

ST. MARIES JOINT SCHOOL DISTRICT No. 41

St. Maries, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2018**

ST. MARIES JOINT SCHOOL DISTRICT No. 41

St. Maries, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2018**



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St. Maries, Idaho

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-10
 FINANCIAL STATEMENTS	
Statement of Net Position	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds.....	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Child Nutrition Fund.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Projects Funds.....	19
Statement of Fiduciary Net Position – Fiduciary Funds.....	20
Statement of Changes in Fiduciary Net Position – Scholarship Trust Fund	21
Notes to the Financial Statements	22-41
 REQUIRED SUPPLEMENTARY INFORMATION	
Net Pension Liability Schedules	42
Other Post Employment Liability Schedule	43

SUPPLEMENTARY INFORMATION

GENERAL FUND

Schedule of Expenditures by Function – Budget and Actual **44-49**

NONMAJOR SPECIAL REVENUE FUNDS

Description of Funds **50**

Combining Balance Sheet – Nonmajor Special Revenue Funds **51-52**

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Special Revenue Funds **53-54**

CAPITAL PROJECTS FUNDS

Combining Balance Sheet – All Capital Projects Funds..... **55**

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – All Capital Projects Funds **56**

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards **57**

Notes to the Schedule of Expenditures of Federal Awards **58**

**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* 59-60**

**Independent Auditor’s Report On Compliance For Each Major
Program and On Internal Control Over Compliance Required By
The Uniform Guidance 61-62**

Schedule of Findings and Questioned Costs..... **63-64**

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of St. Maries Joint School District No. 41 as of June 30, 2018, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, Child Nutrition Fund and Capital Projects Funds 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 13 to the financial statements, the District recorded a prior period adjustment to the pension related accounts to reflect adjustments made to PERSI's audited financials in their most recent audited period. Additionally, the District recorded a prior period adjustment as a result of implementing GASB 75 related to other post-employment benefits.

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 and the net pension liability related schedules on page 42 and the other post-employment benefits liability schedule on page 43 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 17, 2018 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 17, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

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, 2018.

Financial Highlights

-) St. Maries Joint School District No. 41's financial status, as reflected in the General Fund balance, increased \$36,953 from the previous fiscal year to an ending balance of \$799,137, which represents 8.52% of General Fund resources. 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 2017-2018 represents 24.38% of general fund revenues.
-) Overall district enrollment for the 2017-2018 school year increased from the 2016-2017 school year. The School District's K-12 student population at the end of the 2017-2018 school year was 946. The School District began the 2017-2018 school year with 992 students and ended with 957 students in June. The average size per grade at the end of 2017-2018 was 74 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 net pension liability schedules provide additional information required by GASB 68. The other post-employment benefit liability schedule 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,

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets			
Current assets	4,637,299	4,491,113	146,186
Noncurrent assets	<u>3,501,592</u>	<u>3,598,215</u>	<u>(96,623)</u>
Total Assets	<u>8,138,891</u>	<u>8,089,328</u>	<u>49,563</u>
Deferred Outflows of Resources	<u>912,234</u>	<u>2,049,930</u>	<u>(1,137,696)</u>
Liabilities			
Current liabilities	1,132,208	1,316,760	(184,552)
Noncurrent liabilities	<u>2,997,286</u>	<u>3,205,431</u>	<u>(208,145)</u>
Total Liabilities	<u>4,129,494</u>	<u>4,522,191</u>	<u>(392,697)</u>
Deferred Inflows of Resources	<u>2,510,328</u>	<u>3,072,714</u>	<u>(562,386)</u>
Net Position			
Net investment in capital assets	3,319,926	3,368,990	(49,064)
Restricted	526,898	284,527	242,371
Unrestricted	<u>(1,435,521)</u>	<u>(1,109,164)</u>	<u>(326,357)</u>
Total Net Position	<u><u>\$ 2,411,303</u></u>	<u><u>\$ 2,544,353</u></u>	<u><u>\$ (133,050)</u></u>

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 \$2,411,303 at the close of the most recent fiscal year.

The largest portion of the District's net position (138%) 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 (21.86%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (-59.86%) 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,**

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues			
Program revenues:			
Charges for services	144,450	126,483	17,967
Operating grants and contributions	1,598,586	1,483,194	115,392
General revenues:			
Property taxes -general purposes	2,108,619	2,105,545	3,074
Property taxes -liability insurance	10,465	8,693	1,772
Federal and state revenues	5,718,175	5,373,995	344,180
Other	127,527	180,539	(53,012)
Gain on sale of fixed asset	1,882	0	1,882
Interest and investment earnings	38,705	19,107	19,598
Total revenues	<u>9,748,409</u>	<u>9,297,556</u>	<u>450,853</u>

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Expenses			
Preschool - 12 instruction	5,195,085	5,106,382	88,703
Support services:			
Pupil support	387,658	327,988	59,670
Staff support	274,112	297,666	(23,554)
General administration	313,867	275,352	38,515
School administration	868,170	859,648	8,522
Maintenance/custodial	715,323	634,071	81,252
Transportation	869,837	850,834	19,003
Other support	13,136	12,298	838
Child Nutrition	452,719	465,625	(12,906)
Capital outlay	376	26,529	(26,153)
Debt service	11,685	12,810	(1,125)
Depreciation, unallocated	260,469	257,198	3,271
Total Expenses	<u>9,362,437</u>	<u>9,126,401</u>	<u>236,036</u>
 Change in Net Position	 385,972	 171,155	 214,817
 Net Position – Beginning	 2,544,353	 2,373,198	 171,155
 Prior Period Adjustment	 <u>(519,022)</u>	 <u>-</u>	 <u>(519,022)</u>
 Net Position – Ending	 <u><u>\$ 2,411,303</u></u>	 <u><u>\$ 2,544,353</u></u>	 <u><u>\$ (133,050)</u></u>

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 \$799,137 was unreserved and undesignated. The unreserved and undesignated fund balance increased by \$36,953 during the current fiscal year.

Expenditures for general District purposes totaled \$8,298,551, an increase of 4.68% during the current fiscal year from the prior year, which was \$7,928,098.

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 \$165,749.

