

ST. MARIES JOINT SCHOOL DISTRICT No. 41

St. Maries, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2017**

ST. MARIES JOINT SCHOOL DISTRICT No. 41

St. Maries, Idaho

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St. Maries, Idaho

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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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Child Nutrition	Unmodified
Capital Projects	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Governmental Activities

St. Maries Joint School District No. 41 was required to update Other Post-Employment Benefits liability pursuant to the requirements of GASB Statement 45. The District believes that the future cost of the increase to the liability previously calculated in 2010 is not material to the financial statements and the cost of updating the estimated cost cannot be justified at the current time.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of St. Maries Joint School District No. 41, as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of St. Maries Joint School District No. 41 as of June 30, 2017, 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.

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 4-9 and the net pension liability related schedules on page 38 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 11, 2017 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 11, 2017

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

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, 2017.

Financial Highlights

- St. Maries Joint School District No. 41's financial status, as reflected in the General Fund balance, increased \$125,955 from the previous fiscal year to an ending balance of \$762,184, which represents 9.29% of General Fund revenues. Unanticipated revenues contributed to the increase in ending fund balance. Numerous sources of revenues received for 2016-2017 were greater than budgeted with not one single source contributing to the increase. Property taxes received, interest earned, ERATE funds, donations, miscellaneous grants, state support for WAN services, all contributed. This unanticipated increase in revenues will provide the Board with one time resources for expenditures that have been postponed in prior years' budgets during the years of reduced funding.
- 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 \$2,073,385 supplemental levy for 2016-2017 represents 25.67% of general fund revenues.
- Overall district enrollment for the 2016-2017 school year increased from the 2015-2016 school year. The School District's K-12 student population at the end of the 2015-2016 school year was 926. The School District began the 2016-2017 school year with 962 students and ended with 946 students in June. The average size per grade at the end of 2016-2017 was 73 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 government 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.

The government-wide financial statements can be found on pages 10 through 11 of this report.

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.

The basic governmental fund financial statements can be found on pages 12 through 18 of this report.

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.

The basic fiduciary fund financial statement can be found on pages 19 through 20 of this report.

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.

The notes to the financial statements can be found on pages 21 through 37 of this report.

Required Supplementary Information. The net pension liability schedules provide additional information required by GASB 68.

Required supplementary information can be found on page 38 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pages 39 through 51.

Government-Wide Financial Analysis - Table 1
Statement of Net Position
June 30, 2017

	<u>2016-2017</u>	<u>2015-2016</u>	<u>Change</u>
Assets			
Current assets	4,491,113	4,080,980	410,133
Capital assets	<u>3,598,215</u>	<u>3,531,069</u>	<u>67,146</u>
Total Assets	<u>8,089,328</u>	<u>7,612,049</u>	<u>477,279</u>
Deferred Outflows of Resources	<u>2,049,930</u>	<u>1,280,126</u>	<u>769,804</u>
Liabilities			
Current liabilities	1,316,760	1,032,348	284,412
Long-term liabilities	<u>3,205,431</u>	<u>2,160,854</u>	<u>1,044,577</u>
Total Liabilities	<u>4,522,191</u>	<u>3,193,202</u>	<u>1,328,989</u>
Deferred Inflows of Resources	<u>3,072,714</u>	<u>3,325,775</u>	<u>(253,061)</u>

Government-Wide Financial Analysis - Table 1 (Continued)
Statement of Net Position
June 30, 2017

	<u>2016-2017</u>	<u>2015-2016</u>	<u>Change</u>
Net Position			
Net investment in capital assets	3,368,990	3,255,410	113,580
Restricted	284,527	274,174	10,353
Unrestricted	<u>(1,109,164)</u>	<u>(1,156,386)</u>	<u>47,222</u>
Total Net Position	<u>\$2,544,353</u>	<u>\$2,373,198</u>	<u>\$ 171,155</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 \$2,544,353 at the close of the most recent fiscal year.

The largest portion of the District's net position (132%) 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 (11.1%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (-43.6%) 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. With the implementation of GASB 68 (see note 6), the District is reporting a deficit in unrestricted net position.

Changes in Net Position
For Fiscal Year Ending June 30, 2017

	<u>2016-2017</u>	<u>2015-2016</u>	<u>Change</u>
Revenues			
Program revenues:			
Charges for services	126,483	86,869	39,614
Operating grants and contributions	1,483,194	908,084	575,110
General revenues:			
Property taxes -general purposes	2,105,545	2,101,072	4,473
Property taxes -liability insurance	8,693	6,783	1,910
Federal and state revenues	5,373,995	5,457,665	(83,670)
Other	180,539	224,293	(43,754)
Interest and investment earnings	<u>19,107</u>	<u>9,105</u>	<u>10,002</u>
Total revenues	<u>9,297,556</u>	<u>8,793,871</u>	<u>503,685</u>

Changes in Net Position (Continued)
For Fiscal Year Ending June 30, 2017

	<u>2016-2017</u>	<u>2015-2016</u>	<u>Change</u>
Expenses			
Preschool - 12 instruction	5,106,382	4,768,709	337,673
Support services:			
Pupil support	327,988	308,643	19,345
Staff support	297,666	186,135	111,531
General administration	275,352	294,427	(19,075)
School administration	859,648	869,514	(9,866)
Maintenance/custodial	634,071	621,322	12,749
Transportation	850,834	776,624	74,210
Other support	12,298	1,320	10,978
Child Nutrition	465,625	453,391	12,234
Capital outlay	26,529	32,700	(6,171)
Debt service	12,810	16,357	(3,547)
Depreciation, unallocated	257,198	251,825	5,373
Total Expenses	<u>9,126,401</u>	<u>8,580,967</u>	<u>545,434</u>
 Change in Net Position	 171,155	 212,904	 (41,749)
 Net Position – Beginning	 <u>2,373,198</u>	 <u>2,160,294</u>	 <u>212,904</u>
 Net Position – Ending	 <u><u>\$2,544,353</u></u>	 <u><u>\$2,373,198</u></u>	 <u><u>\$ 171,155</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 \$762,184 was unreserved and undesignated. The unreserved and undesignated fund balance increased by \$125,955 during the current fiscal year.

Expenditures for general District purposes totaled \$7,928,098, an increase of 5.23% during the current fiscal year from the prior year, which was \$7,534,229.

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 \$324,344. This figure represents \$114,987 for a District-wide telephone system, \$12,816 for security cameras, \$95,139 for a new bus, \$22,941 for football field bleachers, and \$78,461 in various small projects.

