

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2015

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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

| | |
|------------------|---------------|
| Richard Friend | Chairman |
| Barbara Hawkins | Vice-Chairman |
| Seth Allen | Trustee |
| Eric Hook | Trustee |
| Susan Hollenbeak | Trustee |

Administrators

| | |
|-----------------|----------------------------|
| James Doramus | Superintendent |
| Michelle Hollon | Business Manager/Treasurer |



Certified Public Accountants

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

812-B 12th Ave. South
P.O. Box 876
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Independent Auditor's Report

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

Report on the Financial Statements

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** as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Governmental Activities

Management has not performed the actuarial calculations for other post-employment benefits for the governmental activities and, accordingly, has not considered the District's other post employment benefit liability. Accounting principles generally accepted in the United States of America require that a liability be recorded for other post-employment benefits, which would decrease net position, increase liabilities, and increase expenses in the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses in the governmental activities is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of **Salmon River Joint School District No. 243**, as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of **Salmon River Joint School District No. 243**, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 16 to the financial statements, in 2015, the District adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison and the schedules of employer's share of net pension liability and employee contributions information on pages 35-38 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining balance sheet – nonmajor governmental funds and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet – nonmajor governmental funds and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining balance sheet – nonmajor governmental funds and the combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental schedules of revenues by source and expenditures by object – budget and actual – General fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2015 on our consideration of **Salmon River Joint School District No. 243'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* in considering the District's internal control over financial reporting and compliance

Bailey & Co.

Nampa, Idaho
September 21, 2015

Salmon River Joint School District No. 243
Statement of Net Position
For the Year Ended June 30, 2015

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 1,409,346 |
| Receivables, Net: | |
| Property Taxes | 265,716 |
| Intergovernmental | 124,823 |
| Capital Assets: | |
| Land | 25,126 |
| Buildings, Net | 79,886 |
| Equipment, Net | 52,044 |
| Vehicles, Net | 128,502 |
| Total Capital Assets | 285,558 |
| Total Assets | 2,085,443 |
| Deferred Outflows | 125,022 |
| Liabilities | |
| Accounts Payable and Other Current Liabilities | 23,551 |
| Salaries and Benefits Payable | 186,959 |
| Long-Term Liabilities: | |
| Due Within One Year: | |
| Compensated Absences | 6,630 |
| Due in More Than One Year: | |
| Net Pension Liability | 150,808 |
| Total Liabilities | 367,948 |
| Deferred Inflows | 355,847 |
| Net Position | |
| Net Investment in Capital Assets | 285,558 |
| Restricted for: | |
| Capital Projects | 75,011 |
| Forest Funds | 705,849 |
| Other Purposes | 65,669 |
| Unrestricted (Deficit) Surplus | 354,583 |
| Total Net Position | \$ 1,486,670 |

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, 2015

| | | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position - Governmental Activities |
|--------------------------------------|--------------------------------------|--|--|-------------|--|--|
| Expenses | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | | | |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| Instruction | \$ 1,090,422 | \$ 0 | \$ 287,695 | \$ 0 | | \$ (802,727) |
| Support Services | 740,101 | 18,378 | 102,095 | 0 | | (619,628) |
| Food Service | 81,280 | 10,834 | 43,613 | 0 | | (26,833) |
| Total Governmental Activities | \$ 1,911,803 | \$ 29,212 | \$ 433,403 | \$ 0 | | (1,449,188) |
| General Revenues: | | | | | | |
| | | | | | | 562,851 |
| | | | | | | 1,293,502 |
| | | | | | | 10,227 |
| | | | | | | 78,931 |
| | | | | | | 2,013 |
| | | | | | | 1,947,524 |
| | | | | | | 498,336 |
| | | | | | | 988,334 |
| | | | | | | \$ 1,486,670 |

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

Salmon River Joint School District No. 243

Balance Sheet -

Governmental Funds

For the Year Ended June 30, 2015

| | <u>General</u> | <u>Forest Fund</u> | <u>Capital Projects</u> |
|---|-------------------|------------------------|-----------------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 603,330 | \$ 706,021 | \$ 75,011 |
| Receivables: | | | |
| Property Taxes | 265,716 | 0 | 0 |
| Intergovernmental | 42,206 | 0 | 0 |
| Internal Balances | 27,194 | 0 | 0 |
| Total Assets | <u>938,446</u> | <u>706,021</u> | <u>75,011</u> |
| Deferred Outflows | | | |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Assets and Deferred Outflows | <u>\$ 938,446</u> | <u>\$ 706,021</u> | <u>\$ 75,011</u> |
| Liabilities | | | |
| Accounts Payable | \$ 13,501 | \$ 172 | \$ 0 |
| Salaries and Benefits Payable | 167,824 | 0 | 0 |
| Total Liabilities | <u>181,325</u> | <u>172</u> | <u>0</u> |
| Deferred Inflows | | | |
| Unavailable Property Taxes | <u>109,073</u> | <u>0</u> | <u>0</u> |
| Fund Balances | | | |
| Restricted | 0 | 705,849 | 75,011 |
| Unassigned | 648,048 | 0 | 0 |
| Total Fund Balances | <u>648,048</u> | <u>705,849</u> | <u>75,011</u> |
| Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ 938,446</u> | <u>\$ 706,021</u> | <u>\$ 75,011</u> |

