AVERY SCHOOL DISTRICT NO. 394

Avery, Idaho

Audited Financial Statements
For the Year Ended
June 30, 2026

AVERY SCHOOL DISTRICT NO. 394

Avery, Idaho

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HAYDEN ROSS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Avery School District No. 394
Avery, Idaho 83802

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Avery School District No. 394, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund	Unmodified
Other Local Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Unmodified Opinions on General Fund, Other Local Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information Avery School District No. 394, as of June 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on the Governmental Activities

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Avery School District No. 394 as of June 30, 2026, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Avery School District No. 394, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

Avery School District No. 394 believes the cost of adopting GASB 75 cannot be justified at the present time. The District believes the future cost of the implicit rate subsidy built into the current health care premiums is not material to the financial statements. The amount by which this GAAP departure would affect the liabilities and net position of the Statement of Net Position is not determinable.

Emphasis of Matter

The District has restated the beginning fund balances for a correction of an error as further described in Note 13. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Avery School District No. 394's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Avery School District No. 394's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13, the budgetary comparison information on pages 41 through 43, the net pension (asset) liability related schedules on page 44, and the net OPEB asset – sick leave plan related schedules on page 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquires, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Avery School District No. 394's basis financial statements. The accompanying combining and individual nonmajor fund financial statements is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 7, 2026 on our consideration of Avery School District No. 394's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Avery School District No. 394's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering Avery School District No. 394's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
October 7, 2026

HAYDEN ROSS

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

To the Board of Trustees
Avery School District No. 394
Avery, Idaho 83802

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, each major fund, and the aggregate remaining fund information of Avery School District No. 394, as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise Avery School District No. 394's basic financial statements, and have issued our report thereon dated October 7, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Avery School District No. 394's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Avery School District No. 394's internal control. Accordingly, we do not express an opinion on the effectiveness of Avery School District No. 394's internal control.

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

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

that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as item 2026-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Avery School District No. 394's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Avery School District No. 394's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Avery School District No. 394's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Avery School District No. 394's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Avery School District No. 394's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Avery School District No. 394's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hayden Ross, PLLC

Moscow, Idaho
October 7, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2026

The purpose of management's discussion and analysis (MD&A) is to help District residents and other readers understand what the financial statements and notes in this financial report say about the District's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the District's finances.

If you have questions about this report or require further information, contact the Superintendent, Megan Sindt, Avery School District No. 394, PO Box 7, Avery, Idaho 83802.

Overview of the Financial Statements

The District's financial report contains basic financial statements. Those financial statements present the District's finances at both an overall and a detailed level. Pages 14 and 15 – the government-wide financial statements—cover the District's governmental activities.

- Governmental activities comprise the District's most basic functions, such as instruction, support services, student activity, community services, and child nutrition programs. Governmental activities primarily are financed by taxes paid by District residents and businesses and grants from the State of Idaho and the federal government.

The remaining basic financial statements present the District's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District reports two categories of funds:

- Governmental fund financial statements report all of the governmental activities except those that involve providing services to District departments. In addition to the District's main operating fund—the general fund—those financial statements report a special revenue fund to track the use of a portion of the District's restricted state funding for school modernization, and other governmental funds that track restricted funding for various services.

The next section of this financial report contains notes to financial statements, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is as important to understanding the District's finances as the information in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Types of Information in the Financial Statements

All of the District's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. In other words, they comprehensively report all types of financial statement elements:

- Assets—resources the District controls, from short-term assets like cash to long-term assets like buildings and equipment

- Liabilities—amounts the District owes, from short-term liabilities such as salaries payable to long term liabilities such as outstanding debt and net amounts owed to employees for pensions

- Deferred outflows of resources and deferred inflows of resources—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related

- Revenues and expenses—inflows and outflows of economic resources, respectively, related to the current year

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing of long term-debts or selling equipment, as well as principal and interest payments on long-term debt and spending on the capital assets of a District.

More detail about the measurement focuses and bases of accounting can be found in the first notes to financial statements, the summary of significant accounting policies, beginning on page 20.

Analysis of the District's Finances

Table A-1
Avery School District No. 394's Net Position

	Governmental Activities			Percentage Change
	2026	2025	Change	2026-2025
Assets				
Current Assets	1,131,542	1,213,944	(82,402)	-6.8%
Capital Assets	605,920	443,387	162,533	36.7%
Noncurrent Assets	9,258	9,176	82	0.9%
Total Assets	**1,746,720**	**1,666,507**	**80,213**	**4.8%**
Deferred Outflows of Resources	**94,844**	**103,637**	**(8,793)**	**-8.5%**
Liabilities				
Current Liabilities	96,778	74,715	22,063	29.5%
Noncurrent Liabilities	148,133	209,313	(61,180)	-29.2%
Total Liabilities	**244,911**	**284,028**	**(39,117)**	**-13.8%**
Deferred Inflows of Resources	**256,476**	**212,728**	**43,748**	**20.6%**
Net Position				
Net Investment in Capital Assets	605,920	443,387	162,533	36.7%
Restricted	41,877	157,488	(115,611)	-73.4%
Unrestricted	692,380	672,513	19,867	-3.0%
Total Net Position	**$ 1,340,177**	**$ 1,273,388**	**$ 66,789**	**5.2%**

Table A-1 shows that as of June 30, 2026, the District's total net position—assets and deferred outflows minus liabilities and deferred inflows—was $1,340,177, an increase of $66,789 or 5.2% compared with FY2025. This increase is primarily due to a $162,533 increase in net investment in capital assets. Most of the increase in net position was the result of the financial performance of the governmental activities. The following sections of MD&A analyze the finances of the governmental activities.

Governmental Activities

Table A-2 shows that revenues exceeded expenses in the current year, resulting in an increase in net position. The total net position of the District's governmental activities increased $70,077 in FY2026 as compared to a net increase of $194,004 in FY2025. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

(1) Increase in expenses for instruction

Table A-2
Changes in Avery School District No. 394's Net Position

	Governmental Activities			Percentage Change
	2026	2025	Change	2026-2025
Revenues				
Program Revenues:				
Operating Grants and Contributions	129,026	123,541	5,485	4.4%
General revenues:				
Taxes	169,028	165,422	3,606	2.2%
Federal and State Revenues	673,537	685,525	(11,988)	-1.7%
Local Revenues	98,162	99,455	(1,293)	-1.3%
Total Revenues	**1,069,753**	**1,073,943**	**(4,190)**	**-0.4%**
Expenses				
Program Expenses:				
Instruction	523,212	400,349	122,863	30.7%
Support Services:				
Pupil Support	-	1,655	(1,655)	-100.0%
General Administration	224,066	222,485	1,581	0.7%
Maintenance	100,162	102,530	(2,368)	-2.3%
Transportation	92,092	106,504	(14,412)	-13.5%
Depreciation, unallocated	60,144	46,416	13,728	29.6%
Total Expenses	**999,676**	**879,939**	**119,737**	**13.6%**
Change in Net Position	**70,077**	**194,004**	**(123,927)**	**-63.9%**
Net Position – Beginning	1,273,388	1,079,384	194,004	18.0%
Error correction	(3,288)	-	(3,288)	100.0%
Net Position – Ending	**$ 1,340,177**	**$ 1,273,388**	**$ 66,789**	**5.2%**

Increase in Instruction Expenses

Instruction expenses increased by $122,863 in FY2026. As a result, instructional expenses represented 52.3% of total expenses; by contrast, they were 45.5% of expenses in FY2025. Salaries and benefits increased $43,151 and purchased services increased $91,808.

