

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

---

Report on Audited  
Basic  
Financial Statements  
and  
Additional Information

---

For the Year Ended June 30, 2012

## 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 Funds to the Statement of Net Assets	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	13
Statement of Fiduciary Net Assets	14
Statement of Changes in Fiduciary Net Assets	15
Notes to Financial Statements	16
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	27
Forest Fund	28
21 CCLC Grant	29
Notes to Required Supplementary Information	30

**SUPPLEMENTAL INFORMATION**

Supplemental Schedule of Revenues by Source – Budget and Actual – General Fund 31

Supplemental Schedule of Expenditures by Object of Expenditure – Budget and Actual – General Fund 32

Combining Balance Sheet – Nonmajor Governmental Funds 36

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 39

**FEDERAL REPORTS**

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* 42

Management's Response to Findings 44

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

Title Page

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243  
133 North Main  
P.O. Box 50  
Riggins, ID 83549

**Board of Trustees**

Brad Sawyer	Chairperson
Barbara Hawkins	Trustee
Christopher Simar	Trustee
Seth Allen	Trustee

**Administrators**

Marc Scheibe	Superintendent
Michelle Hollon	Business Manager/Treasurer



Certified Public Accountants

James Washburn, CPA  
Weston Flamm, CPA  
Jared Zwygart, CPA  
Cassie Zattiero, CPA  
Leroy Loomis, CPA

---

812-B 12<sup>th</sup> Ave. South  
P.O. Box 876  
Nampa, ID 83653-0876  
208 466-2493  
FAX 208 467-2000  
www.BaileyCPAs.com

## 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, 2012, 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, 2012, 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 August 20, 2012, 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 27 to 30 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 not presented a management's discussion and analysis that governmental 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 31 to 41) is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates 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  
August 20, 2012

**Salmon River Joint School District No. 243**  
Statement of Net Assets  
June 30, 2012

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 843,740
Receivables, Net:	
Property Taxes	232,320
Intergovernmental	27,035
Capital Assets:	
Land	25,126
Buildings, Net	93,731
Equipment, Net	28,121
Vehicles, Net	102,078
Total Capital Assets	249,056
<b>Total Assets</b>	1,352,151
 <b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	49,070
Salaries and Benefits Payable	196,153
<b>Total Liabilities</b>	245,223
 <b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	249,056
Restricted for:	
Capital Projects	69,665
Special Revenue	573,253
Unrestricted (Deficit) Surplus	214,954
<b>Total Net Assets</b>	\$ 1,106,928

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, 2012

	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	\$ 1,262,452	\$ 0	\$ 362,987	\$ 0	\$ (899,465)
Support Services	701,483	0	161,898	0	(539,585)
Food Service	84,126	11,638	45,755	0	(26,733)
<b>Total Governmental Activities</b>	<u>\$ 2,048,061</u>	<u>\$ 11,638</u>	<u>\$ 570,640</u>	<u>\$ 0</u>	<u>(1,465,783)</u>
		General Revenues:			
					588,936
					1,078,247
					15,670
				Total General Revenues and Special Items	<u>1,682,853</u>
				Change in Net Assets	<u>217,070</u>
				Net Assets, Beginning - Previously Reported	966,722
				Net Asset Restatement	<u>(76,864)</u>
				Net Assets, Beginning - Restated	<u>889,858</u>
				Net Assets, End of Year	<u>\$ 1,106,928</u>

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



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

Balance Sheet -  
Governmental Funds  
June 30, 2012

	<u>General</u>	<u>Forest Fund</u>	<u>21st CCLC Grant</u>	<u>Capital Projects</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 145,845	\$ 570,776	\$ 29,518	\$ 69,665
Receivables:				
Property Taxes	232,320	0	0	0
Intergovernmental	16,713	0	5,793	0
Internal Balances	4,529	0	0	0
Total Assets	<u>\$ 399,407</u>	<u>\$ 570,776</u>	<u>\$ 35,311</u>	<u>\$ 69,665</u>
 <b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 9,602	\$ 0	\$ 35,311	\$ 0
Internal Balances	0	0	0	0
Salaries and Benefits Payable	174,851	0	0	0
Deferred Revenue	82,455	0	0	0
Total Liabilities	<u>266,908</u>	<u>0</u>	<u>35,311</u>	<u>0</u>
 Fund Balances:				
Restricted	0	570,776	0	69,665
Unassigned	132,499	0	0	0
Total Fund Balances	<u>132,499</u>	<u>570,776</u>	<u>0</u>	<u>69,665</u>
Total Liabilities and Fund Balances	<u>\$ 399,407</u>	<u>\$ 570,776</u>	<u>\$ 35,311</u>	<u>\$ 69,665</u>

