

ST. MARIES JOINT SCHOOL DISTRICT No. 41

St. Maries, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2012**

HAYDEN ROSS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

ST. MARIES JOINT SCHOOL DISTRICT No. 41

St. Maries, Idaho

Audited Financial Statements
For the Year Ended June 30, 2012



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HAYDEN ROSS, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

INDEPENDENT AUDITOR'S REPORT

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

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, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the St. Maries Joint School District No. 41's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Maries Joint School District No. 41, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, debt service fund, and capital projects fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2012 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* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 9, 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.

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 introductory section, combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of St. Maries Joint School District No. 41. The combining and individual non-major 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Hayden Ross, PLLC

Moscow, Idaho
September 10, 2012

St. Maries Joint School District No. 41

Management's Discussion and Analysis

For the Year Ended June 30, 2012

As management of the St. Maries School District #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, 2012.

Financial Highlights

- St. Maries Joint School District No. 41's financial status, as reflected in the General Fund balance, increased \$79,893 from the previous fiscal year to an ending balance of \$810,890. The 2011-2012 amended budget recognized an increase in state revenues due to student attendance higher than budgeted which increased the general fund balance.

- Supplemental levies have supported essential school programs for over 30 years in St. Maries. Voters approved St. Maries Joint School District's supplemental levy held on May 17, 2011. The \$1,617,000 two year supplemental levy was requested in response to several years of reduced state funding to support schools and to restore items in the budget that had been removed due to declining state resources including technology, textbooks, building maintenance and pupil transportation.

- Overall district enrollment for the 2011-2012 school year slightly decreased from the 2010-2011 school year. The School District's student population at the beginning of the 2010-2011 school year was 990. The School District began the 2011-2012 school year with 985 K-12 students and ended with 971 students in June.

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 assets presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets of the District changed during the most recent fiscal year. All changes in net assets 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 20 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 34 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Combining and individual fund statements and schedules can be found on pages 36 through 71 of this report.

Government-Wide Financial Analysis

Table 1
Statement of Net Assets
June 30, 2012

Assets	<u>2011-2012</u>	<u>2010-2011</u>	<u>Change</u>
Cash and cash equivalents	574,077	263,987	310,090
Receivables	1,268,004	1,559,920	(291,916)
Inventory	25,474	30,069	(4,595)
Capital Assets	<u>4,254,873</u>	<u>4,297,926</u>	<u>(43,053)</u>
Total Assets	<u>\$6,122,428</u>	<u>\$6,151,902</u>	<u>\$(29,474)</u>
Liabilities			
Accounts Payable and other current liabilities	954,450	932,696	21,754
Current portion of long-term debt	40,717	36,597	4,120
Long-Term Liabilities Outstanding	<u>405,347</u>	<u>515,479</u>	<u>(110,132)</u>
Total Liabilities	<u>1,400,514</u>	<u>1,484,772</u>	<u>(84,258)</u>
Net Assets			
Invested in Capital Assets, Net of Related debt	3,808,809	3,806,381	2,428
Restricted	14,257	64,331	(50,074)
Unrestricted	<u>898,848</u>	<u>796,417</u>	<u>102,431</u>
Total Net Assets	<u>\$4,721,914</u>	<u>\$ 4,667,130</u>	<u>\$54,785</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$4,721,914 at the close of the most recent fiscal year.

The largest portion of the District's net assets (80.7%) 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 assets (.3%) represent resources that are subject to external restrictions on how they may be used. The remaining

balance of unrestricted net assets (19%) may be used to meet the District's ongoing obligations to students, employees, and creditors.

The unrestricted net asset amount has been earmarked for the following purposes: To meet cash flow needs throughout the year and to provide a General Fund contingency.

**Changes in Net Assets
For Fiscal Year Ending June 30, 2012**

Revenues	<u>2011-2012</u>	<u>2010-2011</u>	<u>Change</u>
Program Revenues:			
Charges for Services	96,682	85,370	11,312
Operating Grants and contributions	1,607,183	923,478	683,705
General revenues:			
Property Taxes - general purposes	1,638,373	1,682,898	(44,525)
Property Taxes - liability insurance	42,341	-	42,341
Federal and State Revenues	4,783,109	5,768,395	(985,286)
Grants and contributions - unrestricted	-	46,415	(46,415)
Other	238,653	234,683	3,970
Sale of fixed assets	3,231	-	3,231
Interest and investment earnings	<u>8,751</u>	<u>-</u>	<u>8,751</u>
Total Revenues	<u>8,418,323</u>	<u>8,741,239</u>	<u>(322,916)</u>
 Expenses			
Program Expenses:			
Preschool - 12 Instruction	4,620,171	4,559,149	61,022
Support Services:			
Pupil Support	646,665	560,210	86,455
Technology	-	269,411	(269,411)
Staff Support	61,076	-	61,076
General Administration	319,289	402,967	(83,678)
School Administration	753,962	451,733	302,229
Business operations	-	248,482	(248,482)
Maintenance/Custodial	604,508	618,511	(14,003)
Transportation	862,628	850,237	12,391
Other educational costs	-	10,239	(10,239)
Food Services	471,339	422,292	49,047
Capital Outlay	-	-	-
Debt Service	<u>23,901</u>	<u>28,236</u>	<u>(4,335)</u>
Total Expenses	<u>8,363,539</u>	<u>8,421,467</u>	<u>(57,928)</u>
 Change in Net Assets	 54,784	 319,772	 (264,988)
Net Assets – Beginning	<u>4,667,130</u>	<u>4,347,358</u>	<u>319,772</u>
Net Assets – Ending	<u>\$ 4,721,914</u>	<u>\$ 4,667,130</u>	<u>\$ 54,784</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 \$810,890 was unreserved and undesignated. The unreserved and undesignated fund balance increased by \$79,893 during the current fiscal year.

Expenditures for general District purposes totaled \$8,363,539 a decrease of .687% during the current fiscal year.

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 Assets
Governmental Activities
Net of Accumulated Depreciation
June 30, 2012**

	<u>2011-2012</u>	<u>2010-2011</u>	<u>Change</u>
Elementary	1,987,732	2,061,781	(74,049)
Secondary	1,241,062	1,211,831	29,231
Administration	301,789	320,747	(18,958)
Maintenance	1,122	1,764	(642)
Transportation	701,586	679,311	22,275
Child Nutrition	<u>21,582</u>	<u>22,492</u>	<u>(910)</u>
Total Net Assets	<u>\$ 4,254,873</u>	<u>\$ 4,297,926</u>	<u>\$ (43,053)</u>

Long Term Debt. At year end the District had \$446,064 of outstanding debt as follows:

	Long-Term Obligations June 30, <u>2011</u>	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations June 30, <u>2012</u>	Due Within One Year
Mortgage payable	14,940	-	4,122	10,818	4,082
Capital lease obligations	<u>476,604</u>	-	<u>41,358</u>	<u>435,246</u>	<u>36,635</u>
	<u>\$491,544</u>	<u>\$ -</u>	<u>\$45,480</u>	<u>\$446,064</u>	<u>\$40,717</u>
Long-term debt obligations, due within one year					40,717
Long-term debt obligations, due after one year					<u>405,347</u>
Total outstanding debt					<u>\$446,064</u>

Total long-term debt increased from the prior year due to the District implementing GASB No. 45, thereby recognizing the implicit cost of its retiree postemployment benefit plan, partially offset by the regular payments made on the mortgage and capital lease payables.

Factors bearing on the District's Future

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

- The uncertainty of the economy in Benewah County and other factors which negatively impact student enrollment and attendance.
- The uncertainty of 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.

Requests for Information

This financial report is designed to provide a general overview of the St. Maries Joint School District #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 Mr. Joseph Kren, Superintendent, St. Maries School District #41, P.O. Box 384 St. Maries, Idaho 83861.