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

Salmon River Joint School District No. 243
 Balance Sheet -
 Governmental Funds (continued)
 For the Year Ended June 30, 2015

| | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---|---|
| Assets | | |
| Cash and Cash Equivalents | \$ 24,984 | \$ 1,409,346 |
| Receivables: | | |
| Property Taxes | 0 | 265,716 |
| Intergovernmental | 82,617 | 124,823 |
| Internal Balances | 0 | 27,194 |
| Total Assets | <u>107,601</u> | <u>1,827,079</u> |
| Deferred Outflows | <u>0</u> | <u>0</u> |
| Total Assets and Deferred Outflows | <u>\$ 107,601</u> | <u>\$ 1,827,079</u> |
| Liabilities | | |
| Accounts Payable | \$ 9,878 | \$ 23,551 |
| Internal Balances | 27,194 | 27,194 |
| Salaries and Benefits Payable | 19,135 | 186,959 |
| Total Liabilities | <u>56,207</u> | <u>237,704</u> |
| Deferred Inflows | | |
| Unavailable Property Taxes | <u>0</u> | <u>109,073</u> |
| Fund Balances | | |
| Restricted | 65,669 | 846,529 |
| Unassigned | (14,275) | 633,773 |
| Total Fund Balances | <u>51,394</u> | <u>1,480,302</u> |
| Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ 107,601</u> | <u>\$ 1,827,079</u> |

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 Position
 For the Year Ended June 30, 2015

Total Fund Balances - Governmental Funds \$ 1,480,302

Amounts reported for governmental activities in the Statement of Net Position 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 \$1,046,566 Accumulated Depreciation | 79,886 | |
| Equipment, Net of \$83,447 Accumulated Depreciation | 52,044 | |
| Vehicles, Net of \$284,597 Accumulated Depreciation | <u>128,502</u> | |
| | | 285,558 |

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 inflows in the funds. 109,073

Net pension liability and the related deferred outflows and inflows, applicable to the District's governmental activities, are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities are reported in the Statement of Net Position.

| | | |
|-----------------------|------------------|-----------|
| Net Pension Liability | \$ (150,808) | |
| Deferred Outflows | 125,022 | |
| Deferred Inflows | <u>(355,847)</u> | |
| | | (381,633) |

Compensated absences applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. (6,630)

Total Net Position-Governmental Activities \$ 1,486,670

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, 2015

| | <u>General</u> | <u>Forest Fund</u> | <u>Capital Projects</u> |
|--|-------------------|------------------------|-----------------------------|
| Revenues | | | |
| Property Taxes | \$ 561,186 | \$ 0 | \$ 0 |
| Federal Sources | 919 | 101,176 | 0 |
| State Sources | 1,289,768 | 0 | 0 |
| Charges for Services | 18,378 | 0 | 0 |
| Other | 8,610 | 762 | 55 |
| Total Revenues | <u>1,878,861</u> | <u>101,938</u> | <u>55</u> |
| Expenditures | | | |
| Current: | | | |
| Instruction | 906,181 | 0 | 0 |
| Support Services | 696,929 | 3,533 | 0 |
| Food Service | 2,225 | 0 | 0 |
| Capital Outlay | 1,612 | 92,513 | 44,089 |
| Total Expenditures | <u>1,606,947</u> | <u>96,046</u> | <u>44,089</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>271,914</u> | <u>5,892</u> | <u>(44,034)</u> |
| Other Financing Sources (Uses) | | | |
| Sale of Capital Assets | 2,013 | 0 | 0 |
| Transfers In | 0 | 0 | 23,142 |
| Transfers Out | <u>(23,142)</u> | <u>(21,715)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(21,129)</u> | <u>(21,715)</u> | <u>23,142</u> |
| Net Change in Fund Balances | 250,785 | (15,823) | (20,892) |
| Fund Balances - Beginning | 397,263 | 721,672 | 95,903 |
| Fund Balances - Ending | <u>\$ 648,048</u> | <u>\$ 705,849</u> | <u>\$ 75,011</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, 2015

| | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---|---|
| Revenues | | |
| Property Taxes | \$ 0 | \$ 561,186 |
| Federal Sources | 331,308 | 433,403 |
| State Sources | 3,734 | 1,293,502 |
| Charges for Services | 10,834 | 29,212 |
| Other | 800 | 10,227 |
| Total Revenues | <u>346,676</u> | <u>2,327,530</u> |
| Expenditures | | |
| Current: | | |
| Instruction | 237,867 | 1,144,048 |
| Support Services | 11,097 | 711,559 |
| Food Service | 80,759 | 82,984 |
| Capital Outlay | 5,045 | 143,259 |
| Total Expenditures | <u>334,768</u> | <u>2,081,850</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>11,908</u> | <u>245,680</u> |
| Other Financing Sources (Uses) | | |
| Sale of Capital Assets | 0 | 2,013 |
| Transfers In | 21,715 | 44,857 |
| Transfers Out | 0 | (44,857) |
| Total Other Financing Sources (Uses) | <u>21,715</u> | <u>2,013</u> |
| Net Change in Fund Balances | 33,623 | 247,693 |
| Fund Balances - Beginning | 17,771 | 1,232,609 |
| Fund Balances - Ending | <u>\$ 51,394</u> | <u>\$ 1,480,302</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, 2015

Total Net Change in Fund Balance - Governmental Funds \$ 247,693

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 | \$ 101,221 | |
| Depreciation Expense | <u>(36,574)</u> | |
| Net | | 64,647 |