**Capital Assets
Governmental Activities
Net of Accumulated Depreciation
June 30, 2017**

	<u>2016-2017</u>	<u>2015-2016</u>	<u>Change</u>
Elementary	1,611,704	1,665,328	(53,624)
Secondary	940,572	968,479	(27,907)
Administration	376,945	268,599	108,346
Maintenance	801	801	-
Transportation	650,648	613,892	36,756
Child Nutrition	17,545	13,970	3,575
Total Net Capital Assets	<u>\$ 3,598,215</u>	<u>\$ 3,531,069</u>	<u>\$ 67,146</u>

Long Term Debt. At year end the District had \$229,225 of outstanding debt as follows:

	<u>Long-Term Obligations June 30, 2016</u>	<u>Long-Term Obligations Incurred</u>	<u>Long-Term Obligations Paid</u>	<u>Long-Term Obligations June 30, 2017</u>	<u>Due Within One Year</u>	<u>Remaining</u>
Capital lease obligations	<u>\$ 275,659</u>	<u>\$ -</u>	<u>\$ 46,434</u>	<u>\$ 229,225</u>	<u>\$48,362</u>	<u>\$ 180,863</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, 2017

ASSETS

Current Assets

Cash	812
Investments	1,087,024
Taxes receivable	178,262
Unbilled taxes receivable	2,083,495
Other receivables:	
Due from other governmental units	1,051,737
Other receivables	72,037
Inventory	17,746
Total current assets	<u>4,491,113</u>

Noncurrent Assets

Nondepreciated capital assets	207,871
Depreciated capital assets	12,838,846
Less: accumulated depreciation	<u>(9,448,502)</u>
Total noncurrent assets	<u>3,598,215</u>

Total assets 8,089,328

DEFERRED OUTFLOWS OF RESOURCES

Pension related items 2,049,930

LIABILITIES

Current Liabilities

Bank overdraft	18,760
Accounts payable and other current liabilities	1,189,106
Other post employment benefits payable	60,532
Current portion of long-term debt	48,362
Total current liabilities	<u>1,316,760</u>

Noncurrent Liabilities

Noncurrent portion of long-term debt	180,863
Net pension liability	<u>3,024,568</u>
Total noncurrent liabilities	<u>3,205,431</u>

Total liabilities 4,522,191

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue	2,083,495
Pension related items	<u>989,219</u>

Total deferred inflows of resources 3,072,714

NET POSITION

Net investment in capital assets	3,368,990
Restricted for:	
Capital projects	250,493
Grant programs	34,034
Unrestricted	<u>(1,109,164)</u>

TOTAL NET POSITION \$ 2,544,353

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	<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	5,106,382	47,194	503,206	-	(4,555,982)
Support services					
Pupil support	327,988	-	151,188	-	(176,800)
Staff support	297,666	-	-	-	(297,666)
General administration	275,352	-	-	-	(275,352)
School/business administration	859,648	-	-	-	(859,648)
Maintenance/custodial	634,071	-	-	-	(634,071)
Transportation	850,834	-	502,082	-	(348,752)
Other support	12,298	-	-	-	(12,298)
Child nutrition	465,625	79,289	326,718	-	(59,618)
Capital outlay	26,529	-	-	-	(26,529)
Debt services	12,810	-	-	-	(12,810)
Depreciation, unallocated	257,198	-	-	-	(257,198)
Total school district	<u>\$ 9,126,401</u>	<u>\$ 126,483</u>	<u>\$ 1,483,194</u>	<u>\$ -</u>	<u>(7,516,724)</u>

General Revenues

Taxes	
Property taxes levied for general purposes	2,105,545
Property taxes levied for liability insurance	8,693
Federal and State aid not restricted to specific purposes	5,373,995
Other	180,539
Interest and investment earnings	19,107
Total general revenues	<u>7,687,879</u>
Change in net position	171,155
Net position - beginning	<u>2,373,198</u>
Net position - ending	<u>\$ 2,544,353</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2017**

	<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	-	812	-	-	812
Investments	1,085,449	807	768	-	1,087,024
Due from other funds	-	-	249,724	135,966	385,690
Taxes receivable	178,262	-	-	-	178,262
Unbilled taxes receivable	2,083,495	-	-	-	2,083,495
Other receivables:					
Due from other governmental units	143,250	-	-	198,512	341,762
Taxes due from county	709,975	-	-	-	709,975
Interest receivable	1,190	1	1	-	1,192
Other receivables	70,845	-	-	-	70,845
Inventories	-	17,746	-	-	17,746
Total assets	<u>4,272,466</u>	<u>19,366</u>	<u>250,493</u>	<u>334,478</u>	<u>4,876,803</u>
Deferred outflows of resources	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,272,466</u>	<u>\$ 19,366</u>	<u>\$ 250,493</u>	<u>\$ 334,478</u>	<u>\$ 4,876,803</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities:					
Bank overdraft	18,760	-	-	-	18,760
Due to other funds	166,296	94,008	-	125,386	385,690
Accounts payable	249,145	-	-	7,916	257,061
Accrued payroll and benefits	839,545	26,493	-	66,007	932,045
Total liabilities	<u>1,273,746</u>	<u>120,501</u>	<u>-</u>	<u>199,309</u>	<u>1,593,556</u>
Deferred inflows of resources:					
Deferred revenue	153,041	-	-	-	153,041
Unavailable property tax revenue	2,083,495	-	-	-	2,083,495
Total deferred inflows of resources	<u>2,236,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,236,536</u>
Fund balances (deficit):					
Nonspendable	-	17,746	-	-	17,746
Restricted	-	(118,881)	250,493	135,169	266,781
Unassigned	762,184	-	-	-	762,184
Total fund balance (deficit)	<u>762,184</u>	<u>(101,135)</u>	<u>250,493</u>	<u>135,169</u>	<u>1,046,711</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 4,272,466</u>	<u>\$ 19,366</u>	<u>\$ 250,493</u>	<u>\$ 334,478</u>	<u>\$ 4,876,803</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, 2017

Total Fund Balances - Governmental Funds 1,046,711

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	13,046,717
Accumulated depreciation	(9,448,502)

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. 153,041

Certain pension related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities (see note 6):

Deferred outflow of resources	2,049,930
Deferred inflow of resources	(989,219)

Other post employment benefits are accrued and expensed in the statements of net position and activities. However, in the government funds, the accrual and expense did not meet the same criteria. (60,532)

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	(229,225)
Net pension liability	<u>(3,024,568)</u>