FINANCIAL SECTION



ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS

Current Assets

Cash	17,893
Investments	556,184
Taxes receivable	184,168
Other receivables:	
Due from other governmental units	930,482
Other receivables	153,354
Inventory	25,474

Total current assets 1,867,555

Noncurrent Assets

Depreciated capital assets	12,428,162
Less: Accumulated Depreciation	<u>(8,173,289)</u>

Total noncurrent assets 4,254,873

Total Assets

6,122,428

LIABILITIES

Current Liabilities

Accounts payable and other current liabilities	893,918
Other post employment benefits payable	60,532
Current portion of long-term debt	<u>40,717</u>

Total current liabilities 995,167

Noncurrent Liabilities

Noncurrent portion of long-term debt	<u>405,347</u>
--------------------------------------	----------------

Total noncurrent liabilities 405,347

Total Liabilities

1,400,514

Net Assets

Invested in capital assets, net of related debt	3,808,809
Restricted for:	
Grant programs	14,257
Unrestricted	<u>898,848</u>

Total net assets \$ 4,721,914

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
FUNCTIONS/PROGRAMS					
Governmental activities:					
Preschool - 12 Instruction	4,620,171	12,150	576,258	-	(4,031,763)
Support Services					
Pupil support	646,665	-	158,605	-	(488,060)
Staff support	61,076	-	-	-	(61,076)
General Administration	319,289	-	-	-	(319,289)
School Administration	753,962	-	-	-	(753,962)
Mainenance/Custodial	604,508	-	-	-	(604,508)
Transportation	862,628	-	499,468	-	(363,160)
Food services	471,339	84,532	372,852	-	(13,955)
Capital Outlay	-	-	-	-	-
Debt Services	23,901	-	-	-	(23,901)
	<u>8,363,539</u>	<u>96,682</u>	<u>\$ 1,607,183</u>	<u>\$ -</u>	<u>\$ (6,659,674)</u>
Total School District	<u>\$ 8,363,539</u>	<u>96,682</u>	<u>\$ 1,607,183</u>	<u>\$ -</u>	<u>\$ (6,659,674)</u>

General Revenues

Taxes

Property taxes levied for general purposes	1,638,373
Property taxes levied for liability insurance	42,341
Federal and State aid not restricted to specific purposes	4,783,109
Other	238,653
Sale of fixed assets	3,231
Interest and investment earnings	8,751

Total General Revenues 6,714,458

Change in Net Assets 54,784

Net assets - beginning 4,667,130

Net assets - ending \$ 4,721,914

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Child Nutrition</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	75,047	-	55,122	65,843	196,012
Investments	554,631	757	796	-	556,184
Taxes receivable	184,168	-	-	-	184,168
Other receivables:					
Due from state	87,533	-	-	15,805	103,338
Due from federal	52,412	-	6,876	238,929	298,217
Taxes due from county	528,927	-	-	-	528,927
Interest receivable	144	-	-	-	144
Other receivables	149,712	-	3,498	-	153,210
Due from other funds	112,540	-	-	-	112,540
Inventories			25,474	-	25,474
Total assets	<u>\$ 1,745,114</u>	<u>\$ 757</u>	<u>\$ 91,766</u>	<u>\$ 320,577</u>	<u>\$ 2,158,214</u>
LIABILITIES					
Bank overdraft	-	757		177,362	178,119
Due to other funds	-	-	112,540	-	112,540
Accounts payable	62,747	-	46	747	63,540
Accrued payroll and benefits	722,987	-	29,047	78,344	830,378
Deferred revenue	148,490	-	-	-	148,490
Total liabilities	<u>934,224</u>	<u>757</u>	<u>141,633</u>	<u>256,453</u>	<u>1,333,067</u>
EQUITY AND OTHER CREDITS					
Fund Balances (Deficit):					
Restricted	-	-	(49,867)	64,124	14,257
Unassigned	810,890	-	-	-	810,890
Total equity and other credits	<u>810,890</u>	<u>-</u>	<u>(49,867)</u>	<u>64,124</u>	<u>825,147</u>
Total liabilities, equity and other credits	<u>\$ 1,745,114</u>	<u>\$ 757</u>	<u>\$ 91,766</u>	<u>\$ 320,577</u>	<u>\$ 2,158,214</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

For the Year Ended June 30, 2012

Total Fund Balances - Governmental Funds	825,147
Amounts reported for governmental activities in the statement of net assets 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	12,428,162
Accumulated depreciation	(8,173,289)
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.	
	148,490
Other post employment benefits are accrued and expensed in the statements of net assets 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	<u>(446,064)</u>
Total Net Assets - Governmental Funds	<u>\$ 4,721,914</u>

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, 2012**

	<u>General</u>	<u>Capital Projects</u>	<u>Child Nutrition</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local	1,868,342	30	84,534	44,570	1,997,476
State	5,042,929	-	-	72,800	5,115,729
Federal	239,648	-	372,852	662,063	1,274,563
Other	3,231	-	-	-	3,231
Total revenues	<u>7,154,150</u>	<u>30</u>	<u>457,386</u>	<u>779,433</u>	<u>8,390,999</u>
EXPENDITURES					
Current:					
Instruction	3,833,273	-		593,670	4,426,943
Support	3,054,027	-		158,605	3,212,632
Non-instruction	-	-	470,429	-	470,429
Purchased services	-	1,144		-	1,144
Capital objects	-	185,437		-	185,437
Debt service	5,200	64,181	-	-	69,381
Total expenditures	<u>6,892,500</u>	<u>250,762</u>	<u>470,429</u>	<u>752,275</u>	<u>8,365,966</u>
Excess (deficiency) of revenue over expenditures	<u>261,650</u>	<u>(250,732)</u>	<u>(13,043)</u>	<u>27,158</u>	<u>25,033</u>
Other financing sources (uses):					
Operating transfer in	-	230,308	10,586	5,998	246,892
Operating transfer out	<u>(181,757)</u>	-	-	<u>(65,135)</u>	<u>(246,892)</u>
Total other financing sources (uses)	<u>(181,757)</u>	<u>230,308</u>	<u>10,586</u>	<u>(59,137)</u>	<u>-</u>
Net change in fund balance	79,893	(20,424)	(2,457)	(31,979)	25,033
Fund balance(deficit)-Beginning of year	<u>730,997</u>	<u>20,424</u>	<u>(47,410)</u>	<u>96,103</u>	<u>800,114</u>
Fund balance(deficit)-End of year	<u>\$ 810,890</u>	<u>\$ -</u>	<u>\$ (49,867)</u>	<u>\$ 64,124</u>	<u>\$ 825,147</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, 2012

Net change in fund balances - total governmental funds		25,033
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 assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlays	247,181	
Depreciation expense	<u>(290,234)</u>	(43,053)
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.		
		27,324
Repayment of long-term debt obligations is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Net Assets - District Wide		
		<u>45,480</u>
Total change in net assets of governmental activities		<u>\$ 54,784</u>

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

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	1,672,625	1,682,673	1,653,390	(19,235)	(29,283)
Earnings on investments	13,000	11,000	8,719	(4,281)	(2,281)
Other	148,065	172,730	206,233	58,168	33,503
Total local	1,833,690	1,866,403	1,868,342	34,652	1,939
State:					
Base support	3,854,163	3,939,398	3,944,904	90,741	5,506
Transportation	505,000	494,631	499,468	(5,532)	4,837
Tuition equivalency	15,000	17,500	14,341	(659)	(3,159)
Benefit apportionment	501,270	513,814	515,161	13,891	1,347
Other state support	247,400	242,000	65,834	(181,566)	(176,166)
Revenue in lieu of taxes	4,083	3,048	3,048	(1,035)	-
Other state revenue	114,000	114,000	173	(113,827)	(113,827)
Total state	5,240,916	5,324,391	5,042,929	(197,987)	(281,462)
Federal:					
Restricted	-	-	239,648	239,648	239,648
Other:					
Sale of fixed assets	-	3,230	3,231	3,231	1
Total revenues	7,074,606	7,194,024	7,154,150	79,544	(39,874)
EXPENDITURES					
Current:					
Instruction:					
Salaries	2,589,451	2,547,678	2,578,224	11,227	(30,546)
Benefits	1,051,753	1,004,343	992,784	58,969	11,559
Purchased services	54,980	54,293	46,967	8,013	7,326
Supplies-materials	182,369	200,490	214,278	(31,909)	(13,788)
Insurance	1,020	1,020	1,020	-	-
Total instruction	3,879,573	3,807,824	3,833,273	46,300	(25,449)
Support:					
Salaries	1,370,849	1,416,698	1,408,381	(37,532)	8,317
Benefits	588,937	605,706	602,219	(13,282)	3,487
Purchased services	462,720	543,328	527,726	(65,006)	15,602
Supplies-materials	384,687	394,394	394,984	(10,297)	(590)
Capital objects	62,508	80,000	48,988	13,520	31,012
Insurance	73,437	71,729	71,729	1,708	-
Total support	2,943,138	3,111,855	3,054,027	(110,889)	57,828
Other services					
Debt services - principal	4,800	4,800	4,122	678	678
Debt services - interest	-	-	1,078	(1,078)	(1,078)
Total other services	4,800	4,800	5,200	(400)	(400)
Contingency	330,000	330,000	-	330,000	330,000
Total expenditures	7,157,511	7,254,479	6,892,500	265,011	361,979
Excess (deficiency) of revenues other expenditures	(82,905)	(60,455)	261,650	344,555	322,105
Other financing sources (uses):					
Operating transfer in	-	-	-	-	-
Operating transfer out:	(308,000)	(174,173)	(181,757)	126,243	(7,584)
Total other financing sources (uses)	(308,000)	(174,173)	(181,757)	126,243	(7,584)
Net change in fund balance	(390,905)	\$ (234,628)	79,893	\$ 470,798	\$ 314,521
Fund balance-Beginning of year			730,997		
Fund balance-End of year			\$ 810,890		

