

**SALMON RIVER JOINT SCHOOL DISTRICT NO. 243**

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Report on Audited  
Basic  
Financial Statements  
and  
Additional Information

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For the Year Ended June 30, 2010

## TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Title Page	3
<b>Independent Auditor's Report</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Assets	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	11
Statement of Fiduciary Net Assets	12
Statement of Changes in Fiduciary Net Assets	13
Notes to Financial Statements	14
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	25
Forest Fund	26
Food Service Fund	27
Notes to Required Supplementary Information	28

TABLE OF CONTENTS  
(continued)

Page

**SUPPLEMENTAL INFORMATION**

Supplemental Schedule of Revenues by Source – Budget and Actual – General Fund	29
Supplemental Schedule of Expenditures by Object of Expenditure – Budget and Actual – General Fund	30
Combining Balance Sheet – Nonmajor Governmental Funds	34
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	36

**FEDERAL REPORTS**

Schedule of Expenditures of Federal Awards	38
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	39
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	41
Schedule of Findings and Questioned Costs	43
Corrective Action Plan	45

**Salmon River Joint School District No. 243**

**Title Page**

**SALMON RIVER JOINT SCHOOL DISTRICT NO. 243**  
133 North Main  
Riggins, ID 83549

**Board of Trustees**

Eric Hook	Chairperson
Carolyn Friend	Trustee
Rich Friend	Trustee

**Administrators**

Mark Scheibe	Superintendent
Stefanie Brimacomb	Clerk/Treasurer
Michelle Hollon	Business Manager

## Independent Auditor's Report

To the Board of Trustees  
Salmon River Joint School District No. 243  
Riggins, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Salmon River Joint School District No. 243** (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Salmon River Joint School District No. 243**, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2010, on our consideration of the District'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25 to 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Salmon River Joint School District No. 243's** financial statements as a whole. The supplemental information (pages 29 to 37) is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditure of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Bailey & Co.*

Nampa, Idaho  
September 20, 2010

**Salmon River Joint School District No. 243**

**Statement of Net Assets**

June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 500,182
Receivables:	
Property Taxes	193,883
Intergovernmental	181,638
Capital Assets:	
Land	25,126
Buildings, Net	108,617
Equipment, Net	36,034
Vehicles, Net	140,400
Total Capital Assets	<u>310,177</u>
<b>Total Assets</b>	<u><u>1,185,880</u></u>
 <b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	124,948
Salaries and Benefits Payable	<u>223,462</u>
<b>Total Liabilities</b>	<u><u>348,410</u></u>
 <b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	310,177
Restricted for:	
Capital Projects	50,737
Special Revenue	390,661
Unrestricted (Deficit) Surplus	<u>85,895</u>
<b>Total Net Assets</b>	<u><u>\$ 837,470</u></u>

The accompanying notes are an integral  
part of the financial statements.

**Salmon River Joint School District No. 243**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
Instruction	\$ 1,525,252	\$ 0	\$ 215,684	\$ 0	\$ (1,309,568)
Support Services	1,026,580	8,267	0	0	(1,018,313)
Non-Instructional	103,113	0	81,914	0	(21,199)
<b>Total Governmental Activities</b>	<b>\$ 2,654,945</b>	<b>\$ 8,267</b>	<b>\$ 297,598</b>	<b>\$ 0</b>	<b>(2,349,080)</b>
General Revenues:					
Property Taxes - All Funds				518,525	
State Sources				1,486,352	
Other				222,593	
Total General Revenues and Special Items				2,227,470	
Change in Net Assets				(121,610)	
Net Assets, Restated				959,080	
Net Assets, End of Year				\$ 837,470	

The accompanying notes are an integral  
part of the financial statements.



# **Salmon River Joint School District No. 243**

## Balance Sheet - Governmental Funds June 30, 2010

	<u>General</u>	<u>Forest Fund</u>	<u>Food Service</u>	<u>Capital Projects</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 62,149	\$ 359,742	\$ 68	\$ 75,737
Receivables:				
Property Taxes	193,883	0	0	0
Intergovernmental	60,345	0	0	0
Interfund Receivables	0	87,678	0	0
Total Assets	<u>\$ 316,377</u>	<u>\$ 447,420</u>	<u>\$ 68</u>	<u>\$ 75,737</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 27,287	\$ 71,086	\$ 181	\$ 25,000
Interfund Payables	0	0	0	0
Salaries and Benefits Payable	197,158	0	0	0
Deferred Revenue	51,960	0	0	0
Total Liabilities	<u>276,405</u>	<u>71,086</u>	<u>181</u>	<u>25,000</u>
Fund Balances:				
Assigned to:				
Capital Projects	0	0	0	50,737
Forest Funds	0	376,334	0	0
Other Purposes	0	0	0	0
Unassigned	39,972	0	(113)	0
Total Fund Balances	<u>39,972</u>	<u>376,334</u>	<u>(113)</u>	<u>50,737</u>
Total Liabilities and Fund Balances	<u>\$ 316,377</u>	<u>\$ 447,420</u>	<u>\$ 68</u>	<u>\$ 75,737</u>

The accompanying notes are an integral  
part of the financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 2,486	\$ 500,182
0	193,883
121,293	181,638
0	87,678
<u>\$ 123,779</u>	<u>\$ 963,381</u>