The overall increase in governmental activities expenses for most District programs reflects, in part, salary and benefit increases under the current collective bargaining contract with nonuniformed District employees. The contract provided for raises of 3.0% in 2026, depending on position.

Governmental Funds

The District reports two major funds individually in the governmental fund financial statements. Those funds are the general fund and other local fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. There were significant changes to the two major funds. Those two major funds are shown in Table A-3 and are discussed in more detail below.

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Other Local Fund	
	2026	**2025**	**2026**	**2025**
Revenues	**900,369**	**830,605**	**-**	**-**
Expenses	**797,717**	**709,836**	**6,982**	**-**
Excess (deficiency) of revenues over expenditures	**102,652**	**120,769**	**(6,982)**	**-**
Other Financing Sources (Uses)				
Transfer out	(63,217)	(3,970)	-	-
Net change in fund balances	**39,435**	**116,799**	**(6,982)**	**-**
Fund balances – beginning	599,605	482,806	178,400	178,400
Error correction	(3,288)	-	-	-
Fund balances – ending	**$ 635,752**	**$ 599,605**	**$ 171,418**	**$ 178,400**

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

General Fund

The fund balance of the District's general fund increased by 6.0%. This increase in fund balance is attributable to (1) 21.5% increase in state revenue, (2) growth in instructional expenses of 31.9%, and (3) decrease of 1.1% in support expenses.

Other Local Fund

The fund balance of the District's other local fund decreased by 3.9%. This decrease in fund balance is attributable to using existing fund balance in the current year to cover $6,982 of expenses, whereas the fund was not used in the prior year.

Significant Capital Asset and Long-Term Financing Activity

The discussion thus far has only touched upon certain significant transactions and events during FY2026 with respect to capital assets and long-term debt. Overall, the carrying value of capital assets—original cost minus accumulated depreciation—increased 36.7% over FY2025.

The District's acquired a couple major capital assets during the year. Additions includes $170,816 to transportation, including a $125,616 Thomas Bus and a $45,200 Ford Transit Van. Equipment additions included a $5,894 copier. Building additions included a $45,967 portable building to be used as the District office.

Currently Known Facts, Decisions, or Conditions

The District is aware of five developments that will have an impact on the District's finances in the future and were therefore incorporated into next year's budget:

(1) Student Enrollment and Graduation Rates: no significant change
(2) Local Demographics: no significant change
(3) District Budget: less carryover from prior year due to spending down reserve; we do not anticipate any large purchases/capital projects coming soon.
(4) Capital Assets and Long-Term Debt: no significant change
(5) Legislative Concerns: not at this time

Student Enrollment and Graduation Rates

Enrollment within the District has changed over the past few years due to the opening of our virtual school. Upon opening at the start of the 2025-2026 school year, the District had about 32 students enrolled; this year our enrollment decreased slightly with 27 students. We anticipate enrollment staying the same next school year. Student performance is steadily increasing over time as measured by academic and behavior data. The District continues to monitor enrollment trends because state funding is directly affected by student attendance and support unit calculations.

Local Demographic

The District serves rural communities of approximately 200 residents. The County unemployment remains low at approximately 27%, and virtually no residential growth has occurred. Management will continue to monitor demographic and economic conditions that could affect future enrollment and funding levels.

District Budget

In developing the FY2027 budget, the District incorporated a planned reduction of approximately 3% from the FY2026 budget. These budgetary assumptions were necessary to address increased operating costs, including a 19.5% increase in health insurance premiums. Additionally, an Idaho Schools Benefit Trust (ISBT) assessment related to funding shortfalls is expected to reduce available resources for instructional and operational spending.

Management anticipates continued pressure on expenditures due to inflationary impacts on goods and services, increased transportation and bus maintenance costs, and insurance premium increases. These factors are expected to increase operational expenditures in future fiscal periods.

As a result of legislative funding changes and continuing cost increases, the District anticipates a reduction in future fund balance levels. Health insurance costs remain a significant factor affecting the District's financial position and budget planning.

Capital Assets and Long-Term Debt

During FY2026, the District invested in some capital assets and facility improvements, including the purchase of a new district office building, and a school bus.

The District has no significant long-term debt. Management will continue to assess the District's capital needs and evaluate available funding opportunities as facility improvement projects are considered, including the potential use of School Modernization funds for future capital improvements.

Legislative Concerns

Management is not aware of any new legislation, regulations, or additional state appropriations that will materially increase funding for FY2027. Consequently, the District will continue to focus on careful budget management and monitoring of enrollment, funding, and expenditure trends to maintain financial stability in future years.

FINANCIAL STATEMENTS

AVERY SCHOOL DISTRICT NO. 394
Avery, Idaho

STATEMENT OF NET POSITION
June 30, 2026

ASSETS		
Current assets:		
Cash	29,518	
Investments	761,844	
Taxes receivable	8,542	
Unbilled taxes receivable	162,520	
Other receivables:		
Due from other governments	166,593	
Other receivables	2,525	
Total current assets	1,131,542	
Noncurrent assets:		
Depreciated capital assets	1,171,687	
Less: accumulated depreciation	(565,767)	
Net OPEB asset - sick leave	9,258	
Total noncurrent assets	615,178	
Total assets		1,746,720
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	91,744	
Net OPEB - sick leave related items	3,100	
Total deferred outflows of resources		94,844
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	89,631	
Idaho School Benefit Trust payable	7,147	
Total current liabilities	96,778	
Noncurrent liabilities:		
Net pension liability	148,133	
Total liabilities		244,911
DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	162,520	
Deferred grant revenue	25,000	
Net OPEB - sick leave related items	4,827	
Pension related items	64,129	
Total deferred inflows of resources		256,476
NET POSITION		
Net investment in capital assets	605,920	
Restricted for:		
Capital projects	23,457	
Net OPEB asset - sick leave	9,258	
Grant programs	9,162	
Unrestricted	692,380	
Total net position		$ 1,340,177

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
Instruction	523,212	-	129,026	-	(394,186)
Support services:					
General administration	224,066	-	-	-	(224,066)
Maintenance	100,162	-	-	-	(100,162)
Transportation	92,092	-	-	-	(92,092)
Depreciation, unallocated	60,144	-	-	-	(60,144)
Total governmental activities	999,676	-	129,026	-	(870,650)
Total school district	$ 999,676	$ -	$ 129,026	$ -	$ (870,650)
General revenues:					
Taxes					169,028
Federal and state revenue					673,537
Interest and investment earnings					37,320
Other					60,842
Total general revenues					940,727
Change in net position					70,077
Net position - beginning, as previously stated					1,273,388
Correction of an error (See Note 13)					(3,288)
Net position - beginning, as restated					1,270,100
Net position-ending					$ 1,340,177

GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2026

	General	Other Local	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash	29,518	-	-	29,518
Investments	761,844	-	-	761,844
Due from other funds	-	171,418	71,751	243,169
Taxes receivable	8,542	-	-	8,542
Unbilled taxes receivable	162,520	-	-	162,520
Other receivables:				
Due from other governments	128,020	-	38,573	166,593
Other receivables	2,525	-	-	2,525
Total assets	1,092,969	171,418	110,324	1,374,711
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 1,092,969	$ 171,418	$ 110,324	$ 1,374,711
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	53,094	-	14,132	67,226
Due to other funds	204,596	-	38,573	243,169
Accrued payroll and benefits	22,405	-	-	22,405
Idaho School Benefit Trust payable	7,147	-	-	7,147
Total liabilities	287,242	-	52,705	339,947
Deferred inflows of resources:				
Deferred revenue	7,455	-	-	7,455
Deferred grant revenue	-	-	25,000	25,000
Unavailable property tax revenue	162,520	-	-	162,520
Total deferred inflows of resources	169,975	-	25,000	194,975
Fund balances:				
Assigned	-	71,600	-	71,600
Restricted	-	-	32,619	32,619
Unassigned	635,752	99,818	-	735,570
Total fund balances	635,752	171,418	32,619	839,789
Total liabilities, deferred inflows of resources and fund balances	$ 1,092,969	$ 171,418	$ 110,324	$ 1,374,711

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2026

Total fund balances-governmental funds	839,789
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in government funds:	
Cost of capital assets	1,171,687
Accumulated depreciation	(565,767)
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.	7,455
Total Net OPEB asset for PERSI sick leave is a long-term asset and is not available to pay current year expenditures, therefore is not reported as an asset in governmental funds.	9,258
Certain pension related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:	
Deferred outflow of resources	91,744
Deferred inflow of resources	(64,129)
Certain Net OPEB - sick leave related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:	
Deferred outflow of resources	3,100
Deferred inflow of resources	(4,827)
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:	
Net pension liability	(148,133)
Total net position-governmental activities	$ 1,340,177

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2026

	General	Other Local	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local	210,747	-	57,105	267,852
State	645,882	-	27,655	673,537
Federal	43,740	-	85,286	129,026
Total revenues	900,369	-	170,046	1,070,415
EXPENDITURES				
Instruction	383,192	6,982	174,398	564,572
Support	414,525	-	3,742	418,267
Capital asset program	-	-	170,816	170,816
Total expenditures	797,717	6,982	348,956	1,153,655
Excess (deficiency) of revenue over (under) expenditures	102,652	(6,982)	(178,910)	(83,240)
Other financing sources (uses)				
Transfer in	-	-	140,982	140,982
Transfer out	(63,217)	-	(77,765)	(140,982)
Total other financing sources (uses)	(63,217)	-	63,217	-
Net change in fund balance	39,435	(6,982)	(115,693)	(83,240)
Fund balance - beginning of year, as previously reported	599,605	178,400	148,312	926,317
Correction of an error (See Note 13)	(3,288)	-	-	(3,288)
Fund balance - beginning of year, as restated	596,317	178,400	148,312	923,029
Fund balance - end of year	$ 635,752	$ 171,418	$ 32,619	$ 839,789

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, 2026

Net change in fund balances - total governmental funds		(83,240)
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 capitalized and allocated over their estimated useful lives as annual depreciation expense in the statement of activities:		
Capital outlays	222,677	
Depreciation expense	(60,144)	
		162,533
Net pension (asset) liability adjustments:		
Fiscal year 2025 employer PERSI contributions recognized as pension expense in the current year	(37,670)	
Fiscal year 2026 employer PERSI contributions deferred to subsequent year	37,955	
Pension related amortization expense	(8,586)	
		(8,301)
Net OPEB - sick leave adjustment:		
Fiscal year 2025 employer PERSI Sick Leave contributions recognized as pension expense in the current year	-	
Fiscal year 2026 employer PERSI Sick Leave contributions deferred to subsequent year	-	
OPEB related amortization expense	(253)	
		(253)
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 recorded as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.		(662)
Total change in net position - governmental activities		$ 70,077

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2026

NOTE 1 Summary of Significant Accounting Policies

The financial statements of Avery School District No. 394 have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) 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 - Avery School District No. 394 ("the District") is governed by a five-member Board of Trustees ("the Board"), which has governance responsibilities over all activities related to public elementary and secondary school education within the District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding entities. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since board members are elected by the public; have decision-making authority; have the power to designate management; have the responsibility to significantly influence operations; and have primarily accountability for fiscal matters.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt, or levying of taxes. There are no organizations that meet the definition of a component unit. There are various organizations (Parent teacher associations, foundations, booster clubs, etc.) which provide donations and in-kind services for the benefit of the District; however, these organizations are not considered component units or reported as part of the reporting entity.

Basis of Presentation, Fund Accounting - Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34) defines the financial reporting requirements and the reporting model for the annual financial reports of state and local governments. The financial information required by GASB No. 34 includes:

- Management's Discussion and Analysis: The management's discussion and analysis introduces the basic financial statements and provides and analytical overview of the District's financial activities in a narrative format. An analysis of the District's overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

NOTE 1 Summary of Significant Accounting Policies (Continued)

- Government-Wide Financial Statements: The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the District. Governmental transactions are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions.

- The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program of function. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District. The District does not charge indirect expenses to programs of functions. Program revenues include (a) fees, fines and charges paid by the recipient 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 popular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

- Fund Financial Statements**:** The fund financial statements provide information on the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- General Fund. The general fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

- Other Local Fund. This fund is used to account for proceeds from the sale of Avery School property. Scholarships, additional Field Trips, and other activities will be spent from this fund.

Budgetary Comparison Schedules - The budgetary comparison schedules are presented as required supplementary information to demonstrate whether resources were obtained and used in accordance with the District's legally adopted budgets. The District may revise the original budgets over the course of the year for various reasons. Under the reporting model prescribed by GASB No. 34, budgetary information continues to be provided, and includes comparisons of the District's original adopted budgets to the final budgets and actual results.

Basis of Accounting - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements stipulated by the provider have been met and satisfied.

NOTE 1 Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the fiscal year. Grant funds are considered available when the program expenses have been incurred. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences and early retirement liabilities, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under right-of-use 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.

Use of Restricted Resources and Fund Balance Spending Policy - When expenditures qualify to be paid out of both restricted and unrestricted resources, it is the policy of the District to use restricted resources first. The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

Budgets - Budgets are adopted on a modified accrual basis, consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all funds. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund. This is in conformance with Idaho State Statutes which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

a) The District publishes a proposed budget for public review.
b) Public hearings are set to obtain taxpayer comments.
c) Prior to July 1, the budget is adopted by resolution of the Board of Trustees and published.
d) The final budget is then filed with the State Department of Education. Expenditures may not legally exceed budgeted appropriations at the functional level. The legal level of budgetary control is the functional level at which the Board must approve any over-expenditures of appropriations or transfers of appropriated amounts.

NOTE 1 Summary of Significant Accounting Policies (Continued)

During the fiscal year ended June 30, 2026, the budget was not amended.

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

Interest income is defined as non-operating revenue.

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

Receivables - Receivables shown on the governmental fund financial statements are those for which payment was received within 60 days after the financial statement date. All receivables, regardless of when they are collected, are recognized in the government-wide financial statements. Such receivables are shown net of any allowances for uncollectible amounts.

Short-Term Interfund Loans Receivable/Payable - 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". Interfund balances have been eliminated, where applicable, on the statement of net position.

General Capital Assets - Capital assets are reported in the government-wide financial statements and are reported as expenditures in the governmental fund financial statements. Purchased or constructed capital assets are reported at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Donated capital assets are recorded at estimated fair market value at the date of donation, less accumulated depreciation. Costs of routine repairs and maintenance that do not improve or extend the useful lives of the related assets are not capitalized.