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 inflows. They are, however, recorded as revenues in the Statement of Activities. 1,665

In accordance with GASB Statement No. 68, employer contributions to PERSI are considered deferred outflows in the Statement of Net Position. In addition, the District's proportionate amount of plan revenue or expense must be recorded in the Statement of Activities as a revenue or expense.

| | | |
|--------------------------------|----------------|---------|
| Pension Plan Revenue (Expense) | \$ 78,931 | |
| Deferred Outflows | <u>103,505</u> | |
| | | 182,436 |

Compensated absences applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. This represents the change in compensated absences. 1,895

Change in Net Position of Governmental Activities \$ 498,336

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

Salmon River Joint School District No. 243
Statement of Fiduciary Net Position
For the Year Ended June 30, 2015

| | Agency Funds | Private- Purpose Trust Fund | Total |
|-----------------------------|--------------|-----------------------------------|-----------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 41,116 | \$ 5,297 | \$ 46,413 |
| Total Assets | 41,116 | 5,297 | 46,413 |
| Deferred Outflows | 0 | 0 | 0 |
| Liabilities | | | |
| Due to Student Groups | 41,116 | 0 | 41,116 |
| Total Liabilities | 41,116 | 0 | 41,116 |
| Deferred Inflows | 0 | 0 | 0 |
| Net Position | | | |
| Restricted for Scholarships | 0 | 5,297 | 5,297 |
| Total Net Position | \$ 0 | \$ 5,297 | \$ 5,297 |

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

Salmon River Joint School District No. 243
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

| | Private-Purpose Trust Fund |
|--------------------------|-------------------------------|
| Additions | |
| Investment Income | \$ 8 |
| Total Additions | 8 |
| Deductions | |
| Scholarships Awarded | 0 |
| Total Deductions | 0 |
| Changes in Net Position | 8 |
| Net Position - Beginning | 5,289 |
| Net Position - Ending | \$ 5,297 |

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, 2015

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 by the Governmental Accounting Standards Board.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

District-wide Statements: The Statement of Net Position 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 are those that are 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, 2015

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.
- *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 report 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, 2015

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 2nd 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.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

| | 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 Vehicles | \$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. Sick leave is not payable upon termination. Vacation leave is payable upon termination. See Note 14.

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 Position and in the governmental fund Balance Sheet. The District uses the following fund balance categories in the governmental fund Balance Sheet:

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *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 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 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 resources 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 or state governments and must be spent according to the stipulations of the corresponding federal or state 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.

Pensions

For purposes of measuring the net pension liability and pension expense, information about fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 \$1,022 in petty cash.

Deposits

As of June 30, 2015, the carrying amount of the District's deposits was \$704,428 and the respective bank balances totaled \$706,690. \$250,000 of 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, 2015, \$456,690 of the District's deposits were not 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 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.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

2. CASH DEPOSITS AND INVESTMENTS (continued)

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, 2015, are summarized below:

| Investment | Fair Value | <u>Investment Maturities (in Years)</u> | |
|--------------------------|------------|---|------|
| | | Less Than 1 | 1-5 |
| External Investment Pool | \$ 750,309 | \$ 750,309 | \$ 0 |

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 | \$ 664,334 | \$ 41,116 | \$ 705,450 |
| Investments categorized as deposits | 745,012 | 5,297 | 750,309 |
| | \$ 1,409,346 | \$ 46,413 | \$ 1,455,759 |

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, 2015, are considered by the District as a receivable.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

3. RECEIVABLES - LOCAL SOURCES AND DEFERRED REVENUE (continued)

Taxes not collected within 60 days after June 30, 2015, are not considered available for use by the District and are recorded as deferred inflows in the fund financial statements.

4. RECEIVABLE - INTERGOVERNMENTAL

Intergovernmental receivables consist of \$37,378 from the State of Idaho for state support, \$86,946 due from federal programs passed-through the State of Idaho, and a busing donation of \$500 for a total due of \$124,824. 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, 2015, 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.

7. 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.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

7. RISK MANAGEMENT (continued)

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. Moreton and Company.

8. INTERFUND BALANCES

Balances due to/from other funds at June 30, 2015, consist of the following:

Due to the General fund from other nonmajor governmental funds
\$27,194 representing cash overdrafts.

10. OTHER COMMITMENTS

The District has credit cards with a total credit limit of \$10,000. As of June 30, 2015, \$5,724 of that credit was available.

11. DEFICIT FUND BALANCE

The following nonmajor funds reported deficit fund balances as of June 30, 2015:

- Driver Education \$1,133
- Basic Technology \$4,277
- Title I \$ 848
- ISEE Grant \$ 698
- Carl Perkins \$2,512
- Title II-A \$ 210
- Food Service \$4,597

12. TRANSFERS TO/FROM OTHER FUNDS

Transfers between funds during the year occurred as follows:

\$23,142 From the General fund to the Capital Projects fund for bus depreciation.
From the Forest fund to nonmajor governmental funds to cover prior
21,715 year deficits.
\$44,857