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, 2012**

	<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	-	-	2	2	2
Lunch sales	<u>85,000</u>	<u>85,000</u>	<u>84,532</u>	<u>(468)</u>	<u>(468)</u>
Total local	<u>85,000</u>	<u>85,000</u>	<u>84,534</u>	<u>(466)</u>	<u>(466)</u>
Federal:					
School lunch reimbursement	<u>355,000</u>	<u>355,000</u>	<u>372,852</u>	<u>17,852</u>	<u>17,852</u>
Total revenues	<u>440,000</u>	<u>440,000</u>	<u>457,386</u>	<u>17,386</u>	<u>17,386</u>
EXPENDITURES					
Current:					
Non instruction:					
Salaries	149,245	149,245	143,838	5,407	5,407
Benefits	85,895	85,895	77,250	8,645	8,645
Purchased services	3,300	3,300	8,202	(4,902)	(4,902)
Supplies-materials	199,500	199,500	238,539	(39,039)	(39,039)
Capital objects	-	-	2,600	(2,600)	(2,600)
Total instruction	<u>437,940</u>	<u>437,940</u>	<u>470,429</u>	<u>(32,489)</u>	<u>(32,489)</u>
Total expenditures	<u>437,940</u>	<u>437,940</u>	<u>470,429</u>	<u>(32,489)</u>	<u>(32,489)</u>
Excess (deficiency) of revenues other expenditures	2,060	2,060	(13,043)	(15,103)	(15,103)
Other financing sources (uses):					
Operating transfer in	<u>9,000</u>	<u>9,000</u>	<u>10,586</u>	<u>1,586</u>	<u>1,586</u>
Net change in fund balance	<u>\$ 11,060</u>	<u>\$ 11,060</u>	<u>(2,457)</u>	<u>\$ (13,517)</u>	<u>\$ (13,517)</u>
Fund balance(deficit)-Beginning of year			<u>(47,410)</u>		
Fund balance(deficit)-End of year			<u>\$ (49,867)</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

CAPITAL PROJECTS FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<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	-	-	30	30	30
EXPENDITURES					
Current:					
Purchased services	1,060	1,060	1,144	(84)	(84)
Capital objects	195,000	165,173	185,437	9,563	(20,264)
Debt service	59,240	59,240	64,181	(4,941)	(4,941)
Total expenditures	<u>255,300</u>	<u>225,473</u>	<u>250,762</u>	<u>4,538</u>	<u>(25,289)</u>
Excess (deficiency) of revenues over expenditures	(255,300)	(225,473)	(250,732)	4,568	(25,259)
Other financing sources (uses):					
Operating transfer in	<u>255,300</u>	<u>225,473</u>	<u>230,308</u>	<u>(24,992)</u>	<u>4,835</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(20,424)	<u>\$ (20,424)</u>	<u>\$ (20,424)</u>
Fund balance-Beginning of year			<u>20,424</u>		
Fund balance-End of year			<u>\$ -</u>		

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

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2012

	<u>Agency Funds</u>	<u>Scholarship Trust Fund</u>
ASSETS		
Current Assets		
Cash	78,516	14,669
Investments	36,216	23,252
	<hr/>	<hr/>
Total assets	<u>\$ 114,732</u>	<u>\$ 37,921</u>
LIABILITIES		
Current Liabilities		
Due to student groups	114,732	-
	<hr/>	<hr/>
Total liabilities	<u>114,732</u>	<u>-</u>
NET ASSETS		
Reserved for scholarships	-	37,921
	<hr/>	<hr/>
Total net assets	<u>\$ -</u>	<u>\$ 37,921</u>

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

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended June 30, 2012

	<u>Scholarship Trust Fund</u>
Additions	
Net investment income (loss)	<u>(10,715)</u>
Total additions	<u>(10,715)</u>
Deductions	
Bank fees	14
Scholarship awards	<u>3,000</u>
Total deductions	<u>3,014</u>
Change in Net Assets	(13,729)
Net Assets - Beginning	<u>51,650</u>
Net Assets - Ending	<u><u>\$ 37,921</u></u>

ST. MARIES SCHOOL DISTRICT NO. 41
Notes to the Financial Statements
June 30, 2012

NOTE 1 Summary of 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 assets 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. 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 non-major 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.
- Capital Projects Fund. This fund is used to account for financial resources that are legally restricted for the acquisition, construction, or major repair of school property.

The District reports the following 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.

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 assets 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 Directors 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. State statute and Board investment policy authorizes the District to invest in obligations of the U.S. Treasury, the State of Idaho, or county, city or other taxing Districts of the State of Idaho, commercial paper, corporate bonds and repurchase agreements.

Investments are stated at fair value, which approximates market. All investments are invested FDIC- and SLIC-insured accounts. Certain investments exceed the FDIC insured limits of \$250,000 as listed in Note 3. Interest income is defined as non-operating revenue.

Deposits in State Treasurer's local government investment pool are stated at cost, which approximates market. The State Treasurer combines deposits from all governmental entities in the state which participate in the pool, and purchases the following types of investments:

- a. Local Certificates of Deposit
- b. Repurchase Agreements
- c. U.S. Government Securities

The entities participating in the pool own a percentage of each investment held. The percentage is calculated by dividing the individual entity's deposits by the total deposits held in the pool. The purpose of this is to:

- a. Increase the overall rate of return.
- b. Reduce the risk of default.
- c. Place each entity under the FDIC and SLIC limits of \$100,000.

Investments in time certificates of deposit and savings accounts are authorized by Board policy as permitted by Idaho code Section 67-1210.

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."

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 Personnel Manual" District employees are granted vacation and sick leave in varying amounts. All employees are required to use all of their benefits in the same fiscal year.

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 per year.

The Bank is administered by an in-District four-member committee as provided in the School District Policy. At June 30, 2012 there were 138 days of sick leave in the bank.

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 Equity, 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 represent property taxes recorded but not estimated to be collected within 60 days of the end of the accounting period.

Subsequent Events – Management has evaluated subsequent events through the date of the audit report. This is the date the financial statements were available to be issued. Management 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, 2011 upon which the 2011 levy was based was \$489,037,620.

The District's actual levy was .8718% 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, 2012 was 33.9472% per \$100, which means that the District was required to pass an override levy in the amount of 33.07532% per \$100. The total tax levy for the year ended June 30, 2012 was \$1,659,625 with total tax collections being \$1,544,276.

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, 2012 were 93.05% of the tax levy. Property taxes levied for 2011 are recorded as receivables to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

	General Fund	Total
Total taxes receivable at June 30, 2012	\$184,168.00	184,168
Less: Taxes collected by the County Treasurer by August 31, 2012	<u>35,678</u>	<u>35,678</u>
Deferred Revenue	<u>\$148,490</u>	<u>\$148,490</u>

NOTE 3 Deposits and Investments

	Carrying Amount	Bank Balance
<u>Cash</u>		
Checking Accounts	<u>\$111,078</u>	<u>\$227,452</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, 2012 are as follows:

	Rate	General Fund	Capital Projects	Other Governmental	Agency	Total
Investment in State Treasurer's Pool	Variable	<u>554,631</u>	<u>757</u>	<u>796</u>	<u>44,928</u>	<u>601,112</u>
Total		<u>\$554,631</u>	<u>\$757</u>	<u>\$796</u>	<u>\$44,928</u>	<u>\$601,112</u>

Investment Maturities

External Investment Pool	Book Value	Market Value	Less than 1 Year	1-8 Years
State Investment Pool	<u>\$601,112</u>	<u>\$601,112</u>	<u>\$601,112</u>	<u>\$-0-</u>

The State Treasurer's Local Government Investment Pool is managed by the State of Idaho treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

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. 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, 2012 was \$14,540.