Total Net Position - Governmental Funds \$ 2,544,353

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, 2017**

	<u>General</u>	<u>Child Nutrition</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local	2,361,863	79,295	6	10,575	2,451,739
State	5,807,642	-	73,228	128,467	6,009,337
Federal	18,390	376,763	-	452,699	847,852
Total revenues	<u>8,187,895</u>	<u>456,058</u>	<u>73,234</u>	<u>591,741</u>	<u>9,308,928</u>
EXPENDITURES					
Instruction	4,628,011	-	-	439,358	5,067,369
Support	3,240,843	-	-	151,188	3,392,031
Non-instruction	-	475,152	-	-	475,152
Capital objects	-	-	178,824	-	178,824
Debt service	59,244	-	-	-	59,244
Total expenditures	<u>7,928,098</u>	<u>475,152</u>	<u>178,824</u>	<u>590,546</u>	<u>9,172,620</u>
Excess (deficiency) of revenue over expenditures	<u>259,797</u>	<u>(19,094)</u>	<u>(105,590)</u>	<u>1,195</u>	<u>136,308</u>
Other financing sources (uses):					
Transfer in	20,000	49,622	104,220	-	173,842
Transfer out	(153,842)	-	-	(20,000)	(173,842)
Total other financing sources (uses)	<u>(133,842)</u>	<u>49,622</u>	<u>104,220</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balances	125,955	30,528	(1,370)	(18,805)	136,308
Fund balance (deficit)-beginning of year	<u>636,229</u>	<u>(131,663)</u>	<u>251,863</u>	<u>153,974</u>	<u>910,403</u>
Fund balance (deficit)-end of year	<u>\$ 762,184</u>	<u>\$ (101,135)</u>	<u>\$ 250,493</u>	<u>\$ 135,169</u>	<u>\$ 1,046,711</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, 2017

Net change in fund balances - total governmental funds 136,308

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	324,344	
Depreciation expense	<u>(257,198)</u>	67,146

Net Pension Liability Adjustments:

Fiscal year 2016 employer PERSI contributions recognized as pension expense in the current year	499,116	
Fiscal year 2017 employer PERSI contributions deferred to subsequent year	(510,577)	
Pension related amortization expense	<u>(55,900)</u>	(67,361)

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. (11,372)

Repayment of long-term debt obligations is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position. 46,434

Total change in net position of governmental activities \$ 171,155

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, 2017**

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	2,110,213	2,111,707	2,125,610	15,397	13,903
Earnings on investments	7,200	15,565	19,095	11,895	3,530
Tuition from individuals	20,000	20,000	36,619	16,619	16,619
Other	135,500	132,000	180,539	45,039	48,539
Total local	<u>2,272,913</u>	<u>2,279,272</u>	<u>2,361,863</u>	<u>88,950</u>	<u>82,591</u>
State:					
Base support	4,372,097	4,443,320	4,440,433	68,336	(2,887)
Transportation	470,171	497,364	502,082	31,911	4,718
Tuition equivalency	1,000	-	-	(1,000)	-
Benefit apportionment	573,571	582,646	582,538	8,967	(108)
Other state support	202,596	209,562	226,229	23,633	16,667
Revenue in lieu of taxes	46,332	46,332	46,333	1	1
Other state revenue	3,000	3,000	10,027	7,027	7,027
Total state	<u>5,668,767</u>	<u>5,782,224</u>	<u>5,807,642</u>	<u>138,875</u>	<u>25,418</u>
Federal:					
Restricted	12,000	15,000	18,390	6,390	3,390
Total revenues	<u>7,953,680</u>	<u>8,076,496</u>	<u>8,187,895</u>	<u>234,215</u>	<u>111,399</u>
EXPENDITURES					
Instruction:					
Salaries	3,050,312	3,049,495	2,956,679	93,633	92,816
Benefits	1,375,657	1,398,766	1,333,976	41,681	64,790
Purchased services	48,586	47,586	50,467	(1,881)	(2,881)
Supplies/materials	212,474	226,299	286,889	(74,415)	(60,590)
Total instruction	<u>4,687,029</u>	<u>4,722,146</u>	<u>4,628,011</u>	<u>59,018</u>	<u>94,135</u>
Support:					
Salaries	1,449,183	1,490,921	1,441,043	8,140	49,878
Benefits	709,776	729,862	686,335	23,441	43,527
Purchased services	590,947	594,727	602,617	(11,670)	(7,890)
Supplies/materials	255,319	261,319	295,694	(40,375)	(34,375)
Capital objects	60,000	60,000	144,317	(84,317)	(84,317)
Insurance	70,842	70,837	70,837	5	-
Total support	<u>3,136,067</u>	<u>3,207,666</u>	<u>3,240,843</u>	<u>(104,776)</u>	<u>(33,177)</u>
Debt service:					
Debt services - principal	42,000	42,000	46,434	(4,434)	(4,434)
Debt services - interest	18,300	18,300	12,810	5,490	5,490
Total debt services	<u>60,300</u>	<u>60,300</u>	<u>59,244</u>	<u>1,056</u>	<u>1,056</u>
Total expenditures	<u>7,883,396</u>	<u>7,990,112</u>	<u>7,928,098</u>	<u>(44,702)</u>	<u>62,014</u>
Excess (deficiency) of revenues other expenditures	<u>70,284</u>	<u>86,384</u>	<u>259,797</u>	<u>189,513</u>	<u>173,413</u>
Other financing sources (uses):					
Transfer in:					
Federal forest	-	-	20,000	20,000	20,000
Transfers out:					
Child nutrition	(36,660)	(36,893)	(49,622)	(12,962)	(12,729)
Plant facilities fund	(41,314)	(41,576)	(56,000)	(14,686)	(14,424)
Plant facilities - bus acquisition fund	(35,526)	(35,751)	(48,220)	(12,694)	(12,469)
Total transfers out	<u>(113,500)</u>	<u>(114,220)</u>	<u>(153,842)</u>	<u>(40,342)</u>	<u>(39,622)</u>
Total other financing sources (uses)	<u>(113,500)</u>	<u>(114,220)</u>	<u>(133,842)</u>	<u>(20,342)</u>	<u>(19,622)</u>
Net change in fund balance	<u>\$ (43,216)</u>	<u>\$ (27,836)</u>	<u>125,955</u>	<u>\$ 169,171</u>	<u>\$ 153,791</u>
Fund balance-Beginning of year			<u>636,229</u>		
Fund balance-End of year			<u>\$ 762,184</u>		