The District uses a capitalization threshold of $5,000. When capital assets are sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the Statement of Activities.

All reported capital assets except land and construction in progress are depreciated. Depreciation is calculated on capital assets using the straight-line method over the estimated useful lives of those assets, as follows:

	Years
Buildings, building improvements and portable units	15 to 40
Furniture and equipment	5 to 10
Buses	10
Other vehicles	3 to 5

NOTE 1 Summary of Significant Accounting Policies (Continued)

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Liabilities - Liabilities shown on the fund financial statements are those that have become due and payable at the end of the fiscal year, which are expected to be paid during the upcoming fiscal year and are reported as expenditures and fund liability of the governmental fund that will pay it. On the government-wide financial statements, liabilities that become due and payable within one year after the financial statement date are included in current liabilities, while liabilities that become due and payable after that time are shown as noncurrent liabilities.

Compensated Absences - Employees of the District earn various types of paid time off, including vacation, sick leave, and other forms of leave, in accordance with the District's policies. The benefits are earned based on length of service and may be subject to accumulation limits depending on the type of benefit. The liability for compensated absences is recognized to the extent the benefit is attributable to services already rendered, the leave accumulates, and the leave benefit is more likely than not to be used in the future. In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as a liability of the fund. The long-term portion of compensated absences is reported in the government-wide financial statements. As of June 30, 2026, the District did not record a liability for compensated absences as no vacation or sick leave amounts were payable.

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

Postemployment Benefits Other Than Pensions (OPEB) - For purposes of measuring the net OPEB asset sick leave, deferred outflows of resources and deferred inflows of resources related to OPEB sick leave, and OPEB sick leave expense (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund's fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 Summary of Significant Accounting Policies (Continued)

Encumbrances - Encumbrances 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.

All encumbrances outstanding at year-end are reported either as committed fund balance or assigned fund balance in the general fund, or as restricted fund balance in other funds, if any. At June 30, 2026, there were no significant encumbrances.

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

Fund Balance - The *nonspendable* fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (grants), or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Board of Trustees. 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. *Unassigned* fund balance is the residual portion of fund balance for the District's general fund and includes all spendable amounts not included in the other classifications.

Restricted balances are as follows:

- **Capital Projects -** The capital projects accounts for the acquisition of capital assets or construction of major capital projects in the school and grounds.

- **Grant Programs -** Special revenue funds restricted for amounts that can only be spent for specific purposes.

Assigned balances are as follows:

- **Scholarship assignments -** The Board of Trustees has assigned $71,600 for student scholarships.

NOTE 1 Summary of Significant Accounting Policies (Continued)

Unavailable Property Tax Revenue - Unavailable property tax revenue in the general fund represents the property taxes levied for 2026 that are measurable but unavailable to the District and therefore recorded as a deferred inflow of resources in both the governmental fund and the government-wide financial statements.

Deferred Grant Revenue - The District receives financial assistance from governmental agencies in the form of grants which are accounted for in special revenue funds. Revenue is deemed available and thus recognized when applicable program expenditures are recorded. Funds received but not available at June 30, 2026, are recorded as deferred grant revenue.

Subsequent Events - Subsequent events have been evaluated through the date of the auditor's report, the date as of which these financial statements are issued. Other than the item discussed in Note 12, management has concluded that no material subsequent events have occurred.

NOTE 2 Recently Adopted Accounting Guidance

For the year ended June 30, 2026, there were two new GASB statements that became effective. The adoption of these statements has the following effect for the District:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

NOTE 3 Property Taxes

The District's property tax is recognized as an asset at the time the District has an enforceable legal claim to the resources (January 1st of each year) and the revenue is recognized in the period for which the taxes are levied. For FY2026, the District has recognized the 2025 levy as revenue and the tax year 2026 levy as an asset.

Tax Year 2026 Levy (FY2026 Revenue)

The market value upon which the 2025 levy was based was $209,331,070. The property tax was levied in October 2025 and was due in two equal installments on December 20th and June 20th.

NOTE 3 Property Taxes (Continued)

The total tax levy (per $100 of value) for the year was as follows:

	Percentage	Amount
Supplemental	7.82%	$163,760

Tax Year 2026 Levy (FY2026 Asset)

The property tax levy for 2026 has been recorded as an asset in the general fund in the amount of $162,520. This levy is for the FY2027 operations and has been presented as unavailable property tax revenue.

Deferred Revenue

To the extent property taxes are not collected within 60 days of the end of the accounting period, a deferred revenue amount has been recorded.

	General Fund
Total taxes receivable at June 30, 2026	8,542
Less: Taxes received in August from County	(1,087)
Deferred revenue at June 30, 2026	$ 7,455

NOTE 4 Cash and Investments

Cash	Carrying Amount	Bank Balance
Checking Accounts	$ 29,518	$ 37,445

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

Investment Maturities

External Investment Pool	Book Value	Market Value	Less than 1 Year	1-8 Years
State Investment Pool	$ 761,844	$ 761,844	$ 761,844	$ -

NOTE 4 Cash and Investments (Continued)

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

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

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

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

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

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. 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 129 days. The District does not have a policy regarding interest rate risk.

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total investments of the entity are concentrated in any on issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District does not have a policy limiting the amount it may invest in any one issuer.

NOTE 5 Capital Assets

A summary of changes in general capital assets for the year ended June 30, 2026 is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Depreciable assets:					
Buildings and building improvements	486,826	45,967	-	-	532,793
Furniture and equipment	312,668	5,894	-	-	318,562
Buses and vehicles	149,516	170,816	-	-	320,332
Total depreciable assets	949,010	222,677	-	-	1,171,687
Total governmental activities	949,010	222,677	-	-	1,171,687
Accumulated depreciation					
Buildings and building improvements	(195,200)	(17,532)	-	-	(212,732)
Furniture and equipment	(183,405)	(22,812)	-	-	(206,217)
Buses and vehicles	(127,018)	(19,800)	-	-	(146,818)
Total accumulated depreciation	(505,623)	(60,144)	-	-	(565,767)
Capital assets (net)	$ 443,387	$ 162,533	$ -	$ -	$ 605,920

NOTE 6 Pension Plan

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions*, which became effective for the year ended June 30, 2015, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June 30, 2025. All amounts are as of June 30, 2025 unless otherwise noted.

Plan Description

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

That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

NOTE 6 Pension Plan (Continued)

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2026 it was 7.18% for general employees and 8.08% for school members. The employer contribution rate is set by the Retirement Board and was 11.96% of covered compensation for general employees and 13.48% for school members. The District's employer contributions required and paid were $37,955 for the year ended June 30, 2026.

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

At June 30, 2026 the District reported a liability of $148,133, for its proportionate share of the net pension (asset) liability as of June 30, 2025. The net pension (asset) liability was measured as of June 30, 2025, and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension (asset) liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2025, the District's proportion was 0.00612584%.

NOTE 6 Pension Plan (Continued)

The District's pension expense (revenue) is calculated and made available as part of PERSI's annual audit. PERSI's audit for the year ended June 30, 2026 has not been completed at the time of issuance. The pension expense (revenue) for the year ended June 30, 2025 was calculated at $34,271.