1,394	\$ 124,948
87,678	87,678
26,304	223,462
0	51,960
<u>115,376</u>	<u>488,048</u>

0	50,737
0	376,334
14,440	14,440
(6,037)	33,822
<u>8,403</u>	<u>475,333</u>
<u>\$ 123,779</u>	<u>\$ 963,381</u>

**Salmon River Joint School District No. 243**  
Reconciliation of the Balance Sheet of the Governmental  
Funds to the Statement of Net Assets  
June 30, 2010

Total Fund Balances - Governmental Funds \$ 475,333

Amounts reported for governmental activities in the Statement  
of Net Assets are different because of the following:

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in governmental funds.  
Those assets consist of:

Land	\$ 25,126	
Buildings, Net of \$1,008,714 Accumulated Depreciation	108,617	
Equipment, Net of \$60,122 Accumulated Depreciation	36,034	
Vehicles, Net of \$214,298 Accumulated Depreciation	<u>140,400</u>	
		310,177

Property taxes receivable will be collected this year, but are not  
available soon enough to pay for current period's expenditures and,  
therefore, are deferred in the funds.

51,960

Total Net Assets-Governmental Activities

\$ 837,470

The accompanying notes are an integral  
part of the financial statements.

**Salmon River Joint School District No. 243****Statement of Revenues, Expenditures, and****Changes in Fund Balances -****Governmental Funds****For the Year Ended June 30, 2010**

	<u>General</u>	<u>Forest Fund</u>	<u>Food Service</u>	<u>Capital Projects</u>
<b>Revenues</b>				
Property Taxes	\$ 516,872	\$ 0	\$ 0	\$ 443
State	1,328,028	0	76,656	43
Other	36,595	183,877	8,267	195
Total Revenues	<u>1,881,495</u>	<u>183,877</u>	<u>84,923</u>	<u>681</u>
<b>Expenditures</b>				
Current:				
Instruction	1,125,790	0	0	0
Support Services	912,418	76,136	0	0
Food Service	3,606	0	97,985	1,522
Capital Outlay	7,452	72,500	13,133	25,000
Total Expenditures	<u>2,049,266</u>	<u>148,636</u>	<u>111,118</u>	<u>26,522</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(167,771)</u>	<u>35,241</u>	<u>(26,195)</u>	<u>(25,841)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	16,599	100,000	25,798	0
Transfers (Out)	(100,729)	(26,064)	0	0
Total Other Financing Sources (Uses)	<u>(84,130)</u>	<u>73,936</u>	<u>25,798</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u>(251,901)</u>	<u>109,177</u>	<u>(397)</u>	<u>(25,841)</u>
<b>Fund Balances - Beginning</b>	<u>291,873</u>	<u>267,157</u>	<u>284</u>	<u>76,578</u>
<b>Fund Balances - Ending</b>	<u>\$ 39,972</u>	<u>\$ 376,334</u>	<u>\$ (113)</u>	<u>\$ 50,737</u>

The accompanying notes are an integral  
part of the financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 517,315
379,223	1,783,950
1,926	230,860
<u>381,149</u>	<u>2,532,125</u>

360,333	1,486,123
21,561	1,010,115
0	103,113
45,383	163,468
<u>427,277</u>	<u>2,762,819</u>

<u>(46,128)</u>	<u>(230,694)</u>
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995	143,392
<u>(16,599)</u>	<u>(143,392)</u>
<u>(15,604)</u>	<u>0</u>

(61,732)	(230,694)
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70,135	706,027
<u>\$ 8,403</u>	<u>\$ 475,333</u>

**Salmon River Joint School District No. 243**  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of the  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2010

Total Net Change in Fund Balance - Governmental Funds	\$ (230,694)
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays (\$135,229) exceeds depreciation expense (\$27,355) in the period.	107,874
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Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.	<u>1,210</u>
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Change in Net Assets of Governmental Activities	<u>\$ (121,610)</u>
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The accompanying notes are an integral  
part of the financial statements.

**Salmon River Joint School District No. 243****Statement of Fiduciary Net Assets**

June 30, 2010

	Agency Funds	Private- Purpose Trust Fund	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 14,673	\$ 5,541	\$ 20,214
Total Assets	<u>\$ 14,673</u>	<u>\$ 5,541</u>	<u>\$ 20,214</u>
<b>Liabilities</b>			
Due to Student Groups	\$ 14,673	\$ 0	\$ 14,673
Accounts Payable	0	0	0
Total Liabilities	<u>14,673</u>	<u>0</u>	<u>14,673</u>
<b>Net Assets</b>			
Restricted for Scholarships	<u>0</u>	<u>5,541</u>	<u>5,541</u>
Total Liabilities and Net Assets	<u>\$ 14,673</u>	<u>\$ 5,541</u>	<u>\$ 20,214</u>

The accompanying notes are an integral  
part of the financial statements.

**Salmon River Joint School District No. 243**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2010**

	Private-Purpose Trust Fund
<b>Additions</b>	
Investment Income	\$ 15
Total Additions	<u>15</u>
<b>Deductions</b>	
Scholarships Awarded	<u>0</u>
Changes in Net Assets	15
Net Assets - Beginning of Year	<u>5,526</u>
Net Assets - End of Year	<u><u>5,541</u></u>

The accompanying notes are an integral  
part of the financial statements.