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, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>	
				<u>Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Local:					
Earnings on investments	-	-	6	6	6
Lunch sales	76,000	76,000	79,289	3,289	3,289
Total local	<u>76,000</u>	<u>76,000</u>	<u>79,295</u>	<u>3,295</u>	<u>3,295</u>
Federal:					
School lunch reimbursement	312,000	326,000	326,718	14,718	718
Restricted	-	-	50,045	50,045	50,045
Total federal	<u>312,000</u>	<u>326,000</u>	<u>376,763</u>	<u>64,763</u>	<u>50,763</u>
Total revenues	<u>388,000</u>	<u>402,000</u>	<u>456,058</u>	<u>68,058</u>	<u>54,058</u>
EXPENDITURES					
Salaries	149,590	144,056	145,854	3,736	(1,798)
Benefits	85,855	96,100	91,033	(5,178)	5,067
Purchased services	4,400	4,400	2,882	1,518	1,518
Supplies/materials	148,100	166,200	225,856	(77,756)	(59,656)
Capital objects	-	-	9,527	(9,527)	(9,527)
Total expenditures	<u>387,945</u>	<u>410,756</u>	<u>475,152</u>	<u>(87,207)</u>	<u>(64,396)</u>
Excess (deficiency) of revenues other expenditures	55	(8,756)	(19,094)	(19,149)	(10,338)
Other financing sources (uses):					
Transfer in	<u>10,000</u>	<u>30,000</u>	<u>49,622</u>	<u>39,622</u>	<u>19,622</u>
Net change in fund balance	<u>\$ 10,055</u>	<u>\$ 21,244</u>	30,528	<u>\$ 20,473</u>	<u>\$ 9,284</u>
Fund balance(deficit)-Beginning of year			<u>(131,663)</u>		
Fund balance(deficit)-End of year			<u>\$ (101,135)</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, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>	
				<u>Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Local:					
Earnings on investments	-	-	6	6	6
State:					
Lottery/additional state maintenance	<u>71,000</u>	<u>73,228</u>	<u>73,228</u>	<u>2,228</u>	<u>-</u>
Total revenues	<u>71,000</u>	<u>73,228</u>	<u>73,234</u>	<u>2,234</u>	<u>6</u>
EXPENDITURES					
Capital objects	<u>321,500</u>	<u>429,310</u>	<u>178,824</u>	<u>142,676</u>	<u>250,486</u>
Total expenditures	<u>321,500</u>	<u>429,310</u>	<u>178,824</u>	<u>142,676</u>	<u>250,486</u>
Excess (deficiency) of revenues over expenditures	(250,500)	(356,082)	(105,590)	144,910	250,492
Other financing sources (uses):					
Transfer in	<u>103,500</u>	<u>104,220</u>	<u>104,220</u>	<u>720</u>	<u>-</u>
Net change in fund balance	<u>\$ (147,000)</u>	<u>\$ (251,862)</u>	(1,370)	<u>\$ 145,630</u>	<u>\$ 250,492</u>
Fund balance-Beginning of year			<u>251,863</u>		
Fund balance-End of year			<u>\$ 250,493</u>		

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

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

	<u>Scholarship Trust Fund</u>	<u>Agency Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Cash	10,357	61,869
Investments	36,714	26,645
Interest receivable	-	22
Total assets	<u>47,071</u>	<u>88,536</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>47,071</u>	<u>88,536</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities:		
Due to student groups	-	88,536
Deferred inflows of resources	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>88,536</u>
NET POSITION		
Restricted for scholarships	<u>47,071</u>	<u>-</u>
Total net position	<u><u>\$ 47,071</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, 2017

ADDITIONS

Earnings on investments		<u>1,555</u>
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DEDUCTIONS

Purchased services	502	
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Net decrease in fair value of investments	<u>(4,805)</u>	
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Total deductions		<u>(4,303)</u>
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Change in net position		5,858
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Net Position - Beginning		<u>41,213</u>
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Net Position - Ending		<u><u>\$ 47,071</u></u>
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ST. MARIES SCHOOL DISTRICT NO. 41
St. Maries, Idaho

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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, 2017 there were 156.5 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, GASB 54 - 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 2017 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, 2016 upon which the 2016 levy was based was \$451,904,909.

NOTE 2 Property Tax (Continued)

The District's actual levy was 0.18415% 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, 2017 was 45.881% per \$100, which means that the District was required to pass an override levy in the amount of 46.06515% per \$100. The total tax levy for the year ended June 30, 2017 was \$2,086,089 with total tax collections being \$1,982,356.

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, 2017 were 95.03% of the tax levy. Property taxes levied for 2016 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 2017 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The total property taxes levy for 2017 of \$2,083,495 is recorded as uncollected but are not considered available at June 30, 2017. The entire receivable is considered deferred revenue.

	<u>General Fund</u>
Total taxes receivable at June 30, 2017	178,262
Less: Taxes estimated to be collected by the County Treasurer by August 31, 2017	<u>25,221</u>
Deferred Revenue	<u><u>\$153,041</u></u>

NOTE 3 Cash and Investments

<u>Cash</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking Accounts	<u>\$54,278</u>	<u>\$184,856</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, 2017 are as follows:

	<u>Rate</u>	<u>General Fund</u>	<u>Capital Projects</u>	<u>Child Nutrition</u>	<u>Fiduciary</u>	<u>Total</u>
General Motors Stock		-	-	-	27,873	27,873
Investment in State						
Treasurer's Pool	Variable	<u>1,085,449</u>	<u>768</u>	<u>807</u>	<u>35,486</u>	<u>1,122,510</u>
Total		<u><u>\$1,085,449</u></u>	<u><u>\$768</u></u>	<u><u>\$807</u></u>	<u><u>\$63,359</u></u>	<u><u>\$1,150,383</u></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><u>\$1,122,510</u></u>	<u><u>\$1,122,510</u></u>	<u><u>\$1,122,510</u></u>	<u><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, 2017 was \$27,873.

NOTE 4 Changes in Fixed Assets

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Non-depreciated assets				
Land	92,884	-	-	92,884
Construction in Progress	<u>20,414</u>	<u>114,987</u>	<u>(20,414)</u>	<u>114,987</u>
Total non-depreciated assets	<u>113,298</u>	<u>114,987</u>	<u>(20,414)</u>	<u>207,871</u>
Depreciated assets				
Elementary	2,825,524	49,938	-	2,875,462
Secondary	7,070,648	67,723	-	7,138,371
Administration	409,214	-	-	409,214
Maintenance	23,263	-	-	23,263
Transportation	2,112,357	104,639	-	2,216,996
Child Nutrition	<u>168,069</u>	<u>7,471</u>	-	<u>175,540</u>
Total depreciated assets	<u>12,609,075</u>	<u>229,771</u>	<u>-</u>	<u>12,838,846</u>
Total assets	<u>12,722,373</u>	<u>344,758</u>	<u>(20,414)</u>	<u>13,046,717</u>
ACCUMULATED DEPRECIATION				
Function				
Elementary	(1,168,872)	(94,886)	-	(1,263,758)
Secondary	(6,113,907)	(83,892)	-	(6,197,799)
Administration	(203,563)	(6,641)	-	(210,204)
Maintenance	(22,462)	-	-	(22,462)
Transportation	(1,528,401)	(67,883)	-	(1,596,284)
Child Nutrition	<u>(154,099)</u>	<u>(3,896)</u>	-	<u>(157,995)</u>
Total accumulated depreciation	<u>(9,191,304)</u>	<u>(257,198)</u>	<u>-</u>	<u>(9,448,502)</u>
Governmental Activities Assets (Net)	<u>\$ 3,531,069</u>	<u>\$ 87,560</u>	<u>\$ (20,414)</u>	<u>\$ 3,598,215</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, 2017:

	Long-Term Obligations June 30, 2016	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations June 30, 2017	Due Within One Year	Remaining
Capital lease obligations	<u>\$ 275,659</u>	<u>\$ -</u>	<u>\$ (46,434)</u>	<u>\$ 229,225</u>	<u>\$48,362</u>	<u>\$ 180,863</u>

The annual requirements to amortize all outstanding debt as of June 30, 2017, including interest, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	48,362	10,882	59,244
2019	50,963	8,281	59,244
2020	53,704	5,540	59,244
2021	56,593	2,651	59,244
2022	19,603	215	19,818
Total	<u>\$ 229,225</u>	<u>\$ 27,569</u>	<u>\$ 256,794</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, 2016. All amounts are as of June 30, 2016 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 \$510,577, \$499,116 and \$464,963 for the three years ended June 30, 2017, 2016, and 2015, respectively.

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability as of June 30, 2016. The net pension liability was measured as of July 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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 July 1, 2016, the District's proportion was 0.1492027 percent. The change in proportionate share from the prior year has been deemed immaterial.

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, 2017 has not been completed at the time of issuance. The pension expense (revenue) for the year ending June 30, 2016 was calculated at \$301,376.

At June 30, 2017, 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	-	301,376
Changes in assumptions or other inputs	67,234	-
Net difference between projected and actual earning on pension plan investments	1,472,119	687,843
Employer contributions subsequent to the measurement date	<u>510,577</u>	<u>-</u>
Total	<u>\$2,049,930</u>	<u>\$989,219</u>

NOTE 6 Pension Plan (Continued)

\$510,577 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, 2017.

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	3,074
2019	3,074
2020	350,901
2021	193,086

Actuarial Assumptions

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases, including Inflation	3.75%
Investment rate of return	7.10% net of investment expenses

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,

NOTE 6 Pension Plan (Continued)

investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.35%
Developed Foreign Equities *Arithmetic return	MSCI ACWI ex USA	15.00%	7.30%
Assumed Inflation Mean			3.25%
Assumed Inflation Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.08%
Portfolio Standard Deviation			12.59%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			.40%
Long-Term Expected 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)	\$5,933,129	\$3,024,568	\$605,778

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, 2017, the District reported payables to the defined benefit pension plan of \$48,024 for legally required employer contributions and \$28,806 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, 2017:

<u>Fund</u>	<u>Excess</u>
Child Nutrition	64,396

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	153,842	20,000
Child Nutrition	-	49,622
Plant Facilities	-	56,000
Plant Facilities - Bus Acquisition	-	48,220
Federal Forest	20,000	-
Total	<u>\$173,842</u>	<u>\$173,842</u>

NOTE 9 Interfund Receivables, Payables and Transfers (Continued)

The composition of interfund receivables and payables as of June 30, 2017 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	-	166,296
Special Revenue Funds:		
Federal Forest Reserve	34,582	-
State Driver Education	4,207	-
State Professional Technical	-	940
State Technology Grant	92,049	-
State Substance Abuse	4,208	-
Title I-A, ESEA – Improving Basic Programs	-	41,155
IDEA Part B – School Age	-	46,119
IDEA Part B – Pre-School	-	3,029
Perkins III – Professional Technical Act	-	22,860
Title II-A, ESEA – Improving Teacher Quality	-	11,283
Summer Recreation	920	-
Child Nutrition	-	94,008
Capital Project Funds:		
Plant Facilities	131,297	-
Plant Facilities – Bus Acquisition	2	-
Plant Facilities – Lottery	118,425	-
Total	<u>\$ 385,690</u>	<u>\$ 385,690</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

Fiscal year-end 2009 is the first year of recognition of a non-current liability for Other Post-Employment Benefits (OPEB) pursuant to the requirements of GASB Statement 45. The District updated the valuation in fiscal year end 2010.

The St. Maries Joint School District No. 41 Employee Group Benefits Plan is a single-employer plan that provides health insurance benefits to eligible retirees and their dependents from the time of retirement until the employee/retiree reaches age 65 and becomes eligible for Medicare benefits. Retirees pay 100% of the premium cost for themselves and their dependents.

NOTE 11 Other Post-Employment Benefits (Continued)

The annual required contribution (ARC) for the plan has been determined under the protected unit credit cost method as of June 30, 2011. Several assumptions were made by the consulting actuaries in determining the ARC, including use of a 45 percent participation rate, and a 4.25 percent discount rate for this valuation, which is considered reasonable for school districts. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year, and amortize any unfunded actuarial liabilities (or funding excess) over a period of twenty-five year. The District funds the benefits on a pay-as-you-go basis from the general assets.

The following table shows the components of the District's net OPEB obligation to provide access to district healthcare benefits for those retirees who have not yet reached age 65 and become eligible for benefits under Medicare. The Annual required contribution is recorded as a non-current liability.

Annual Required Contribution (ARC)

Normal Cost as of July 1, 2010	60,532
Actuarial Accrued Liability (AAL)	642,947
Actuarial Value of Assets	-
Unfunded Actuarial Accrued Liability	642,947
Amortization factor	25.0
Amortization of the UAAL	32,346
Annual Required Contribution for FY2010	92,878

The District has chosen not to update the valuation in the current fiscal year.

NOTE 12 Deficit Fund Balance

The District had the following deficit fund balances at June 30, 2017:

Child Nutrition	101,135
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It is the District's intent to eliminate the deficit over the next five years in the Child Nutrition Fund.

REQUIRED SUPPLEMENTARY INFORMATION



ST. MARIES JOINT SCHOOL DISTRICT
St. Maries, Idaho

REQUIRED SUPPLEMENTARY INFORMATION

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

PERSI - Base Plan

As of June 30,

	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.1492027%	0.1466438%
Employer's proportionate share of the net pension liability	3,024,568	1,931,060
Employer's covered employee payroll	4,364,067	4,107,451
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	69.31%	47.01%
Plan fiduciary net position as a percentage of the total	87.26%	91.38%

Schedule of the District's Contributions*

PERSI - Base Plan

As of June 30,

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	493,974	464,963
Contributions in relation to the statutorily required contribution	(493,974)	(464,963)
Contribution (deficiency) excess	-	-
Employer's covered employee payroll	4,364,067	4,107,451
Contributions as a percentage of covered employee payroll	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, 2016.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

As of June 30, 2016

Change of Assumptions. Amounts reported as of June 30, 2016 reflect an adjustment of the salary increases from 4.25-10.00 percent to 3.75 percent.

