AVERY SCHOOL DISTRICT NO. 394

Avery, Idaho

Audited Financial Statements
For the Year Ended June 30, 2025

AVERY SCHOOL DISTRICT NO. 394
Avery, Idaho

TABLE OF CONTENTS

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, 2025, 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, 2025, 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, 2025, 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 change within the reporting entity as further described in Note 12. 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 11, the budgetary comparison schedule on pages 38, the net pension (asset) liability related schedules on page 39, and the net OPEB asset – sick leave plan related schedules on page 40 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 10, 2025 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 District'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 10, 2025

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, 2025 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 10, 2025.

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 2025-001 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hayden Ross, PLLC

Moscow, Idaho
October 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

The management's discussion and analysis of the financial performance of Avery School District No. 394 provides an overall narrative review of the District's financial activities for the year ended June 30, 2025. Efforts have been made to provide comparison to prior year data when such data is available. The intent of this discussion and analysis is to look at the District's performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance. Information contained in the section is qualified by the more detailed information contained elsewhere in the District's financial statements, notes to financial statements and any accompanying supplementary information. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- The School Board voted to use part of the proceeds from the sale of the Avery School Buildings and Property to provide a scholarship program for students who graduate from Calder Elementary to use towards secondary education courses.

- Enrollment has remained steady in the last couple years and spending had been kept within budget limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets, deferred outflows of resources, liabilities and deferred inflows of resources.

The statement of net position presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements outline functions of the District that are principally supported by state revenues, property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, and support services.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets, which can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental funds financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental fund information does not report on long-term commitments as is reported in the government-wide statements. Therefore, a reconciliation of the differences between the governmental funds and the government-wide statements is included as a separate statement.

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

Required Supplementary Information. The budgetary comparison schedule, the net pension (asset) liability related schedules, and the other post-employment benefit schedules provides additional information required by GASB.

Supplementary Information. The combining statements referred to earlier in connection with nonmajor governmental funds as well as the other supplementary information are presented immediately following the notes to the financial statements.

Net Position. Table 1 provides a summary comparison of the District's net position at June 30, 2025 and 2024. Net position may serve as a useful indicator of the District's financial position.

Table 1
Statement of Net Position

Assets	**June 30, 2025**	**June 30, 2024**	**Change**
Current assets	1,213,944	1,115,080	98,864
Capital assets	443,387	378,868	64,519
Noncurrent assets	9,176	7,478	1,698
Total assets	1,666,507	1,501,426	165,081
Deferred Outflows of Resources	103,637	132,363	(28,726)
Liabilities			
Current liabilities	74,715	73,671	1,044
Noncurrent liabilities	209,313	208,660	653
Total liabilities	284,028	282,331	1,697
Deferred Inflows of Resources	212,728	272,074	(59,346)
Net Position			
Net investment in capital assets	443,387	378,868	64,519
Restricted	157,488	51,742	105,746
Unrestricted	672,513	648,774	23,739
Total Net Position	**$ 1,273,388**	**$ 1,079,384**	**$ 194,004**

Total net position increased by $194,004, or 17.97%, primarily due to the increase in revenues. Net investment in capital assets represent the net book value of any capital assets (e.g., buildings, equipment, vehicles, etc.). Because the District uses capital assets to provide services to students, these assets are not available for future spending. Restricted net position are those assets that must be spent for specific purposes, and are not available to be spent on general purposes. Unrestricted net position represent those assets which the District has that are available for general purposes.

Changes in Net Position. Table 2 provides a summary comparison of the changes in the net position for the fiscal year ended June 30, 2025 and 2024.

