

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2016

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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
John Pottenger	Trustee
Eric Hook	Trustee
Christina Nelson	Trustee

Administrators

James Doramus	Superintendent
Michelle Hollon	Business Manager/Treasurer

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, 2016, 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, 2016, 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, 2016, 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.

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 employer contributions information on pages 36-40 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 supplemental schedules of revenues by source and expenditures by object – budget and actual – General, 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 19, 2016 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 19, 2016

Salmon River Joint School District No. 243
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 1,623,751
Receivables, Net:	
Property Taxes	237,635
Intergovernmental	95,110
Capital Assets:	
Land	25,126
Buildings, Net	143,464
Equipment, Net	53,116
Vehicles, Net	102,135
Total Capital Assets	323,841
Total Assets	2,280,337
 Deferred Outflows	 272,916
Liabilities	
Accounts Payable and Other Current Liabilities	96,092
Salaries and Benefits Payable	172,182
Long-Term Liabilities:	
Due Within One Year:	
Compensated Absences	6,844
Due in More Than One Year:	
Net Pension Liability	429,874
Total Liabilities	704,992
 Deferred Inflows	 312,501
Net Position	
Net Investment in Capital Assets	323,841
Restricted for:	
Capital Projects	94,413
Forest Funds	744,810
Other Purposes	24,059
Unrestricted (Deficit) Surplus	348,637
Total Net Position	\$ 1,535,760

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, 2016

		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	\$ 1,072,690	\$ 0	\$ 243,464	\$ 0		\$ (829,226)
Support Services	952,010	16,452	104,675	0		(830,883)
Food Service	84,524	10,302	57,751	0		(16,471)
Total Governmental Activities	\$ 2,109,224	\$ 26,754	\$ 405,890	\$ 0		(1,676,580)
General Revenues:						
						554,887
						1,309,921
						6,620
						1,871,428
						194,848
						1,486,683
						(145,771)
						1,340,912
						\$ 1,535,760

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

Salmon River Joint School District No. 243

Balance Sheet -
Governmental Funds
June 30, 2016

	<u>General</u>	<u>Forest Fund</u>	<u>Capital Projects</u>
Assets			
Cash and Cash Equivalents	\$ 740,525	\$ 747,910	\$ 94,413
Receivables:			
Property Taxes	237,635	0	0
Intergovernmental	34,470	0	0
Internal Balances	21,051	0	0
Total Assets	<u>1,033,681</u>	<u>747,910</u>	<u>94,413</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 1,033,681</u>	<u>\$ 747,910</u>	<u>\$ 94,413</u>
Liabilities			
Accounts Payable	\$ 51,735	\$ 3,100	\$ 0
Internal Balances	0	0	0
Salaries and Benefits Payable	152,306	0	0
Total Liabilities	<u>204,041</u>	<u>3,100</u>	<u>0</u>
Deferred Inflows			
Unavailable Property Taxes	<u>78,438</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted	0	744,810	94,413
Unassigned	751,202	0	0
Total Fund Balances	<u>751,202</u>	<u>744,810</u>	<u>94,413</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,033,681</u>	<u>\$ 747,910</u>	<u>\$ 94,413</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, 2016

	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets		
Cash and Cash Equivalents	\$ 40,903	\$ 1,623,751
Receivables:		
Property Taxes	0	237,635
Intergovernmental	60,640	95,110
Internal Balances	0	21,051
Total Assets	<u>101,543</u>	<u>1,977,547</u>
Deferred Outflows	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 101,543</u>	<u>\$ 1,977,547</u>
Liabilities		
Accounts Payable	\$ 41,257	\$ 96,092
Internal Balances	21,051	21,051
Salaries and Benefits Payable	19,876	172,182
Total Liabilities	<u>82,184</u>	<u>289,325</u>
Deferred Inflows		
Unavailable Property Taxes	<u>0</u>	<u>78,438</u>
Fund Balances		
Restricted	24,059	863,282
Unassigned	(4,700)	746,502
Total Fund Balances	<u>19,359</u>	<u>1,609,784</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 101,543</u>	<u>\$ 1,977,547</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
 June 30, 2016