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

13. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

| | <u>Balance</u> <u>6/30/2014</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> <u>6/30/2015</u> |
|---------------------------------------|------------------------------------|------------------|------------------|------------------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 25,126 | \$ 0 | \$ 0 | \$ 25,126 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 1,126,452 | 0 | 0 | 1,126,452 |
| Equipment | 128,359 | 7,132 | 0 | 135,491 |
| Vehicles | <u>369,010</u> | <u>94,089</u> | <u>(50,000)</u> | <u>413,099</u> |
| Total Historical Cost | <u>1,623,821</u> | <u>101,221</u> | <u>(50,000)</u> | <u>1,675,042</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings and Improvements | 1,039,043 | 7,523 | 0 | 1,046,566 |
| Equipment | 76,843 | 6,604 | 0 | 83,447 |
| Vehicles | <u>312,150</u> | <u>22,447</u> | <u>(50,000)</u> | <u>284,597</u> |
| Total Accumulated Depreciation | <u>1,428,036</u> | <u>36,574</u> | <u>(50,000)</u> | <u>1,414,610</u> |
| Net Depreciable Assets | <u>195,785</u> | <u>64,647</u> | <u>0</u> | <u>260,432</u> |
| Governmental Activities | | | | |
| Capital Assets - Net | <u>\$ 220,911</u> | <u>\$ 64,647</u> | <u>\$ 0</u> | <u>\$ 285,558</u> |

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

| | |
|------------------|------------------|
| Instruction | \$ 8,368 |
| Support Services | <u>28,206</u> |
| | <u>\$ 36,574</u> |

14. COMPENSATED ABSENCES

Vacation leave is granted to all classified and administrative employees of the District. In the event of termination, an employee is reimbursed for accumulated vacation leave

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

14. COMPENSATED ABSENCES (continued)

up to 30 days. Up to 30 days may carry over at the end of each year. Changes in compensated absences for the year ended June 30, 2015, are as follows:

| | 6/30/2014 | Increase | Decrease | 6/30/2015 | Current |
|-------------------------|-----------------|-----------------|------------------|-----------------|-----------------|
| Governmental Activities | <u>\$ 8,525</u> | <u>\$ 9,142</u> | <u>\$ 11,037</u> | <u>\$ 6,630</u> | <u>\$ 6,630</u> |

15. 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 |
|-------------------------|-----------|
| 2016 | \$ 4,174 |
| 2017 | 4,174 |
| 2018 | 4,174 |
| 2019 | 2,764 |
| 2020 | 1,464 |
| | \$ 16,750 |

Rent expenditures for the year ended June 30, 2015, were \$4,110.

16. CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended June 30, 2015, the District adopted the following new accounting standard issued by the GASB: GASB Statement No. 68 Accounting and Financial Reporting for Pensions, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. With the implementation of GASB 68, employer's will be required to recognize a liability as employees earn their pension benefit in the government wide statements for governmental funds. Adoption of this standard resulted in a decrease of beginning net position of \$564,069.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

17. PENSION PLAN

Plan Description

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

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2014 was as follows:

| | |
|---|----------------|
| Retirees and beneficiaries currently receiving benefits | 40,776 |
| Terminated employees entitled to but not yet receiving benefits | 11,504 |
| Active plan members | <u>66,223</u> |
| | <u>118,503</u> |

Pension Benefits

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

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

17. PENSION PLAN (continued)

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2014 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District's employer contributions required and paid were \$103,505, \$107,685, and \$103,506 for the three years ended June 30, 2015, 2014, and 2013, respectively.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, the District's proportion was 0.0351139 percent.

For the year ended June 30, 2014, the District recognized pension expense (revenue) of (\$78,931). At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

17. PENSION PLAN (continued)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences Between expected and actual experience | \$ 0 | \$ 32,088 |
| Changes in assumptions or other inputs | 21,517 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 323,759 |
| Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions | 0 | 0 |
| District contributions subsequent to the measurement date | <u>103,505</u> | <u>0</u> |
| Total | <u>\$ 125,022</u> | <u>\$ 355,847</u> |

\$103,505 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2013 the beginning of the measurement period ended June 30, 2014 is 5.6 years.

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

| Year Ended June 30, 2015: | |
|---------------------------|------------|
| 2016 | \$(83,238) |
| 2017 | \$(83,238) |
| 2018 | \$(83,238) |
| 2019 | \$(83,238) |
| 2020 | \$ (1,379) |

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

17. PENSION PLAN (continued)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|--------------------------|
| Inflation | 3.25% |
| Salary increases | 4.5 – 10.25% |
| Salary inflation | 3.75% |
| Investment rate of return | 7.10%, net of investment |
| Cost-of-living adjustments | 1% |

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2014 is based on the results of an actuarial valuation date of July 1, 2014.

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

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

17. PENSION PLAN (continued)

expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

| Asset Class | Index | Target Allocation | Long-Term Expected Real Rate of Return |
|--|-----------------------------|----------------------|---|
| Core Fixed Income | Barclays Aggregate | 30.00% | 0.80% |
| Broad US Equities | Wilshire 5000/ Russell 3000 | 55.00% | 6.90% |
| Developed Foreign Equities | MSCI EAFE | 15.00% | 7.55% |
| Assumed Inflation - Mean | | | 3.25% |
| Assumed Inflation - Standard Deviation | | | 2.00% |
| Portfolio Arithmetic Mean Return | | | 8.42% |
| Portfolio Standard Deviation | | | 13.34% |
| Portfolio Long-Term Expected Rate of Return | | | 7.50% |
| Assumed Investment Expenses | | | <u>0.40%</u> |
| Long-Term Expected Rate of Return, Net of Investment Expenses | | | 7.10% |