## Salmon River Joint School District No. 243

Notes to Financial Statements  
For the Year Ended June 30, 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

**Salmon River Joint School District No. 243** (the "District") is governed by the School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

#### B. Basis of Presentation, Basis of Accounting

##### Basis of Presentation

*District-wide Statements:* The Statement of Net Assets and the Statement of Activities display information about the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are 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 or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2010

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Fund Financial Statements:* The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category—*governmental and fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- *Forest fund.* This fund accounts for the resources accumulated and expenditures made in the forest funds.
- *Food Service fund.* This fund accounts for the resources accumulated and expenditures made in the food service program.
- *Capital Projects fund.* This fund accounts for the resources accumulated and expenditures made in the capital projects program.

The District reports the following fiduciary fund types:

- *Private-Purpose Trust fund.* This fund reports a trust arrangement under which principal and income benefit a college scholarship program.
- *Agency funds.* These funds account for assets held by the District as an agent for various student groups and clubs.

Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements

## **Salmon River Joint School District No. 243**

### **Notes to Financial Statements For the Year Ended June 30, 2010**

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#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **C. Assets and Liabilities**

##### **Cash Equivalents**

The District requires all cash belonging to the District to be placed in custody of the Clerk/Business Manager. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

##### **Property Tax Calendar**

The District levies its real property taxes through the county by the 2<sup>nd</sup> Monday in September of each year based upon the assessed valuation as of the previous July 1. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

## Salmon River Joint School District No. 243

Notes to Financial Statements  
For the Year Ended June 30, 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	\$5,000	Straight-Line	15 – 40 Years
Equipment and Busses	\$5,000	Straight-Line	5 – 15 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The District is a Phase Three entity and is not required to report infrastructure acquired prior to June 30, 1980, and has not acquired or constructed any since that time.

#### Compensated Absences

The District provides sick leave and vacation to the full time non-certified employees. The estimated amount of compensation for further amounts is believed to be immaterial and accordingly no liability has been recorded.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Fund Balance Reporting and Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide statements and in governmental fund statements.

## Salmon River Joint School District No. 243

### Notes to Financial Statements For the Year Ended June 30, 2010

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District uses the following fund balance categories:

- *Assigned.* Balances intended for a specific purpose by the District's management.
- *Unassigned.* Balances available for any purpose.

The Board of Trustees is the highest level of decision making authority. There is no formal policy regarding the use of committed, assigned, or unassigned fund balances.

#### 2. CASH DEPOSITS AND INVESTMENTS

##### Summary of Deposit and Investment Balances

The District maintains a cash and investment pool for use by all funds.

##### Deposits

As of June 30, 2010, the carrying amount of the District's deposits was \$144,574 and the respective bank balances totaled \$224,075. The total bank balance was insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.

##### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2010, the District's deposits were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District, and thus were not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

##### Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District does not have a formal policy limiting its custodial credit risk for investments.

## Salmon River Joint School District No. 243

Notes to Financial Statements  
For the Year Ended June 30, 2010

### 2. CASH DEPOSITS AND INVESTMENTS (continued)

#### Interest Rate Risk

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

#### Investments

The District voluntarily participates in the State of Idaho Investment Pool which was rated AA+ by Standard and Poor's Rating Services. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the District's investment in the pool is the same as the value of the pool shares.

The District follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the District to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The District's investments at June 30, 2010, are summarized below:

Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
State Investment Pool	\$ 374,784	\$ 374,784	\$ 0

At year-end, cash and investments were reported in the basic financial statements in the following categories:

	Governmental	Fiduciary	Total
	Activities	Funds	
Cash and cash equivalents	\$ 130,939	\$ 14,673	\$ 145,612
Investments categorized as deposits	369,243	5,541	374,784
	<u>\$ 500,182</u>	<u>\$ 20,214</u>	<u>\$ 520,396</u>

**Salmon River Joint School District No. 243**

Notes to Financial Statements  
For the Year Ended June 30, 2010

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**3. RECEIVABLES - LOCAL SOURCES AND DEFERRED REVENUE**

The District receives tax revenue from Adams and Idaho Counties. The counties are responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the District by the county as of June 30, 2010, are considered by the District as a receivable.

Taxes not collected within 60 days after June 30, 2010, are not considered available for use by the District and are recorded as deferred revenue in the fund financial statements.

**4. RECEIVABLE - INTERGOVERNMENTAL**

Amounts due from the State of Idaho and other governmental agencies are \$181,638. The total amount is considered collectible.

**5. SALARIES AND BENEFITS PAYABLE**

The District follows the practice of paying contracted salaries and related benefits over a 12-month period which differs from the 9-month earned school-year period which runs from approximately September 1 to May 31 of each year. Teacher contracts payable, as reflected at June 30, 2010, represent amounts unpaid at that date on teacher contracts and related benefits. Since the amount of salaries and related benefits due to teachers are pertinent to the school year, such amounts have been accrued as salaries payable and related liabilities in the governmental fund types of the District with related expenditures recorded in the current fiscal year's operations.

**6. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, and the District expects such amounts, if any, to be immaterial.