Table 2
Changes in Net Position

Revenues	**2024-2025**	**2023-2024**	**Change**
Program revenues:			
Operating grants and contributions	123,541	66,174	57,367
General revenues:			
Taxes	165,422	168,551	(3,129)
Federal and State revenues	685,525	465,375	220,150
Interest and investment earnings	42,427	47,265	(4,838)
Other	57,028	17,835	39,193
Total Revenues	1,073,943	765,200	308,743
Expenses			
Instructional services	400,349	456,455	(56,106)
Support services:			
Pupil support	1,655	1,561	94
General administration	222,485	234,438	(11,953)
Maintenance	102,530	63,418	39,112
Transportation	106,504	112,349	(5,845)
Capital objects	-	14,011	(14,011)
Depreciation, unallocated	46,416	42,055	4,361
Total Expenses	879,939	924,287	(44,348)
Change in Net Position	194,004	(159,087)	353,091
Net Position – Beginning	1,079,384	1,238,471	(159,087)
Net Position – Ending	$ 1,273,388	$ 1,079,384	$ 194,004

As shown in Table 2, local property taxes represented approximately 15.4% and 22.03% of the District's total revenues for 2025 and 2024, respectively. The District had total expenses of $879,939 for 2025, of which was less than revenues by $194,004.

Financial Analysis of the District's Funds

The District completed the fiscal year ended June 30, 2025 with total governmental fund balances of $926,317. The District has taken a very conservative approach to the expenditures of the District's funds due to the continued threat from the state legislature of funding "holdbacks" and the depressed economic conditions that exist within the District. The Rural Education Assistance Program requires annual reauthorization by Congress. These dollars are used to supplement other federal grants. However, they can be terminated by Congress.

General Fund Budgetary Highlights

The District adopts an original budget in June for the subsequent year. The budget, if required, is amended later in the fiscal year, typically in the late spring, following determination of the first attendance period and certification of all levies on property taxes. State revenues are primarily driven through the measurement of attendance for the first nine weeks of the school year. The budget was not amended for the current year. The budget is presented on page 38 and reflects a positive variance of $180,605 in revenues, primarily in local and state revenue, and a negative variance of $44,836 in expenditures, primarily due to increased costs overall.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The District replaced the gym floor, doors, the security system, and heat pump in the current year.

Debt Administration – The District has no debt.

Factors Bearing on the District's Future

The State Legislature transferred the financial obligation for maintenance and operation levy to the State Department of Education. A Budget Stabilization Levy is authorized under the Legislation. Although an effort was made, under the Legislation, to supports District's that were previously considered as "Floored" Districts, the Budget Stabilization Levy does not include a growth factor. It is anticipated this loss will be small the first year, but without a growth factor in the Budget Stabilization Levy, future revenue loss has become significant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sheila Cottier, Business Manager, Avery School District No. 394, P.O. Box 7, Avery, Idaho 83802.

FINANCIAL STATEMENTS

AVERY SCHOOL DISTRICT NO. 394

Avery, Idaho

STATEMENT OF NET POSITION

June 30, 2025

ASSETS		
Current assets:		
Cash	71,525	
Investments	928,099	
Taxes receivable	8,362	
Unbilled taxes receivable	154,795	
Other receivables:		
Due from other governments	47,686	
Other receivables	3,477	
Total current assets	1,213,944	
Noncurrent assets:		
Depreciated capital assets	949,010	
Less: accumulated depreciation	(505,623)	
Net OPEB asset - sick leave	9,176	
Total noncurrent assets	452,563	
Total assets		1,666,507
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	101,018	
Net OPEB - sick leave related items	2,619	
Total deferred outflows of resources		103,637
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	74,715	
Noncurrent liabilities:		
Net pension liability	209,313	
Total liabilities		284,028
DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	154,795	
Deferred grant revenue	50,000	
Net OPEB - sick leave related items	4,011	
Pension related items	3,922	
Total deferred inflows of resources		212,728
NET POSITION		
Net investment in capital assets	443,387	
Restricted for:		
Capital projects	82,747	
Net OPEB asset - sick leave	9,176	
Grant programs	65,565	
Unrestricted	672,513	
Total net position		$ 1,273,388

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
Instruction	400,349	-	123,541	-	(276,808)
Support services:					
Pupil support	1,655	-	-	-	(1,655)
General administration	222,485	-	-	-	(222,485)
Maintenance	102,530	-	-	-	(102,530)
Transportation	106,504	-	-	-	(106,504)
Depreciation, unallocated	46,416	-	-	-	(46,416)
Total governmental activities	879,939	-	123,541	-	(756,398)
Total school district	$ 879,939	$ -	$ 123,541	$ -	$ (756,398)
	General revenues:				
	Taxes				165,422
	Federal and state revenue				685,525
	Interest and investment earnings				42,427
	Other				57,028
	Total general revenues				950,402
	Change in net position				194,004
	Net position-beginning				1,079,384
	Net position-ending				$ 1,273,388