NOTE 4 Changes in Fixed Assets

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

	<u>Balance July 1,</u> <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June</u> <u>30, 2012</u>
Function				
Elementary	2,767,152	17,064	-	2,784,216
Secondary	6,825,399	137,344	-	6,962,743
Administration	456,128	-	-	456,128
Maintenance	23,860	-	-	23,860
Transportation	1,950,092	90,173	-	2,040,265
Child Nutrition	<u>158,350</u>	<u>2,600</u>	-	<u>160,950</u>
Total depreciated assets	<u>12,180,981</u>	<u>247,181</u>	-	<u>12,428,162</u>
Function				
Elementary	705,371	92,533	1,420	796,484
Secondary	5,613,568	108,113	-	5,721,681
Administration	135,381	20,622	1,664	154,339
Maintenance	22,096	642	-	22,738
Transportation	1,270,781	67,898	-	1,338,679
Child Nutrition	<u>135,858</u>	<u>3,510</u>	-	<u>139,368</u>
Total accumulated depreciation	<u>(7,883,055)</u>	<u>(293,318)</u>	<u>3,084</u>	<u>(8,173,289)</u>
Governmental Activities Assets (Net)	<u>\$4,297,926</u>	<u>\$(46,137)</u>	<u>\$3,084</u>	<u>\$4,254,873</u>

NOTE 5 Long-term Debt

Mortgage Payable

In May 2001, the District entered into a purchase agreement for real property to be used for potential expansion at one of its school facilities. The mortgage was in the amount of \$45,000 with the terms requiring no down payment and 208 monthly payments of \$400 at 8% interest (17.3 years)

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 is for \$605,000 and, as of June 30, 2009, \$375,615 of lease proceeds had been 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 annual requirements to amortize all outstanding debt as of June 30, 2012, including interest of \$121,599 are as follows:

Year Ended June 30,	<u>Mortgage Payable</u>			<u>Capital Lease Obligation</u>			<u>Total</u>		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	4,082	718	4,800	36,635	22,605	59,240	40,717	23,323	64,040
2014	4,421	379	4,800	38,663	20,577	59,240	43,084	20,956	64,040
2015	2,315	51	2,366	40,804	18,436	59,240	43,119	18,487	61,606
2016	-	-	-	43,062	16,078	59,240	43,062	16,078	59,240
2017	-	-	-	45,446	13,794	59,240	45,446	13,794	59,240
2018-22	-	-	-	<u>230,636</u>	<u>28,961</u>	<u>259,497</u>	<u>230,636</u>	<u>28,961</u>	<u>259,497</u>
Total	<u>\$10,818</u>	<u>\$1,148</u>	<u>\$11,966</u>	<u>\$435,246</u>	<u>\$120,451</u>	<u>\$555,697</u>	<u>\$446,064</u>	<u>\$121,599</u>	<u>\$567,663</u>

The following is a summary of changes in long-term debt obligations of the District for the year ended June 30, 2012:

	Long-Term Obligations June 30, <u>2011</u>	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations June 30, <u>2012</u>	Due Within One Year
Mortgage payable	14,940	-	4,122	10,818	4,082
Capital lease obligations	<u>476,604</u>	-	<u>41,358</u>	<u>435,246</u>	<u>36,635</u>
	<u>\$491,544</u>	<u>\$-0-</u>	<u>\$45,480</u>	<u>\$446,064</u>	<u>\$40,717</u>
Long-term debt obligations, due within one year					40,717
Long-term debt obligations, due after one year					<u>405,347</u>
Total outstanding debt					<u>\$446,064</u>

NOTE 6 Employee's Retirement System

Public Employee Retirement System of Idaho (PERSI) – The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho

Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available standalone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI’s website www.persi.idaho.gov.

The actuarially determined contribution requirements of the St. Maries Joint School District No. 41 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2012, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The St. Maries Joint School District No. 41 employer contributions required and paid were \$434,328 \$447,009, and \$477,359 for the three years ended June 30, 2012, 2011, and 2010, respectively.

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, 2012:

<u>Fund</u>	<u>Excess</u>
Child Nutrition	32,489
State Substance Abuse	1,127
IDEA Part B – School Age	3,322
Perkins III – Professional Technical Act	395
Title III, ESEA – Language Instruction	217
School Plant Facility	25,289

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 Other Required Individual Fund Disclosures

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 “Operating Transfers” 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 operating transfers are as follows:

	<u>Out</u>	<u>In</u>
General	181,757	-
Child Nutrition	-	10,586
Federal Forest	65,135	-
Perkins III – Professional Technical Act	-	5,998
School Plant Facility - School Maintenance and Repair	-	140,135
Bus Acquisition	-	<u>90,173</u>
Total	<u>\$ 246,892</u>	<u>\$246,892</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.

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	-0-
Unfunded Actuarial Accrued Liability (UAAL)	\$642,947
Amortization factor	25.0
Amortization of the UAAL	\$32,346
Annual Required Contribution for FY2010	\$92,878

NOTE 12 Deficit Fund Balance

The District had the following deficit fund balance at June 30, 2012:

Driver’s Education fund	\$1,719
Child Nutrition	\$49,867

It is the District’s intent on eliminating the deficit by next fiscal year.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**



St. Maries Joint School District No. 41
GENERAL FUND

To account for resources traditionally associated with District operations which are not required to be accounted for in another fund.

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**GENERAL FUND
BALANCE SHEET
June 30, 2012**

ASSETS

Cash	75,047	
Investments	554,631	
Taxes receivable	184,168	
Other receivables:		
State Support program	87,533	
Other receivable	149,712	
Federal grant program	52,412	
Taxes due from county	528,927	
Interest receivable	144	
Due from other funds	<u>112,540</u>	

Total assets \$ 1,745,114

LIABILITIES AND FUND EQUITY

Liabilities:		
Accounts payable	62,747	
Accrued payroll and benefits	722,987	
Deferred revenue	<u>148,490</u>	
Total liabilities		934,224
Fund equity:		
Fund balance:		
Unassigned	<u>810,890</u>	
Total fund equity		<u>810,890</u>

Total liabilities and fund equity \$ 1,745,114

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, 2012**

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
REVENUES			
Local:			
Taxes	1,653,390	1,682,673	(29,283)
Earnings on investments	8,719	11,000	(2,281)
Other	206,233	172,730	33,503
Total local	<u>1,868,342</u>	<u>1,866,403</u>	<u>1,939</u>
State:			
Base support	3,944,904	3,939,398	5,506
Transportation	499,468	494,631	4,837
Tuition equivalency	14,341	17,500	(3,159)
Benefit apportionment	515,161	513,814	1,347
Other state support	65,834	242,000	(176,166)
Revenue in lieu of taxes	3,048	3,048	-
Other state revenue	173	114,000	(113,827)
Total state	<u>5,042,929</u>	<u>5,324,391</u>	<u>(281,462)</u>
Federal:			
Restricted	239,648	-	239,648
Other			
Sale of fixed assets	3,231	3,230	1
Total revenues	<u>7,154,150</u>	<u>7,194,024</u>	<u>(39,874)</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	2,578,224	2,547,678	(30,546)
Benefits	992,784	1,004,343	11,559
Purchased services	46,967	54,293	7,326
Supplies-materials	214,278	200,490	(13,788)
Insurance	1,020	1,020	-
Total instruction	<u>3,833,273</u>	<u>3,807,824</u>	<u>(25,449)</u>
Support:			
Salaries	1,408,381	1,416,698	8,317
Benefits	602,219	605,706	3,487
Purchased services	527,726	543,328	15,602
Supplies-materials	394,984	394,394	(590)
Capital objects	48,988	80,000	31,012
Insurance	71,729	71,729	-
Total support	<u>3,054,027</u>	<u>3,111,855</u>	<u>57,828</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (Continued)			
Debt service:			
Debt services - principal	4,122	4,800	678
Debt services - interest	<u>1,078</u>	<u>-</u>	<u>(1,078)</u>
Total debt service	<u>5,200</u>	<u>4,800</u>	<u>(400)</u>
Contingency	<u>-</u>	<u>330,000</u>	<u>330,000</u>
Total expenditures	<u>6,892,500</u>	<u>7,254,479</u>	<u>361,979</u>
Excess (deficiency) of revenues over expenditures	<u>261,650</u>	<u>(60,455)</u>	<u>322,105</u>
Other financing sources (uses):			
Operating transfer out	<u>(181,757)</u>	<u>(174,173)</u>	<u>(7,584)</u>
Total other financing sources (uses)	<u>(181,757)</u>	<u>(174,173)</u>	<u>(7,584)</u>
Net change in fund balance	79,893	<u>\$ (234,628)</u>	<u>\$ 314,521</u>
Fund balance-Beginning of year	<u>730,997</u>		
Fund balance-End of year	<u>\$ 810,890</u>		