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions,

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2015

17. PENSION PLAN (continued)

the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

| | <u>1% Decrease (6.10%)</u> | <u>Current Discount Rate (7.10%)</u> | <u>1% Increase (8.10%)</u> |
|---|--------------------------------|--|--------------------------------|
| Employer's proportionate share of the net pension liability (asset) | <u>\$ 897,672</u> | <u>\$ 258,493</u> | <u>\$ (272,850)</u> |

Pension plan fiduciary net position

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Salmon River Joint School District No. 243
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$ 554,129 | \$ 554,129 | \$ 561,186 | \$ 7,057 |
| Federal Sources | 2,000 | 2,000 | 919 | (1,081) |
| State Sources | 1,228,716 | 1,228,716 | 1,289,768 | 61,052 |
| Charges for Services | 0 | | 18,378 | 18,378 |
| Other | 0 | 0 | 8,610 | 8,610 |
| Total Revenues | <u>1,784,845</u> | <u>1,784,845</u> | <u>1,878,861</u> | <u>94,016</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 891,702 | 891,702 | 906,181 | (14,479) |
| Support Services | 866,333 | 866,333 | 696,929 | 169,404 |
| Food Service | 3,660 | 3,660 | 2,225 | 1,435 |
| Capital Outlay | 915 | 915 | 1,612 | (697) |
| Contingency Reserve | 12,235 | 12,235 | 0 | 12,235 |
| Total Expenditures | <u>1,774,845</u> | <u>1,774,845</u> | <u>1,606,947</u> | <u>167,898</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>10,000</u> | <u>10,000</u> | <u>271,914</u> | <u>261,914</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | 0 | 0 | 2,013 | 2,013 |
| Transfers Out | (10,000) | (10,000) | (23,142) | (13,142) |
| Total Other Financing Sources (Uses) | <u>(10,000)</u> | <u>(10,000)</u> | <u>(21,129)</u> | <u>(11,129)</u> |
| Net Change in Fund Balances | 0 | 0 | 250,785 | 250,785 |
| Fund Balances - Beginning | 0 | 0 | 397,263 | 397,263 |
| Fund Balances - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 648,048</u> | <u>\$ 648,048</u> |

Salmon River Joint School District No. 243
 Budgetary (GAAP Basis) Comparison Schedule
 Forest Fund
 For the Year Ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------|-------------------|-------------------|-------------------|
| | Original | Final | | |
| Revenues | | | | |
| Federal Sources | \$ 0 | \$ 0 | \$ 101,176 | \$ 101,176 |
| Other | 450 | 450 | 762 | 312 |
| Total Revenues | <u>450</u> | <u>450</u> | <u>101,938</u> | <u>101,488</u> |
| Expenditures | | | | |
| Current: | | | | |
| Support Services | 23,000 | 23,000 | 3,533 | 19,467 |
| Capital Outlay | 155,000 | 155,000 | 92,513 | 62,487 |
| Total Expenditures | <u>178,000</u> | <u>178,000</u> | <u>96,046</u> | <u>81,954</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(177,550)</u> | <u>(177,550)</u> | <u>5,892</u> | <u>183,442</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (20,000) | (20,000) | (21,715) | (1,715) |
| Total Other Financing Sources (Uses) | <u>(20,000)</u> | <u>(20,000)</u> | <u>(21,715)</u> | <u>(1,715)</u> |
| Net Change in Fund Balances | (197,550) | (197,550) | (15,823) | 181,727 |
| Fund Balances - Beginning | 643,576 | 643,576 | 721,672 | 78,096 |
| Fund Balances - Ending | <u>\$ 446,026</u> | <u>\$ 446,026</u> | <u>\$ 705,849</u> | <u>\$ 259,823</u> |

Salmon River Joint School District No. 243
 Schedule of Employer's Share of Net Pension Liability
 PERSI - Base Plan*
 Last 10 - Fiscal Years

| | 2015 |
|--|------------|
| Employer's portion of net the pension liability | 0.0351139% |
| Employer's proportionate share of the net pension liability | \$ 258,493 |
| Employer's covered-employee payroll | \$ 918,372 |
| Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll | 28.15% |
| Plan fiduciary net position as a percentage of the total pension liability | 94.95% |

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

Data reported is measured as of July 1, 2014.

Salmon River Joint School District No. 243
 Schedule of Employer Contributions
 PERSI - Base Plan*
 Last 10 - Fiscal Years

| | 2015 |
|--|------------|
| Statutorily required contribution | \$ 114,135 |
| Contributions in relation to the statutorily required contribution | (109,199) |
| Contribution (deficiency) excess | \$ 4,936 |
| Employer's covered-employee payroll | \$ 918,372 |
| Contributions as a percentage of covered-employee payroll | 11.89% |

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

Data reported is measured as of June 30, 2015.

Salmon River Joint School District No. 243
Notes to Required Supplementary Information
For the Year Ended June 30, 2015

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.