AVERY SCHOOL DISTRICT NO. 394
Avery, Idaho

GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2025

	General	Other Local	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash	71,525	-	-	71,525
Investments	892,967	-	35,132	928,099
Due from other funds	-	178,400	113,799	292,199
Taxes receivable	8,362	-	-	8,362
Unbilled taxes receivable	154,795	-	-	154,795
Other receivables:				
Due from other governments	43,689	-	3,997	47,686
Other receivables	3,172	-	305	3,477
Total assets	1,174,510	178,400	153,233	1,506,143
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 1,174,510	$ 178,400	$ 153,233	$ 1,506,143
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	48,179	-	-	48,179
Due to other funds	287,278	-	4,921	292,199
Accrued payroll and benefits	26,536	-	-	26,536
Total liabilities	361,993	-	4,921	366,914
Deferred inflows of resources:				
Deferred revenue	8,117	-	-	8,117
Deferred grant revenue	50,000	-	-	50,000
Unavailable property tax revenue	154,795	-	-	154,795
Total deferred inflows of resources	212,912	-	-	212,912
Fund balances:				
Assigned	-	76,500	-	76,500
Restricted	-	-	148,312	148,312
Unassigned	599,605	101,900	-	701,505
Total fund balances	599,605	178,400	148,312	926,317
Total liabilities, deferred inflows of resources and fund balances	$ 1,174,510	$ 178,400	$ 153,233	$ 1,506,143

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2025

Total fund balances-governmental funds	926,317
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	949,010
Accumulated depreciation	(505,623)
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.	8,117
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.	9,176
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	101,018
Deferred inflow of resources	(3,922)
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	2,619
Deferred inflow of resources	(4,011)
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	(209,313)
Total net position-governmental activities	$ 1,273,388

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

	General	Other Local	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local	261,446	-		1,694	263,140
State	531,759	-		153,766	685,525
Federal	37,400	-		86,141	123,541
Total revenues	830,605	-		241,601	1,072,206
EXPENDITURES					
Instruction	290,599	-		176,907	467,506
Support	419,237	-		26,450	445,687
Total expenditures	709,836	-		203,357	913,193
Excess (deficiency) of revenue over (under) expenditures	120,769	-		38,244	159,013
Other financing sources (uses)					
Transfer in	-	-		3,970	3,970
Transfer out	(3,970)	-		-	(3,970)
Total other financing sources (uses)	(3,970)	-		3,970	-
Net change in fund balance	116,799	-		42,214	159,013
Fund balance - beginning of year, as previously reported	482,806	178,400	44,264	61,834	767,304
Change in reporting entity (See Note 12)	-	-	(44,264)	44,264	-
Fund balance - beginning of year, as restated	482,806	178,400	-	106,098	767,304
Fund balance - end of year	$ 599,605	$ 178,400	$ -	$ 148,312	$ 926,317

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, 2025

Net change in fund balances - total governmental funds		159,013
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	110,935	
Depreciation expense	(46,416)	
		64,519
Net pension (asset) liability adjustments:		
Fiscal year 2024 employer PERSI contributions recognized as pension expense in the current year	(29,820)	
Fiscal year 2025 employer PERSI contributions deferred to subsequent year	37,670	
Pension related amortization expense	(38,247)	
		(30,397)
Net OPEB - sick leave adjustment:		
Fiscal year 2024 employer PERSI Sick Leave contributions recognized as pension expense in the current year	-	
Fiscal year 2025 employer PERSI Sick Leave contributions deferred to subsequent year	-	
OPEB related amortization expense	(868)	
		(868)
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.		1,737
Total change in net position - governmental activities		$ 194,004

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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 Schedule - The budgetary comparison schedule is 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, 2025, 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 represent 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, 2025, 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, 2025, 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 $76,500 for student scholarships.

Unavailable Property Tax Revenue - Unavailable property tax revenue in the general fund represents the property taxes levied for 2025 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.