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

**Salmon River Joint School District No. 243**  
 Balance Sheet -  
 Governmental Funds (continued)  
 June 30, 2012

	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>		
Cash and Cash Equivalents	\$ 27,936	\$ 843,740
Receivables:		
Property Taxes	0	232,320
Intergovernmental	4,529	27,035
Internal Balances	0	4,529
Total Assets	\$ 32,465	\$ 1,107,624
 <b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts Payable	\$ 4,157	\$ 49,070
Internal Balances	4,529	4,529
Salaries and Benefits Payable	21,302	196,153
Deferred Revenue	0	82,455
Total Liabilities	29,988	332,207
 Fund Balances:		
Restricted	2,477	642,918
Unassigned	0	132,499
Total Fund Balances	2,477	775,417
Total Liabilities and Fund Balances	\$ 32,465	\$ 1,107,624

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

**Salmon River Joint School District No. 243**  
 Reconciliation of the Balance Sheet of the Governmental  
 Funds to the Statement of Net Assets  
 June 30, 2012

Total Fund Balances - Governmental Funds \$ 775,417

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 \$1,023,600 Accumulated Depreciation	93,731	
Equipment, Net of \$68,035 Accumulated Depreciation	28,121	
Vehicles, Net of \$190,532 Accumulated Depreciation	<u>102,078</u>	
		249,056

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. 82,455

Total Net Assets-Governmental Activities \$ 1,106,928

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, 2012

	<u>General</u>	<u>Forest Fund</u>	<u>21st CCLC Grant</u>	<u>Capital Projects</u>
<b>Revenues</b>				
Property Taxes	\$ 586,002	\$ 0	\$ 0	\$ 0
Federal	65,708	161,898	142,283	0
State	1,077,701	0	0	0
Charges for Services	0	0	0	0
Other	10,997	472	0	84
Total Revenues	<u>1,740,408</u>	<u>162,370</u>	<u>142,283</u>	<u>84</u>
<b>Expenditures</b>				
Current:				
Instruction	934,045	0	133,425	0
Support Services	694,787	475	0	0
Food Service	2,129	0	0	0
Capital Outlay	816	533	0	0
Total Expenditures	<u>1,631,777</u>	<u>1,008</u>	<u>133,425</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>108,631</u>	<u>161,362</u>	<u>8,858</u>	<u>84</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	5,807	0	0	18,735
Transfers Out	(32,618)	(27,130)	0	0
Total Other Financing Sources (Uses)	<u>(26,811)</u>	<u>(27,130)</u>	<u>0</u>	<u>18,735</u>
Net Change in Fund Balances	81,820	134,232	8,858	18,819
Fund Balances - Beginning	50,679	436,544	(8,858)	50,846
Fund Balances - Ending	<u>\$ 132,499</u>	<u>\$ 570,776</u>	<u>\$ 0</u>	<u>\$ 69,665</u>

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 (continued)  
For the Year Ended June 30, 2012

	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>
<b>Revenues</b>		
Property Taxes	\$ 0	\$ 586,002
Federal	200,751	570,640
State	546	1,078,247
Charges for Services	11,638	11,638
Other	4,117	15,670
Total Revenues	<u>217,052</u>	<u>2,262,197</u>
 <b>Expenditures</b>		
Current:		
Instruction	156,037	1,223,507
Support Services	6,221	701,483
Food Service	81,997	84,126
Capital Outlay	3,587	4,936
Total Expenditures	<u>247,842</u>	<u>2,014,052</u>
 <b>Excess (Deficiency) of Revenues Over Expenditures</b>	 <u>(30,790)</u>	 <u>248,145</u>
 <b>Other Financing Sources (Uses)</b>		
Transfers In	41,013	65,555
Transfers Out	(5,807)	(65,555)
Total Other Financing Sources (Uses)	<u>35,206</u>	<u>0</u>
 Net Change in Fund Balances	 4,416	 248,145
 Fund Balances - Beginning	 <u>(1,939)</u>	 <u>527,272</u>
Fund Balances - Ending	<u>\$ 2,477</u>	<u>\$ 775,417</u>

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

**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, 2012

Total Net Change in Fund Balance - Governmental Funds \$ 248,145

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 costs of those assets are allocated over their useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay	\$	0	
Depreciation Expense		(34,009)	
Net		(34,009)	(34,009)

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.