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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION:			
Elementary school program			
Salaries	1,176,840	1,181,485	4,645
Benefits	540,003	549,725	9,722
Purchased services	13,441	13,918	477
Supplies/materials	118,690	140,001	21,311
Total elementary school program	<u>1,848,974</u>	<u>1,885,129</u>	<u>36,155</u>
Secondary school program			
Salaries	1,113,232	1,160,570	47,338
Benefits	503,234	526,520	23,286
Purchased services	19,400	21,600	2,200
Supplies/materials	106,065	40,837	(65,228)
Total secondary school program	<u>1,741,931</u>	<u>1,749,527</u>	<u>7,596</u>
Alternative school program			
Salaries	74,756	73,170	(1,586)
Benefits	31,027	30,758	(269)
Purchased services	1,342	1,380	38
Supplies/materials	1,756	2,989	1,233
Total alternative school program	<u>108,881</u>	<u>108,297</u>	<u>(584)</u>
Special education program			
Salaries	412,822	453,970	41,148
Benefits	213,863	245,174	31,311
Purchased services	182	-	(182)
Supplies/materials	22,209	9,490	(12,719)
Total special education program	<u>649,076</u>	<u>708,634</u>	<u>59,558</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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION (Continued):			
Special education preschool program			
Salaries	61,012	60,500	(512)
Benefits	25,955	25,348	(607)
Supplies/materials	2,956	5,957	3,001
Total special education preschool program	<u>89,923</u>	<u>91,805</u>	<u>1,882</u>
School activity program			
Salaries	114,417	115,000	583
Benefits	19,144	20,246	1,102
Purchased services	16,102	10,688	(5,414)
Supplies/materials	35,213	27,000	(8,213)
Total school activity program	<u>184,876</u>	<u>172,934</u>	<u>(11,942)</u>
Summer school program			
Salaries	3,600	4,800	1,200
Benefits	750	995	245
Supplies/materials	-	25	25
Total summer school program	<u>4,350</u>	<u>5,820</u>	<u>1,470</u>
TOTAL INSTRUCTION			
Salaries	2,956,679	3,049,495	92,816
Benefits	1,333,976	1,398,766	64,790
Purchased services	50,467	47,586	(2,881)
Supplies/materials	286,889	226,299	(60,590)
Total Instruction	<u>\$ 4,628,011</u>	<u>\$ 4,722,146</u>	<u>\$ 94,135</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, 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT:			
Attendance-guidance-health program			
Salaries	136,190	135,515	(675)
Benefits	55,819	56,725	906
Purchased services	1,352	1,246	(106)
Supplies/materials	2,598	2,420	(178)
Total attendance-guidance-health program	<u>195,959</u>	<u>195,906</u>	<u>(53)</u>
Special education support services program			
Salaries	76,905	76,900	(5)
Benefits	31,616	32,198	582
Purchased services	3,557	3,865	308
Supplies/materials	3,045	1,898	(1,147)
Total special education support services program	<u>115,123</u>	<u>114,861</u>	<u>(262)</u>
Instruction improvement program			
Salaries	30,019	22,275	(7,744)
Benefits	10,049	9,507	(542)
Purchased services	10,999	43,026	32,027
Supplies/materials	13,921	-	(13,921)
Total instruction improvement program	<u>64,988</u>	<u>74,808</u>	<u>9,820</u>
Educational media program			
Salaries	42,498	43,800	1,302
Benefits	35,297	36,335	1,038
Supplies/materials	1,079	3,400	2,321
Total educational media program	<u>78,874</u>	<u>83,535</u>	<u>4,661</u>
Instruction-related technology program			
Salaries	3,000	3,000	-
Benefits	602	645	43
Purchased services	2,249	2,000	(249)
Supplies/materials	23,223	22,717	(506)
Total instruction-related technology program	<u>29,074</u>	<u>28,362</u>	<u>(712)</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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued):			
Board of education program			
Salaries	48,842	43,650	(5,192)
Benefits	19,656	20,408	752
Purchased services	38,604	22,676	(15,928)
Supplies/materials	2,128	3,379	1,251
Insurance	20,323	20,323	-
Total board of education program	<u>129,553</u>	<u>110,436</u>	<u>(19,117)</u>
District administration program			
Salaries	89,996	133,930	43,934
Benefits	20,986	49,446	28,460
Purchased services	24,026	21,413	(2,613)
Supplies/materials	8,844	10,923	2,079
Total district administration program	<u>143,852</u>	<u>215,712</u>	<u>71,860</u>
School administration program			
Salaries	364,132	355,590	(8,542)
Benefits	165,558	167,057	1,499
Purchased services	19,087	22,384	3,297
Supplies/materials	12,576	6,000	(6,576)
Total school administration program	<u>561,353</u>	<u>551,031</u>	<u>(10,322)</u>
Business operation program			
Salaries	57,203	55,700	(1,503)
Benefits	21,269	20,918	(351)
Purchased services	18,129	19,101	972
Supplies/materials	1,919	810	(1,109)
Total business operation program	<u>98,520</u>	<u>96,529</u>	<u>(1,991)</u>
Administrative technology service			
Purchased services	144,780	148,585	3,805
Supplies/materials	48,258	46,100	(2,158)
Total administrative technology service	<u>193,038</u>	<u>194,685</u>	<u>1,647</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, 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued):			
Buildings - care program (custodial)			
Salaries	71,504	86,000	14,496
Benefits	33,712	38,551	4,839
Purchased services	247,731	229,884	(17,847)
Supplies/materials	26,168	30,660	4,492
Insurance	29,665	29,665	-
Total building - care program (custodial)	<u>408,780</u>	<u>414,760</u>	<u>5,980</u>
Maintenance - non-student occupied			
Purchased services	212	-	(212)
Supplies/materials	2,719	2,800	81
Capital objects	8,848	-	(8,848)
Total maintenance - non-student occupied	<u>11,779</u>	<u>2,800</u>	<u>(8,979)</u>
Maintenance - student occupied buildings			
Salaries	115,303	109,400	(5,903)
Benefits	48,594	44,406	(4,188)
Purchased services	17,002	13,223	(3,779)
Supplies/materials	23,361	28,730	5,369
Capital objects	135,369	60,000	(75,369)
Total maintenance - student occupied buildings	<u>339,629</u>	<u>255,759</u>	<u>(83,870)</u>
Maintenance - grounds			
Purchased services	6,881	4,647	(2,234)
Supplies/materials	3,152	4,000	848
Total maintenance - grounds	<u>10,033</u>	<u>8,647</u>	<u>(1,386)</u>
Security program			
Purchased services	3,462	3,500	38
Supplies/materials	1,334	1,500	166
Total security program	<u>4,796</u>	<u>5,000</u>	<u>204</u>
Pupil-to-school transportation program			
Salaries	383,774	407,300	23,526
Benefits	238,290	249,648	11,358
Purchased services	42,959	47,927	4,968
Supplies/materials	114,338	88,882	(25,456)
Insurance	14,134	14,134	-
Total pupil-to-school transportation program	<u>793,495</u>	<u>807,891</u>	<u>14,396</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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued):			
Pupil-activity transportation program			
Salaries	20,303	16,350	(3,953)
Benefits	4,571	3,670	(901)
Purchased services	4,301	-	(4,301)
Total pupil-activity transportation program	<u>29,175</u>	<u>20,020</u>	<u>(9,155)</u>
General transportation program			
Salaries	1,374	1,511	137
Benefits	316	348	32
Purchased services	7,036	1,000	(6,036)
Supplies/materials	7,031	7,100	69
Capital outlay	100	-	(100)
Insurance	6,715	6,715	-
Total general transportation program	<u>22,572</u>	<u>16,674</u>	<u>(5,898)</u>
Other support services program			
Purchased services	<u>10,250</u>	<u>10,250</u>	<u>-</u>
TOTAL SUPPORT			
Salaries	1,441,043	1,490,921	49,878
Benefits	686,335	729,862	43,527
Purchased services	602,617	594,727	(7,890)
Supplies/materials	295,694	261,319	(34,375)
Capital objects	144,317	60,000	(84,317)
Insurance	70,837	70,837	-
Total Support	<u>\$ 3,240,843</u>	<u>\$ 3,207,666</u>	<u>\$ (33,177)</u>