**Salmon River Joint School District No. 243**

Notes to Financial Statements  
For the Year Ended June 30, 2010

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7. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2010, consist of the following:

\$ 87,678 Due to the Forest fund from other nonmajor governmental funds  
representing cash overdrafts.

\$ 87,678

8. PENSION PLAN

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](http://www.persi.idaho.gov).

The actuarially determined contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2008, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/ firefighter members. The District employer contributions required and paid were \$119,517, \$109,062, and \$94,526 for the three years ended June 30, 2010, 2009, and 2008, respectively.



**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2010

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9. DEFICIT FUND BALANCE

At June 30, 2010, the following nonmajor funds had a deficit fund balance:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Carl Perkins	\$ 3,667
Title II-A	\$ 2,370

The District has budgeted to repay the deficit in the next year's budget.

10. TRANSFERS TO/FROM OTHER FUNDS

\$ 729	From the General fund to other nonmajor governmental funds to supplement other funds sources.
16,599	From other nonmajor governmental funds to the General fund for reimbursement of eligible other governmental fund expenditures.
266	From other nonmajor governmental funds to the Forest fund for reimbursement of eligible other governmental fund expenditures.
25,798	From the Forest fund to the Food Service fund for reimbursement of eligible other governmental fund expenditures.
<u>100,000</u>	From General fund to the Forest fund for reimbursement of eligible other governmental fund expenditures.
<u>\$143,392</u>	Total

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District has transferred most of its risk by purchasing commercial insurance.

Workman's Compensation insurance is purchased through the Idaho State Insurance Fund.

Employee health and accident insurance is purchased through Blue Cross of Idaho.

All other insurance has been purchased through Fred A. Morton and Company.

**Salmon River Joint School District No. 243**

Notes to Financial Statements  
For the Year Ended June 30, 2010

**12. CAPITAL ASSETS**

The District made a change to the capital asset capitalization policy shown in Note 1. This change caused a restatement of net assets on the government-wide Statement of Activities and the beginning capital assets as shown below.

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 6/30/2009	Restatement Adjustments	Additions	Deletions	Balance 6/30/2010
<b>Governmental Activities:</b>					
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 25,126	\$ 0	\$ 0	\$ 0	\$ 25,126
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	1,126,130	(8,799)	0	0	1,117,331
Equipment	498,678	(420,903)	18,383	0	96,158
Vehicles	243,852	(6,000)	116,846	0	354,698
Total Historical Cost	<u>1,868,660</u>	<u>(435,702)</u>	<u>135,229</u>	<u>0</u>	<u>1,568,187</u>
<b>Less: Accumulated Depreciation</b>					
Buildings and Improvements	1,032,316	(31,045)	7,443	0	1,008,714
Equipment	307,920	(251,245)	3,447	0	60,122
Vehicles	210,564	(12,731)	16,465	0	214,298
Total Accumulated Depreciation	<u>1,550,800</u>	<u>(295,021)</u>	<u>27,355</u>	<u>0</u>	<u>1,283,134</u>
Net Depreciable Assets	<u>317,860</u>	<u>(140,681)</u>	<u>107,874</u>	<u>0</u>	<u>285,053</u>
<b>Governmental Activities</b>					
Capital Assets - Net	<u>\$ 342,986</u>	<u>\$ (140,681)</u>	<u>\$ 107,874</u>	<u>\$ 0</u>	<u>\$ 310,179</u>

Depreciation expense was charged to the functions of the District as follows:

Instructional Services	\$ 10,890
Support Services	16,465
	<u>\$ 27,355</u>

**Salmon River Joint School District No. 243**

Notes to Financial Statements  
For the Year Ended June 30, 2010

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**13. LEASE COMMITMENTS**

The District leases copy machines located throughout the District. The lease periods are for four to five years and it is anticipated that the copiers will be returned at the end of the lease periods, which are at various times.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2011	\$ 2,679
2012	2,679
2013	2,679
2014	2,084
2015	1,786
	<u>\$ 11,907</u>

Rent expenditures for the year ended June 30, 2010, were \$5,613.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Salmon River Joint School District No. 243**  
**Budgetary (GAAP Basis) Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Property Taxes	\$ 504,129	\$ 504,129	\$ 516,872	\$ 12,743
State	1,301,694	1,301,694	1,328,028	26,334
Other	15,000	15,000	36,595	21,595
Total Revenues	<u>1,820,823</u>	<u>1,820,823</u>	<u>1,881,495</u>	<u>60,672</u>
<b>Expenditures</b>				
Current:				
Instruction	976,657	976,657	1,125,790	(149,133)
Support Services	899,738	899,738	912,418	(12,680)
Food Service	500	500	3,606	(3,106)
Non-Instructional	80,000	80,000	0	80,000
Capital Outlay	4,187	4,187	7,452	(3,265)
Total Expenditures	<u>1,961,082</u>	<u>1,961,082</u>	<u>2,049,266</u>	<u>(88,184)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(140,259)</u>	<u>(140,259)</u>	<u>(167,771)</u>	<u>(27,512)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	16,599	16,599
Transfers (Out)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(100,729)</u>	<u>(75,729)</u>
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(84,130)</u>	<u>(59,130)</u>
<b>Net Change in Fund Balances</b>	<u>(165,259)</u>	<u>(165,259)</u>	<u>(251,901)</u>	<u>(86,642)</u>
Fund Balance - Beginning	200,000	200,000	291,873	91,873
Fund Balance - Ending	<u>\$ 34,741</u>	<u>\$ 34,741</u>	<u>\$ 39,972</u>	<u>\$ 5,231</u>