NOTE 1 Summary of Significant Accounting Policies (Continued)

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, 2025, 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. Management has concluded that no material subsequent events have occurred.

NOTE 2 Recently Adopted Accounting Guidance

For the year ended June 30, 2025, there were two new GASB statements that became effective. The adoption of the statement has the following effect for the District:

GASB Statement No. 101, *Compensated Absences* – This statement establishes recognition and measurement guidance for compensated absences, such as vacation and sick leave, and outlines the required note disclosures. It aims to enhance consistency and comparability in accounting for these liabilities. The District does not have any compensated absences amount subject to accrual.

GASB Statement No. 102, *Certain Risk Disclosures* – This statement requires governments to disclose information about certain concentrations and constraints that make them vulnerable to the risk of a significant impact on financial position, revenue streams, or demand for services. The disclosures aim to improve transparency regarding risks that could affect a government's ability to meet its obligations.

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 FY2025, the District has recognized the 2024 levy as revenue and the tax year 2025 levy as an asset.

Tax Year 2024 Levy (FY2025 Revenue)

The market value upon which the 2024 levy was based was $215,790,107. The property tax was levied in October 2024 and was due in two equal installments on December 20th and June 20th.

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

	Percentage	Amount
Supplemental	7.58%	$163,422

NOTE 3 Property Taxes (Continued)

Tax Year 2025 Levy (FY2025 Asset)

The property tax levy for 2025 has been recorded as an asset in the general fund in the amount of $154,795. This levy is for the FY2026 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, 2025	8,362
Less: Taxes received in August from County	(245)
Deferred revenue at June 30, 2025	$ 8,117

NOTE 4 Cash and Investments

Cash	Carrying Amount	Bank Balance
Checking Accounts	$ 71,525	$ 72,423

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	$ 928,099	$ 928,099	$ 928,099	$ -

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.

NOTE 4 Cash and Investments (Continued)

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 rate. At year-end, the District is not subject to interest rate risk as all investments are held in the State Treasurer's Local Government Investment Pool, which has a maturity of 76 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, 2025 is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Depreciable assets:					
Buildings and building improvements	391,681	95,145	-	-	486,826
Furniture and equipment	296,878	15,790	-	-	312,668
Buses and vehicles	149,516	-	-	-	149,516
Total depreciable assets	838,075	110,935	-	-	949,010
Total governmental activities	838,075	110,935	-	-	949,010
Accumulated depreciation					
Buildings and building improvements	(179,743)	(15,457)	-	-	(195,200)
Furniture and equipment	(161,446)	(21,959)	-	-	(183,405)
Buses and vehicles	(118,018)	(9,000)	-	-	(127,018)
Total accumulated depreciation	(459,207)	(46,416)	-	-	(505,623)
Capital assets (net)	$378,868	$ 64,519	$ -	$ -	$443,387

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, 2024. All amounts are as of June 30, 2024 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, 2025 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 $37,670 for the year ended June 30, 2025.

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

At June 30, 2025 the District reported a liability of $209,313, for its proportionate share of the net pension (asset) liability as of June 30, 2024. The net pension (asset) liability was measured as of June 30, 2024, 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, 2024, the District's proportion was 0.00559565%.

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, 2025 has not been completed at the time of issuance. The pension expense (revenue) for the year ended June 30, 2024 was calculated at $60,198.

At June 30, 2025, 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	33,325	-
Changes in assumptions or other inputs	8,292	-
Changes in proportionate share	21,731	123
Net difference between projected and actual earning on pension plan investments	-	3,799
Employer contributions subsequent to the measurement date	37,670	-
Total	$ 101,018	$ 3,922

$37,670 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, 2026.

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
2026	10,331
2027	39,027
2028	(6,730)
2029	(4,811)
2029	21,609

Actuarial Assumptions

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

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return-net of investment fees	6.35%
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, 2021.

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%.