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, 2015

| Revenue | Budget | Actual | Variance |
|------------------------|---------------------|---------------------|------------------|
| Property Taxes | \$ 554,129 | \$ 561,186 | \$ 7,057 |
| Federal Sources | 2,000 | 919 | (1,081) |
| State Sources | 1,228,716 | 1,289,768 | 61,052 |
| Charges for Services | 0 | 18,378 | 18,378 |
| Other | 0 | 8,610 | 8,610 |
| Sale of Capital Assets | 0 | 2,013 | 2,013 |
| Total Revenues | \$ 1,784,845 | \$ 1,880,874 | \$ 96,029 |

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, 2015

| | Budget | Actual | Variance |
|--------------------------|----------------|----------------|-----------------|
| Instruction | | | |
| Elementary: | | | |
| Salaries | \$ 180,000 | \$ 191,646 | \$ (11,646) |
| Benefits | 76,050 | 78,528 | (2,478) |
| Services | 3,200 | 2,623 | 577 |
| Supplies | 6,000 | 8,823 | (2,823) |
| | <u>265,250</u> | <u>281,620</u> | <u>(16,370)</u> |
| Secondary: | | | |
| Salaries | 283,000 | 326,244 | (43,244) |
| Benefits | 164,000 | 135,445 | 28,555 |
| Services | 3,000 | 2,125 | 875 |
| Supplies | 6,000 | 5,277 | 723 |
| | <u>456,000</u> | <u>469,091</u> | <u>(13,091)</u> |
| Exceptional Program: | | | |
| Salaries | 84,972 | 87,716 | (2,744) |
| Benefits | 51,170 | 38,834 | 12,336 |
| Services | 1,000 | 286 | 714 |
| | <u>137,142</u> | <u>126,836</u> | <u>10,306</u> |
| School Activity Program: | | | |
| Salaries | 28,650 | 25,395 | 3,255 |
| Benefits | 2,160 | 1,941 | 219 |
| Services | 2,000 | 770 | 1,230 |
| Supplies | 0 | 66 | (66) |
| Capital Outlay | 915 | 1,412 | (497) |
| Insurance | 500 | 462 | 38 |
| | <u>34,225</u> | <u>30,046</u> | <u>4,179</u> |
| Total Instruction | <u>892,617</u> | <u>907,593</u> | <u>(14,976)</u> |
| Support Services | | | |
| Guidance and Health: | | | |
| Salaries | 41,750 | 38,528 | 3,222 |
| Benefits | 15,495 | 13,798 | 1,697 |
| | <u>57,245</u> | <u>52,326</u> | <u>4,919</u> |
| Special Services: | | | |
| Services | 22,000 | 17,894 | 4,106 |
| | <u>22,000</u> | <u>17,894</u> | <u>4,106</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, 2015

| | Budget | Actual | Variance |
|---|----------------|----------------|----------------|
| Instruction Improvement Program: | | | |
| Salaries | 3,000 | 6,000 | (3,000) |
| Benefits | 605 | 1,173 | (568) |
| | <u>3,605</u> | <u>7,173</u> | <u>(3,568)</u> |
| Educational Media Program: | | | |
| Salaries | 14,690 | 15,853 | (1,163) |
| Benefits | 10,007 | 8,366 | 1,641 |
| Services | 4,800 | 1,400 | 3,400 |
| Supplies | 1,000 | 981 | 19 |
| | <u>30,497</u> | <u>26,600</u> | <u>3,897</u> |
| Technology Instruction: | | | |
| Salaries | 89,252 | 3,243 | 86,009 |
| Benefits | 47,715 | 20,622 | 27,093 |
| Services | 10,500 | 11,987 | (1,487) |
| | <u>147,467</u> | <u>35,852</u> | <u>111,615</u> |
| Board of Education: | | | |
| Benefits | 30 | 0 | 30 |
| Services | 9,750 | 8,198 | 1,552 |
| | <u>9,780</u> | <u>8,198</u> | <u>1,582</u> |
| District Administration: | | | |
| Salaries | 51,550 | 42,800 | 8,750 |
| Benefits | 11,586 | 12,790 | (1,204) |
| Services | 13,750 | 7,968 | 5,782 |
| Supplies | 2,500 | 1,847 | 653 |
| Insurance | 9,000 | 8,913 | 87 |
| | <u>88,386</u> | <u>74,318</u> | <u>14,068</u> |
| School Administration: | | | |
| Salaries | 69,195 | 68,613 | 582 |
| Benefits | 37,022 | 33,043 | 3,979 |
| | <u>106,217</u> | <u>101,656</u> | <u>4,561</u> |
| Business Operations: | | | |
| Salaries | 40,000 | 40,000 | 0 |
| Benefits | 24,088 | 21,485 | 2,603 |
| Services | 3,950 | 3,157 | 793 |
| Supplies | 1,000 | 544 | 456 |
| | <u>69,038</u> | <u>65,186</u> | <u>3,852</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, 2015

| | Budget | Actual | Variance |
|---------------------------------|----------------|----------------|-----------------|
| Administrative Technology | | | |
| Services | 2,000 | 3,140 | (1,140) |
| Supplies | 5,000 | 10,511 | (5,511) |
| | <u>7,000</u> | <u>13,651</u> | <u>(6,651)</u> |
| Buildings Care: | | | |
| Salaries | 30,500 | 24,151 | 6,349 |
| Benefits | 20,850 | 14,704 | 6,146 |
| Services | 92,448 | 75,948 | 16,500 |
| Supplies | 15,000 | 10,263 | 4,737 |
| Capital Outlay | 0 | 200 | (200) |
| Insurance | 11,000 | 10,000 | 1,000 |
| | <u>169,798</u> | <u>135,266</u> | <u>34,532</u> |
| Maintenance: | | | |
| Salaries | 30,000 | 29,600 | 400 |
| Benefits | 16,800 | 12,367 | 4,433 |
| Services | 1,000 | 22 | 978 |
| Supplies | 20,750 | 46,273 | (25,523) |
| | <u>68,550</u> | <u>88,262</u> | <u>(19,712)</u> |
| Pupil to School Transportation: | | | |
| Salaries | 38,000 | 38,544 | (544) |
| Benefits | 6,150 | 5,108 | 1,042 |
| Services | 17,800 | 10,562 | 7,238 |
| Supplies | 20,000 | 14,203 | 5,797 |
| | <u>81,950</u> | <u>68,417</u> | <u>13,533</u> |
| General Transportation Program: | | | |
| Supplies | 4,800 | 2,330 | 2,470 |
| | <u>4,800</u> | <u>2,330</u> | <u>2,470</u> |
| Total Support Services | <u>866,333</u> | <u>697,129</u> | <u>169,204</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, 2015