Capital Assets
Governmental Activities
Net of Accumulated Depreciation
June 30,

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Land	92,884	92,884	-
Construction in progress	11,857	114,987	(103,130)
Site improvements	1,576,896	1,551,456	25,440
Building	7,633,201	7,510,416	122,785
Equipment	1,932,673	1,820,316	112,357
Transportation	1,797,701	1,956,658	(158,957)
Less: Accumulated Depreciation			
Elementary	(1,357,393)	(1,263,758)	(93,635)
Secondary	(6,281,316)	(6,197,799)	(83,517)
Administration	(227,478)	(210,204)	(17,274)
Maintenance	(22,462)	(22,462)	-
Transportation	(1,497,043)	(1,596,284)	99,241
Child nutrition	(157,928)	(157,995)	67
Total Net Capital Assets	<u>\$ 3,501,592</u>	<u>\$ 3,598,215</u>	<u>\$ (96,623)</u>

Long Term Debt. At year end the District had \$181,666 of outstanding debt as follows:

	<u>Long-Term Obligations June 30, 2017</u>	<u>Long-Term Obligations Incurred</u>	<u>Long-Term Obligations Paid</u>	<u>Long-Term Obligations June 30, 2018</u>	<u>Due Within One Year</u>	<u>Remaining</u>
Capital lease obligations	<u>\$ 229,225</u>	<u>\$ -</u>	<u>\$ (47,559)</u>	<u>\$ 181,666</u>	<u>\$ 50,920</u>	<u>\$ 130,746</u>

Total long-term debt decreased from the prior year due to the District paying off the mortgage payable and 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, 2018

ASSETS

Current Assets:

Cash	167,374
Investments	1,003,496
Taxes receivable	169,141
Unbilled taxes receivable	2,085,194
Other receivables:	
Due from other governmental units	1,121,896
Other receivables	74,658
Inventory	15,540
Total current assets	<u>4,637,299</u>

Noncurrent Assets:

Nondepreciated capital assets	104,741
Depreciated capital assets	12,940,471
Less: accumulated depreciation	<u>(9,543,620)</u>
Total noncurrent assets	<u>3,501,592</u>

Total assets 8,138,891

DEFERRED OUTFLOWS OF RESOURCES

Pension related items	911,835
OPEB related items	<u>399</u>

Total deferred outflows of resources 912,234

LIABILITIES

Current Liabilities:

Accounts payable and other current liabilities	1,081,288
Current portion of long-term debt	<u>50,920</u>
Total current liabilities	<u>1,132,208</u>

Noncurrent Liabilities:

Noncurrent portion of long-term debt	130,746
Other post employment benefits liability	594,544
Net pension liability	<u>2,271,996</u>
Total noncurrent liabilities	<u>2,997,286</u>

Total liabilities 4,129,494

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue	2,085,194
Pension related items	402,296
OPEB related items	<u>22,838</u>

Total deferred inflows of resources 2,510,328

NET POSITION

Net investment in capital assets	3,319,926
Restricted for:	
Capital projects	381,703
Grant programs	145,195
Unrestricted	<u>(1,435,521)</u>

TOTAL NET POSITION \$ 2,411,303

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
FUNCTIONS/PROGRAMS					
Governmental activities:					
Preschool - 12 instruction	5,195,085	64,025	602,133	-	(4,528,927)
Support services					
Pupil support	387,658	-	113,503	-	(274,155)
Staff support	274,112	-	-	-	(274,112)
General administration	313,867	-	-	-	(313,867)
School/business administration	868,170	-	-	-	(868,170)
Maintenance/custodial	715,323	-	-	-	(715,323)
Transportation	869,837	-	535,186	-	(334,651)
Other support	13,136	-	-	-	(13,136)
Child nutrition	452,719	80,425	347,764	-	(24,530)
Capital outlay	376	-	-	-	(376)
Debt services	11,685	-	-	-	(11,685)
Depreciation, unallocated	260,469	-	-	-	(260,469)
	<u>\$ 9,362,437</u>	<u>\$ 144,450</u>	<u>\$ 1,598,586</u>	<u>\$ -</u>	<u>(7,619,401)</u>

General revenues

Taxes:	
Property taxes levied for general purposes	2,108,619
Property taxes levied for liability insurance	10,465
Federal and State aid not restricted to specific purposes	5,718,175
Other	127,527
Gain on sale of fixed assets	1,882
Interest and investment earnings	38,705
Total general revenues	<u>8,005,373</u>
Change in net position	385,972
Net position - beginning	2,544,353
Prior period adjustment	<u>(519,022)</u>
Net position - ending	<u>\$ 2,411,303</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2018**

	<u>General</u>	<u>Child Nutrition</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash	126,709	40,665	-	-	167,374
Investments	1,001,900	818	778	-	1,003,496
Due from other funds	74,057	-	380,925	198,203	653,185
Taxes receivable	169,141	-	-	-	169,141
Unbilled taxes receivable	2,085,194	-	-	-	2,085,194
Other receivables:					
Due from other governmental units	207,020	-	-	202,624	409,644
Taxes due from county	712,252	-	-	-	712,252
Interest receivable	2,178	-	-	-	2,178
Other receivables	72,480	-	-	-	72,480
Inventories	-	15,540	-	-	15,540
Total assets	<u>4,450,931</u>	<u>57,023</u>	<u>381,703</u>	<u>400,827</u>	<u>5,290,484</u>
Deferred outflows of resources	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,450,931</u>	<u>\$ 57,023</u>	<u>\$ 381,703</u>	<u>\$ 400,827</u>	<u>\$ 5,290,484</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities:					
Due to other funds	439,663	74,057	-	139,465	653,185
Accounts payable	86,491	293	-	5,436	92,220
Accrued payroll and benefits	895,664	34,654	-	58,750	989,068
Total liabilities	<u>1,421,818</u>	<u>109,004</u>	<u>-</u>	<u>203,651</u>	<u>1,734,473</u>
Deferred inflows of resources:					
Deferred revenue	144,782	-	-	-	144,782
Unavailable property tax revenue	2,085,194	-	-	-	2,085,194
Total deferred inflows of resources	<u>2,229,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,229,976</u>
Fund balances (deficit):					
Nonspendable	-	15,540	-	-	15,540
Restricted	-	(67,521)	381,703	197,176	511,358
Unassigned	799,137	-	-	-	799,137
Total fund balance (deficit)	<u>799,137</u>	<u>(51,981)</u>	<u>381,703</u>	<u>197,176</u>	<u>1,326,035</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 4,450,931</u>	<u>\$ 57,023</u>	<u>\$ 381,703</u>	<u>\$ 400,827</u>	<u>\$ 5,290,484</u>

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF
GOVERNMENTAL ACTIVITIES**
June 30, 2018

Total fund balances - governmental funds 1,326,035

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	13,045,212
Accumulated depreciation	(9,543,620)

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. 144,782

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	911,835
Deferred inflow of resources	(402,296)

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	399
Deferred inflow of resources	(22,838)

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	(181,666)
Other post employment benefit liability	(594,544)
Net pension liability	<u>(2,271,996)</u>

Total net position - governmental activities \$ 2,411,303

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

	<u>General</u>	<u>Child Nutrition</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local	2,340,957	80,436	4,632	12,000	2,438,025
State	6,212,358	-	77,142	169,279	6,458,779
Federal	-	388,767	-	469,215	857,982
Total revenues	<u>8,553,315</u>	<u>469,203</u>	<u>81,774</u>	<u>650,494</u>	<u>9,754,786</u>
EXPENDITURES					
Instruction	4,848,368	-	-	454,984	5,303,352
Support	3,390,939	-	11,857	113,503	3,516,299
Non-instruction	-	457,425	-	-	457,425
Capital objects	-	-	142,927	-	142,927
Debt service	59,244	-	-	-	59,244
Total expenditures	<u>8,298,551</u>	<u>457,425</u>	<u>154,784</u>	<u>568,487</u>	<u>9,479,247</u>
Excess (deficiency) of revenue over (under) expenditures	<u>254,764</u>	<u>11,778</u>	<u>(73,010)</u>	<u>82,007</u>	<u>275,539</u>
Other financing sources (uses):					
Sale of fixed assets	3,785	-	-	-	3,785
Transfer in	20,000	37,376	204,220	-	261,596
Transfer out	(241,596)	-	-	(20,000)	(261,596)
Total other financing sources (uses)	<u>(217,811)</u>	<u>37,376</u>	<u>204,220</u>	<u>(20,000)</u>	<u>3,785</u>
Net change in fund balances	36,953	49,154	131,210	62,007	279,324
Fund balance (deficit)-beginning of year	<u>762,184</u>	<u>(101,135)</u>	<u>250,493</u>	<u>135,169</u>	<u>1,046,711</u>
Fund balance (deficit)-end of year	<u>\$ 799,137</u>	<u>\$ (51,981)</u>	<u>\$ 381,703</u>	<u>\$ 197,176</u>	<u>\$ 1,326,035</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