2,934

Change in Net Assets of Governmental Activities

\$ 217,070

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, 2012

	Agency Funds	Private- Purpose Trust Fund	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 34,878	\$ 5,273	\$ 40,151
Total Assets	\$ 34,878	\$ 5,273	\$ 40,151
<b>Liabilities</b>			
Due to Student Groups	\$ 34,878	\$ 0	\$ 34,878
Accounts Payable	0	0	0
Total Liabilities	34,878	0	34,878
<b>Net Assets</b>			
Restricted for Scholarships	0	5,273	5,273
Total Liabilities and Net Assets	\$ 34,878	\$ 5,273	\$ 40,151

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, 2012

	Private-Purpose Trust Fund
<b>Additions</b>	
Investment Income	\$ 12
Total Additions	12
<b>Deductions</b>	
Scholarships Awarded	0
Changes in Net Assets	12
Net Assets - Beginning of Year	5,261
Net Assets - End of Year	5,273

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, 2012

---

### 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, 2012

---

### 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.
- *21st CCLC Grant fund.* This fund accounts for federal award dollars that are to be used for academic enrichment opportunities for children during non-school hours.
- *Capital Projects fund.* This fund accounts for the resources accumulated and expenditures made for capital projects.

The District reports the following fiduciary fund types:

- *Private-Purpose Trust funds.* These funds 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 have been satisfied.

**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2012

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 are shown below:

**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2012

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Capitalization <u>Policy</u>	Depreciation <u>Method</u>	Estimated <u>Useful Life</u>
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 for Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Assets and in the governmental fund Balance Sheet. The District uses the following fund balance categories in the governmental fund Balance Sheet:

- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (nonspendable, committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of

**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2012

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trustees, the District's highest level of decision making authority, through a formal action. The Board of Trustees would also have the authority to assign funds or authorize another official to do so.

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/fund balances available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the District's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

All special revenue funds are restricted by the federal government and must be spent according to the stipulations of the corresponding federal program. The State of Idaho requires that capital projects be accounted for in their own fund and, therefore, the capital projects fund is also restricted.

2. CASH DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances

The District maintains a cash and investment pool for use by all funds. The District also had \$1,038 in petty cash.

Deposits

As of June 30, 2012, the carrying amount of the District's deposits was \$634,550 and the respective bank balances totaled \$638,218. The total bank balance was insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.

**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2012

---

2. CASH DEPOSITS AND INVESTMENTS (continued)

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, 2012, 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.

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 has not been rated. 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, 2012, are summarized below:

Investment	Fair Value	<u>Investment Maturities (in Years)</u>	
		Less Than 1	1-5
External Investment Pool	\$ 248,303	\$ 248,303	\$ 0

**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2012

---

2. CASH DEPOSITS AND INVESTMENTS (continued)

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

	Governmental Activities	Fiduciary Funds	Total
Cash and cash equivalents	\$ 600,710	\$ 34,878	\$ 635,588
Investments categorized as deposits	243,030	5,273	248,303
	\$ 843,740	\$ 40,151	\$ 883,891

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, 2012, are considered by the District as a receivable.

Taxes not collected within 60 days after June 30, 2012, are not considered available for use by the District and are recorded as deferred revenue in the fund financial statements.

4. RECEIVABLE - INTERGOVERNMENTAL

Intergovernmental amounts due consist of \$16,713 from the State of Idaho, and \$10,322 due from federal programs passed-through the State of Idaho for a total due of \$27,035. 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, 2012, 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.

**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2012

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.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>6/30/2011</u>	<u>Restatement</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2012</u>
<u>Governmental Activities:</u>					
Capital Assets Not Being Depreciated:					
Land	\$ 25,126	\$ 0	\$ 0	\$ 0	\$ 25,126
Capital Assets Being Depreciated:					
Buildings and Improvements	1,117,331	0	0	0	1,117,331
Equipment	96,156	0	0	0	96,156
Vehicles	417,425	(94,601)	0	(30,214)	292,610
Total Historical Cost	<u>1,630,912</u>	<u>(94,601)</u>	<u>0</u>	<u>(30,214)</u>	<u>1,506,097</u>
Less: Accumulated Depreciation					
Buildings and Improvements	1,016,157	0	7,443	0	1,023,600
Equipment	64,078	0	3,957	0	68,035
Vehicles	215,874	(17,737)	22,609	(30,214)	190,532
Total Accumulated Depreciation	<u>1,296,109</u>	<u>(17,737)</u>	<u>34,009</u>	<u>(30,214)</u>	<u>1,282,167</u>
Net Depreciable Assets	<u>334,803</u>	<u>(76,864)</u>	<u>(34,009)</u>	<u>0</u>	<u>223,930</u>
Governmental Activities					
Capital Assets - Net	<u>\$ 359,929</u>	<u>\$ (76,864)</u>	<u>\$ (34,009)</u>	<u>\$ 0</u>	<u>\$ 249,056</u>