**Salmon River Joint School District No. 243**  
**Budgetary (GAAP Basis) Comparison Schedule**  
**Forest Fund**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Other	\$ 180,000	\$ 180,000	\$ 183,877	\$ 3,877
Total Revenues	<u>180,000</u>	<u>180,000</u>	<u>183,877</u>	<u>3,877</u>
<b>Expenditures</b>				
Current:				
Support Services	60,100	60,100	76,136	(16,036)
Capital Outlay	77,000	77,000	72,500	4,500
Total Expenditures	<u>137,100</u>	<u>137,100</u>	<u>148,636</u>	<u>(11,536)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>42,900</u>	<u>42,900</u>	<u>35,241</u>	<u>(7,659)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	100,000	100,000
Transfers (Out)	0	0	(26,064)	(26,064)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>73,936</u>	<u>73,936</u>
<b>Net Change in Fund Balances</b>	<u>42,900</u>	<u>42,900</u>	<u>109,177</u>	<u>66,277</u>
<b>Fund Balance - Beginning</b>	<u>367,131</u>	<u>367,131</u>	<u>267,157</u>	<u>(99,974)</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 410,031</u></u>	<u><u>\$ 410,031</u></u>	<u><u>\$ 376,334</u></u>	<u><u>\$ (33,697)</u></u>

**Salmon River Joint School District No. 243**  
**Budgetary (GAAP Basis) Comparison Schedule**  
**Food Service Fund**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>Revenues</b>				
State	\$ 76,919	\$ 76,919	\$ 76,656	\$ (263)
Other	9,020	9,020	8,267	(753)
Total Revenues	85,939	85,939	84,923	(1,016)
<b>Expenditures</b>				
Current:				
Food Service	86,811	86,811	97,985	(11,174)
Capital Outlay	24,128	24,128	13,133	10,995
Total Expenditures	110,939	110,939	111,118	(179)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(25,000)	(25,000)	(26,195)	(1,195)
<b>Other Financing Sources (Uses)</b>				
Transfers In	25,000	25,000	25,798	798
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	25,000	25,000	25,798	798
Net Change in Fund Balances	0	0	(397)	(397)
Fund Balance - Beginning	0	0	284	284
Fund Balance - Ending	\$ 0	\$ 0	\$ (113)	\$ (113)

**Salmon River Joint School District #243**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2010**

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to June 1, the Superintendent and Board of Trustees prepare a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to July 1, the budget is legally enacted through passage at a board meeting.
- D. Formal budgetary integration is employed as a management control device during the year for all the funds.
- E. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- F. Budgeted amounts are as originally adopted or amended by the Board of Trustees.

**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had expenditures in excess of appropriations:

General Fund	\$ 88,184
Forest Fund	11,536
Food Service Fund	179



**SUPPLEMENTAL INFORMATION**

**Salmon River Joint School District No. 243**  
**Supplemental Schedule of Revenues by Source -**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2010**

	Budget	Actual	Variance
<b>Revenue</b>			
Taxes and Penalties	\$ 504,129	\$ 516,872	\$ 12,743
Interest	0	584	584
State Support	1,301,694	1,328,028	26,334
Other Support	15,000	36,011	21,011
<b>Total Revenues</b>	<u>\$ 1,820,823</u>	<u>\$ 1,881,495</u>	<u>\$ 60,672</u>

**Salmon River Joint School District No. 243****Supplemental Schedule of Expenditures by Object of Expenditure -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2010**

	Budget	Actual	Variance
<b>Instruction</b>			
Elementary:			
Salaries	\$ 214,152	\$ 237,652	\$ (23,500)
Benefits	104,126	138,245	(34,119)
Services	5,250	3,433	1,817
Supplies	21,500	8,568	12,932
	<u>345,028</u>	<u>387,898</u>	<u>(42,870)</u>
Secondary:			
Salaries	296,500	355,284	(58,784)
Benefits	147,836	201,328	(53,492)
Services	10,750	11,699	(949)
Supplies	23,000	9,750	13,250
	<u>478,086</u>	<u>578,061</u>	<u>(99,975)</u>
Exceptional Program:			
Salaries	63,534	58,196	5,338
Benefits	39,203	30,862	8,341
Supplies	0	80	(80)
	<u>102,737</u>	<u>89,138</u>	<u>13,599</u>
School Activity Program:			
Salaries	40,597	41,507	(910)
Benefits	3,309	3,425	(116)
Services	6,500	16,387	(9,887)
Supplies	400	9,374	(8,974)
	<u>50,806</u>	<u>70,693</u>	<u>(19,887)</u>
Total Instruction	<u>976,657</u>	<u>1,125,790</u>	<u>(149,133)</u>

**Salmon River Joint School District No. 243**

Supplemental Schedule of Expenditures by Object of Expenditure -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2010  
(continued)