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, 2018

Net change in fund balances - total governmental funds		279,324
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	165,749	
Depreciation expense	<u>(260,469)</u>	(94,720)
Proceeds from the sale of capital assets are recorded as a gain for governmental funds, however, in the Statement of Activities, the gain is reduced by the remaining net depreciable basis associated with the disposed assets.		
		(1,903)
Net Pension Liability Adjustments:		
Fiscal year 2017 employer PERSI contributions recognized as pension expense in the current year	(510,576)	
Fiscal year 2018 employer PERSI contributions deferred to subsequent year	555,077	
Pension related amortization expense	<u>156,899</u>	201,400
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.		
		(8,259)
Other post employment benefits liability adjustment:		
Current year change in liability		(37,429)
Repayment of long-term debt obligations is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position.		
		<u>47,559</u>
Total change in net position of governmental activities		<u>\$ 385,972</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	2,111,707	2,110,494	2,127,343	15,636	16,849
Earnings on investments	16,565	31,500	38,683	22,118	7,183
Tuition from individuals	34,000	34,000	52,025	18,025	18,025
Other	108,000	108,000	122,906	14,906	14,906
Total local	2,270,272	2,283,994	2,340,957	70,685	56,963
State:					
Base support	4,698,286	4,729,922	4,733,141	34,855	3,219
Transportation	499,922	502,802	535,186	35,264	32,384
Tuition equivalency	-	-	8,014	8,014	8,014
Benefit apportionment	618,126	622,098	622,759	4,633	661
Other state support	246,370	246,370	253,845	7,475	7,475
Revenue in lieu of taxes	46,332	46,332	46,333	1	1
Other state revenue	-	5,000	13,080	13,080	8,080
Total state	6,109,036	6,152,524	6,212,358	103,322	59,834
Total revenues	8,379,308	8,436,518	8,553,315	174,007	116,797
EXPENDITURES					
Instruction:					
Salaries	3,187,467	3,211,455	3,154,148	33,319	57,307
Benefits	1,438,441	1,464,033	1,419,237	19,204	44,796
Purchased services	53,056	39,958	54,903	(1,847)	(14,945)
Supplies/materials	213,197	229,377	220,080	(6,883)	9,297
Total instruction	4,892,161	4,944,823	4,848,368	43,793	96,455
Support:					
Salaries	1,550,048	1,588,101	1,570,505	(20,457)	17,596
Benefits	758,036	752,749	751,527	6,509	1,222
Purchased services	607,554	627,862	655,612	(48,058)	(27,750)
Supplies/materials	268,421	270,971	330,739	(62,318)	(59,768)
Capital objects	60,000	160,000	10,967	49,033	149,033
Insurance	71,535	71,535	71,589	(54)	(54)
Total support	3,315,594	3,471,218	3,390,939	(75,345)	80,279
Debt service:					
Debt services - principal	42,000	42,000	47,559	(5,559)	(5,559)
Debt services - interest	18,300	18,300	11,685	6,615	6,615
Total debt services	60,300	60,300	59,244	1,056	1,056
Total expenditures	8,268,055	8,476,341	8,298,551	(30,496)	177,790
Excess (deficiency) of revenues over (under) expenditures	111,253	(39,823)	254,764	143,511	294,587
Other financing sources (uses):					
Sale of fixed assets	-	-	3,785	3,785	3,785
Transfer in:					
Federal forest	-	-	20,000	20,000	20,000
Transfers out:					
Child nutrition	(37,152)	(37,152)	(37,376)	(224)	(224)
Plant facilities fund	(41,867)	(41,867)	(156,000)	(114,133)	(114,133)
Plant facilities - bus acquisition fund	(36,001)	(36,001)	(48,220)	(12,219)	(12,219)
Total transfers out	(115,020)	(115,020)	(241,596)	(126,576)	(126,576)
Total other financing sources (uses)	(115,020)	(115,020)	(217,811)	(102,791)	(102,791)
Net change in fund balance	\$ (3,767)	\$ (154,843)	36,953	\$ 40,720	\$ 191,796
Fund balance-beginning of year			762,184		
Fund balance-end of year			\$ 799,137		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**CHILD NUTRITION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
				<u>Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Local:					
Earnings on investments	-	-	11	11	11
Lunch sales	82,000	82,000	80,425	(1,575)	(1,575)
Total local	<u>82,000</u>	<u>82,000</u>	<u>80,436</u>	<u>(1,564)</u>	<u>(1,564)</u>
Federal:					
School lunch reimbursement	334,000	334,000	347,764	13,764	13,764
Restricted	-	-	41,003	41,003	41,003
Total federal	<u>334,000</u>	<u>334,000</u>	<u>388,767</u>	<u>54,767</u>	<u>54,767</u>
Total revenues	<u>416,000</u>	<u>416,000</u>	<u>469,203</u>	<u>53,203</u>	<u>53,203</u>
EXPENDITURES					
Salaries	140,700	140,700	147,646	(6,946)	(6,946)
Benefits	101,481	101,481	102,307	(826)	(826)
Purchased services	2,700	2,700	2,820	(120)	(120)
Supplies/materials	180,700	180,700	204,652	(23,952)	(23,952)
Total expenditures	<u>425,581</u>	<u>425,581</u>	<u>457,425</u>	<u>(31,844)</u>	<u>(31,844)</u>
Excess (deficiency) of revenues over (under) expenditures	(9,581)	(9,581)	11,778	21,359	21,359
Other financing sources (uses):					
Transfer in	<u>30,800</u>	<u>30,800</u>	<u>37,376</u>	<u>6,576</u>	<u>6,576</u>
Net change in fund balance	<u>\$ 21,219</u>	<u>\$ 21,219</u>	49,154	<u>\$ 27,935</u>	<u>\$ 27,935</u>
Fund balance(deficit)-beginning of year			<u>(101,135)</u>		
Fund balance(deficit)-end of year			<u>\$ (51,981)</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