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, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION:			
Kindergarten/elementary			
Salaries	918,232	969,235	51,003
Benefits	363,650	386,067	22,417
Purchased services	16,810	16,000	(810)
Supplies-materials	107,057	96,771	(10,286)
Total kindergarten/elementary	<u>1,405,749</u>	<u>1,468,073</u>	<u>62,324</u>
Secondary			
Salaries	1,106,786	1,062,175	(44,611)
Benefits	435,297	422,472	(12,825)
Purchased services	19,551	25,321	5,770
Supplies-materials	85,875	71,678	(14,197)
Total secondary	<u>1,647,509</u>	<u>1,581,646</u>	<u>(65,863)</u>
Alternative school			
Salaries	66,632	60,290	(6,342)
Benefits	26,219	23,960	(2,259)
Purchased services	818	1,130	312
Supplies-materials	2,417	3,599	1,182
Total alternative school	<u>96,086</u>	<u>88,979</u>	<u>(7,107)</u>
Exceptional child			
Salaries	318,989	291,288	(27,701)
Benefits	126,360	130,658	4,298
Purchased services	64	154	90
Supplies-materials	1,073	4,512	3,439
Total exceptional child	<u>446,486</u>	<u>426,612</u>	<u>(19,874)</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, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION:			
Preschool Exceptional program			
Salaries	60,222	60,525	303
Benefits	23,766	23,880	114
Supplies-materials	2,234	8,730	6,496
Total preschool exceptional program	<u>86,222</u>	<u>93,135</u>	<u>6,913</u>
School activity program			
Salaries	101,993	98,795	(3,198)
Benefits	16,444	16,258	(186)
Purchased services	9,724	11,688	1,964
Supplies-materials	15,429	15,000	(429)
Insurance	1,020	1,020	-
Total school activity program	<u>144,610</u>	<u>142,761</u>	<u>(1,849)</u>
Summer school program			
Salaries	5,370	5,370	-
Benefits	1,048	1,048	-
Supplies-materials	193	200	7
Total summer school program	<u>6,611</u>	<u>6,618</u>	<u>7</u>
TOTAL INSTRUCTION			
Salaries	2,578,224	2,547,678	(30,546)
Benefits	992,784	1,004,343	11,559
Purchased services	46,967	54,293	7,326
Supplies-materials	214,278	200,490	(13,788)
Insurance	1,020	1,020	-
Total Instruction	<u>\$ 3,833,273</u>	<u>\$ 3,807,824</u>	<u>\$ (25,449)</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, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT:			
Attendance, guidance and health			
Salaries	142,204	152,315	10,111
Benefits	56,023	61,321	5,298
Purchased services	735	2,343	1,608
Supplies-materials	2,194	2,290	96
Total attendance, guidance and health	<u>201,156</u>	<u>218,269</u>	<u>17,113</u>
Special services			
Salaries	107,758	107,695	(63)
Benefits	39,229	39,604	375
Purchased services	4,700	4,365	(335)
Supplies-materials	244	3,220	2,976
Total special services	<u>151,931</u>	<u>154,884</u>	<u>2,953</u>
Instruction improvement			
Purchased services	556	-	(556)
Total instruction improvement	<u>556</u>	<u>-</u>	<u>(556)</u>
Media			
Salaries	36,245	39,145	2,900
Benefits	21,872	25,490	3,618
Purchased services	-	874	874
Supplies-materials	2,403	12,281	9,878
Total media	<u>60,520</u>	<u>77,790</u>	<u>17,270</u>
Instruction-related technology program			
Salaries	33,519	33,680	161
Benefits	14,912	13,233	(1,679)
Purchased services	1,314	1,000	(314)
Supplies-materials	88,242	100,774	12,532
Total instruction-related technology program	<u>137,987</u>	<u>148,687</u>	<u>10,700</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, 2012**

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
SUPPORT (Continued):			
Board of education			
Salaries	21,284	22,125	841
Benefits	7,807	8,270	463
Purchased services	18,924	16,919	(2,005)
Supplies-materials	3,848	3,754	(94)
Insurance	17,306	17,306	-
Total board of education	<u>69,169</u>	<u>68,374</u>	<u>(795)</u>
 District administration			
Salaries	135,500	138,882	3,382
Benefits	46,426	48,502	2,076
Purchased services	22,459	20,475	(1,984)
Supplies-materials	14,641	12,137	(2,504)
Total district administration	<u>219,026</u>	<u>219,996</u>	<u>970</u>
 School administration			
Salaries	332,054	326,820	(5,234)
Benefits	130,956	131,386	430
Purchased services	18,121	22,498	4,377
Supplies-materials	3,034	4,632	1,598
Total school administration	<u>484,165</u>	<u>485,336</u>	<u>1,171</u>
 Business operation program			
Salaries	59,052	59,475	423
Benefits	20,518	21,188	670
Purchased services	33,421	29,101	(4,320)
Supplies-materials	1,498	900	(598)
Total business operation program	<u>114,489</u>	<u>110,664</u>	<u>(3,825)</u>
 Administrative technology services program			
Purchased services	116,286	157,500	41,214
Supplies-materials	39,022	49,000	9,978
Total administrative technology services program	<u>155,308</u>	<u>206,500</u>	<u>51,192</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, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued):			
Custodial			
Salaries	75,767	75,000	(767)
Benefits	27,515	29,725	2,210
Purchased services	229,716	223,184	(6,532)
Supplies-materials	30,652	24,067	(6,585)
Insurance	32,897	32,897	-
Total custodial	<u>396,547</u>	<u>384,873</u>	<u>(11,674)</u>
Maintenance - buildings and equipment			
Purchased services	1,730	100	(1,630)
Supplies-materials	3,288	3,000	(288)
Total maintenance - buildings and equipment	<u>5,018</u>	<u>3,100</u>	<u>(1,918)</u>
Maintenance - student occupied buildings and equipment			
Salaries	101,026	103,000	1,974
Benefits	36,318	32,193	(4,125)
Purchased services	16,372	9,409	(6,963)
Supplies-materials	33,917	26,160	(7,757)
Capital objects	27,422	80,000	52,578
Total maintenance - student occupied buildings and equipment	<u>215,055</u>	<u>250,762</u>	<u>(16,871)</u>
Maintenance - grounds			
Purchased services	3,473	3,833	360
Supplies-materials	8,363	5,349	(3,014)
Capital objects	21,566	-	(21,566)
Total maintenance - grounds	<u>33,402</u>	<u>9,182</u>	<u>(24,220)</u>
Security program			
Purchased services	2,772	2,500	(272)
Supplies-materials	60	-	(60)
Total security program	<u>2,832</u>	<u>2,500</u>	<u>(332)</u>
Transportation			
Salaries	345,158	341,080	(4,078)
Benefits	191,859	191,272	(587)
Purchased services	44,224	38,626	(5,598)
Supplies-materials	154,233	137,830	(16,403)
Insurance	14,789	14,789	-
Total transportation	<u>750,263</u>	<u>723,597</u>	<u>(26,666)</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, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued):			
Activity transportation			
Salaries	16,511	16,000	(511)
Benefits	3,140	3,155	15
Purchased services	453	593	140
Total activity transportation	<u>20,104</u>	<u>19,748</u>	<u>(356)</u>
General transportation program			
Salaries	2,303	1,481	(822)
Benefits	508	367	(141)
Purchased services	5,470	3,008	(2,462)
Supplies-materials	9,345	9,000	(345)
Insurance	6,737	6,737	-
Total general transportation program	<u>24,363</u>	<u>20,593</u>	<u>(3,770)</u>
Other support services			
Benefits	5,136	-	(5,136)
Purchased services	7,000	7,000	-
Total other support services	<u>12,136</u>	<u>7,000</u>	<u>(5,136)</u>
TOTAL SUPPORT			
Salaries	1,408,381	1,416,698	8,317
Benefits	602,219	605,706	3,487
Purchased services	527,726	543,328	15,602
Supplies-materials	394,984	394,394	(590)
Capital objects	48,988	80,000	31,012
Insurance	71,729	71,729	-
Total Support	<u>\$ 3,054,027</u>	<u>\$ 3,111,855</u>	<u>\$ 57,828</u>

St. Maries Joint School District No. 41

SPECIAL REVENUE FUNDS

Child Nutrition Fund - To account for costs of operating the school lunch program at the District. Financing is provided by State and Federal assistance and by sale of lunches. Reporting is done as a special revenue fund rather than as an enterprise fund due to the large amount of State and Federal assistance received by the program.

Federal Forest 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.

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

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

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

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

Title I-A, 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.

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

Title III, ESEA – Language Instruction for LEP & Immigrant Fund – To account for Federal revenues to be spent on English language learners.

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 Fund – To account for restricted Federal revenue to be spent on summer activities for children.

Gear Up Grant Fund – To account for restricted State revenue specifically aimed at seventh graders to assist them with gaining early awareness and readiness for undergraduate programs.

Urban/Rural Free Schools Fund -To account for restricted Federal revenue to provide work based learning opportunities.

