the year ended June 30, 2019. St. Maries Joint School District No. 41'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 St. Maries Joint School District No. 41'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 Governmental 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 types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the St. Maries Joint School District No. 41'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 on the St. Maries Joint School District No. 41's compliance.

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Opinion on Each Major Federal Program

In our opinion, the St. Maries Joint School District No. 41 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the St. Maries Joint School District No. 41 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the St. Maries Joint School District No. 41'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 St. Maries Joint School District No. 41's internal control over compliance.

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

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

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

Hayden Ross, PLLC

Moscow, Idaho
September 16, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Opinion Unit

Governmental Activities	Unmodified
General Fund	Unmodified
Child Nutrition	Unmodified
Capital Projects	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

- material weakness(es) identified?	____ yes	x no
- significant deficiency(ies) identified?	____ yes	x none reported
Noncompliance material to financial statements noted?	____ yes	x no

Federal Awards

Internal control over major programs:

- material weakness(es) identified?	____ yes	x no
- significant deficiency(ies) identified?	____ yes	x none reported

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

Any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)	____ yes	x no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as a low-risk auditee?	____ yes	x no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Finding 2018-001 **Review of Bank Reconciliations**

Condition: No review of bank reconciliations was noted during our review.

Status: This finding no longer exists.