CAPITAL PROJECTS FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Local:					
Earnings on investments	-	-	11	11	11
Contributions/donations	-	-	4,621	4,621	4,621
Total local	<u>-</u>	<u>-</u>	<u>4,632</u>	<u>4,632</u>	<u>4,632</u>
State:					
Lottery/additional state maintenance	73,228	77,142	77,142	3,914	-
Total revenues	<u>73,228</u>	<u>77,142</u>	<u>81,774</u>	<u>8,546</u>	<u>4,632</u>
EXPENDITURES					
Support:					
Capital objects	-	-	11,857	(11,857)	(11,857)
Capital asset programs:					
Purchased services	50,000	50,000	-	50,000	50,000
Capital objects	275,503	333,633	142,927	132,576	190,706
Total capital asset programs	<u>325,503</u>	<u>383,633</u>	<u>142,927</u>	<u>182,576</u>	<u>240,706</u>
Total expenditures	<u>325,503</u>	<u>383,633</u>	<u>154,784</u>	<u>170,719</u>	<u>228,849</u>
Excess (deficiency) of revenues over (under) expenditures	(252,275)	(306,491)	(73,010)	179,265	233,481
Other financing sources (uses):					
Transfer in	104,220	104,220	204,220	100,000	100,000
Net change in fund balance	<u>\$ (148,055)</u>	<u>\$ (202,271)</u>	131,210	<u>\$ 279,265</u>	<u>\$ 333,481</u>
Fund balance-beginning of year			<u>250,493</u>		
Fund balance-end of year			<u>\$ 381,703</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018**

	<u>Scholarship Trust Fund</u>	<u>Agency Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Cash	21,025	75,871
Investments	40,335	26,999
Interest receivable	-	42
Total assets	<u>61,360</u>	<u>102,912</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>61,360</u>	<u>102,912</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities:		
Due to student groups	-	102,912
Deferred inflows of resources	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>102,912</u>
NET POSITION		
Restricted for scholarships	<u>61,360</u>	<u>-</u>
Total net position	<u><u>\$ 61,360</u></u>	<u><u>\$ -</u></u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**SCHOLARSHIP TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2018**

ADDITIONS

Earnings on investments	1,167	
Donations	14,521	
Net increase in fair value of investments	<u>3,621</u>	
Total additions		19,309

DEDUCTIONS

Purchased services		<u>5,020</u>
Change in net position		14,289
Net position - beginning		<u>47,071</u>
Net position - ending		<u><u>\$ 61,360</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 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.
-) Child Nutrition Fund. This fund is used to account for the operating of the school lunch program.
-) Capital Projects Funds. This includes three funds, Plant Facilities, Plant Facilities – Bus Acquisition and Plant Facilities – Lottery. These funds are 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. At June 30, 2018 there were 131.5 days of sick leave in the bank.

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 2018 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, 2017 upon which the 2017 levy was based was \$475,379,634.

NOTE 2 Property Tax (Continued)

The District's actual levy was 0.21265% 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, 2018 was 43.61535% per \$100, which means that the District was required to pass an override levy in the amount of 43.82800% per \$100. The total tax levy for the year ended June 30, 2018 was \$2,095,402 with total tax collections being \$2,004,452.

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, 2018 were 95.66% of the tax levy. Property taxes levied for 2017 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 2018 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The total property taxes levy for 2018 of \$2,085,194 is recorded as uncollected but are not considered available at June 30, 2018. The entire receivable is considered deferred revenue.

	<u>General Fund</u>
Total taxes receivable at June 30, 2018	169,141
Less: Taxes estimated to be collected by the County Treasurer by August 31, 2018	<u>24,359</u>
Deferred Revenue	<u>\$144,782</u>

NOTE 3 Cash and Investments

<u>Cash</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking Accounts	<u>\$264,270</u>	<u>\$292,765</u>

Deposits were with US Bank of which \$250,000 of interest bearing accounts and non-interest bearing accounts were covered by Federal Deposit Insurance.

Investments

Details of investments at June 30, 2018 are as follows:

	<u>Rate</u>	<u>General Fund</u>	<u>Child Nutrition</u>	<u>Capital Projects</u>	<u>Fiduciary</u>	<u>Total</u>
General Motors Stock		-	-	-	31,390	31,390
Investment in State						
Treasurer's Pool	Variable	<u>1,001,900</u>	<u>818</u>	<u>778</u>	<u>35,944</u>	<u>1,039,440</u>
Total		<u>\$1,001,900</u>	<u>\$818</u>	<u>\$778</u>	<u>\$67,334</u>	<u>\$1,070,830</u>

<u>Investment Maturities External Investment Pool</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Less than 1 Year</u>	<u>1-8 Years</u>
State Investment Pool	<u>\$1,039,440</u>	<u>\$1,039,440</u>	<u>\$1,039,440</u>	<u>\$ -</u>

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 one 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, 2018 was \$31,390.

NOTE 4 Changes in Fixed Assets

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

	Balance June 30, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Non-depreciated assets					
Land	92,884	-	-	-	92,884
Construction in Progress	114,987	11,857	-	(114,987)	11,857
Total non-depreciated assets	<u>207,871</u>	<u>11,857</u>	<u>-</u>	<u>(114,987)</u>	<u>104,741</u>
Depreciated assets					
Site improvement	1,551,456	25,440	-	-	1,576,896
Building	7,510,416	122,785	-	-	7,633,201
Equipment	1,820,316	3,467	(6,097)	114,987	1,932,673
Transportation	1,956,658	2,200	(161,157)	-	1,797,701
Total depreciated assets	<u>12,838,846</u>	<u>153,892</u>	<u>(167,254)</u>	<u>114,987</u>	<u>12,940,471</u>
Total assets	<u>13,046,717</u>	<u>165,749</u>	<u>(167,254)</u>	<u>-</u>	<u>13,045,212</u>
ACCUMULATED DEPRECIATION					
Function					
Elementary	(1,263,758)	(93,635)	-	-	(1,357,393)
Secondary	(6,197,799)	(86,511)	2,994	-	(6,281,316)
Administration	(210,204)	(17,274)	-	-	(227,478)
Maintenance	(22,462)	-	-	-	(22,462)
Transportation	(1,596,284)	(60,013)	159,254	-	(1,497,043)
Child Nutrition	(157,995)	(3,036)	3,103	-	(157,928)
Total accumulated depreciation	<u>(9,448,502)</u>	<u>(260,469)</u>	<u>165,351</u>	<u>-</u>	<u>(9,543,620)</u>
Governmental Activities Assets (Net)	<u>\$ 3,598,215</u>	<u>\$ (94,720)</u>	<u>\$ (1,903)</u>	<u>\$ -</u>	<u>\$ 3,501,592</u>

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, 2018:

	Long-Term Obligations June 30, 2017	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations June 30, 2018	Due Within One Year	Remaining
Capital lease obligations	<u>\$ 229,225</u>	<u>\$ -</u>	<u>\$ (47,559)</u>	<u>\$ 181,666</u>	<u>\$ 50,920</u>	<u>\$ 130,746</u>

The annual requirements to amortize all outstanding debt as of June 30, 2018, including interest, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	50,920	8,324	59,244
2020	53,659	5,585	59,244
2021	56,545	2,699	59,244
2022	20,542	232	20,774
Total	<u>\$ 181,666</u>	<u>\$ 16,840</u>	<u>\$ 198,506</u>

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, 2017. All amounts are as of June 30, 2017 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 \$555,077, \$510,576 and \$499,116 for the three years ended June 30, 2018, 2017, and 2016, respectively.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability as of June 30, 2017. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was 0.1445448 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, 2018 has not been completed at the time of issuance. The pension expense (revenue) for the year ending June 30, 2017 was calculated at \$367,072.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	314,743	204,688
Changes in assumptions or other inputs	42,015	-
Net difference between projected and actual earning on pension plan investments	-	136,125
Change in proportionate share	-	61,483
Employer contributions subsequent to the measurement date	<u>555,077</u>	<u>-</u>
Total	<u>\$911,835</u>	<u>\$402,296</u>

NOTE 6 Pension Plan (Continued)

\$555,077 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, 2018.