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

ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Child Nutrition	Federal Forest	Driver Education	State Professional Technical	State Technology Grant	State Substance Abuse	Title I-A, ESEA - Improving Basic	IDEA Part B School-Age	IDEA Part B Pre-School	Perkins III - Professional Technical Act	Title III, ESEA - Language Instruction	Title II-A, ESEA - Improving Teacher Quality	Summer Recreation	Gear Up Idaho	Urban/Rural Free Schools	Total
ASSETS																
Cash	55,122	12,353	-	-	49,368	1,918	-	-	-	-	213	-	920	-	1,071	120,965
Investments	796	-	-	-	-	-	-	-	-	-	-	-	-	-	-	796
Other receivables:																
Other receivable	3,498	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,498
State reimbursement	-	-	2,125	13,680	-	-	-	-	-	-	-	-	-	-	-	15,805
Federal reimbursement	6,876	-	-	-	-	-	99,135	84,914	4,323	28,370	-	17,508	-	4,679	-	245,805
Inventories	25,474	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,474
Total assets	\$ 91,766	\$ 12,353	\$ 2,125	\$ 13,680	\$ 49,368	\$ 1,918	\$ 99,135	\$ 84,914	\$ 4,323	\$ 28,370	\$ 213	\$ 17,508	\$ 920	\$ 4,679	\$ 1,071	\$ 412,343
LIABILITIES AND FUND EQUITY																
Liabilities:																
Bank overdraft	-	-	3,844	13,008	-	-	62,276	53,355	4,323	25,784	-	11,871	-	2,901	-	177,362
Due to other funds	112,540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112,540
Accounts payable	46	-	-	672	-	-	75	-	-	-	-	-	-	-	-	793
Accrued payroll and benefits	29,047	-	-	-	-	-	36,784	31,559	-	2,586	-	5,637	-	1,778	-	107,391
Total liabilities	141,633	-	3,844	13,680	-	-	99,135	84,914	4,323	28,370	-	17,508	-	4,679	-	398,086
Fund equity:																
Fund balance (deficit):																
Restricted	(49,867)	12,353	(1,719)	-	49,368	1,918	-	-	-	-	213	-	920	-	1,071	14,257
Total fund equity	(49,867)	12,353	(1,719)	-	49,368	1,918	-	-	-	-	213	-	920	-	1,071	14,257
Total liabilities and fund equity	\$ 91,766	\$ 12,353	\$ 2,125	\$ 13,680	\$ 49,368	\$ 1,918	\$ 99,135	\$ 84,914	\$ 4,323	\$ 28,370	\$ 213	\$ 17,508	\$ 920	\$ 4,679	\$ 1,071	\$ 412,343

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

AL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2012

	Child Nutrition	Federal Forest	Driver Education	State Professional Technical	State Technology Grant	State Substance Abuse	Title I-A, ESEA - Improving Basic	IDEA Part B School-Age	IDEA Part B - Pre-School	Perkins III - Professional Technical Act	Title III, ESEA - Language Instruction	Title II-A, ESEA - Improving Teacher Quality	Summer Recreation	Gear Up Idaho	Urban/Rural Free Schools	Total
REVENUES																
Local:																
Earnings on investments	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
Lunch sales	84,532	-	-	-	-	-	-	-	-	-	-	-	-	-	-	84,532
Other	-	-	12,150	-	32,420	-	-	-	-	-	-	-	-	-	-	44,570
Total local	84,534	-	12,150	-	32,420	-	-	-	-	-	-	-	-	-	-	129,104
State:																
Other state support	-	-	-	-	40,650	-	-	-	-	-	-	-	-	-	-	40,650
Driver education program	-	-	6,500	-	-	-	-	-	-	-	-	-	-	-	-	6,500
Professional technical program	-	-	-	25,650	-	-	-	-	-	-	-	-	-	-	-	25,650
Total state	-	-	6,500	25,650	40,650	-	-	-	-	-	-	-	-	-	-	72,800
Federal:																
School lunch reimbursement	372,852	-	-	-	-	-	-	-	-	-	-	-	-	-	-	372,852
Other federal	-	-	-	-	-	-	21,422	1,651	-	-	-	-	-	-	-	23,073
Restricted	-	25,292	-	-	-	-	258,549	211,763	12,279	28,370	430	52,976	-	49,331	-	638,990
Total federal	372,852	25,292	-	-	-	-	279,971	213,414	12,279	28,370	430	52,976	-	49,331	-	1,034,915
Total revenues	457,386	25,292	18,650	25,650	73,070	-	279,971	213,414	12,279	28,370	430	52,976	-	49,331	-	1,236,819
EXPENDITURES																
Current:																
Instruction:																
Salaries	-	-	-	-	-	-	181,459	103,123	-	10,900	-	27,300	-	-	-	322,782
Benefits	-	-	-	-	-	-	57,751	81,632	-	4,819	-	8,440	-	-	-	152,642
Purchased services	-	-	21,158	-	-	-	8,725	25,032	12,279	11,662	-	-	-	-	-	78,856
Supplies-materials	-	-	-	-	-	-	32,036	150	-	989	217	-	-	-	-	33,392
Capital objects	-	-	-	-	-	-	-	-	-	5,998	-	-	-	-	-	5,998
Total instruction	-	-	21,158	-	-	-	279,971	209,937	12,279	34,368	217	35,740	-	-	-	593,670
Support:																
Salaries	-	-	-	4,112	-	-	-	-	-	-	-	122	693	26,217	17	31,161
Benefits	-	-	-	795	-	-	-	-	-	-	-	9	140	13,641	3	14,588
Purchased services	-	-	-	4,353	36,100	-	-	1,086	-	-	-	16,623	-	6,018	518	64,698
Supplies-materials	-	-	-	16,390	23,165	1,127	-	2,391	-	-	-	482	10	3,455	1,138	48,158
Total support	-	-	-	25,650	59,265	1,127	-	3,477	-	-	-	17,236	843	49,331	1,676	158,605
Non-instruction																
Salaries	143,838	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,838
Benefits	77,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,250
Purchased services	8,202	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,202
Supplies-materials	238,539	-	-	-	-	-	-	-	-	-	-	-	-	-	-	238,539
Capital objects	2,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,600
Total non-instruction	470,429	-	-	-	-	-	-	-	-	-	-	-	-	-	-	470,429
Total expenditures	470,429	-	21,158	25,650	59,265	1,127	279,971	213,414	12,279	34,368	217	52,976	843	49,331	1,676	1,222,704
Excess (deficiency) revenues over expenditures	(13,043)	25,292	(2,508)	-	13,805	(1,127)	-	-	-	(5,998)	213	-	(843)	-	(1,676)	14,115
Other financing sources (uses)																
Operating transfer in	10,586	-	-	-	-	-	-	-	-	5,998	-	-	-	-	-	16,584
Operating transfer out	-	(65,135)	-	-	-	-	-	-	-	-	-	-	-	-	-	(65,135)
Total other financing sources (uses)	10,586	(65,135)	-	-	-	-	-	-	-	5,998	-	-	-	-	-	(48,551)
Net change in fund balance	(2,457)	(39,843)	(2,508)	-	13,805	(1,127)	-	-	-	-	213	-	(843)	-	(1,676)	(34,436)
Fund balance (deficit) - Beginning of year	(47,410)	52,196	789	-	35,563	3,045	-	-	-	-	-	-	1,763	-	2,747	48,693
Fund balance (deficit) - End of year	\$ (49,867)	\$ 12,353	\$ (1,719)	\$ -	\$ 49,368	\$ 1,918	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ -	\$ 920	\$ -	\$ 1,071	\$ 14,257

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**CHILD NUTRITION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Earnings on investments	2	-	2
Lunch sales	84,532	85,000	(468)
Total local	<u>84,534</u>	<u>85,000</u>	<u>(466)</u>
Federal:			
School lunch reimbursement	372,852	355,000	17,852
Total federal	<u>372,852</u>	<u>355,000</u>	<u>17,852</u>
Total revenues	<u>457,386</u>	<u>440,000</u>	<u>17,386</u>
EXPENDITURES			
Current:			
Non-instruction:			
Salaries	143,838	149,245	5,407
Benefits	77,250	85,895	8,645
Purchased services	8,202	3,300	(4,902)
Supplies-materials	238,539	199,500	(39,039)
Capital objects	2,600	-	(2,600)
Total non-instruction	<u>470,429</u>	<u>437,940</u>	<u>(32,489)</u>
Total expenditures	<u>470,429</u>	<u>437,940</u>	<u>(32,489)</u>
Excess (deficiency) of revenues over/under expenditures	(13,043)	2,060	(15,103)
Other financing sources (uses):			
Transfer in	<u>10,586</u>	<u>9,000</u>	<u>(1,586)</u>
Net change in fund balance	(2,457)	<u>\$ 11,060</u>	<u>\$ (13,517)</u>
Fund balance(deficit)-Beginning of year	<u>(47,410)</u>		
Fund balance(deficit)-End of year	<u>\$ (49,867)</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

FEDERAL FOREST FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>25,292</u>	<u>8,104</u>	<u>17,188</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over/under expenditures	25,292	8,104	17,188
Other financing sources (uses):			
Transfer out	<u>(65,135)</u>	<u>(60,300)</u>	<u>(4,835)</u>
Net change in fund balance	(39,843)	<u>\$ (52,196)</u>	<u>\$ 12,353</u>
Fund balance-Beginning of year	<u>52,196</u>		
Fund balance-End of year	<u>\$ 12,353</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