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	Long-Term Expected Real Rate of Return
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate

The discount rate used to measure the total pension (asset) liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan

NOTE 6 Pension Plan (Continued)

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 6.35% 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 (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 397,761	$ 209,313	$ 55,400

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, 2025, 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 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, 2025:

Fund	Excess
General Fund	44,836
Title I-A, ESSA - Improving Basic Programs	51,597
Title VI-B, ESSA - Rural Education Achievement Programs	6,898
School Modernization	50,964

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, 2025 was as follows:

	Out	In
General Fund	3,970	-
Plant Facilities - Bus Depreciation Fund		3,970
Total	$ 3,970	$ 3,970

The composition of interfund receivables and payables as of June 30, 2025 was as follows:

	Due from Other Funds	Due to Other Funds
General Fund	-	287,278
Plant Facilities - Bus Depreciation Fund	48,234	-
School Modernization Fund	-	924
Federal Forest Reserve Fund	65,565	-
Other Local Fund	178,400	-
Title I-A, ESSA - Improving Basic Programs Fund		3,997
Total	$ 292,199	$ 292,199

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.

NOTE 10 Risk Management (Continued)

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, 2024. All amounts are as of June 30, 2024 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.

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

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

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, 2026, therefore the District's contributions required and paid were $0 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported an asset of $9,176 for its proportionate share of the net OPEB asset as of June 30, 2024. The net OPEB asset was measured as of June 30, 2024, 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, 2024, 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, 2025 has not been completed at the time of issuance. The OPEB expense (expense offset) for the year ended June 30, 2024 was calculated at $1,060.

At June 30, 2025, 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	1,120	360
Changes in assumptions or other inputs	1,499	2,424
Net difference between projected and actual earning on pension plan investments	-	472
Change in proportionate share	-	755
Total	$2,619	$4,011

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
2026	$(229)
2027	$802
2028	$(694)
2029	$(604)
2030	$207
Thereafter	$(874)

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	2.30%
Salary increases including inflation	3.05%
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	Expected Real Rate of Return (Arithmetic)
Broad U.S. Equity	39.3%	4.90%
Developed Ex U.S. Equity	10.7%	4.78%
Fixed Income	50.0%	0.50%

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)	$(6,622)	$(9,176)	$(11,512)

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, 2025, 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 Change within the Reporting Entity

The District moved the Capital Projects Funds from a major fund to a nonmajor fund, as it no longer meets the requirements to be classified as a major fund. This represents a change within the reporting entity, affecting the fund beginning fund balance of the governmental funds.

Reporting Units Affected by Adjustments to Restatements of Beginning Balances

	Governmental Funds	
	Capital Projects	Other Governmental Funds
Beginning fund balance, as previously reported	44,264	61,834
Change from major to nonmajor fund	(44,264)	44,264
Beginning fund balance, as restated	-	106,098

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable) Original to Actual	Final to Actual
REVENUES					
Local:					
Taxes	168,776	168,776	163,685	(5,091)	(5,091)
Earnings on investments	1,224	1,224	40,733	39,509	39,509
Other local	-	-	57,028	57,028	57,028
Total local	170,000	170,000	261,446	91,446	91,446
State:					
Base support program	273,477	273,477	324,298	50,821	50,821
Transportation support	90,000	90,000	126,022	36,022	36,022
Benefit apportionment	45,349	45,349	47,124	1,775	1,775
Other state revenue	71,174	71,174	34,315	(36,859)	(36,859)
Total state	480,000	480,000	531,759	51,759	51,759
Federal:					
Restricted	-	-	37,400	37,400	37,400
Total revenues	650,000	650,000	830,605	180,605	180,605
EXPENDITURES					
Instruction:					
Salaries	182,473	182,473	134,307	48,166	48,166
Benefits	70,377	70,377	67,242	3,135	3,135
Purchased services	55,000	55,000	45,931	9,069	9,069
Supplies-materials	15,000	15,000	43,119	(28,119)	(28,119)
Total instruction	322,850	322,850	290,599	32,251	32,251
Support:					
Salaries	181,000	181,000	181,137	(137)	(137)
Benefits	71,800	71,800	70,013	1,787	1,787
Purchased services	54,200	54,200	134,333	(80,133)	(80,133)
Supplies-materials	22,150	22,150	22,074	76	76
Insurance-judgment	13,000	13,000	11,680	1,320	1,320
Total support	342,150	342,150	419,237	(77,087)	(77,087)
Total expenditures	665,000	665,000	709,836	(44,836)	(44,836)
Excess (deficiency) of revenues over (under) expenditures	(15,000)	(15,000)	120,769	135,769	135,769
Other financing sources (uses)					
Transfer out	-	-	(3,970)	(3,970)	(3,970)
Net change in fund balance	$ (15,000)	$ (15,000)	116,799	$ 131,799	$ 131,799
Fund balance-beginning of year			482,806		
Fund balance-end of year			$ 599,605		