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

For the Year Ending June 30:	Amount to be Recognized
2018	(123,514)
2019	213,455
2020	60,567
2021	(134,562)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	4.5 – 10.00%
Salary Inflation	3.75%
Investment rate of return	7.10% net of investment expenses
Cost-of-living adjustments	1%

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

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

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and

NOTE 6 Pension Plan (Continued)

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.

<u>Asset Class</u>	<u>Expected Return*</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	20.20%	15%	10%-20%
Fixed Income	3.05%	3.75%	30%	23%-33%
Cash	2.25%	.90%	0%	0%-5%
<u>Total Fund</u>	<u>Expected Return*</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return net of feeds and expenses

Data provided by Callan Associates 2015

Actuarial Assumptions

Assumed Inflation Mean	3.25%
Assumed Inflation Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.08%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	.40%
Long-Term Expected Geometric Rate of Return, Net Investment Expenses	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share of the net pension liability (asset)	\$5,280,586	\$2,271,996	\$(228,222)

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, 2018, 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, 2018:

<u>Fund</u>	<u>Excess</u>
School-Based Medicaid	7,776
Child Nutrition	31,844

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:

	<u>Out</u>	<u>In</u>
General	241,596	20,000
Child Nutrition	-	37,376
Plant Facilities	-	156,000
Plant Facilities - Bus Acquisition	-	48,220
Federal Forest	20,000	-
Total	<u>\$ 261,596</u>	<u>\$ 261,596</u>

NOTE 9 Interfund Receivables, Payables and Transfers (Continued)

The composition of interfund receivables and payables as of June 30, 2018 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	74,057	439,663
Special Revenue Funds:		
Federal Forest Reserve	28,120	-
State Driver Education	4,464	-
State Professional Technical	376	-
State Technology Grant	161,402	-
State Substance Abuse	2,921	-
Title I-A, ESEA – Improving Basic Programs	-	36,698
IDEA Part B – School Age	-	47,910
IDEA Part B – Pre-School	-	2,327
School-Based Medicaid	-	19,871
Title II-A, ESEA – Student Support and Academic Enrichment	-	2,548
Perkins III – Professional Technical Act	-	24,146
Summer Recreation	920	-
Title II-A, ESEA - Supporting Effective Instruction	-	5,965
Child Nutrition	-	74,057
Capital Project Funds:		
Plant Facilities	266,478	-
Plant Facilities – Bus Acquisition	48,222	-
Plant Facilities – Lottery	66,225	-
Total	<u>\$ 653,185</u>	<u>\$ 653,185</u>

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

Medicare 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, 2018, the Employer reported a liability of \$594,544 of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2018, the Employer recognized OPEB expense of \$37,429. At June 30, 2018, 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	-	15,091
Changes in assumptions or other inputs	<u>399</u>	<u>7,747</u>
Total	<u>\$399</u>	<u>\$22,838</u>

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

Year ended June 30:	
2019	\$2,462
2020	\$2,462
2021	\$2,462
2022	\$2,462
2023	\$2,462
Thereafter	\$10,129

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 retirees.

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, 2018, 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:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Net OPEB liability	\$629,921	\$594,544	\$560,534

The following presents the net OPEB liability of the Plan as of June 30, 2018, calculated using the assumed health care cost trend rate, as well as what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$545,603	\$594,544	\$650,557

NOTE 11 Other Post-Employment Benefits (Continued)

Summary of the Change in OPEB Liability

Total OPEB Liability – Beginning of Year	\$554,214
Service Cost	54,074
Interest	22,484
Plan Design Changes	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	438
Benefit Payments (Estimated)	(36,666)
Total OPEB Liability – End of Year	<u>\$594,544</u>

NOTE 12 Deficit Fund Balance

The District had the following deficit fund balances at June 30, 2018:

Child Nutrition	51,981
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It is the District's intent to eliminate the deficit over the next five years in the Child Nutrition Fund.

NOTE 13 Prior Period Adjustment

For the fiscal year ended June 30, 2017, PERSI retroactively applied the provision of GASB 68 paragraph 54 and netted the deferred inflows and deferred outflows of resources related to the differences between expected and actual investment earnings. The District has presented these amounts in the same manner as PERSI's presentation. The change reduced the total deferred outflow and deferred inflow of resources by \$687,843 respectively, as of June 30, 2017. The adjustment had no effect on the beginning net position or the change in net position in the prior year.

Additionally, as a result of implementing GASB 75 related to other post-employment benefits, a prior period adjustment was made to record the estimated liability as of June 30, 2017. The change increased deferred outflows of resources by \$25,340, increased noncurrent liability by \$493,682 and reduced unrested net position by \$519,022.

REQUIRED SUPPLEMENTARY INFORMATION



ST. MARIES JOINT SCHOOL DISTRICT
St. Maries, Idaho

NET PENSION LIABILITY SCHEDULES

Schedule of the District's Share of Net Pension Liability*

PERSI - Base Plan

As of June 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's portion of the net pension liability	0.1445448%	0.1492027%	0.1466438%	0.1512820%
Employer's proportionate share of the net pension liability	2,271,996	3,024,568	1,931,060	1,113,672
Employer's covered employee payroll	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 employee payroll	50.61%	69.31%	47.01%	27.17%
Plan fiduciary net position as a percentage of the total	90.68%	87.26%	91.38%	94.95%

Schedule of the District's Contributions*

PERSI - Base Plan

As of June 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	508,207	493,974	464,963	463,942
Contributions in relation to the statutorily required Contribution (deficiency) excess	(508,207)	(493,974)	(464,963)	(463,942)
Employer's covered employee payroll	4,489,461	4,364,067	4,107,451	4,098,428
Contributions as a percentage of covered employee payroll	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 School District will present information for those use for which information is available.

Data is reported is measured as of June 30, 2017.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

As of June 30, 2017

Change of Assumptions. There were no changes of assumptions for the year ended June 30, 2017.

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

OTHER POST EMPLOYMENT LIABILITY SCHEDULE

As of June 30,

	2018	2017
Service Cost	54,074	51,066
Interest	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	(36,666)	(46,756)
Net change in total OPEB Liability	40,330	(1,064)
Total OPEB liability - beginning	554,214	555,278
Total OPEB liability-ending	<u>594,544</u>	<u>554,214</u>
Covered-employee payroll	4,529,922	4,366,190
Total OPEB liability as a percentage of covered-employee payroll	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, 2018

Change of Assumptions. Amounts reported as of June 30, 2018 reflect an adjustment to status, trend, discount and other inputs.