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

Instruction	\$ 11,400
Support Services	<u>22,609</u>
	<u>\$ 34,009</u>



**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2012

---

8. INTERFUND BALANCES

Balances due to/from other funds at June 30, 2012, consist of the following:

Due to the General fund from other nonmajor governmental funds  
\$ 4,529 representing cash overdrafts.

9. TRANSFERS TO/FROM OTHER FUNDS

Transfers between funds during the year occurred as follows:

From the Forest fund to nonmajor governmental funds to reimburse for  
\$ 27,130 prior year expenses.  
From the General fund to nonmajor government funds to reimburse for  
32,618 prior year expenses.  
From nonmajor governmental funds to the General fund to reimburse for  
5,807 prior year expenses.  
\$ 65,555

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and 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 though 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. Moreton and Company.

11. 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

**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2012

---

11. PENSION PLAN (continued)

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, 2012, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% 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 \$105,921, \$108,659, and \$119,517 for the three years ended June 30, 2012, 2011, and 2010, respectively.

12. 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
2013	\$ 2,679
2014	2,084
2015	1,786
	<u>\$ 6,549</u>

Rent expenditures for the year ended June 30, 2012, were \$4,931.

**Salmon River Joint School District No. 243**  
Notes to Financial Statements  
For the Year Ended June 30, 2012

---

13. OTHER COMMITMENTS

The District has one credit card with a credit limit of \$5,000. As of June 30, 2012, \$2,133 of that credit was available.

14. NET ASSET RESTATEMENT

It was discovered in the current year that a vehicle was added twice to the capital assets in the prior year. Removal of the duplicated cost and related depreciation resulted in a decrease to beginning net assets of \$76,864. This error had no effect on the fund financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Salmon River Joint School District No. 243**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 554,129	\$ 557,317	\$ 586,002	\$ 28,685
Federal Sources	48,000	64,811	65,708	897
State Sources	1,071,043	969,216	1,077,701	108,485
Other	15,000	15,000	10,997	(4,003)
Total Revenues	<u>1,688,172</u>	<u>1,606,344</u>	<u>1,740,408</u>	<u>134,064</u>
<b>Expenditures</b>				
Current:				
Instruction	915,865	940,513	934,045	6,468
Support Services	747,650	782,901	694,787	88,114
Food Service	2,332	2,332	2,129	203
Capital Outlay	1,915	1,915	816	1,099
Contingency Reserve	30,000	0	0	0
Total Expenditures	<u>1,697,762</u>	<u>1,727,661</u>	<u>1,631,777</u>	<u>95,884</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(9,590)</u>	<u>(121,317)</u>	<u>108,631</u>	<u>229,948</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	9,590	88,873	5,807	(83,066)
Transfers Out	0	(18,735)	(32,618)	(13,883)
Total Other Financing Sources (Uses)	<u>9,590</u>	<u>70,138</u>	<u>(26,811)</u>	<u>(96,949)</u>
Net Change in Fund Balances	0	(51,179)	81,820	132,999
Fund Balance - Beginning	0	50,679	50,679	0
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (500)</u>	<u>\$ 132,499</u>	<u>\$ 132,999</u>

**Salmon River Joint School District No. 243**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Forest Fund  
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Federal Sources	\$ 0	\$ 161,897	\$ 161,898	\$ 1
Other	300	450	472	22
Total Revenues	<u>300</u>	<u>162,347</u>	<u>162,370</u>	<u>23</u>
<b>Expenditures</b>				
Current:				
Support Services	3,000	3,000	475	2,525
Capital Outlay	0	0	533	(533)
Contingency Reserve	50,000	50,000	0	50,000
Total Expenditures	<u>53,000</u>	<u>53,000</u>	<u>1,008</u>	<u>51,992</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(52,700)</u>	<u>109,347</u>	<u>161,362</u>	<u>52,015</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	(12,358)	(105,139)	(27,130)	78,009
Total Other Financing Sources (Uses)	<u>(12,358)</u>	<u>(105,139)</u>	<u>(27,130)</u>	<u>78,009</u>
Net Change in Fund Balances	(65,058)	4,208	134,232	130,024
Fund Balance - Beginning	<u>276,847</u>	<u>436,545</u>	<u>436,544</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ 211,789</u>	<u>\$ 440,753</u>	<u>\$ 570,776</u>	<u>\$ 130,023</u>