	Budget	Actual	Variance
<b>Support Services</b>			
Guidance:			
Salaries	54,431	62,812	(8,381)
Benefits	21,855	27,586	(5,731)
Services	0	383	(383)
Supplies	0	486	(486)
	<u>76,286</u>	<u>91,267</u>	<u>(14,981)</u>
Special Services:			
Services	12,000	20,653	(8,653)
	<u>12,000</u>	<u>20,653</u>	<u>(8,653)</u>
Instruction Improvement Program:			
Salaries	1,100	143	957
Benefits	216	27	189
Services	15,000	8,427	6,573
Supplies	0	150	(150)
	<u>16,316</u>	<u>8,747</u>	<u>7,569</u>
Educational Media Program:			
Salaries	18,337	20,763	(2,426)
Benefits	13,375	12,220	1,155
Services	0	3,216	(3,216)
Supplies	2,300	1,773	527
	<u>34,012</u>	<u>37,972</u>	<u>(3,960)</u>
Technology Instruction:			
Salaries	48,658	0	48,658
Benefits	59,396	273	59,123
Services	0	8,895	(8,895)
Supplies	0	3,359	(3,359)
Capital Outlay	0	4,776	(4,776)
	<u>108,054</u>	<u>17,303</u>	<u>90,751</u>
Board of Education:			
Benefits	40	0	40
Services	6,200	13,944	(7,744)
	<u>6,240</u>	<u>13,944</u>	<u>(7,704)</u>

# **Salmon River Joint School District No. 243**

## Supplemental Schedule of Expenditures by Object of Expenditure -

Budget and Actual - General Fund

For the Year Ended June 30, 2010

(continued)

	Budget	Actual	Variance
District Administration:			
Salaries	39,500	39,500	0
Benefits	11,093	9,066	2,027
Services	40,000	28,011	11,989
Supplies	4,000	2,109	1,891
	<u>94,593</u>	<u>78,686</u>	<u>15,907</u>
School Administration:			
Salaries	133,811	133,141	670
Benefits	62,759	69,815	(7,056)
Supplies	0	46	(46)
	<u>196,570</u>	<u>203,002</u>	<u>(6,432)</u>
Business Operations:			
Salaries	36,482	31,990	4,492
Benefits	20,297	15,391	4,906
Services	3,300	32,975	(29,675)
Supplies	0	1,711	(1,711)
	<u>60,079</u>	<u>82,067</u>	<u>(21,988)</u>
Buildings Care:			
Salaries	51,878	38,003	13,875
Benefits	19,677	8,318	11,359
Services	74,320	100,288	(25,968)
Supplies	22,000	25,268	(3,268)
Capital Outlay	4,187	0	4,187
	<u>172,062</u>	<u>171,877</u>	<u>185</u>
Maintenance:			
Salaries	16,432	36,027	(19,595)
Benefits	11,691	20,253	(8,562)
Services	0	11,375	(11,375)
Supplies	0	10,283	(10,283)
Capital Outlay	0	2,676	(2,676)
	<u>28,123</u>	<u>80,614</u>	<u>(52,491)</u>
Pupil to School Transportation:			
Salaries	36,500	46,911	(10,411)
Benefits	4,730	6,536	(1,806)
Services	38,860	37,108	1,752
Supplies	17,000	21,351	(4,351)
	<u>97,090</u>	<u>111,906</u>	<u>(14,816)</u>

**Salmon River Joint School District No. 243**

Supplemental Schedule of Expenditures by Object of Expenditure -

Budget and Actual - General Fund

For the Year Ended June 30, 2010

(continued)

	Budget	Actual	Variance
General Vehicle Program:			
Services	500	397	103
Supplies	2,000	1,435	565
	<u>2,500</u>	<u>1,832</u>	<u>668</u>
 Total Support Services	 903,925	 919,870	 (15,945)
 <b>Food Service Program</b>			
Salaries	500	2,385	(1,885)
Benefits	0	1,221	(1,221)
	<u>500</u>	<u>3,606</u>	<u>(3,106)</u>
 Total Food Service Program	 500	 3,606	 (3,106)
 <b>Non-Instructional</b>			
Contingency	80,000	0	80,000
 Total Expenditures	 <u>\$ 1,961,082</u>	 <u>\$ 2,049,266</u>	 <u>\$ (88,184)</u>

**Salmon River Joint School District No. 243**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2010

	Miscellaneous Grants	Driver Education	Professional Technology	Basic Technology	State Substance Abuse Prevention
<b>Assets</b>					
Cash and Cash Equivalents	\$ 0	\$ 56	\$ 0	\$ 804	\$ 197
Receivables:					
Intergovernmental	0	0	5,561	0	0
<b>Total Assets</b>	<b>\$ 0</b>	<b>\$ 56</b>	<b>\$ 5,561</b>	<b>\$ 804</b>	<b>\$ 197</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 515	\$ 0	\$ 0
Interfund Payables	0	0	5,046	0	0
Salaries and Benefits Payable	0	0	0	804	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>5,561</b>	<b>804</b>	<b>0</b>
Fund Balances:					
Assigned to:					
Other Purposes	0	56	0	0	197
Unassigned	0	0	0	0	0
<b>Total Liabilities and Fund Balances</b>	<b>\$ 0</b>	<b>\$ 56</b>	<b>\$ 5,561</b>	<b>\$ 804</b>	<b>\$ 197</b>