SUPPLEMENTARY INFORMATION



ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION			
Elementary school program:			
Salaries	1,256,536	1,255,375	(1,161)
Benefits	580,634	581,178	544
Purchased services	10,689	10,320	(369)
Supplies/materials	81,888	136,526	54,638
Total elementary school program	<u>1,929,747</u>	<u>1,983,399</u>	<u>53,652</u>
Secondary school program:			
Salaries	1,185,723	1,225,175	39,452
Benefits	526,602	550,865	24,263
Purchased services	31,976	17,570	(14,406)
Supplies/materials	103,351	54,837	(48,514)
Total secondary school program	<u>1,847,652</u>	<u>1,848,447</u>	<u>795</u>
Alternative school program:			
Salaries	59,145	59,125	(20)
Benefits	27,650	27,955	305
Purchased services	915	1,380	465
Supplies/materials	1,252	2,989	1,737
Total alternative school program	<u>88,962</u>	<u>91,449</u>	<u>2,487</u>
Special education program:			
Salaries	469,929	483,995	14,066
Benefits	238,933	256,795	17,862
Supplies/materials	2,032	3,000	968
Total special education program	<u>710,894</u>	<u>743,790</u>	<u>32,896</u>

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, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION (Continued)			
Special education preschool program:			
Salaries	61,021	61,785	764
Benefits	25,162	25,385	223
Supplies/materials	4,557	5,000	443
Total special education preschool program	90,740	92,170	1,430
 School activity program:			
Salaries	121,794	121,200	(594)
Benefits	20,236	20,870	634
Purchased services	11,323	10,688	(635)
Supplies/materials	27,000	27,000	-
Total school activity program	180,353	179,758	(595)
 Summer school program:			
Salaries	-	4,800	4,800
Benefits	20	985	965
Supplies/materials	-	25	25
Total summer school program	20	5,810	5,790
 TOTAL INSTRUCTION			
Salaries	3,154,148	3,211,455	57,307
Benefits	1,419,237	1,464,033	44,796
Purchased services	54,903	39,958	(14,945)
Supplies/materials	220,080	229,377	9,297
Total Instruction	\$ 4,848,368	\$ 4,944,823	\$ 96,455

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, 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT			
Attendance-guidance-health program:			
Salaries	151,255	153,595	2,340
Benefits	65,381	66,410	1,029
Purchased services	841	1,246	405
Supplies/materials	2,160	2,420	260
Total attendance-guidance-health program	<u>219,637</u>	<u>223,671</u>	<u>4,034</u>
Special education support services program:			
Salaries	100,315	98,820	(1,495)
Benefits	40,605	40,645	40
Purchased services	3,497	3,865	368
Supplies/materials	1,649	2,000	351
Total special education support services program	<u>146,066</u>	<u>145,330</u>	<u>(736)</u>
Instruction improvement program:			
Salaries	42,632	31,270	(11,362)
Benefits	15,692	12,970	(2,722)
Purchased services	19,396	55,853	36,457
Supplies/materials	16,934	-	(16,934)
Total instruction improvement program	<u>94,654</u>	<u>100,093</u>	<u>5,439</u>
Educational media program:			
Salaries	45,597	46,420	823
Benefits	36,421	37,060	639
Supplies/materials	1,954	3,400	1,446
Total educational media program	<u>83,972</u>	<u>86,880</u>	<u>2,908</u>
Instruction-related technology program:			
Salaries	3,000	3,000	-
Benefits	589	625	36
Purchased services	2,836	2,000	(836)
Supplies/materials	10,030	16,717	6,687
Total instruction-related technology program	<u>16,455</u>	<u>22,342</u>	<u>5,887</u>

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, 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued)			
Board of education program:			
Salaries	51,259	48,515	(2,744)
Benefits	21,483	21,450	(33)
Purchased services	23,943	22,676	(1,267)
Supplies/materials	1,872	3,379	1,507
Insurance	20,571	20,516	(55)
Total board of education program	<u>119,128</u>	<u>116,536</u>	<u>(2,592)</u>
District administration program:			
Salaries	121,276	126,920	5,644
Benefits	46,074	48,030	1,956
Purchased services	21,748	21,413	(335)
Supplies/materials	11,134	10,923	(211)
Total district administration program	<u>200,232</u>	<u>207,286</u>	<u>7,054</u>
School administration program:			
Salaries	381,064	378,465	(2,599)
Benefits	168,606	171,370	2,764
Purchased services	23,397	23,384	(13)
Supplies/materials	9,577	6,000	(3,577)
Total school administration program	<u>582,644</u>	<u>579,219</u>	<u>(3,425)</u>
Business operation program:			
Salaries	57,752	57,025	(727)
Benefits	21,251	21,230	(21)
Purchased services	21,677	19,101	(2,576)
Supplies/materials	1,219	810	(409)
Total business operation program	<u>101,899</u>	<u>98,166</u>	<u>(3,733)</u>
Administrative technology service:			
Purchased services	148,560	148,585	25
Supplies/materials	49,053	46,100	(2,953)
Total administrative technology service	<u>197,613</u>	<u>194,685</u>	<u>(2,928)</u>

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, 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued)			
Buildings - care program (custodial):			
Salaries	66,899	80,000	13,101
Benefits	26,645	28,320	1,675
Purchased services	242,739	245,884	3,145
Supplies/materials	38,031	30,660	(7,371)
Insurance	29,961	29,961	-
Total building - care program (custodial)	<u>404,275</u>	<u>414,825</u>	<u>10,550</u>
Maintenance - non-student occupied:			
Purchased services	2,291	1,000	(1,291)
Supplies/materials	6,001	3,350	(2,651)
Total maintenance - non-student occupied	<u>8,292</u>	<u>4,350</u>	<u>(3,942)</u>
Maintenance - student occupied buildings :			
Salaries	138,102	142,900	4,798
Benefits	56,023	54,820	(1,203)
Purchased services	58,306	13,223	(45,083)
Supplies/materials	41,335	28,730	(12,605)
Capital objects	8,767	160,000	151,233
Total maintenance - student occupied buildings	<u>302,533</u>	<u>399,673</u>	<u>97,140</u>
Maintenance - grounds:			
Purchased services	3,388	4,647	1,259
Supplies/materials	3,502	4,000	498
Total maintenance - grounds	<u>6,890</u>	<u>8,647</u>	<u>1,757</u>
Security program:			
Purchased services	5,422	3,500	(1,922)
Supplies/materials	2,936	1,500	(1,436)
Total security program	<u>8,358</u>	<u>5,000</u>	<u>(3,358)</u>
Pupil-to-school transportation program:			
Salaries	388,576	398,660	10,084
Benefits	245,585	246,215	630
Purchased services	63,448	49,927	(13,521)
Supplies/materials	122,958	103,882	(19,076)
Capital objects	2,200	-	(2,200)
Insurance	14,275	14,276	1
Total pupil-to-school transportation program	<u>837,042</u>	<u>812,960</u>	<u>(24,082)</u>

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, 2018

	Actual	Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued)			
Pupil-activity transportation program:			
Salaries	19,387	21,000	1,613
Benefits	3,903	3,260	(643)
Purchased services	2,328	-	(2,328)
Total pupil-activity transportation program	25,618	24,260	(1,358)
General transportation program:			
Salaries	3,391	1,511	(1,880)
Benefits	691	344	(347)
Purchased services	1,237	1,000	(237)
Supplies/materials	10,394	7,100	(3,294)
Insurance	6,782	6,782	-
Total general transportation program	22,495	16,737	(5,758)
Other support services program:			
Benefits	2,578	-	(2,578)
Purchased services	10,558	10,558	-
Total other support services program	13,136	10,558	(2,578)
TOTAL SUPPORT			
Salaries	1,570,505	1,588,101	17,596
Benefits	751,527	752,749	1,222
Purchased services	655,612	627,862	(27,750)
Supplies/materials	330,739	270,971	(59,768)
Capital objects	10,967	160,000	149,033
Insurance	71,589	71,535	(54)
Total Support	\$ 3,390,939	\$ 3,471,218	\$ 80,279

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

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.