At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Changes in assumptions or other inputs	27,915	26,049
Changes in proportionate share	25,874	-
Net difference between projected and actual earning on pension plan investments	-	38,080
Employer contributions subsequent to the measurement date	37,955	-
Total	$ 91,744	$ 64,129

$37,955 is reported as deferred outflow of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset) liability in the year ended June 30, 2027.

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

For the Year Ending June 30,	Amount to be Recognized
2027	25,335
2028	(24,757)
2029	(22,656)
2030	(14,136)
2029	25,874

Actuarial Assumptions

The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases including inflation	3.15%
Investment rate of return-net of investment fees	6.55%
Cost of living (COLA) adjustments	1.00%

NOTE 6 Pension Plan (Continued)

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2025.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%.
Teachers - Males	Pub-2010 Teacher Tables, increased 12%.
Teachers - Females	Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%. *
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%.

*5% of Fire and Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2025.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Asset Class	Target Allocation	10-Year Projected Real Rate of Return
Large Cap US Equity	22%	4.75%
Small/Mid Cap US Equity	10%	4.95%
International Equity	11%	4.75%
Emerging Markets Equity	11%	4.95%
Domestic Fixed	20%	2.25%
TIPS	10%	2.05%
Core Real Estate	8%	3.75%
Private Equity	8%	6.00%

NOTE 6 Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension (asset) liability was 6.55%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the net pension (asset) liability of PERSI employer's calculated using the discount rate of 6.55% as well as what the employer's liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
Employer's proportionate share of the net pension liability (asset)	$ 356,408	$ 148,133	$ (22,019)

Pension plan fiduciary net position

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

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

Payables to the pension plan

At June 30, 2026, the District reported payables to the defined benefit pension plan of $0 for legally required employer contributions and $0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 7 Contingencies 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

NOTE 7 Contingencies Liabilities (Continued)

expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts to be immaterial.

NOTE 8 Excess of Actual Expenditures Over Budget in Funds

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2026:

Fund	Excess
General Fund	205,822
Title I-A, ESSA - Improving Basic Programs	15,326
Plant Facilities - Bus Depreciation	123,244

NOTE 9 Interfund Receivables, Payables and Transfers

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

Interfund Transfers - Transfers to support the operations of other funds are recorded as "Transfers" and are classified with "Other financing sources or uses". The composition of interfund transfers as of June 30, 2026 was as follows:

	Out	In
General Fund	63,217	-
Federal Forest Reserve Fund	77,765	-
Plant Facilities - Bus Depreciation Fund	-	122,582
School District Facilities Fund	-	18,400
Total	$ 140,982	$ 140,982

The composition of interfund receivables and payables as of June 30, 2026 was as follows:

	Due from Other Funds	Due to Other Funds
General Fund	-	204,596
School District Facilities Fund	23,457	-
Other Local Fund	171,418	-
Preschool Fund	34,162	-
Technology - State Fund	14,132	-
Title I-A, ESSA - Improving Basic Programs Fund	-	26,839
Title IV-A, ESSA - Student Support and Academic Enrichment	-	10,000
Title II-A, ESSA - Supporting Effective Instruction	-	1,734
Total	$ 243,169	$ 243,169

NOTE 10 Risk Management

Insurance - 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. Settled claims did not exceed coverage during any of the past three fiscal years. The District pays the State Worker's Compensation System based on a rate per $100 of compensation. The rate is calculated based on accident history and administrative costs.

The District provides life, accidental death and dismemberment as well as medical and dental insurance to most employees through a commercial insurance company.

Litigation - The District is occasionally named a defendant in lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying district-wide financial statements, and accordingly, no provision for loss has been recorded.

NOTE 11 Other Post-Employment Benefit Plan – Sick Leave Plan

In accordance with GASB 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which became effective for the year ended June 30, 2018, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the year ended June 30, 2025. All amounts are as of June 30, 2025 unless otherwise noted.

Plan Description

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

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

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

OPEB Benefits

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

NOTE 11 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

Employer Contributions

The contribution rate for employees are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave, then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. Beginning January 1, 2020 PERSI approved an 18-month rate holiday. During the rate holiday, all sick leave contribution rates are 0%. The holiday was extended to June 30, 2028, therefore the District's contributions required and paid were $0 for the year ended June 30, 2026.

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

At June 30, 2026, the District reported an asset of $9,258 for its proportionate share of the net OPEB asset as of June 30, 2025. The net OPEB asset was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2025, the District's proportion was 0.0103052%.

The District's OPEB expense (expense offset) is calculated and made available as part of PERSI's annual audit. PERSI's audit for the year ended June 30, 2026 has not been completed at the time of issuance. The OPEB expense (expense offset) for the year ended June 30, 2025 was calculated at $446.

At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,292	312
Changes in assumptions or other inputs	1,808	1,874
Net difference between projected and actual earning on pension plan investments	-	2,079
Change in proportionate share	-	562
Total	$3,100	$4,827

NOTE 11 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

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

For the Year Ending June 30:	Amount to be Recognized
2027	485
2028	(1,064)
2029	(867)
2030	(109)
2031	41
Thereafter	(213)

Actuarial Assumptions

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

The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases including inflation	3.15%
Investment rate of return-net of investment fees	5.45%
Health care trend rate	N/A*

*Health care trend rate is not applicable as the benefit is based on the unused sick leave hours at retirement and is calculated as a fixed dollar amount that can be applied to premiums

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

Even though history provides a valuable perspective for setting the investment return assumption, the approach used builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is more conservative than the current allocation of the System's assets.

NOTE 11 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

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

Capital Market Assumptions

Asset Class	Target Allocation	10-Year Projected Real Rate of Return
Broad U.S. Equity	39.36%	4.85%
Global ex-US Equity	10.64%	4.95%
Core US Fixed	50.00%	2.25%

Discount Rate

Discount rate – The discount rate used to measure the total OPEB liability was 5.45%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the Fund's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Fund investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

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

The following presents the District's proportionate share of net OPEB asset calculated using the discount rate of 5.45 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.45 percent) or 1-percentage-point higher (6.45 percent) than the current rate:

	1% Decrease (4.45%)	Current Discount Rate (5.45%)	1% Increase (6.45%)
Employer's proportionate share of the net OPEB liability (asset)	$ (6,514)	$ (9,258)	$ (11,772)

OPEB plan fiduciary net position

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

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

NOTE 11 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

Payable to the OPEB plan

At June 30, 2026, the District reported payables to the defined benefit OPEB plan of $0 for legally required employer contributions and $0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 12 Idaho School Benefit Trust Obligation

The District participates in the Idaho School Benefit Trust (ISBT), a multiple-employer, self-funded benefit trust that provides medical and other benefit coverage to employees and eligible dependents of participating Idaho school districts and other educational organizations. Participating employers and employees make contributions to ISBT, which pools those resources to pay benefit claims and administrative costs. Blue Cross of Idaho serves as the third-party administrator for the health benefit program. Because the arrangement is self-funded, participating employers retains responsibility for funding benefit claims and related obligations to the extent contributions, reserves, and applicable stop-loss coverage were insufficient.

Subsequent to June 30, 2026, ISBT notified participating employers that medical and dental claims for the benefit plan year ending August 31, 2026 exceeded contributions and available reserves. ISBT approved an additional contribution of approximately $715 per covered medical member to fund the estimated shortfall.

ISBT provided participating employers with the option to satisfy the assessment either through a single lump-sum payment of $8,577 or through 36 monthly payments of $261. The District selected the lump-sum payment option.