Title I	Title VI-B	Title VI-B Preschool	Title V-A ESEA	Carl Perkins	Title II-A	Safe and Drug Free Schools	Subtotal
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 533	\$ 1,590
36,300	48,556	1,539	0	0	6,019	0	97,975
<u>\$ 36,300</u>	<u>\$ 48,556</u>	<u>\$ 1,539</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,019</u>	<u>\$ 533</u>	<u>\$ 99,565</u>
\$ 879	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,394
21,663	32,424	1,539	0	3,667	6,019	0	70,358
13,439	9,691	0	0	0	2,370	0	26,304
35,981	42,115	1,539	0	3,667	8,389	0	98,056
319	6,441	0	0	0	0	533	7,546
0	0	0	0	(3,667)	(2,370)	0	(6,037)
<u>\$ 36,300</u>	<u>\$ 48,556</u>	<u>\$ 1,539</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,019</u>	<u>\$ 533</u>	<u>\$ 99,565</u>



**Salmon River Joint School District No. 243**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2010  
(continued)

	21 CCL Grant	Title II-D	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 896	\$ 2,486
Receivables:			
Intergovernmental	17,320	5,998	121,293
<b>Total Assets</b>	<u>\$ 17,320</u>	<u>\$ 6,894</u>	<u>\$ 123,779</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable	\$ 0	\$ 0	\$ 1,394
Interfund Payables	17,320	0	87,678
Salaries and Benefits Payable	0	0	26,304
<b>Total Liabilities</b>	17,320	0	115,376
Fund Balances:			
Assigned to:			
Other Purposes	0	6,894	14,440
Unassigned	0	0	(6,037)
<b>Total Liabilities and Fund Balances</b>	<u>\$ 17,320</u>	<u>\$ 6,894</u>	<u>\$ 123,779</u>

**Salmon River Joint School District No. 243**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010

	Miscellaneous Grants	Driver Education	Professional Technology	Basic Technology	State Substance Abuse Prevention
<b>Revenues</b>					
State Sources	\$ 0	\$ 706	\$ 18,536	\$ 20,827	\$ 3,696
Other	0	1,926	0	0	0
<b>Total Revenues</b>	<b>0</b>	<b>2,632</b>	<b>18,536</b>	<b>20,827</b>	<b>3,696</b>
<b>Expenditures</b>					
Instruction:					
Salaries	0	1,950	0	0	1,250
Benefits	0	892	0	0	96
Services	0	0	1,723	0	1,508
Supplies	0	0	7,924	0	420
<b>Total Instruction</b>	<b>0</b>	<b>2,842</b>	<b>9,647</b>	<b>0</b>	<b>3,274</b>
Support Services:					
Salaries	0	0	0	13,669	0
Benefits	0	0	0	269	0
Services	0	0	0	718	0
Supplies	0	0	0	0	0
<b>Total Support Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,656</b>	<b>0</b>
Capital Outlay	0	0	8,889	9,906	0
<b>Total Expenditures</b>	<b>0</b>	<b>2,842</b>	<b>18,536</b>	<b>24,562</b>	<b>3,274</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>0</b>	<b>(210)</b>	<b>0</b>	<b>(3,735)</b>	<b>422</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	266	0	0	0
Transfers (Out)	(420)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(420)</b>	<b>266</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(420)</b>	<b>56</b>	<b>0</b>	<b>(3,735)</b>	<b>422</b>
<b>Fund Balance - Beginning</b>	<b>420</b>	<b>0</b>	<b>0</b>	<b>3,735</b>	<b>(225)</b>
<b>Fund Balance - Ending</b>	<b>\$ 0</b>	<b>\$ 56</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 197</b>

Title I	Title VI-B	Title VI-B Preschool	Title V-A ESEA	Carl Perkins Fund	Title II-A	Safe and Drug Free Schools	Subtotal
\$ 76,638	\$ 53,873	\$ 4,708	\$ 0	\$ 0	\$ 10,072	\$ 894	\$ 189,950
0	0	0	0	0	0	0	1,926
76,638	53,873	4,708	0	0	10,072	894	191,876
45,924	31,043	5,801	0	0	8,096	0	94,064
39,107	22,868	0	0	0	6,283	0	69,246
136	0	0	0	458	12,549	361	16,735
8,655	0	0	0	555	1,756	0	19,310
93,822	53,911	5,801	0	1,013	28,684	361	199,355
0	0	0	0	0	0	0	13,669
0	0	0	0	0	0	0	269
80	0	0	0	0	0	0	798
0	0	0	729	0	0	0	729
80	0	0	729	0	0	0	15,465
5,219	0	0	0	2,964	0	0	26,978
99,121	53,911	5,801	729	3,977	28,684	361	241,798
(22,483)	(38)	(1,093)	(729)	(3,977)	(18,612)	533	(49,922)
0	0	0	729	0	0	0	995
0	0	0	0	0	0	0	(420)
0	0	0	729	0	0	0	575
(22,483)	(38)	(1,093)	0	(3,977)	(18,612)	533	(49,347)
22,802	6,479	1,093	0	310	16,242	0	50,856
\$ 319	\$ 6,441	\$ 0	\$ 0	\$ (3,667)	\$ (2,370)	\$ 533	\$ 1,509