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.

Title V-B, ESEA – Rural Education Initiative Fund - To account for restricted Federal revenue to be spent on enhancing the other Federal programs.

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.

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2018**

	<u>Federal Forest Reserve</u>	<u>State Driver Education</u>	<u>State Professional Technical</u>	<u>State Technology</u>	<u>State Substance Abuse</u>	<u>Title I-A, ESSA - Improving Basic Programs</u>	<u>IDEA Part B (611 School Age 3-21)</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Assets:							
Due from other funds	28,120	4,464	376	161,402	2,921	-	-
Other receivables:							
State reimbursement	-	-	-	-	-	-	-
Federal reimbursement	-	-	-	-	-	60,895	83,248
Total assets	<u>28,120</u>	<u>4,464</u>	<u>376</u>	<u>161,402</u>	<u>2,921</u>	<u>60,895</u>	<u>83,248</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 28,120</u>	<u>\$ 4,464</u>	<u>\$ 376</u>	<u>\$ 161,402</u>	<u>\$ 2,921</u>	<u>\$ 60,895</u>	<u>\$ 83,248</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities:							
Due to other funds	-	-	-	-	-	36,698	56,159
Accounts payable	-	-	376	-	-	-	-
Accrued payroll and benefits	-	-	-	-	651	24,197	27,089
Total liabilities	<u>-</u>	<u>-</u>	<u>376</u>	<u>-</u>	<u>651</u>	<u>60,895</u>	<u>83,248</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:							
Restricted	<u>28,120</u>	<u>4,464</u>	<u>-</u>	<u>161,402</u>	<u>2,270</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>28,120</u>	<u>4,464</u>	<u>-</u>	<u>161,402</u>	<u>2,270</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 28,120</u>	<u>\$ 4,464</u>	<u>\$ 376</u>	<u>\$ 161,402</u>	<u>\$ 2,921</u>	<u>\$ 60,895</u>	<u>\$ 83,248</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2018**

	<u>IDEA Part B (619 Pre-School Age 3- 5)</u>	<u>School-Based Medicaid</u>	<u>Title IV-A ESSA - Student Support and Academic Enrichment</u>	<u>Title V-B, ESEA - Rural Education Initiative</u>	<u>Perkins III - Professional Technical Act</u>	<u>Title II-A, ESEA - Supporting Effective Instruction</u>	<u>Summer Recreation Program</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Assets:								
Due from other funds	-	-	-	-	-	-	920	198,203
Other receivables:								
State reimbursement	-	12,777	-	-	-	-	-	12,777
Federal reimbursement	3,832	-	4,203	-	27,790	9,879	-	189,847
Total assets	<u>3,832</u>	<u>12,777</u>	<u>4,203</u>	<u>-</u>	<u>27,790</u>	<u>9,879</u>	<u>920</u>	<u>400,827</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,832</u>	<u>\$ 12,777</u>	<u>\$ 4,203</u>	<u>\$ -</u>	<u>\$ 27,790</u>	<u>\$ 9,879</u>	<u>\$ 920</u>	<u>\$ 400,827</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
Liabilities:								
Due to other funds	2,327	11,622	2,548	-	24,146	5,965	-	139,465
Accounts payable	-	1,155	1,655	-	2,250	-	-	5,436
Accrued payroll and benefits	1,505	-	-	-	1,394	3,914	-	58,750
Total liabilities	<u>3,832</u>	<u>12,777</u>	<u>4,203</u>	<u>-</u>	<u>27,790</u>	<u>9,879</u>	<u>-</u>	<u>203,651</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:								
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920</u>	<u>197,176</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920</u>	<u>197,176</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 3,832</u>	<u>\$ 12,777</u>	<u>\$ 4,203</u>	<u>\$ -</u>	<u>\$ 27,790</u>	<u>\$ 9,879</u>	<u>\$ 920</u>	<u>\$ 400,827</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

	<u>Federal Forest Reserve</u>	<u>State Driver Education</u>	<u>State Professional Technical</u>	<u>State Technology Grant</u>	<u>State Substance Abuse</u>	<u>Title I-A, ESEA - Improving Basic Programs</u>	<u>IDEA Part B School-Age</u>
REVENUES							
Local:							
Other	-	12,000	-	-	-	-	-
State:							
Other state support	-	-	-	122,285	13,868	-	-
Driver education program	-	8,250	-	-	-	-	-
Professional technical program	-	-	24,876	-	-	-	-
Total state	-	8,250	24,876	122,285	13,868	-	-
Federal:							
Restricted	23,538	-	-	-	-	150,267	203,931
Total revenues	<u>23,538</u>	<u>20,250</u>	<u>24,876</u>	<u>122,285</u>	<u>13,868</u>	<u>150,267</u>	<u>203,931</u>
EXPENDITURES							
Instruction:							
Salaries	-	9,621	1,599	-	-	101,787	106,065
Benefits	-	1,908	310	-	-	45,334	84,272
Purchased services	10,000	7,298	5,439	-	-	1,664	8,249
Supplies/materials	-	1,166	17,154	-	-	1,482	-
Capital outlay	-	-	374	-	-	-	-
Total instruction	<u>10,000</u>	<u>19,993</u>	<u>24,876</u>	<u>-</u>	<u>-</u>	<u>150,267</u>	<u>198,586</u>
Support:							
Salaries	-	-	-	10,788	3,265	-	-
Benefits	-	-	-	2,199	607	-	-
Purchased services	-	-	-	-	5,596	-	3,482
Supplies/materials	-	-	-	39,945	5,541	-	1,863
Total support	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,932</u>	<u>15,009</u>	<u>-</u>	<u>5,345</u>
Total expenditures	<u>10,000</u>	<u>19,993</u>	<u>24,876</u>	<u>52,932</u>	<u>15,009</u>	<u>150,267</u>	<u>203,931</u>
Excess (deficiency) revenues over (under) expenditures	<u>13,538</u>	<u>257</u>	<u>-</u>	<u>69,353</u>	<u>(1,141)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfer out	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(6,462)</u>	<u>257</u>	<u>-</u>	<u>69,353</u>	<u>(1,141)</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	<u>34,582</u>	<u>4,207</u>	<u>-</u>	<u>92,049</u>	<u>3,411</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ 28,120</u>	<u>\$ 4,464</u>	<u>\$ -</u>	<u>\$ 161,402</u>	<u>\$ 2,270</u>	<u>\$ -</u>	<u>\$ -</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
For the Year Ended June 30, 2018**