DRIVERS EDUCATION STATE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Other local	<u>12,150</u>	<u>16,425</u>	<u>(4,275)</u>
Total local	<u>12,150</u>	<u>16,425</u>	<u>(4,275)</u>
State:			
Driver education program	<u>6,500</u>	<u>11,500</u>	<u>(5,000)</u>
Total revenues	<u>18,650</u>	<u>27,925</u>	<u>(9,275)</u>
EXPENDITURES			
Current:			
Instruction:			
Purchased services	<u>21,158</u>	<u>27,425</u>	<u>6,267</u>
Total instruction	<u>21,158</u>	<u>27,425</u>	<u>6,267</u>
Total expenditures	<u>21,158</u>	<u>27,425</u>	<u>6,267</u>
Net change in fund balance	(2,508)	<u>\$ 500</u>	<u>\$ (3,008)</u>
Fund balance-Beginning of year	<u>789</u>		
Fund balance (deficit) -End of year	<u>\$ (1,719)</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

STATE PROFESSIONAL TECHNICAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State:			
Professional technical program	<u>25,650</u>	<u>25,650</u>	<u>-</u>
EXPENDITURES			
Current:			
Support:			
Salaries	4,112	5,829	1,717
Benefits	795	1,143	348
Purchased services	4,353	4,800	447
Supplies-materials	16,390	6,948	(9,442)
Capital objects	-	6,930	6,930
Total support	<u>25,650</u>	<u>25,650</u>	<u>-</u>
Total expenditures	<u>25,650</u>	<u>25,650</u>	<u>-</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance-Beginning of year	-		
Fund balance-End of year	<u>\$ -</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

STATE TECHNOLOGY GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Other local	<u>32,420</u>	<u>32,420</u>	<u>-</u>
State:			
Other state support	<u>40,650</u>	<u>-</u>	<u>40,650</u>
Total revenues	<u>73,070</u>	<u>32,420</u>	<u>40,650</u>
EXPENDITURES			
Current:			
Support:			
Purchased services	<u>36,100</u>	<u>67,982</u>	<u>31,882</u>
Supplies-materials	<u>23,165</u>	<u>-</u>	<u>(23,165)</u>
Total support	<u>59,265</u>	<u>67,982</u>	<u>8,717</u>
Total expenditures	<u>59,265</u>	<u>67,982</u>	<u>8,717</u>
Net change in fund balance	<u>13,805</u>	<u>\$ (35,562)</u>	<u>\$ 49,367</u>
Fund balance-Beginning of year	<u>35,563</u>		
Fund balance-End of year	<u>\$ 49,368</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

STATE SUBSTANCE ABUSE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Support:			
Supplies-materials	<u>1,127</u>	<u>-</u>	<u>(1,127)</u>
Total expenditures	<u>1,127</u>	<u>-</u>	<u>(1,127)</u>
Net change in fund balance	(1,127)	<u>\$ -</u>	<u>\$ (1,127)</u>
Fund balance-Beginning of year	<u>3,045</u>		
Fund balance-End of year	<u>\$ 1,918</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

TITLE I-A, ESEA - IMPROVING BASIC PROGRAMS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	258,549	278,708	(20,159)
Other	<u>21,422</u>	<u>24,270</u>	<u>(2,848)</u>
Total revenues	<u>279,971</u>	<u>302,978</u>	<u>(23,007)</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	181,459	197,875	16,416
Benefits	57,751	60,640	2,889
Purchased services	8,725	12,920	4,195
Supplies-materials	32,036	18,273	(13,763)
Capital objects	-	13,270	13,270
Total instruction	<u>279,971</u>	<u>302,978</u>	<u>23,007</u>
Total expenditures	<u>279,971</u>	<u>302,978</u>	<u>23,007</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance -Beginning of year	<u>-</u>		
Fund balance-End of year	<u>\$ -</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**IDEA PART B - SCHOOL AGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	211,763	208,441	3,322
Other	1,651	1,651	-
Total revenues	<u>213,414</u>	<u>210,092</u>	<u>3,322</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	103,123	108,518	5,395
Benefits	81,632	76,394	(5,238)
Purchased services	25,032	21,000	(4,032)
Supplies-materials	150	1,000	850
Total instruction	<u>209,937</u>	<u>206,912</u>	<u>(3,025)</u>
Support:			
Purchased services	1,086	500	(586)
Supplies-materials	2,391	2,680	289
Total support	<u>3,477</u>	<u>3,180</u>	<u>(297)</u>
Total expenditures	<u>213,414</u>	<u>210,092</u>	<u>(3,322)</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance-Beginning of year	-		
Fund balance-End of year	<u>\$ -</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

IDEA PART B - PRESCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>12,279</u>	<u>17,141</u>	<u>(4,862)</u>
EXPENDITURES			
Current:			
Instruction:			
Purchased services	<u>12,279</u>	<u>17,141</u>	<u>4,862</u>
Total expenditures	<u>12,279</u>	<u>17,141</u>	<u>4,862</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance-Beginning of year	<u>-</u>		
Fund balance-End of year	<u>\$ -</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

**PERKINS III - PROFESSIONAL TECHNICAL ACT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Other local	-	2,999	(2,999)
Federal:			
Restricted	28,370	30,974	(2,604)
Total revenues	<u>28,370</u>	<u>33,973</u>	<u>(5,603)</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	10,900	10,870	(30)
Benefits	4,819	4,941	122
Purchased services	11,662	13,798	2,136
Supplies-materials	989	1,365	376
Capital objects	5,998	2,999	(2,999)
Total instruction	<u>34,368</u>	<u>33,973</u>	<u>(395)</u>
Total expenditures	<u>34,368</u>	<u>33,973</u>	<u>(395)</u>
Excess (deficiency) of revenues over/under expenditures	(5,998)	-	(5,998)
Other financing sources (uses):			
Transfer in	5,998	-	5,998
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance-Beginning of year	<u>-</u>		
Fund balance-End of year	<u>\$ -</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

TITLE III, ESEA - LANGUAGE INSTRUCTION FOR LEP & IMMIGRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>430</u>	<u>-</u>	<u>430</u>
EXPENDITURES			
Current:			
Instruction:			
Supplies-materials	<u>217</u>	<u>-</u>	<u>(217)</u>
Total instruction	<u>217</u>	<u>-</u>	<u>(217)</u>
Total expenditures	<u>217</u>	<u>-</u>	<u>(217)</u>
Net change in fund balance	213	<u>\$ -</u>	<u>\$ 213</u>
Fund balance-Beginning of year	<u>-</u>		
Fund balance-End of year	<u>\$ 213</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

TITLE II-A, ESEA - IMPROVING TEACHER QUALITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>52,976</u>	<u>58,231</u>	<u>(5,255)</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	27,300	27,300	-
Benefits	8,440	8,494	54
Total instruction	<u>35,740</u>	<u>35,794</u>	<u>54</u>
Support			
Salaries	122	350	228
Benefits	9	-	(9)
Purchased services	16,623	21,500	4,877
Supplies-materials	482	587	105
Total support	<u>17,236</u>	<u>22,437</u>	<u>5,201</u>
Total expenditures	<u>52,976</u>	<u>58,231</u>	<u>5,255</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance-Beginning of year	<u>-</u>		
Fund balance-End of year	<u>\$ -</u>		

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

SUMMER RECREATION PROGRAM FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For The Year Ended June 30, 2012

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Local:			
Other	-	2,000	(2,000)
EXPENDITURES			
Current:			
Support:			
Salaries	693	1,813	1,120
Benefits	140	337	197
Purchased services	-	308	308
Supplies-materials	10	362	352
Total support	843	2,820	1,977
Total expenditures	843	2,820	1,977
Net change in fund balance	(843)	\$ (820)	\$ (23)
Fund balance-Beginning of year	1,763		
Fund balance-End of year	\$ 920		

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

GEAR UP IDAHO FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>49,331</u>	<u>51,845</u>	<u>2,514</u>
EXPENDITURES			
Current:			
Support:			
Salaries	26,217	26,018	(199)
Benefits	13,641	13,840	199
Purchased services	6,018	5,702	(316)
Supplies-materials	<u>3,455</u>	<u>6,285</u>	<u>2,830</u>
Total support	<u>49,331</u>	<u>51,845</u>	<u>2,514</u>
Total expenditures	<u>49,331</u>	<u>51,845</u>	<u>2,514</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance-Beginning of year	<u>-</u>		
Fund balance-End of year	<u>\$ -</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

URBAN/RURAL FREE SCHOOLS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Support:			
Salaries	17	-	(17)
Benefits	3	-	(3)
Purchased services	518	672	154
Supplies-materials	<u>1,138</u>	<u>2,075</u>	<u>937</u>
Total support	<u>1,676</u>	<u>2,747</u>	<u>1,071</u>
Total expenditures	<u>1,676</u>	<u>2,747</u>	<u>2,142</u>
Net change in fund balance	(1,676)	<u>\$ (2,747)</u>	<u>\$ 1,071</u>
Fund balance-Beginning of year	<u>2,747</u>		
Fund balance-End of year	<u>\$ 1,071</u>		

St. Maries Joint School District No. 41
CAPITAL PROJECTS FUND

Plant Facility - This fund is established to account for appropriated funds to acquire plant facility items. Financing is provided by tax revenues.