**Salmon River Joint School District No. 243**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2010  
(continued)

	21 CCLC Grant	Title II-D	Total
<b>Revenues</b>			
State Sources	\$ 183,142	\$ 6,131	\$ 379,223
Other	0	0	1,926
Total Revenues	<u>183,142</u>	<u>6,131</u>	<u>381,149</u>
<b>Expenditures</b>			
Instruction:			
Salaries	18,385	0	112,449
Benefits	17,643	0	86,889
Services	124,950	0	141,685
Supplies	0	0	19,310
Total Instruction	<u>160,978</u>	<u>0</u>	<u>360,333</u>
Support Services:			
Salaries	0	0	13,669
Indirect Costs	0	0	269
Services	0	0	798
Supplies	0	6,096	6,825
Total Support Services	<u>0</u>	<u>6,096</u>	<u>21,561</u>
Capital Outlay	<u>18,405</u>	<u>0</u>	<u>45,383</u>
Total Expenditures	<u>179,383</u>	<u>6,096</u>	<u>427,277</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>3,759</u>	<u>35</u>	<u>(46,128)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	0	995
Transfers (Out)	(16,179)	0	(16,599)
Total Other Financing Sources (Uses)	<u>(16,179)</u>	<u>0</u>	<u>(15,604)</u>
Net Change in Fund Balance	(12,420)	35	(61,732)
Fund Balance - Beginning	12,420	6,859	70,135
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 6,894</u>	<u>\$ 8,403</u>

**FEDERAL REPORTS**

**Salmon River Joint School District No. 243**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2010**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>		
Passed through State Department of Education:		
Title I - Basic	84.010	\$ 77,683
Title VI-B	84.027	53,911
Title VI-B - Preschool	84.173	5,801
Title IV	84.186	361
Twenty-First Century Community Learning Grant	84.287	135,711
Technology Literacy Challenge	84.318	6,095
Title II Improving Teacher Quality	84.367	28,684
ARRA - Title I Grants to LEAs	84.389	21,738
ARRA - State Fiscal Stabilization Fund	84.394	165,921
Total U.S. Department of Education		<u>495,905</u>
<u>U.S. Department of Agriculture</u>		
Passed through State Department of Education:		
School Breakfast	10.553	11,388
National School Lunch	10.555	50,245
Child Nutrition Discretionary Grant	10.579	16,495
Fresh Fruit and Vegetable	10.582	3,786
Total U.S. Department of Agriculture		<u>81,914</u>
Total Federal Financial Assistance		<u>\$ 577,819</u>

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

**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  
Salmon River Joint School District No. 243  
Riggins, Idaho

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Salmon River Joint School District No. 243** (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **Salmon River Joint School District No. 243's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. [2010-1] *A significant deficiency* is a deficiency, or 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Salmon River Joint School District No. 243's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the findings identified in our audit is summarized in the accompanying corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

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

*Bailey & Co.*

Nampa, Idaho  
September 20, 2010



**Report on Compliance With Requirements That Could Have a  
Direct and Material Effect on Each Major Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133**

Independent Auditor's Report

Board of Trustees  
Salmon River Joint School District No. 243  
Riggins, Idaho

Compliance

We have audited **Salmon River Joint School District No. 243's** (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion **Salmon River Joint School District No. 243** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

## Internal Control Over Compliance

Management of **Salmon River Joint School District No. 243** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

The District's responses to the findings in our audit are described in the accompanying corrective action plan. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, the State of Idaho Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bailey & Co.*

Nampa, Idaho  
September 20, 2010

**Salmon River Joint School District No. 243**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

Noncompliance material to financial statements noted? ☐ yes ☒ no

Significant deficiency(ies) identified that are not considered material weaknesses? ☒ yes ☐ none reported

*Federal Awards*

Internal Control over major programs:

Noncompliance material to financial statements noted? ☐ yes ☒ no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☐ yes ☒ no

Identification of major programs:

CFDA Numbers

Name of Federal Program

84.287

Twenty First Century Community Learning Grant

84.394

State Fiscal Stabilization Fund

Dollar threshold used to distinguish between

Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

## **Section II - Financial Statement Findings**

2010-1: Preparation of Annual Financial Statements and Footnotes

Criteria:

Auditing Standards places the responsibility on management for the preparation of the District's annual financial statements and footnotes in accordance with generally accepted accounting principles (GAAP).

Condition:

Based on the auditing standards the District needs to put into place a system designed to provide for the preparation of the annual financial statements and related footnotes being audited. As auditors, we were requested to draft the annual financial statements and notes from the District's accounting system.

Effect:

The lack of this control could cause a misstatement in the annual financial statements and footnotes to go undetected.

Cause:

This situation is common in districts this size and is a direct result of the cost/benefit of preparing their annual financial statements and footnotes.

Recommendation:

The District should look at the costs and benefits of implementing internal controls over preparation of the annual financial statements and related footnotes.

Response:

See Corrective Action Plan.

## **Section III - Findings and Questioned Costs for Federal Awards**

No matters reported.

**Salmon River Joint School District No. 243**

**Corrective Action Plan**

**For the Year Ended June 30, 2010**

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**2010-1: Preparation of Financial Statements**

The District will research the cost/benefit of implementing internal controls over preparation of the annual financial statements and, if possible, implement those changes accordingly.

If there are any questions regarding this plan, please contact the District at (208) 628-3143.