Because the ISBT benefit plan year extended from September 1, 2025 through August 31, 2026, the District estimated that ten months of the twelve-month assessment related to benefit coverage and claims incurred through June 30, 2026. Accordingly, the District recognized an expenditure/expense and related liability of $7,147, representing ten-twelfths of its total allocated assessment, in the accompanying financial statements. The remaining two-twelfths, totaling approximately $1,430, relates to July and August 2026 and will be recognized in the fiscal year ending June 30, 2027.

The assessment is based on ISBT's estimate of the funding required to satisfy claims incurred through August 31, 2026 and is subject to adjustment as claims are finalized. ISBT has indicated that any amounts collected in excess of the final funding requirement will be returned to participating employers on a proportionate basis.

NOTE 13 Accounting Changes

During fiscal year June 30, 2026 the District determined that accounts payable was understated in the general fund, in the prior year. In the general fund this adjustment had a net effect of increasing accounts payable and decreasing beginning fund balance by $3,288. On the government-wide financial statement, governmental activities accounts payable increased and beginning net position decreased by $3,288.

	June 30, 2025 As Previously Reported	Correction of an Error	June 30, 2025 As Restated
Government-Wide:			
Governmental Activities	$ 1,273,388	$ (3,288)	$ 1,270,100
Government Funds:			
General Fund	$ 599,605	$ (3,288)	$ 602,893

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget over (under)		Variance with Actual over (under)
	Original	Final	Final Budget	Actual	Final Budget
REVENUES					
Local:					
Taxes	168,276	168,276	-	169,690	1,414
Earnings on investments	38,500	38,500	-	36,284	(2,216)
Other local	-	-	-	4,773	4,773
Total local	206,776	206,776	-	210,747	3,971
State:					
Base support program	356,564	356,564	-	404,828	48,264
Transportation support	88,136	88,136	-	156,004	67,868
Benefit apportionment	50,229	50,229	-	53,561	3,332
Other state revenue	53,971	53,971	-	31,489	(22,482)
Total state	548,900	548,900	-	645,882	96,982
Federal:					
Restricted	-	-	-	43,740	43,740
Total revenues	755,676	755,676	-	900,369	144,693
EXPENDITURES					
Instruction:					
Salaries	140,211	140,211	-	151,818	11,607
Benefits	61,058	61,058	-	64,619	3,561
Purchased services	40,000	40,000	-	123,920	83,920
Supplies-materials	15,000	15,000	-	42,835	27,835
Total instruction	256,269	256,269	-	383,192	126,923
Support:					
Salaries	180,646	180,646	-	192,020	11,374
Benefits	63,058	63,058	-	82,706	19,648
Purchased services	56,422	56,422	-	96,854	40,432
Supplies-materials	22,500	22,500	-	22,019	(481)
Capital objects	-	-	-	5,894	5,894
Insurance-judgment	13,000	13,000	-	15,032	2,032
Total support	335,626	335,626	-	414,525	78,899
Total expenditures	591,895	591,895	-	797,717	205,822
Excess (deficiency) of revenues over (under) expenditures	163,781	163,781	-	102,652	(61,129)
Other financing sources (uses)					
Transfer out	-	-	-	(63,217)	(63,217)
Net change in fund balance	$ 163,781	$ 163,781	$ -	39,435	$ (124,346)
Fund balance - beginning, as previously reported				599,605	
Correction of an error (See Note 13)				(3,288)	
Fund balance - beginning, as restated				596,317	
Fund balance-end of year				$ 635,752	

OTHER LOCAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2026

	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget over (under) Final Budget	Actual	Variance with Actual over (under) Final Budget
REVENUES	-	-	-	-	-
EXPENDITURES					
Instruction:					
Purchased services	-	-	-	6,982	6,982
Support:					
Capital objects	50,000	50,000	-	-	(50,000)
Total expenditures	50,000	50,000	-	6,982	(43,018)
Net change in fund balance	$ (50,000)	$ (50,000)	$ -	(6,982)	$ 43,018
Fund balance - beginning of year				178,400	
Fund balance - end of year				$ 171,418	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – BUDGET AND ACTUAL
June 30, 2026

NOTE 1 Actual Budget Results

GENERAL FUND:

Differences – final budget to actual:

The final budget for state revenue was $96,982 less than actual. This was due to the State allocating more funds to the District.

The final budget for federal revenue was $43,740 less than actual. This was due to the District not budgeting for federal E-Rate monies received.

The final budget for instruction salaries and benefits was $15,168 less than actual. This was due to the District having an increase in instructional wages than projected.

The final budget for instruction purchased services was $83,920 less than actual. This was due to the District having an increase in costs with the implementation of their online schooling program.

The final budget for instruction supplies-materials was $27,835 less than actual. This was due to the District historically under budgeting for supplies-materials.

OTHER LOCAL FUND:

Differences – final budget to actual:

The final budget for instruction purchased services was $6,982 less than actual. This was due to the District not anticipating purchased service costs in the fund, thus not budgeting for them.

The final budget for capital objects was $50,000 more than actual. This was due to the District using School Modernization funds for their planned projects in lieu of other local funds.

NET PENSION (ASSET) LIABILITY RELATED SCHEDULES

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Employer's portion of the net pension (asset) liability	Unavailable	0.00612584%	0.00559565%	0.00522870%	0.00398643%	0.00375327%	0.0038030%	0.0035783%	0.0034453%	0.0031773%
Employer's proportionate share of the net pension (asset) liability	Unavailable	148,133	209,313	208,660	157,016	(2,964)	88,311	40,845	50,819	49,942
Employer's covered employee payroll	284,943	282,796	237,869	222,320	157,203	140,067	135,419	121,537	110,848	98,684
Employer's proportional share of the net pension (asset) liability as a percentage of its covered employee payroll	Unavailable	52.38%	87.99%	93.86%	99.88%	-2.12%	65.21%	33.61%	45.85%	50.61%
Plan fiduciary net position as a percentage of the total	Unavailable	90.89%	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%

Schedule of District Contributions
PERSI - Base Plan
As of June 30,

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution - Class 1 Employees	3,583	3,556	2,707	2,410	1,704	1,518	1,468	1,249	1,139	1,014
Statutorily required contribution - Class 3 Employees	34,372	34,113	27,113	24,135	17,066	15,206	14,701	12,509	11,409	10,157
Total statutorily required contributions - All Employees	37,955	37,669	29,820	26,545	18,770	16,724	16,169	13,758	12,548	11,171
Contributions in relation to the statutorily required contribution	(37,955)	(37,669)	(29,820)	(26,545)	(18,770)	(16,724)	(16,169)	(13,758)	(12,548)	(11,171)
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Employer's covered payroll - Class 1 employees	29,958	29,732	24,213	20,187	14,271	12,714	12,295	11,034	10,062	8,958
Employer's covered payroll - Class 3 employees	254,985	253,064	213,656	202,133	142,931	127,353	123,124	110,504	100,786	89,726
Contributions as a percentage of covered payroll - Class 1	11.96%	11.96%	11.18%	11.94%	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%
Contributions as a percentage of covered payroll - Class 3	13.48%	13.48%	12.69%	11.94%	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%

NOTES TO THE NET PENSION (ASSET) LIABILITY SCHEDULES
As of June 30, 2025 (most recently issued PERSI information)