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 Grant 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, ESEA – 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 – School Age Fund - 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 – Preschool Fund - 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.

Title VI-B, ESEA – Rural Education Achievement Program 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 – Improving Teacher Quality 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, 2017**

	<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>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Assets:							
Due from other funds	34,582	4,207	-	92,049	4,208	-	-
Other receivables:							
State reimbursement	-	-	7,463	-	-	-	-
Federal reimbursement	-	-	-	-	-	66,181	75,604
Total assets	<u>34,582</u>	<u>4,207</u>	<u>7,463</u>	<u>92,049</u>	<u>4,208</u>	<u>66,181</u>	<u>75,604</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><u>\$ 34,582</u></u>	<u><u>\$ 4,207</u></u>	<u><u>\$ 7,463</u></u>	<u><u>\$ 92,049</u></u>	<u><u>\$ 4,208</u></u>	<u><u>\$ 66,181</u></u>	<u><u>\$ 75,604</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities:							
Due to other funds	-	-	940	-	-	41,155	46,119
Accounts payable	-	-	6,523	-	-	935	458
Accrued payroll and benefits	-	-	-	-	797	24,091	29,027
Total liabilities	<u>-</u>	<u>-</u>	<u>7,463</u>	<u>-</u>	<u>797</u>	<u>66,181</u>	<u>75,604</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:							
Restricted	<u>34,582</u>	<u>4,207</u>	<u>-</u>	<u>92,049</u>	<u>3,411</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>34,582</u>	<u>4,207</u>	<u>-</u>	<u>92,049</u>	<u>3,411</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 34,582</u></u>	<u><u>\$ 4,207</u></u>	<u><u>\$ 7,463</u></u>	<u><u>\$ 92,049</u></u>	<u><u>\$ 4,208</u></u>	<u><u>\$ 66,181</u></u>	<u><u>\$ 75,604</u></u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2017**

	<u>IDEA Part B Pre- School</u>	<u>Title VI-B, ESEA - Rural Education Achievement Programs</u>	<u>Perkins III - Professional Technical Act</u>	<u>Title II-A, ESEA - Improving Teacher Quality</u>	<u>Summer Recreation Program</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Due from other funds	-	-	-	-	920	135,966
Other receivables:						
State reimbursement	-	-	-	-	-	7,463
Federal reimbursement	4,380	-	24,726	20,158	-	191,049
Total assets	<u>4,380</u>	<u>-</u>	<u>24,726</u>	<u>20,158</u>	<u>920</u>	<u>334,478</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 4,380</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,726</u></u>	<u><u>\$ 20,158</u></u>	<u><u>\$ 920</u></u>	<u><u>\$ 334,478</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities:						
Due to other funds	3,029	-	22,860	11,283	-	125,386
Accounts payable	-	-	-	-	-	7,916
Accrued payroll and benefits	1,351	-	1,866	8,875	-	66,007
Total liabilities	<u>4,380</u>	<u>-</u>	<u>24,726</u>	<u>20,158</u>	<u>-</u>	<u>199,309</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:						
Restricted	-	-	-	-	920	135,169
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920</u>	<u>135,169</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 4,380</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,726</u></u>	<u><u>\$ 20,158</u></u>	<u><u>\$ 920</u></u>	<u><u>\$ 334,478</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
For the Year Ended June 30, 2017**

	Federal Forest Reserve	State Driver Education	State Professional Technical	State Technology Grant	State Substance Abuse	Title I-A, ESEA - Improving Basic Programs	IDEA Part B School-Age
REVENUES							
Local:							
Other	-	10,575	-	-	-	-	-
State:							
Other state support	-	-	-	88,078	13,638	-	-
Driver education program	-	1,875	-	-	-	-	-
Professional technical program	-	-	24,876	-	-	-	-
Total state	-	1,875	24,876	88,078	13,638	-	-
Federal:							
Restricted	3,329	-	-	-	-	172,949	192,890
Total revenues	3,329	12,450	24,876	88,078	13,638	172,949	192,890
EXPENDITURES							
Instruction:							
Salaries	-	-	2,134	-	-	100,787	92,146
Benefits	-	-	402	-	-	47,061	81,120
Purchased services	10,000	7,128	4,344	-	-	7,099	15,084
Supplies/materials	-	1,093	12,598	-	-	18,002	-
Capital outlay	-	-	5,398	-	-	-	-
Total instruction	10,000	8,221	24,876	-	-	172,949	188,350
Support:							
Salaries	-	-	-	10,538	3,227	-	-
Benefits	-	-	-	2,157	617	-	-
Purchased services	-	-	-	-	4,275	-	2,177
Supplies/materials	-	-	-	62,690	1,768	-	2,363
Capital outlay	-	-	-	9,807	3,000	-	-
Total support	-	-	-	85,192	12,887	-	4,540
Total expenditures	10,000	8,221	24,876	85,192	12,887	172,949	192,890
Excess (deficiency) revenues over expenditures	(6,671)	4,229	-	2,886	751	-	-
Other financing sources (uses)							
Transfer out	(20,000)	-	-	-	-	-	-
Total other financing sources (uses)	(20,000)	-	-	-	-	-	-
Net change in fund balance	(26,671)	4,229	-	2,886	751	-	-
Fund balance (deficit) - Beginning of year	61,253	(22)	-	89,163	2,660	-	-
Fund balance - End of year	\$ 34,582	\$ 4,207	\$ -	\$ 92,049	\$ 3,411	\$ -	\$ -