	IDEA Part B Pre-School	School-Based Medicaid	Title IV-A ESSA - Student Support and Academic Enrichment	Title VI-B, ESEA - Rural Education Initiative	Perkins III - Professional Technical Act	Title II-A, ESEA - Supporting Effective Instruction	Summer Recreation Program	Total
REVENUES								
Local:								
Other	-	-	-	-	-	-	-	12,000
State:								
Other state support	-	-	-	-	-	-	-	136,153
Driver education program	-	-	-	-	-	-	-	8,250
Professional technical program	-	-	-	-	-	-	-	24,876
Total state	-	-	-	-	-	-	-	169,279
Federal:								
Restricted	9,161	14,527	10,000	-	27,790	30,001	-	469,215
Total revenues	9,161	14,527	10,000	-	27,790	30,001	-	650,494
EXPENDITURES								
Instruction:								
Salaries	5,003	-	-	-	5,759	-	-	229,834
Benefits	4,158	-	-	-	3,440	-	-	139,422
Purchased services	-	14,311	-	-	14,757	-	-	61,718
Supplies/materials	-	-	-	-	3,834	-	-	23,636
Capital outlay	-	-	-	-	-	-	-	374
Total instruction	9,161	14,311	-	-	27,790	-	-	454,984
Support:								
Salaries	-	-	6,450	-	-	20,198	-	40,701
Benefits	-	-	3,550	-	-	9,224	-	15,580
Purchased services	-	216	-	-	-	118	-	9,412
Supplies/materials	-	-	-	-	-	461	-	47,810
Total support	-	216	10,000	-	-	30,001	-	113,503
Total expenditures	9,161	14,527	10,000	-	27,790	30,001	-	568,487
Excess (deficiency) revenues over (under) expenditures	-	-	-	-	-	-	-	82,007
Other financing sources (uses):								
Transfer out	-	-	-	-	-	-	-	(20,000)
Net change in fund balance	-	-	-	-	-	-	-	62,007
Fund balance - beginning of year	-	-	-	-	-	-	920	135,169
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 920	\$ 197,176

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

ALL CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	<u>Plant Facilities</u>	<u>Plant Facilities - Bus Acquisition</u>	<u>Plant Facilities - Lottery</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Investments	778	-	-	778
Due from other funds	266,478	48,222	66,225	380,925
Interest receivable	-	-	-	-
Total assets	<u>267,256</u>	<u>48,222</u>	<u>66,225</u>	<u>381,703</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 267,256</u>	<u>\$ 48,222</u>	<u>\$ 66,225</u>	<u>\$ 381,703</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted	<u>267,256</u>	<u>48,222</u>	<u>66,225</u>	<u>381,703</u>
Total fund balance	<u>267,256</u>	<u>48,222</u>	<u>66,225</u>	<u>381,703</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF OF RESOURCES AND FUND BALANCE	<u>\$ 267,256</u>	<u>\$ 48,222</u>	<u>\$ 66,225</u>	<u>\$ 381,703</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**ALL CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2018**

	<u>Plant Facilities</u>	<u>Plant Facilities - Bus Acquisition</u>	<u>Plant Facilities - Lottery</u>	<u>Total</u>
REVENUES				
Local:				
Earnings on investments	11	-	-	11
Contributions/donations	4,621	-	-	4,621
Total local	<u>4,632</u>	<u>-</u>	<u>-</u>	<u>4,632</u>
State:				
Lottery/additional state maintenance	-	-	77,142	77,142
Total revenues	<u>4,632</u>	<u>-</u>	<u>77,142</u>	<u>81,774</u>
EXPENDITURES				
Support:				
Capital objects	-	-	11,857	11,857
Capital objects	25,442	-	117,485	142,927
Total expenditures	<u>25,442</u>	<u>-</u>	<u>129,342</u>	<u>154,784</u>
Excess (deficiency) of revenues over (under) expenditures	(20,810)	-	(52,200)	(73,010)
Other financing sources:				
Transfer in	156,000	48,220	-	204,220
Net change in fund balance	135,190	48,220	(52,200)	131,210
Fund balance-beginning of year	<u>132,066</u>	<u>2</u>	<u>118,425</u>	<u>250,493</u>
Fund balance-end of year	<u>\$ 267,256</u>	<u>\$ 48,222</u>	<u>\$ 66,225</u>	<u>\$ 381,703</u>

SINGLE AUDIT SECTION



ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018**

	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
U. S. Department of Agriculture				
Passed through State Department of Education				
Child Nutrition Cluster:				
National School Lunch Program	10.555	2018-41	AG1802	219,943
Breakfast program	10.553	2018-41	AG1805	127,820
Food Distribution (non-cash)	10.555	2018-41	AG1802	40,568
Total Child Nutrition Cluster				<u>388,331</u>
Other programs				
State Administrative Expenses for Child Nutrition	10.56	2018-41	AG1701	436
Total Passed Through State Department of Education				<u>388,767</u>
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				<u>30,000</u>
Total U.S. Department of Agriculture				<u>418,767</u>
U.S. Department of Education				
Passed through State Department of Education				
Special Education Cluster				
Part B, IDEA - School Age	84.027	2018-41	ED1731	203,931
Part B, IDEA - Preschool	84.173	2018-41	ED1741	9,161
Total Special Education Cluster				<u>213,092</u>
Other Programs				
Title I-A, ESEA - Improving Basic Programs	84.010	2018-41	ED 1702	150,267
Title II-A, ESEA - Improving Teacher Quality	84.367	2018-41	ED 1781	30,001
Career and Technical Education	84.048	2018-41	17V048	27,790
Student Support and Academic Enrichment Program	84.424	2018-41	ED1770	10,000
Total Other Programs				<u>218,058</u>
Total U.S. Department of Education				<u>431,150</u>
Total Expenditures of Federal Awards				<u>\$ 849,917</u>

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

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, 2018. 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. At June 30, 2018, the School District had received food commodities totaling \$40,568.

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, 2018 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 17, 2018.

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

that might be material weaknesses or significant deficiencies in internal control that might be material weaknesses or significant deficiencies, therefore, material weaknesses or significant deficiencies may exist that were not identified.

We did identify a deficiency in internal control described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (Finding 2018-001).

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 17, 2018

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, 2018. 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.

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, 2018.

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 17, 2018

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

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?	<u> </u> yes	<u> x </u> no
- significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported

Noncompliance material to financial statements noted?

 yes x no

Federal Awards

Internal control over major programs:

- material weakness(es) identified?	<u> </u> yes	<u> x </u> no
- significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> 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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2018

Section II – Financial Statement Findings

Finding 2018-001 Review of Bank Reconciliations

Criteria: Bank reconciliations should be reviewed by a responsible person other than the individual that prepared the reconciliation.

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

Cause: Due to the size of the accounting staff, the preparation and review function has been assigned to a single individual.

Effect: Misstatements in cash whether due to error or fraud would not be identified.

Recommendation: We recommend someone other than the person preparing the bank reconciliation review each month.

**Management's
Response:** Bank reconciliation review is an important control and a process will be implemented to reconcile on a routine basis.

Section III – Federal Award Findings and Questioned Costs

None.