Bus Replacement – This fund is established to account for funds to replace school buses only.

School Plant Facility – School Maintenance and Repair – This fund is established to account for the costs associated with maintaining student occupied buildings.

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

ALL CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Plant	Facility	Bus Replacement	Total
ASSETS				
Investments	757		-	757
Total assets	\$ 757		-	\$ 757
 LIABILITIES AND FUND EQUITY				
Liabilities				
Bank overdraft	757		-	757
Fund equity:				
Fund balances:				
Restricted	-		-	-
Total fund equity	-		-	-
Total liabilities and fund equity	\$ 757		\$ -	\$ 757

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

ALL CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2012

	<u>Plant</u>	<u>Facility</u>	<u>Bus Acquisition</u>	<u>Total</u>
REVENUES				
Local:				
Earnings on investmets	<u>30</u>		<u>-</u>	<u>30</u>
EXPENDITURES				
Current:				
Purchased services		1,144	-	1,144
Capital objects		95,264	90,173	185,437
Debt service		<u>64,181</u>	<u>-</u>	<u>64,181</u>
Total expenditures		<u>160,589</u>	<u>90,173</u>	<u>250,762</u>
Excess (deficiency) of revenues over expenditures		(160,559)	(90,173)	(250,732)
Other financing sources (uses):				
Operating transfer in		<u>140,135</u>	<u>90,173</u>	<u>230,308</u>
Net change in fund balance		(20,424)	-	(20,424)
Fund balance-Beginning of year		<u>20,424</u>	<u>-</u>	<u>20,424</u>
Fund balance-End of year		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

PLANT FACILITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Earnings on investements	<u>30</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Purchased Services	1,144	1,060	(84)
Capital objects	95,264	75,000	(20,264)
Debt service principal	41,358	41,539	181
Debt service interest	<u>22,823</u>	<u>17,701</u>	<u>(5,122)</u>
Total expenditures	<u>160,589</u>	<u>135,300</u>	<u>(25,289)</u>
Excess (deficiency) of revnues over/under expenditures	(160,559)	(135,300)	(25,289)
Other financing sources (uses):			
Transfer in	<u>140,135</u>	<u>135,300</u>	<u>4,835</u>
Net change in fund balance	(20,424)	<u>\$ -</u>	<u>\$ (20,454)</u>
Fund balance-Beginning of year	<u>20,424</u>		
Fund balance-End of year	<u>\$ -</u>		

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

BUS ACQUISITION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Capital objects	<u>90,173</u>	<u>90,173</u>	<u>-</u>
Total expenditures	<u>90,173</u>	<u>90,173</u>	<u>-</u>
Excess (deficiency) of revenues over/under expenditures	(90,173)	(90,173)	-
Other financing sources (uses):			
Transfer In	<u>90,173</u>	<u>90,173</u>	<u>-</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance-Beginning of year	<u>-</u>		
Fund balance-End of year	<u>\$ -</u>		

St. Maries Joint School District No. 41

TRUST AND AGENCY FUNDS

Scholarship Trust Fund – The Student Scholarship Trust Funds are private-purpose trust funds established to provide scholarships to outgoing senior high school graduate who will be attending college, vocational or technical training schools. These funds do not include revenues and expenditures for general operations of the District.

Agency Fund - The agency fund includes funds held for elementary and secondary student groups by the District for disbursements as dictated by the individual student groups. Operations of these student groups are not considered a part of District financial operations.

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

ALL TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	<u>Trust</u>	<u>Agency</u>	
	<u>Scholarship Trust Fund</u>	<u>Student Activity Funds</u>	<u>Total</u>
ASSETS			
Cash	14,669	78,516	93,185
Investments	<u>23,252</u>	<u>36,216</u>	<u>59,468</u>
Total assets	<u>\$ 37,921</u>	<u>\$ 114,732</u>	<u>\$ 152,653</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Due to student groups	<u>-</u>	<u>114,732</u>	<u>114,732</u>
Fund equity:			
Net Assets:			
Restricted	<u>37,921</u>	<u>-</u>	<u>37,921</u>
Total fund equity	<u>37,921</u>	<u>-</u>	<u>37,921</u>
Total liabilities and fund equity	<u>\$ 37,921</u>	<u>\$ 114,732</u>	<u>\$ 152,653</u>

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

SCHOLARSHIP TRUST FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2012

REVENUES

Local:

Earnings on investments 20

Total revenues 20

EXPENDITURES

Purchased services 3,014

Total expenditures 3,014

Change in net assets (2,994)

Other financing sources (uses):

Change in value of investments (10,735)

Net change in net assets (13,729)

Net Assets-Beginning of year 51,650

Net Assets-End of year \$ 37,921

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, 2012**

	Federal CFDA Number	Pass Through Grantor's Number	Federal Grant Number	Expenditures
U. S. Department of Agriculture				
Passed through State Department of Education				
National School Lunch Program	10.555	12-41	2012IN109947	216,385
Breakfast program	10.553	12-41	2012IN109947	108,002
Summer food program	10.559	12-41	2012IN109947	209
Fresh fruit and vegetable program	10.582	12-41	2012IN109947	17,025
Food Distribuiton (non-cash)	10.555	12-41	2012IN109947	<u>31,231</u>
Total U.S. Department of Agriculture				<u>372,852</u>
U.S. Department of Education				
Passed through State Department of Education				
Education Jobs Fund	84.410	12-41	S410A100013	140,547
Title I-A,ESEA - Improving Basic Programs	84.010	12-41	S010A090012	258,549
Title I-A,ESEA - Improving Basic Programs - ARRA	84.389	12-41	S389A090012	21,422
Title VI-B, IDEA - School Age	84.027	12-41	H027A080088	181,803
Title VI-B, IDEA - School Age - ARRA	84.391	12-41	H391A090088	31,611
Title VI-B, IDEA - Preschool	84.173	12-41	H173A100030	12,279
Title II-A, ESEA - Improving Teacher Quality	84.367	12-41	S367A090011	52,976
Carreer and Technical Education	84.048	12-41	V048A100012	28,370
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	12-41	P334S060003	<u>49,331</u>
Total U.S. Department of Education				<u>776,888</u>
Total Expenditures				<u><u>\$ 1,149,740</u></u>

St. Maries Joint School District No. 41
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

General - The accompanying Schedule of Expenditures of Federal Awards presents the expenditure activity of all federal awards programs of the St. Maries Joint School District No. 41. All expenditures of federal awards received directly from federal agencies as well as expenditures of federal awards passed through other government agencies are included on the schedule.

Basis of Accounting - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis accounting.

HAYDEN ROSS, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

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 the financial statements of the 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, 2012, which collectively comprise the St. Maries Joint School District No. 41's basic financial statements and have issued our report thereon dated September 10, 2012. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of St. Maries Joint School District No. 41 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the St. Maries Joint School District No. 41's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Maries Joint School District No. 41's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Maries Joint School District No. 41's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether St. Maries Joint School District No. 41's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hayden Ross, PLLC

Moscow, Idaho
September 10, 2012

HAYDEN ROSS, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

COMPLIANCE

We have audited the compliance of the St. Maries Joint School District No. 41 compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2012. The 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the St. Maries Joint School District No. 41's management. Our responsibility is to express an opinion on the St. Maries Joint School District No. 41's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*; issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the St. Maries Joint School District No. 41's compliance with those requirements.

In our opinion, the St. Maries Joint School District No. 41 complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2012.

INTERNAL CONTROL OVER COMPLIANCE

The management of the St. Maries Joint School District No. 41 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Maries Joint School District No. 41's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing 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.

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

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be used by anyone other than these specified parties.

Hayden Ross, PLLC

Moscow, Idaho
September 10, 2012

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

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: unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of OMB Circular A-133? _____ yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	School Lunch program
10.553	Breakfast program
10.550	Food Distribution program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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

ST. MARIES JOINT SCHOOL DISTRICT NO. 41

St. Maries, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

For The Year Ended June 30, 2012

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Prior year Findings

Prior Year Finding 11-1

The size of the District's staff is not large enough to permit an adequate segregation of duties for an affective system of internal control.

We did not find this to be the case this fiscal year.

Prior Year Finding 11-2

Best practices dictate that the District should have an individual in the department that has the background, training and knowledge to draft financial statements in accordance with financial reporting models the District is required to follow.

We believe the District does employ a person knowledgable and has sufficient background to prepare the financial statements. The individual does not have adequate time to prepare but has the knowledge to review the statements.

Prior Year Finding 11-3

The District did not implement Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions during its fiscal year ended June 20, 2010.

The District corrected this in fiscal year end June 30, 2011

Prior Year Finding 11-4

The District did not properly report the investment inf the Fiduciary Fund - Scholarhsip Turst Fund at fari market value as of June 30, 2010, according to GASB No. 31, Accounting and Financial Reporting for Certain Investments.

The District corrected this in fiscal year end June 30, 2011