Change of Assumptions. Actuarial assumptions were adjusted for the year ended June 30, 2025, as follows.
*The discount rate changed from 6.35% to 6.55%

NET OPEB ASSET - SICK LEAVE PLAN RELATED SCHEDULES

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Employer's portion of the net OPEB asset	Unavailable	0.0103052%	0.0103052%	0.0103052%	0.0103052%	0.0103052%	0.0103052%	0.0085952%	0.0082455%	0.0077491%
Employer's proportionate share of the net OPEB asset	Unavailable	9,258	7,478	7,478	7,845	14,965	12,689	8,233	6,839	5,948
Employer's covered payroll	29,958	29,732	24,213	20,187	14,271	12,714	12,295	11,034	10,062	8,958
Employer's proportional share of the net OPEB asset as a percentage of its covered payroll	Unavailable	31.14%	30.88%	37.04%	54.97%	117.71%	103.21%	74.62%	67.97%	66.40%
Plan fiduciary net position as a percentage of the total OPEB asset	Unavailable	126.42%	128.64%	124.33%	127.21%	152.61%	152.87%	138.51%	135.69%	136.78%

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	-	-	-	-	-	-	924	1,410	1,286	1,145
Contributions in relation to the statutorily required contribution	-	-	-	-	-	-	(924)	(1,410)	(1,286)	(1,145)
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Employer's covered payroll	29,958	29,732	24,213	20,187	14,271	12,714	12,295	11,034	10,062	8,958
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.52%	12.78%	12.78%	12.78%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
As of June 30, 2025 (most recently issued PERSI information)

Change of Assumptions. There were no change of assumptions as of June 30, 2025.

SUPPLEMENTARY INFORMATION

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
For the Year Ended June 30, 2026

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION			
Elementary school program:			
Salaries	151,818	140,211	(11,607)
Benefits	64,619	61,058	(3,561)
Purchased services	82,416	10,000	(72,416)
Supplies-materials	42,835	15,000	(27,835)
Total elementary school program	341,688	226,269	(115,419)
Secondary school program:			
Purchased services	41,504	30,000	(11,504)
TOTAL INSTRUCTION			
Salaries	151,818	140,211	(11,607)
Benefits	64,619	61,058	(3,561)
Purchased services	123,920	40,000	(83,920)
Supplies-materials	42,835	15,000	(27,835)
Total instruction	$ 383,192	$ 256,269	$ (126,923)
SUPPORT			
Attendance - guidance - health program:			
Purchased services	-	1,300	1,300
Board of education program:			
Benefits	53	300	247
Purchased services	5,166	900	(4,266)
Supplies-materials	74	1,000	926
Total board of education program	5,293	2,200	(3,093)

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2026

	Actual	Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued)			
District administration program:			
Salaries	139,103	137,646	(1,457)
Benefits	51,842	39,344	(12,498)
Purchased services	24,189	18,000	(6,189)
Supplies-materials	574	1,000	426
Capital objects	5,894	-	(5,894)
Total district administration program	221,602	195,990	(25,612)
Buildings-care program (custodial):			
Salaries	10,160	1,000	(9,160)
Benefits	1,441	1,000	(441)
Purchased services	13,872	25,000	11,128
Supplies-materials	-	500	500
Insurance-judgment	10,000	7,000	(3,000)
Total buildings-care program (custodial)	35,473	34,500	(973)
Maintenance - buildings and equipment:			
Salaries	-	1,000	1,000
Benefits	603	1,500	897
Purchased services	51,212	6,000	(45,212)
Supplies-materials	9,007	5,000	(4,007)
Total maintenance - buildings and equipment	60,822	13,500	(47,322)
Pupil-to-school transportation program:			
Salaries	42,757	41,000	(1,757)
Benefits	28,767	20,914	(7,853)
Purchased services	2,415	5,222	2,807
Supplies-materials	12,364	15,000	2,636
Insurance-judgment	5,032	6,000	968
Total pupil-to-school transportation program	91,335	88,136	(3,199)
TOTAL SUPPORT			
Salaries	192,020	180,646	(11,374)
Benefits	82,706	63,058	(19,648)
Purchased services	96,854	56,422	(40,432)
Supplies-materials	22,019	22,500	481
Capital objects	5,894	-	(5,894)
Insurance-judgment	15,032	13,000	(2,032)
Total support	$ 414,525	$ 335,626	$ (78,899)

OTHER GOVERNMENTAL FUNDS
DESCRIPTION OF FUNDS

Capital Projects Funds

Capital project funds are used to account for the proceeds of capital project funding sources or to finance specific projects as required by law or administrative regulations.

Plant Facility - Bus Depreciation Fund – This fund is established to account for funds to replace school buses only.

School District Facilities Fund – This fund is the District's fund established to account for financial resources that are legally restricted for the acquisition, construction, or major repairs of school property.

School Modernization Fund – This fund is the District's fund established to account for restricted State revenue to be spent on school modernization and maintenance.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific funding sources or to finance specific activities as required by law or administrative regulations.

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

Preschool Fund – To account for restricted local revenue to be spent on preschool expenditures.

Library Grant Fund – To account for restricted State revenue to be spent on the school library.

Technology-State Fund – To account for restricted State revenue to be spent on training.

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

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

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

Title VI-B, ESSA – Rural Education Achievement Programs Fund – The Rural Education Achievement Program is designed to address the unique needs of rural school districts. These districts frequently lack personnel and resources needed to compete for federal competitive grants and often receive formula allocations that are too small to be used effectively for their intended purposes.

OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2026

	Nonmajor Capital Project Funds	Nonmajor Special Revenue Funds	Total Other Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Due from other funds	23,457	48,294	71,751
Due from other governments	-	38,573	38,573
Total assets	23,457	86,867	110,324
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	$ 23,457	$ 86,867	$ 110,324
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	-	14,132	14,132
Due to other funds	-	38,573	38,573
Total liabilities	-	52,705	52,705
Deferred inflows of resources:			
Deferred grant revenue	-	25,000	25,000
Fund balances:			
Restricted	23,457	9,162	32,619
Total liabilities, deferred inflows of resources and fund balances	$ 23,457	$ 86,867	$ 110,324

OTHER GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2026

	Nonmajor Capital Project Funds	Nonmajor Special Revenue Funds	Total Other Governmental Funds
REVENUES			
Local	1,036	56,069	57,105
State	8,821	18,834	27,655
Federal	-	85,286	85,286
Total revenues	9,857	160,189	170,046
EXPENDITURES			
Instruction	35,571	138,827	174,398
Support	3,742	-	3,742
Capital asset program	170,816	-	170,816
Total expenditures	210,129	138,827	348,956
Excess (deficiency) of revenues over (under) expenditures	(200,272)	21,362	(178,910)
Other financing sources (uses)			
Transfer in	140,982	-	140,982
Transfer out	-	(77,765)	(77,765)
Total other financing sources (uses)	140,982	(77,765)	63,217
Net change in fund balance	(59,290)	(56,403)	(115,693)
Fund balance - beginning of year	82,747	65,565	148,312
Fund balance - end of year	$ 23,457	$ 9,162	$ 32,619