NET PENSION (ASSET) LIABILITY RELATED SCHEDULES

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer’s portion of the net pension (asset) liability	Unavailable	0.00559565%	0.00522870%	0.00398643%	0.00375327%	0.0038030%	0.0035783%	0.0034453%	0.0031773%	0.0045965%
Employer’s proportionate share of the net pension (asset) liability	Unavailable	209,313	208,660	157,016	(2,964)	88,311	40,845	50,819	49,942	93,178
Employer’s covered employee payroll	181,439	237,869	222,320	157,203	140,067	135,419	121,537	110,848	98,684	134,435
Employer’s proportional share of the net pension (asset) liability as a percentage of its covered employee payroll	Unavailable	87.99%	93.86%	99.88%	-2.12%	65.21%	33.61%	45.85%	50.61%	69.31%
Plan fiduciary net position as a percentage of the total	Unavailable	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution - Class 1 Employees	3,556	2,707	2,410	1,704	1,518	1,468	1,249	1,139	1,014	1,381
Statutorily required contribution - Class 3 Employees	20,450	27,113	24,135	17,066	15,206	14,701	12,509	11,409	10,157	13,837
Total statutorily required contributions - All Employees	24,006	29,820	26,545	18,770	16,724	16,169	13,758	12,548	11,171	15,218
Contributions in relation to the statutorily required contribution	(24,006)	(29,820)	(26,545)	(18,770)	(16,724)	(16,169)	(13,758)	(12,548)	(11,171)	(15,218)
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Employer’s covered payroll - Class 1 employees	29,732	24,213	20,187	14,271	12,714	12,295	11,034	10,062	8,958	12,200
Employer’s covered payroll - Class 3 employees	151,706	213,656	202,133	142,931	127,353	123,124	110,504	100,786	89,726	122,235
Contributions as a percentage of covered payroll - Class 1	11.96%	11.18%	11.94%	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%	11.32%
Contributions as a percentage of covered payroll - Class 3	13.48%	12.69%	11.94%	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%	11.32%

NOTES TO THE NET PENSION (ASSET) LIABILITY SCHEDULES
As of June 30, 2024 (most recently issued PERSI information)

Change of Assumptions. There were no change of assumptions as of June 30, 2024.

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,

	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%	0.0085952%	0.0082455%	0.0077491%
Employer's proportionate share of the net OPEB asset	Unavailable	7,478	7,478	7,845	14,965	12,689	8,233	6,839	5,948
Employer's covered payroll	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	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	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,

	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	29,732	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%	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, 2024 (most recently issued PERSI information)

Change of Assumptions. There were no change of assumptions as of June 30, 2024.

SUPPLEMENTARY INFORMATION

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION			
Elementary school program:			
Salaries	134,307	182,473	48,166
Benefits	67,242	70,377	3,135
Purchased services	10,751	25,000	14,249
Supplies-materials	43,119	15,000	(28,119)
Total elementary school program	255,419	292,850	37,431
Secondary school program:			
Purchased services	35,180	30,000	(5,180)
TOTAL INSTRUCTION			
Salaries	134,307	182,473	48,166
Benefits	67,242	70,377	3,135
Purchased services	45,931	55,000	9,069
Supplies-materials	43,119	15,000	(28,119)
Total instruction	$ 290,599	$ 322,850	$ 32,251
SUPPORT			
Attendance - guidance - health program:			
Purchased services	1,655	1,300	(355)
Board of education program:			
Benefits	-	300	300
Purchased services	1,699	900	(799)
Supplies-materials	2,417	1,000	(1,417)
Total board of education program	4,116	2,200	(1,916)