**Salmon River Joint School District No. 243**  
 Budgetary (GAAP Basis) Comparison Schedule  
 21st CCLC Grant  
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Federal Sources	\$ 120,720	\$ 108,648	\$ 142,283	\$ 33,635
Total Revenues	<u>120,720</u>	<u>108,648</u>	<u>142,283</u>	<u>33,635</u>
<b>Expenditures</b>				
Current:				
Instruction	120,720	108,148	133,425	(25,277)
Total Expenditures	<u>120,720</u>	<u>108,148</u>	<u>133,425</u>	<u>(25,277)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	<u>0</u>	<u>500</u>	<u>8,858</u>	<u>8,358</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	(500)	0	500
Total Other Financing Sources (Uses)	<u>0</u>	<u>(500)</u>	<u>0</u>	<u>500</u>
Net Change in Fund Balances	0	0	8,858	8,858
Fund Balance - Beginning	0	0	(8,858)	(8,858)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Salmon River Joint School District No. 243**  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2012

---

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. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures were spent in excess of appropriates in the 21<sup>st</sup> CCLC Grant fund by \$25,277.



**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, 2012

<b>Revenue</b>	Budget	Actual	Variance
Property Taxes	\$ 557,317	\$ 586,002	\$ 28,685
Federal Sources	64,811	65,708	897
State Sources	969,216	1,077,701	108,485
Other	15,000	10,997	(4,003)
Sale of Capital Assets	0	0	0
Total Revenues	<u>\$ 1,606,344</u>	<u>\$ 1,740,408</u>	<u>\$ 134,064</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, 2012

	Budget	Actual	Variance
<b>Instruction</b>			
Elementary:			
Salaries	\$ 240,125	\$ 259,007	\$ (18,882)
Benefits	102,285	91,999	10,286
Services	3,000	2,895	105
Supplies	4,000	3,866	134
	<u>349,410</u>	<u>358,266</u>	<u>(8,856)</u>
Secondary:			
Salaries	287,198	285,335	1,863
Benefits	134,984	134,722	262
Services	3,000	2,513	487
Supplies	1,000	2,000	(1,000)
	<u>426,182</u>	<u>424,570</u>	<u>1,612</u>
Exceptional Program:			
Salaries	88,830	76,777	12,053
Benefits	46,791	46,149	642
Services	3,000	0	3,000
Supplies	0	2,975	(2,975)
	<u>138,621</u>	<u>125,901</u>	<u>12,720</u>
School Activity Program:			
Salaries	23,000	22,012	988
Benefits	1,600	1,694	(94)
Services	1,200	1,140	60
Capital Outlay	415	241	174
Insurance	500	462	38
	<u>26,715</u>	<u>25,549</u>	<u>1,166</u>
<b>Total Instruction</b>	<u>940,928</u>	<u>934,286</u>	<u>6,642</u>
<b>Support Services</b>			
Guidance:			
Salaries	14,000	14,955	(955)
Benefits	1,855	5,169	(3,314)
	<u>15,855</u>	<u>20,124</u>	<u>(4,269)</u>
Special Services:			
Services	30,000	30,575	(575)
	<u>30,000</u>	<u>30,575</u>	<u>(575)</u>

**Salmon River Joint School District No. 243**  
 Supplemental Schedule of Expenditures by Object of Expenditure -  
 Budget and Actual - General Fund (continued)  
 For the Year Ended June 30, 2012