| | Budget | Actual | Variance |
|-----------------------------------|----------------------------|----------------------------|--------------------------|
| Food Service Program | | | |
| Salaries | 3,400 | 2,069 | 1,331 |
| Benefits | 260 | 156 | 104 |
| Total Food Service Program | <u>3,660</u> | <u>2,225</u> | <u>1,435</u> |
| Non-Instructional | | | |
| Contingency | <u>12,235</u> | <u>0</u> | <u>12,235</u> |
| Total Expenditures | <u><u>\$ 1,774,845</u></u> | <u><u>\$ 1,606,947</u></u> | <u><u>\$ 167,898</u></u> |

Salmon River Joint School District No. 243
Combining Balance Sheet - Nonmajor Governmental Funds
For the Year Ended June 30, 2015

| | Driver Education | 21 CCLC Grant | Professional Technology | Basic Technology Grant Fund | State Substance Abuse Prevention | State Technology Grant | Title I |
|---|---------------------|------------------|----------------------------|-----------------------------------|---|------------------------------|------------------|
| Assets | | | | | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 2,905 | \$ 4,921 | \$ 0 | \$ 2,234 | \$ 12,878 | \$ 0 |
| Receivables: | | | | | | | |
| Intergovernmental | 0 | 38,086 | 7,193 | 0 | 0 | 0 | 25,072 |
| Total Assets | 0 | 40,991 | 12,114 | 0 | 2,234 | 12,878 | 25,072 |
| Deferred Outflows | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Assets and Deferred Outflows | \$ 0 | \$ 40,991 | \$ 12,114 | \$ 0 | \$ 2,234 | \$ 12,878 | \$ 25,072 |
| Liabilities | | | | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 7,077 | \$ 0 | \$ 0 | \$ 0 | \$ 278 |
| Internal Balances | 1,133 | 0 | 0 | 4,277 | 0 | 0 | 16,440 |
| Salaries and Benefits Payable | 0 | 0 | 0 | 0 | 0 | 0 | 9,202 |
| Total Liabilities | 1,133 | 0 | 7,077 | 4,277 | 0 | 0 | 25,920 |
| Deferred Inflows | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fund Balances | | | | | | | |
| Restricted | 0 | 40,991 | 5,037 | 0 | 2,234 | 12,878 | 0 |
| Unassigned | (1,133) | 0 | 0 | (4,277) | 0 | 0 | (848) |
| Total Fund Balances | (1,133) | 40,991 | 5,037 | (4,277) | 2,234 | 12,878 | (848) |
| Total Liabilities, Deferred Inflows, and Fund Balances | \$ 0 | \$ 40,991 | \$ 12,114 | \$ 0 | \$ 2,234 | \$ 12,878 | \$ 25,072 |

Salmon River Joint School District No. 243
Combining Balance Sheet - Nonmajor Governmental Funds (continued)
For the Year Ended June 30, 2015

| | IDEA Part B | IDEA Preschool | ISEE Grant | Carl Perkins | Title II-A | Food Service | Total |
|---|-----------------|-------------------|---------------|-----------------|---------------|-----------------|-------------------|
| Assets | | | | | | | |
| Cash and Cash Equivalents | \$ 1,979 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 67 | \$ 24,984 |
| Receivables: | | | | | | | |
| Intergovernmental | 7,842 | 4,014 | 0 | 0 | 410 | 0 | 82,617 |
| Total Assets | 9,821 | 4,014 | 0 | 0 | 410 | 67 | 107,601 |
| Deferred Outflows | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Assets and Deferred Outflows | \$ 9,821 | \$ 4,014 | \$ 0 | \$ 0 | \$ 410 | \$ 67 | \$ 107,601 |
| Liabilities | | | | | | | |
| Accounts Payable | \$ 0 | \$ 2,290 | \$ 0 | \$ 0 | \$ 210 | \$ 23 | \$ 9,878 |
| Internal Balances | 0 | 1,724 | 698 | 2,512 | 410 | 0 | 27,194 |
| Salaries and Benefits Payable | 5,292 | 0 | 0 | 0 | 0 | 4,641 | 19,135 |
| Total Liabilities | 5,292 | 4,014 | 698 | 2,512 | 620 | 4,664 | 56,207 |
| Deferred Inflows | | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fund Balances | | | | | | | |
| Restricted | 4,529 | 0 | 0 | 0 | 0 | 0 | 65,669 |
| Unassigned | 0 | 0 | (698) | (2,512) | (210) | (4,597) | (14,275) |
| Total Fund Balances | 4,529 | 0 | (698) | (2,512) | (210) | (4,597) | 51,394 |
| Total Liabilities, Deferred Inflows, and Fund Balances | \$ 9,821 | \$ 4,014 | \$ 0 | \$ 0 | \$ 410 | \$ 67 | \$ 107,601 |