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2025

	Actual	Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued)			
District administration program:			
Salaries	139,484	147,000	7,516
Benefits	47,409	50,000	2,591
Purchased services	20,840	18,000	(2,840)
Supplies-materials	25	1,000	975
Total district administration program	207,758	216,000	8,242
Buildings-care program (custodial):			
Salaries	1,954	1,000	(954)
Benefits	299	1,000	701
Purchased services	55,477	25,000	(30,477)
Supplies-materials	-	150	150
Insurance-judgment	7,000	7,000	-
Total buildings-care program (custodial)	64,730	34,150	(30,580)
Maintenance-non-student occupied buildings:			
Salaries	-	1,000	1,000
Benefits	-	1,500	1,500
Purchased services	-	4,000	4,000
Supplies-materials	-	5,000	5,000
Total maintenance-non-student occupied buildings	-	11,500	11,500
Maintenance-student-occupied buildings:			
Salaries	6,552	-	(6,552)
Benefits	1,172	-	(1,172)
Purchased services	26,070	-	(26,070)
Supplies-materials	3,621	-	(3,621)
Total maintenance-student-occupied buildings	37,415	-	(37,415)
Pupil-to-school transportation program:			
Salaries	33,147	32,000	(1,147)
Benefits	21,133	19,000	(2,133)
Purchased services	28,592	5,000	(23,592)
Supplies-materials	16,011	15,000	(1,011)
Insurance-judgment	4,680	6,000	1,320
Total pupil-to-school transportation program	103,563	77,000	(26,563)
TOTAL SUPPORT			
Salaries	181,137	181,000	(137)
Benefits	70,013	71,800	1,787
Purchased services	134,333	54,200	(80,133)
Supplies-materials	22,074	22,150	76
Insurance-judgment	11,680	13,000	1,320
Total support	$ 419,237	$ 342,150	$ (77,087)

OTHER GOVERNMENTAL FUNDS

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

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.

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.

Securing Our Future Grant Fund – To account for restricted State revenue to be spent on school safety upgrades.

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 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.

AVERY SCHOOL DISTRICT NO. 394
Avery, Idaho

OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2025

	Nonmajor Capital Project Funds	Nonmajor Special Revenue Funds	Total Other Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Investments	35,132	-	35,132
Due from other funds	48,234	65,565	113,799
Due from other governments	-	3,997	3,997
Other receivable	305	-	305
Total assets	83,671	69,562	153,233
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	$ 83,671	$ 69,562	$ 153,233
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to other funds	924	3,997	4,921
Deferred inflows of resources:	-	-	-
Fund balances:			
Restricted	82,747	65,565	148,312
Total liabilities, deferred inflows of resources and fund balances	$ 83,671	$ 69,562	$ 153,233

OTHER GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

	Nonmajor Capital Project Funds	Nonmajor Special Revenue Funds	Total Other Governmental Funds
REVENUES			
Local	1,694	-	1,694
State	83,783	69,983	153,766
Federal	-	86,141	86,141
Total revenues	85,477	156,124	241,601
EXPENDITURES			
Instruction	24,514	152,393	176,907
Support	26,450	-	26,450
Total expenditures	50,964	152,393	203,357
Excess (deficiency) of revenues over (under) expenditures	34,513	3,731	38,244
Other financing sources (uses)			
Transfer in	3,970	-	3,970
Net change in fund balance	38,483	3,731	42,214
Fund balance - beginning of year, as previously reported	-	61,834	61,834
Change in reporting entity (See Note 12)	44,264	-	44,264
Fund balance - beginning of year, as restated	44,264	61,834	106,098
Fund balance - end of year	$ 82,747	$ 65,565	$ 148,312

OTHER GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended June 30, 2025

	Final Budgeted Revenue	Actual Revenue	Final Budgeted Expenditures	Actual Expenditures	Other Financing Sources (Uses)	Beginning Fund Balance (As Restated)	Ending Fund Balance
Nonmajor Capital Project Funds:							
Plant Facilities - Bus Depreciation	3,970	-	43,470	-	3,970	44,264	48,234
School Modernization	80,000	85,477	-	50,964	-	-	34,513
Nonmajor Special Revenue Funds:							
Federal Forest Reserve	8,837	3,731	-	-	-	61,834	65,565
Securing Our Future Grant	-	59,971	-	59,971	-	-	-
Technology - State	-	10,012	-	10,012	-	-	-
Title I-A, ESSA - Improving Basic Programs	5,000	56,597	5,000	56,597	-	-	-
Title II-A, ESSA - Supporting Effective Instruction	1,085	-	1,085	-	-	-	-
Title VI-B, ESSA - Rural Education Achievement Programs	18,915	25,813	18,915	25,813	-	-	-
Total	$ 117,807	$ 241,601	$ 68,470	$ 203,357	$ 3,970	$ 106,098	$ 148,312