OTHER GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2026

	Final Budgeted Revenue	Actual Revenue	Final Budgeted Expenditures	Actual Expenditures	Other Financing Sources (Uses)	Beginning Fund Balance	Ending Fund Balance
Nonmajor Capital Project Funds:							
Plant Facilities	10,000	-	-	-	-	-	-
Plant Facilities - Bus Depreciation	3,308	-	47,572	170,816	122,582	48,234	-
School District Facilities	-	8,799	-	3,742	18,400	-	23,457
School Modernization	-	1,058	-	35,571	-	34,513	-
Nonmajor Special Revenue Funds:							
Federal Forest Reserve	740	12,200	-	-	(77,765)	65,565	-
Preschool	50,000	56,069	50,000	46,907	-	-	9,162
Library Grant	-	1,175	-	1,175	-	-	-
Technology - State	-	17,659	-	17,659	-	-	-
Title I-A, ESSA - Improving Basic Programs	21,319	36,645	21,319	36,645	-	-	-
Title IV-A, ESSA - Student Support and Academic Enrichment	10,000	10,000	10,000	10,000	-	-	-
Title II-A, ESSA - Supporting Effective Instruction	2,415	1,734	2,415	1,734	-	-	-
Title VI-B, ESSA - Rural Education Achievement Programs	25,559	24,707	25,559	24,707	-	-	-
Total	$ 123,341	$ 170,046	$ 156,865	$ 348,956	$ 63,217	$ 148,312	$ 32,619

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
June 30, 2026

	Plant Facilities - Bus Depreciation	School District Facilities	School Modernization	Total Nonmajor Capital Project Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Due from other funds	-	23,457	-	23,457
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ -	$ 23,457	$ -	$ 23,457
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:	-	-	-	-
Deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	-	23,457	-	23,457
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 23,457	$ -	$ 23,457

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2026

	Plant Facilities - Bus Depreciation	School District Facilities	School Modernization	Total Nonmajor Capital Project Funds
REVENUES				
Local:				
Earnings on investments	-	-	1,036	1,036
State:				
Other state support	-	8,799	22	8,821
Total revenues	-	8,799	1,058	9,857
EXPENDITURES				
Instruction:				
Capital objects	-	-	35,571	35,571
Support:				
Purchased services	-	3,742	-	3,742
Capital asset program:				
Capital objects	170,816	-	-	170,816
Total expenditures	170,816	3,742	35,571	210,129
Excess (deficiency) of revenues over (under) expenditures	(170,816)	5,057	(34,513)	(200,272)
Other financing sources (uses)				
Transfer in	122,582	18,400	-	140,982
Net change in fund balance	(48,234)	23,457	(34,513)	(59,290)
Fund balance - beginning of year	48,234	-	34,513	82,747
Fund balance - end of year	$ -	$ 23,457	$ -	$ 23,457

AVERY SCHOOL DISTRICT NO. 394
Avery, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2026

	Federal Forest Reserve	Preschool	Library Grant	Technology - State	Title I-A, ESSA Improving Basic Programs	Title IV-A, ESSA Student Support and Academic Enrichment	Title II-A, ESSA Supporting Effective Instruction	Title VI-B, ESSA - Rural Education Achievement Programs	Total Nonmajor Special Revenue Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
Assets:									
Due from other funds	-	34,162	-	14,132	-	-	-	-	48,294
Due from other governments	-	-	-	-	26,839	10,000	1,734	-	38,573
Total assets	-	34,162	-	14,132	26,839	10,000	1,734	-	86,867
Deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ -	$ 34,162	$ -	$ 14,132	$ 26,839	$ 10,000	$ 1,734	$ -	$ 86,867
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	-	-	-	14,132	-	-	-	-	14,132
Due to other funds	-	-	-	-	26,839	10,000	1,734	-	38,573
Total liabilities	-	-	-	14,132	26,839	10,000	1,734	-	52,705
Deferred inflows of resources:									
Deferred grant revenue	-	25,000	-	-	-	-	-	-	25,000
Fund balances:									
Restricted	-	9,162	-	-	-	-	-	-	9,162
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 34,162	$ -	$ 14,132	$ 26,839	$ 10,000	$ 1,734	$ -	$ 86,867

AVERY SCHOOL DISTRICT NO. 394
Avery, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2026

	Federal Forest Reserve	Preschool	Library Grant	Technology - State	Title I-A, ESSA Improving Basic Programs	Title IV-A, ESSA Student Support and Academic Enrichment	Title II-A, ESSA Supporting Effective Instruction	Title VI-B, ESSA - Rural Education Achievement Programs	Total Nonmajor Special Revenue Funds
REVENUES									
Local:									
Other local	-	56,069	-	-	-	-	-	-	56,069
State:									
Other state support	-	-	1,175	17,659	-	-	-	-	18,834
Federal:									
Restricted	-	-	-	-	36,645	10,000	1,734	24,707	73,086
Unrestricted	12,200	-	-	-	-	-	-	-	12,200
Total federal	12,200	-	-	-	36,645	10,000	1,734	24,707	85,286
Total revenues	12,200	56,069	1,175	17,659	36,645	10,000	1,734	24,707	160,189
EXPENDITURES									
Instruction:									
Salaries	-	29,804	-	-	17,744	10,000	-	-	57,548
Benefits	-	17,103	-	-	16,195	-	-	-	33,298
Purchased services	-	-	-	6,408	-	-	1,734	24,707	32,849
Supplies-materials	-	-	1,175	3,561	-	-	-	-	4,736
Capital objects	-	-	-	7,690	2,706	-	-	-	10,396
Total instruction	-	46,907	1,175	17,659	36,645	10,000	1,734	24,707	138,827
Total expenditures	-	46,907	1,175	17,659	36,645	10,000	1,734	24,707	138,827
Excess (deficiency) of revenues over (under) expenditures	12,200	9,162	-	-	-	-	-	-	21,362
Other financing sources (uses)									
Transfer out	(77,765)	-	-	-	-	-	-	-	(77,765)
Net change in fund balance	(65,565)	9,162	-	-	-	-	-	-	(56,403)
Fund balance-beginning of year	65,565	-	-	-	-	-	-	-	65,565
Fund balance-end of year	$ -	$ 9,162	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,162

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2026

Finding 2026-001 Lack of Year-End Closing Process

Condition

Due in part to the District's size and limited resources, year-end closing procedures are not fully formalized and documented for certain accounts.

Criteria

An effective system of internal control includes periodically reconciling each general ledger account and adjusting the recorded balances if necessary.

Effect

In connection with performing our audit testing, we proposed many audit adjustments to correct account balances. Statement on Auditing Standards No. 122, AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*, indicates that identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control should at least be regarded as a significant deficiency and should be considered as a strong indicator of material weakness in internal control.

Cause

The District does not have fully formalized, documented procedures for periodically reviewing and reconciling each general ledger account.

Recommendation

We recommend that year-end closing procedures be further developed, document and implemented for each general ledger account. The implementation of increased procedures should reduce or eliminate the need for audit adjustments.

Management's Response

Acceptable past practice with previous auditors has been to close books at the time of the audit through journal entries to finalize count activities and to account for the expending of funds. This has been acceptable in the past and is still seen as the most efficient way of dealing with smaller accounts (i.e., Title Funds, and other small governmental grant accounts), rather than doing a large number of smaller journal entries.

STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
For the Year Ended June 30, 2026

Finding 2025-001 Lack of Year-End Closing Process

Condition Due in part to the District's size and limited resources, year-end closing procedures are not fully formalized and documented for certain accounts.

Status This finding still exists and is reported as Finding 2026-001.