	Budget	Actual	Variance
<b>Instruction Improvement Program:</b>			
Services	0	265	(265)
	<u>0</u>	<u>265</u>	<u>(265)</u>
<b>Educational Media Program:</b>			
Salaries	27,237	29,642	(2,405)
Benefits	15,408	14,953	455
Services	4,780	4,737	43
Supplies	1,000	384	616
	<u>48,425</u>	<u>49,716</u>	<u>(1,291)</u>
<b>Technology Instruction:</b>			
Salaries	2,500	2,500	0
Benefits	40,577	40,113	464
Services	11,000	6,173	4,827
Supplies	2,000	601	1,399
	<u>56,077</u>	<u>49,387</u>	<u>6,690</u>
<b>Board of Education:</b>			
Benefits	40	25	15
Services	9,200	8,413	787
	<u>9,240</u>	<u>8,438</u>	<u>802</u>
<b>District Administration:</b>			
Salaries	35,550	34,800	750
Benefits	9,967	9,358	609
Services	18,500	13,865	4,635
Supplies	2,000	1,197	803
Capital Outlay	500	103	397
Insurance	9,000	7,049	1,951
	<u>75,517</u>	<u>66,372</u>	<u>9,145</u>
<b>School Administration:</b>			
Salaries	120,018	120,334	(316)
Benefits	42,104	34,690	7,414
	<u>162,122</u>	<u>155,024</u>	<u>7,098</u>
<b>Business Operations:</b>			
Salaries	35,000	35,000	0
Benefits	18,858	18,971	(113)
Services	8,800	7,934	866
Supplies	500	0	500
	<u>63,158</u>	<u>61,905</u>	<u>1,253</u>

**Salmon River Joint School District No. 243**  
Supplemental Schedule of Expenditures by Object of Expenditure -  
Budget and Actual - General Fund (continued)  
For the Year Ended June 30, 2012

	Budget	Actual	Variance
Administrative Technology			
Benefits	0	122	(122)
Services	2,000	1,273	727
Supplies	14,000	16,058	(2,058)
Capital Outlay	1,000	0	1,000
	<u>17,000</u>	<u>17,453</u>	<u>(453)</u>
Buildings Care:			
Salaries	17,855	6,133	11,722
Benefits	12,375	7,778	4,597
Services	119,740	74,290	45,450
Supplies	10,000	13,163	(3,163)
Capital Outlay	1,000	380	620
Insurance	11,000	10,593	407
	<u>171,970</u>	<u>112,337</u>	<u>59,633</u>
Maintenance:			
Salaries	33,750	42,173	(8,423)
Benefits	19,417	18,554	863
Services	1,410	905	505
Supplies	3,700	3,119	581
	<u>58,277</u>	<u>64,751</u>	<u>(6,474)</u>
Pupil to School Transportation:			
Salaries	35,800	17,798	18,002
Benefits	6,460	4,993	1,467
Services	14,700	14,463	237
Supplies	17,500	17,326	174
	<u>74,460</u>	<u>54,580</u>	<u>19,880</u>
General Transportation Program:			
Supplies	1,800	4,343	(2,543)
Capital Outlay	0	92	(92)
	<u>1,800</u>	<u>4,435</u>	<u>(2,635)</u>
Total Support Services	<u>783,901</u>	<u>695,362</u>	<u>88,539</u>

**Salmon River Joint School District No. 243**  
 Supplemental Schedule of Expenditures by Object of Expenditure -  
 Budget and Actual - General Fund (continued)  
 For the Year Ended June 30, 2012

	Budget	Actual	Variance
<b>Food Service Program</b>			
Salaries	2,150	1,981	169
Benefits	182	148	34
<b>Total Food Service Program</b>	<b>2,332</b>	<b>2,129</b>	<b>203</b>
<b>Total Expenditures</b>	<b>\$ 1,727,161</b>	<b>\$ 1,631,777</b>	<b>\$ 95,384</b>

**Salmon River Joint School District No. 243**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2012

	Driver Education	Professional Technology	State Substance Abuse Prevention	Title I	Title VI-B
<b>Assets</b>					
Cash and Cash Equivalents	\$ 0	\$ 2,887	\$ 0	\$ 8,629	\$ 7,700
Receivables:					
Intergovernmental	546	0	0	0	0
<b>Total Assets</b>	<b>\$ 546</b>	<b>\$ 2,887</b>	<b>\$ 0</b>	<b>\$ 8,629</b>	<b>\$ 7,700</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts Payable	\$ 0	\$ 2,887	\$ 0	\$ 0	\$ 0
Interfund Payables	546	0	0	0	0
Salaries and Benefits Payable	0	0	0	8,629	7,700
<b>Total Liabilities</b>	<b>546</b>	<b>2,887</b>	<b>0</b>	<b>8,629</b>	<b>7,700</b>
Fund Balances:					
Restricted	0	0	0	0	0
Unassigned	0	0	0	0	0
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 546</b>	<b>\$ 2,887</b>	<b>\$ 0</b>	<b>\$ 8,629</b>	<b>\$ 7,700</b>