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, 2015

| | Driver Education | 21 CCLC Grant | Professional Technology | Basic Technology Grant Fund | State Substance Abuse Prevention | State Technology Grant | Title I |
|--|---------------------|------------------|----------------------------|-----------------------------------|---|------------------------------|-----------------|
| Revenues | | | | | | | |
| Federal Sources | \$ 0 | \$ 136,253 | \$ 29,005 | \$ 0 | \$ 0 | \$ 0 | \$ 70,327 |
| State Sources | 1,000 | 0 | 0 | 0 | 2,734 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 800 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | 1,800 | 136,253 | 29,005 | 0 | 2,734 | 0 | 70,327 |
| Expenditures | | | | | | | |
| Instruction: | | | | | | | |
| Salaries | 1,800 | 0 | 5,908 | 0 | 417 | 0 | 29,027 |
| Benefits | 751 | 0 | 0 | 0 | 83 | 0 | 29,520 |
| Services | 0 | 98,167 | 1,325 | 0 | 0 | 0 | 3,561 |
| Supplies | 382 | 0 | 11,690 | 0 | 0 | 0 | 8,795 |
| Total Instruction | 2,933 | 98,167 | 18,923 | 0 | 500 | 0 | 70,903 |
| Support Services: | | | | | | | |
| Salaries | 0 | 0 | 0 | 3,570 | 0 | 0 | 0 |
| Benefits | 0 | 0 | 0 | 707 | 0 | 0 | 0 |
| Services | 0 | 0 | 0 | 0 | 0 | 1,850 | 0 |
| Total Support Services | 0 | 0 | 0 | 4,277 | 0 | 1,850 | 0 |
| Food Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 5,045 | 0 | 0 | 0 | 0 |
| Total Expenditures | 2,933 | 98,167 | 23,968 | 4,277 | 500 | 1,850 | 70,903 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | | | |
| | (1,133) | 38,086 | 5,037 | (4,277) | 2,234 | (1,850) | (576) |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Change in Fund Balances | (1,133) | 38,086 | 5,037 | (4,277) | 2,234 | (1,850) | (576) |
| Fund Balances - Beginning | 0 | 2,905 | 0 | 0 | 0 | 14,728 | (272) |
| Fund Balances - Ending | \$ (1,133) | \$ 40,991 | \$ 5,037 | \$ (4,277) | \$ 2,234 | \$ 12,878 | \$ (848) |

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, 2015

| | IDEA Part B | IDEA Preschool | ISEE Grant | Carl Perkins | Title II-A | Food Service | Total |
|--|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|------------------|
| Revenues | | | | | | | |
| Federal Sources | \$ 36,588 | \$ 4,014 | \$ 0 | \$ 0 | \$ 11,508 | \$ 43,613 | \$ 331,308 |
| State Sources | 0 | 0 | 0 | 0 | 0 | 0 | 3,734 |
| Charges for Services | 0 | 0 | 0 | 0 | 0 | 10,834 | 10,834 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 800 |
| Total Revenues | 36,588 | 4,014 | 0 | 0 | 11,508 | 54,447 | 346,676 |
| Expenditures | | | | | | | |
| Instruction: | | | | | | | |
| Salaries | 15,823 | 0 | 0 | 0 | 0 | 0 | 52,975 |
| Benefits | 16,477 | 0 | 0 | 0 | 0 | 0 | 46,831 |
| Services | 0 | 208 | 0 | 0 | 7,236 | 0 | 110,497 |
| Supplies | 171 | 3,806 | 0 | 2,510 | 210 | 0 | 27,564 |
| Total Instruction | 32,471 | 4,014 | 0 | 2,510 | 7,446 | 0 | 237,867 |
| Support Services: | | | | | | | |
| Salaries | 0 | 0 | 0 | 0 | 0 | 0 | 3,570 |
| Benefits | 0 | 0 | 0 | 0 | 0 | 0 | 707 |
| Services | 0 | 0 | 698 | 0 | 4,272 | 0 | 6,820 |
| Total Support Services | 0 | 0 | 698 | 0 | 4,272 | 0 | 11,097 |
| Food Service | 0 | 0 | 0 | 0 | 0 | 80,759 | 80,759 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 5,045 |
| Total Expenditures | 32,471 | 4,014 | 698 | 2,510 | 11,718 | 80,759 | 334,768 |
| Excess (Deficiency) of Revenues Over Expenditures | 4,117 | 0 | (698) | (2,510) | (210) | (26,312) | 11,908 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 21,715 | 21,715 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 | 0 | 21,715 | 21,715 |
| Net Change in Fund Balances | 4,117 | 0 | (698) | (2,510) | (210) | (4,597) | 33,623 |
| Fund Balances - Beginning | 412 | 0 | 0 | (2) | 0 | 0 | 17,771 |
| Fund Balances - Ending | \$ 4,529 | \$ 0 | \$ (698) | \$ (2,512) | \$ (210) | \$ (4,597) | \$ 51,394 |

FEDERAL REPORT



Certified Public Accountants

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Salmon River Joint School District No. 243**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 21, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bailey & Co.

Nampa, Idaho
September 21, 2015