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, 2017

	IDEA Part B Pre-School	Title VI-B, ESEA - Rural Education Achievement Programs	Perkins III - Professional Technical Act	Title II-A, ESEA - Improving Teacher Quality	Summer Recreation Program	Total
REVENUES						
Local:						
Other	-	-	-	-	-	10,575
State:						
Other state support	-	-	-	-	-	101,716
Driver education program	-	-	-	-	-	1,875
Professional technical program	-	-	-	-	-	24,876
Total state	-	-	-	-	-	128,467
Federal:						
Restricted	10,236	1,552	24,726	47,017	-	452,699
Total revenues	10,236	1,552	24,726	47,017	-	591,741
EXPENDITURES						
Instruction:						
Salaries	4,324	-	6,271	-	-	205,662
Benefits	3,716	-	3,773	-	-	136,072
Purchased services	2,196	-	11,992	-	-	57,843
Supplies/materials	-	-	2,690	-	-	34,383
Capital outlay	-	-	-	-	-	5,398
Total instruction	10,236	-	24,726	-	-	439,358
Support:						
Salaries	-	-	-	33,751	-	47,516
Benefits	-	-	-	12,344	-	15,118
Purchased services	-	86	-	749	-	7,287
Supplies/materials	-	1,466	-	173	-	68,460
Supplies/materials	-	-	-	-	-	12,807
Total support	-	1,552	-	47,017	-	151,188
Total expenditures	10,236	1,552	24,726	47,017	-	590,546
Excess (deficiency) revenues over expenditures	-	-	-	-	-	1,195
Other financing sources (uses)						
Transfer out	-	-	-	-	-	(20,000)
Total other financing sources (uses)	-	-	-	-	-	(20,000)
Net change in fund balance	-	-	-	-	-	(18,805)
Fund balance (deficit) - Beginning of year	-	-	-	-	920	153,974
Fund balance - End of year	\$ -	\$ -	\$ -	\$ -	\$ 920	\$ 135,169

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**ALL CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2017**

	<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	768	-	-	768
Due from other funds	131,297	2	118,425	249,724
Interest receivable	1	-	-	1
Total assets	<u>132,066</u>	<u>2</u>	<u>118,425</u>	<u>250,493</u>
 Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 132,066</u>	 <u>\$ 2</u>	 <u>\$ 118,425</u>	 <u>\$ 250,493</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>132,066</u>	<u>2</u>	<u>118,425</u>	<u>250,493</u>
Total fund balance	<u>132,066</u>	<u>2</u>	<u>118,425</u>	<u>250,493</u>
 TOTAL LIABILITIES AND DEFERRED INFLOWS OF OF RESOURCES AND FUND BALANCE	 <u>\$ 132,066</u>	 <u>\$ 2</u>	 <u>\$ 118,425</u>	 <u>\$ 250,493</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, 2017**

	<u>Plant Facilities</u>	<u>Plant Facilities - Bus Acquisition</u>	<u>Plant Facilities - Lottery</u>	<u>Total</u>
REVENUES				
Local:				
Earnings on investments	6	-	-	6
State:				
Lottery/additional state maintenance	<u>-</u>	<u>-</u>	<u>73,228</u>	<u>73,228</u>
Total revenues	<u>6</u>	<u>-</u>	<u>73,228</u>	<u>73,234</u>
EXPENDITURES				
Capital objects	<u>1,790</u>	<u>95,139</u>	<u>81,895</u>	<u>178,824</u>
Total expenditures	<u>1,790</u>	<u>95,139</u>	<u>81,895</u>	<u>178,824</u>
Excess (deficiency) of revenues over expenditures	(1,784)	(95,139)	(8,667)	(105,590)
Other financing sources:				
Transfer in	<u>56,000</u>	<u>48,220</u>	<u>-</u>	<u>104,220</u>
Net change in fund balance	54,216	(46,919)	(8,667)	(1,370)
Fund balance-Beginning of year	<u>77,850</u>	<u>46,921</u>	<u>127,092</u>	<u>251,863</u>
Fund balance-End of year	<u>\$ 132,066</u>	<u>\$ 2</u>	<u>\$ 118,425</u>	<u>\$ 250,493</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, 2017**

	<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	2017-41	2017IN109947	214,328
Breakfast program	10.553	2017-41	2017IN109947	112,213
Special Milk Program for Children	10.556	2017-41	2017IN109947	177
Food Distribution (non-cash)	10.555	2017-41	2017IN109947	41,545
Total Child Nutrition Cluster				<u>368,263</u>
Passed through Idaho Dairy Commission				
Child Nutrition Discretionary Grants	10.579	Not Available	Not Available	<u>8,500</u>
Direct through U.S Department of Agriculture				
Federal Forest	10.665	Not Available	Not Available	<u>30,000</u>
Total Direct through U.S. Department of Agriculture				<u>30,000</u>
Total U.S. Department of Agriculture				<u>406,763</u>
U.S. Department of Education				
Passed through State Department of Education				
Special Education Cluster				
Part B, IDEA - School Age	84.027	2017-41	ED1531 & ED1631	192,890
Part B, IDEA - Preschool	84.173	2017-41	ED1541 & ED1641	10,236
Total Special Education Cluster				<u>203,126</u>
Other Programs				
Title I-A,ESEA - Improving Basic Programs	84.010	2017-41	ED1502 & ED1602	172,949
Title II-A, ESEA - Improving Teacher Quality	84.367	2017-41	ED1581	47,017
Career and Technical Education	84.048	2017-41	16V048	24,726
Rural Education	84.358	2017-41	ED1456	1,552
Total Other Programs				<u>246,244</u>
Total U.S. Department of Education				<u>449,370</u>
Total expenditures of federal awards				<u>\$ 856,133</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, 2017

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, 2017. 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, 2017, the School District had received food commodities totaling \$41,545.

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, 2017 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 11, 2017.

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Maries Joint School District No. 41's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hayden Ross, PLLC

Moscow, Idaho
September 11, 2017

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, 2017. 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, 2017.

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 11, 2017

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Opinion Unit

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

 yes x no

Federal Awards

Internal control over major programs:

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

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

unmodified

Any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)

 yes x no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555, 10.556, 10.559

Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

 yes x no

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2017

Section II – Findings – Financial Statement Audit

None.

Section III – Findings and Questioned Costs – Major Federal Awards Programs Audit

None