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
June 30, 2025

	Plant Facilities - Bus Depreciation	School Modernization	Total Nonmajor Capital Project Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Investments	-	35,132	35,132
Due from other funds	48,234	-	48,234
Other receivables	-	305	305
Total assets	48,234	35,437	83,671
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	$ 48,234	$ 35,437	$ 83,671
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Due to other funds	-	924	924
Deferred inflows of resources	-	-	-
Fund balances:			
Restricted	48,234	34,513	82,747
Total liabilities, deferred inflows of resources and fund balances	$ 48,234	$ 35,437	$ 83,671

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

	Plant Facilities - Bus Depreciation	School Modernization	Total Nonmajor Capital Project Funds
REVENUES			
Local:			
Earnings on investments	-	1,694	1,694
State:			
Other state support	-	83,783	83,783
Total revenues	-	85,477	85,477
EXPENDITURES			
Instruction:			
Capital objects	-	24,514	24,514
Support:			
Capital objects	-	26,450	26,450
Total expenditures	-	50,964	50,964
Excess (deficiency) of revenues over (under) expenditures	-	34,513	34,513
Other financing sources (uses)			
Transfer in	3,970	-	3,970
Net change in fund balance	3,970	34,513	38,483
Fund balance - beginning of year	44,264	-	44,264
Fund balance - end of year	$ 48,234	$ 34,513	$ 82,747

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2025

	Federal Forest Reserve	Securing Our Future Grant	Technology - State	Title I-A, ESSA Improving Basic Programs	Title VI-B, ESSA - Rural Education Achievement Programs	Total Nonmajor Special Revenue Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Due from other funds	65,565	-	-	-	-	65,565
Due from other governments	-	-	-	3,997	-	3,997
Total assets	65,565	-	-	3,997	-	69,562
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 65,565	$ -	$ -	$ 3,997	$ -	$ 69,562
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Due to other funds	-	-	-	3,997	-	3,997
Deferred inflows of resources	-	-	-	-	-	-
Fund balances:						
Restricted	65,565	-	-	-	-	65,565
Total liabilities, deferred inflows of resources and fund balances	$ 65,565	$ -	$ -	$ 3,997	$ -	$ 69,562

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

	Federal Forest Reserve	Securing Our Future Grant	Technology - State	Title I-A, ESSA Improving Basic Programs	Title VI-B, ESSA - Rural Education Achievement Programs	Total Nonmajor Special Revenue Funds
REVENUES						
State:						
Restricted	-	59,971	-	-	-	59,971
Other state support	-	-	10,012	-	-	10,012
Total state	-	59,971	10,012	-	-	69,983
Federal:						
Restricted	-	-	-	56,597	25,813	82,410
Unrestricted	3,731	-	-	-	-	3,731
Total federal	3,731	-	-	56,597	25,813	86,141
Total revenues	3,731	59,971	10,012	56,597	25,813	156,124
EXPENDITURES						
Instruction:						
Salaries	-	-	-	32,000	20,813	52,813
Benefits	-	-	-	9,770	-	9,770
Purchased services	-	-	10,012	11,000	5,000	26,012
Supplies-materials	-	-	-	3,827	-	3,827
Capital objects	-	59,971	-	-	-	59,971
Total instruction	-	59,971	10,012	56,597	25,813	152,393
Total expenditures	-	59,971	10,012	56,597	25,813	152,393
Net change in fund balance	3,731	-	-	-	-	3,731
Fund balance-beginning of year	61,834	-	-	-	-	61,834
Fund balance-end of year	$ 65,565	$ -	$ -	$ -	$ -	$ 65,565

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2025

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.

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, 2025

Finding 2024-001 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 2025-001.