**Salmon River Joint School District No. 243**  
Combining Balance Sheet - Nonmajor Governmental Funds (continued)  
June 30, 2012

	Title VI-B Preschool	ISEE Grant	Carl Perkins	Title II- A	Safe and Drug Free Schools
<b>Assets</b>					
Cash and Cash Equivalents	\$ 0	\$ 2,476	\$ 0	\$ 0	\$ 0
Receivables:					
Intergovernmental	0	0	3,983	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 2,476</u>	<u>\$ 3,983</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interfund Payables	0	0	3,983	0	0
Salaries and Benefits Payable	0	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>3,983</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Restricted	0	2,476	0	0	0
Unassigned	0	0	0	0	0
Total Fund Balances	<u>0</u>	<u>2,476</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities and Fund Balances	 <u>\$ 0</u>	 <u>\$ 2,476</u>	 <u>\$ 3,983</u>	 <u>\$ 0</u>	 <u>\$ 0</u>



**Salmon River Joint School District No. 243**  
Combining Balance Sheet - Nonmajor Governmental Funds (continued)  
June 30, 2012

	Title II-D	Food Service	Insurance Buy Down	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 0	6,244	\$ 0	\$ 27,936
Receivables:				
Intergovernmental	0	0	0	4,529
<b>Total Assets</b>	<b>\$ 0</b>	<b>\$ 6,244</b>	<b>\$ 0</b>	<b>\$ 32,465</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 0	\$ 1,270	\$ 0	\$ 4,157
Interfund Payables	0	0	0	4,529
Salaries and Benefits Payable	0	4,973	0	21,302
<b>Total Liabilities</b>	<b>0</b>	<b>6,243</b>	<b>0</b>	<b>29,988</b>
Fund Balances:				
Restricted	0	1	0	2,477
Unassigned	0	0	0	0
<b>Total Fund Balances</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2,477</b>
<b>Total Liabilities and     Fund Balances</b>	<b>\$ 0</b>	<b>\$ 6,244</b>	<b>\$ 0</b>	<b>\$ 32,465</b>

**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, 2012

	Driver Education	Professional Technology	State Substance Abuse Prevention	Title I	Title VI-B
<b>Revenues</b>					
Federal Sources	\$ 0	\$ 19,323	\$ 0	\$ 49,031	\$ 35,443
State Sources	546	0	0	0	0
Charges for Services	0	0	0	0	0
Other	2,295	0	0	0	0
<b>Total Revenues</b>	<b>2,841</b>	<b>19,323</b>	<b>0</b>	<b>49,031</b>	<b>35,443</b>
<b>Expenditures</b>					
Instruction:					
Salaries	3,020	6,000	161	24,993	21,167
Benefits	1,402	0	0	20,621	14,276
Services	0	2,494	0	978	0
Supplies	555	10,248	0	1,564	0
<b>Total Instruction</b>	<b>4,977</b>	<b>18,742</b>	<b>161</b>	<b>48,156</b>	<b>35,443</b>
Support Services:					
Salaries	0	0	0	0	0
Benefits	0	0	0	0	0
Services	0	0	0	0	0
Supplies	0	0	0	0	0
<b>Total Support Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Food Service	0	0	0	0	0
Capital Outlay	0	712	0	0	0
<b>Total Expenditures</b>	<b>4,977</b>	<b>19,454</b>	<b>161</b>	<b>48,156</b>	<b>35,443</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,136)</b>	<b>(131)</b>	<b>(161)</b>	<b>875</b>	<b>0</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	3,074	6,033	0	6,684	1,166
Transfers Out	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>3,074</b>	<b>6,033</b>	<b>0</b>	<b>6,684</b>	<b>1,166</b>
<b>Net Change in Fund Balance</b>	<b>938</b>	<b>5,902</b>	<b>(161)</b>	<b>7,559</b>	<b>1,166</b>
Fund Balance - Beginning	(938)	(5,902)	161	(7,559)	(1,166)
<b>Fund Balance - Ending</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Nonmajor Governmental Funds (continued)  
For the Year Ended June 30, 2012

	Title VI-B Preschool	ISEE Grant	Carl Perkins	Title II-A	Safe and Drug Free Schools
<b>Revenues</b>					
Federal Sources	\$ 3,565	\$ 0	\$ 8,173	\$ 14,245	\$ 0
State Sources	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Revenues</b>	<b>3,565</b>	<b>0</b>	<b>8,173</b>	<b>14,245</b>	<b>0</b>
<b>Expenditures</b>					
Instruction:					
Salaries	2,951	0	0	0	297
Benefits	614	0	0	0	0
Services	0	0	0	5,382	0
Supplies	0	0	2,796	555	0
<b>Total Instruction</b>	<b>3,565</b>	<b>0</b>	<b>2,796</b>	<b>5,937</b>	<b>297</b>
Support Services:					
Salaries	0	252	0	0	0
Benefits	0	131	0	0	0
Services	0	38	0	4,599	0
Supplies	0	0	0	0	0
<b>Total Support Services</b>	<b>0</b>	<b>421</b>	<b>0</b>	<b>4,599</b>	<b>0</b>
Food Service	0	0	0	0	0
Capital Outlay	0	0	1,731	0	0
<b>Total Expenditures</b>	<b>3,565</b>	<b>421</b>	<b>4,527</b>	<b>10,536</b>	<b>297</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>0</b>	<b>(421)</b>	<b>3,646</b>	<b>3,709</b>	<b>(297)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>(421)</b>	<b>3,646</b>	<b>3,709</b>	<b>(297)</b>
Fund Balance - Beginning	0	2,897	(3,646)	(3,709)	297
<b>Fund Balance - Ending</b>	<b>\$ 0</b>	<b>\$ 2,476</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Nonmajor Governmental Funds (continued)

For the Year Ended June 30, 2012

	Title II-D	Food Service	Insurance Buy Down	Total
<b>Revenues</b>				
Federal Sources	\$ 25,216	\$ 45,755	\$ 0	\$ 200,751
State Sources	0	0	0	546
Charges for Services	0	11,638	0	11,638
Other	0	0	1,822	4,117
<b>Total Revenues</b>	<b>25,216</b>	<b>57,393</b>	<b>1,822</b>	<b>217,052</b>
<b>Expenditures</b>				
Instruction:				
Salaries	15,775	0	0	74,364
Benefits	7,748	0	10,222	54,883
Services	2,218	0	0	11,072
Supplies	0	0	0	15,718
<b>Total Instruction</b>	<b>25,741</b>	<b>0</b>	<b>10,222</b>	<b>156,037</b>
Support Services:				
Salaries	0	0	0	252
Benefits	0	0	0	131
Services	0	0	0	4,637
Supplies	1,201	0	0	1,201
<b>Total Support Services</b>	<b>1,201</b>	<b>0</b>	<b>0</b>	<b>6,221</b>
Food Service	0	81,997	0	81,997
Capital Outlay	1,132	12	0	3,587
<b>Total Expenditures</b>	<b>28,074</b>	<b>82,009</b>	<b>10,222</b>	<b>247,842</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,858)</b>	<b>(24,616)</b>	<b>(8,400)</b>	<b>(30,790)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	24,056	0	41,013
Transfers Out	0	0	(5,807)	(5,807)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>24,056</b>	<b>(5,807)</b>	<b>35,206</b>
<b>Net Change in Fund Balance</b>	<b>(2,858)</b>	<b>(560)</b>	<b>(14,207)</b>	<b>4,416</b>
Fund Balance - Beginning	2,858	561	14,207	(1,939)
<b>Fund Balance - Ending</b>	<b>\$ 0</b>	<b>\$ 1</b>	<b>\$ 0</b>	<b>\$ 2,477</b>

**FEDERAL REPORTS**

**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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District'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 a 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 below that we consider to be significant deficiencies in internal control over financial reporting. 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.

#### 2012-1: Segregation of Duties

Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets. The District lacks a segregation of duties over cash and cash equivalents and the reporting of transactions in these accounts. This is a result of staffing limitations necessitated by budget constraints common to a District of this size. The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations. Management should look into mitigating controls, such as initialing and dating board review of documents, in order to accomplish proper internal control procedures over cash and cash equivalents and the related transactions and implement these changes accordingly, if possible.

#### **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 finding identified in our audit is described in the accompanying management's response to findings. 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 management, the Board of Trustees, 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  
August 20, 2012

**Salmon River Joint School District No. 243**  
Management's Response to Findings  
For the Year Ended June 30, 2012

---

2012-1: Segregation of Duties

The board will look into mitigating controls in order to accomplish proper internal control procedures over cash and cash equivalents and the related transactions and, if possible, implement those changes accordingly.

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