Total Fund Balances - Governmental Funds \$ 1,609,784

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 \$1,056,989 Accumulated Depreciation	143,464	
Equipment, Net of \$89,403 Accumulated Depreciation	53,116	
Vehicles, Net of \$310,964 Accumulated Depreciation	<u>102,135</u>	
		323,841

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. 78,438

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	\$ (429,874)	
Deferred Outflows	272,916	
Deferred Inflows	<u>(312,501)</u>	
		(469,459)

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. (6,844)

Total Net Position-Governmental Activities \$ 1,535,760

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, 2016

	General	Forest Fund	Capital Projects
Revenues			
Property Taxes	\$ 585,522	\$ 0	\$ 0
Federal Sources	8,993	90,240	0
State Sources	1,305,207	0	0
Charges for Services	16,452	0	0
Other	3,158	2,244	118
Total Revenues	<u>1,919,332</u>	<u>92,484</u>	<u>118</u>
Expenditures			
Current:			
Instruction	837,136	0	0
Support Services	893,390	0	0
Food Service	2,248	0	0
Capital Outlay	52,651	48,020	0
Total Expenditures	<u>1,785,425</u>	<u>48,020</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>133,907</u>	<u>44,464</u>	<u>118</u>
Other Financing Sources (Uses)			
Transfers In	2,905	0	19,284
Transfers Out	(33,670)	(5,503)	0
Total Other Financing Sources (Uses)	<u>(30,765)</u>	<u>(5,503)</u>	<u>19,284</u>
Net Change in Fund Balances	103,142	38,961	19,402
Fund Balances - Beginning, Previously	648,060	705,849	75,011
Prior Period Adjustment	0	0	0
Fund Balances - Beginning, Restated	<u>648,060</u>	<u>705,849</u>	<u>75,011</u>
Fund Balances - Ending	<u>\$ 751,202</u>	<u>\$ 744,810</u>	<u>\$ 94,413</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, 2016

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 0	\$ 585,522
Federal Sources	306,657	405,890
State Sources	4,714	1,309,921
Charges for Services	10,302	26,754
Other	1,100	6,620
Total Revenues	<u>322,773</u>	<u>2,334,707</u>
Expenditures		
Current:		
Instruction	242,842	1,079,978
Support Services	4,894	898,284
Food Service	82,592	84,840
Capital Outlay	3,379	104,050
Total Expenditures	<u>333,707</u>	<u>2,167,152</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,934)</u>	<u>167,555</u>
Other Financing Sources (Uses)		
Transfers In	19,889	42,078
Transfers Out	<u>(2,905)</u>	<u>(42,078)</u>
Total Other Financing Sources (Uses)	<u>16,984</u>	<u>0</u>
Net Change in Fund Balances	6,050	167,555
Fund Balances - Beginning, Previously	51,395	1,480,315
Prior Period Adjustment	<u>(38,086)</u>	<u>(38,086)</u>
Fund Balances - Beginning, Restated	<u>13,309</u>	<u>1,442,229</u>
Fund Balances - Ending	<u>\$ 19,359</u>	<u>\$ 1,609,784</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, 2016

Total Net Change in Fund Balance - Governmental Funds \$ 167,555

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	\$ 81,029	
Depreciation Expense	<u>(42,746)</u>	
		38,283

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. (30,635)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Pension Plan Revenue (Expense)	\$ (128,035)	
Pension Contributions	147,894	
Compensated Absences	<u>(214)</u>	
		<u>19,645</u>

Change in Net Position of Governmental Activities \$ 194,848

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

Salmon River Joint School District No. 243
Statement of Fiduciary Net Position
June 30, 2016

	Agency Funds	Private- Purpose Trust Fund	Total
Assets			
Cash and Cash Equivalents	\$ 40,615	\$ 5,314	\$ 45,929
Total Assets	40,615	5,314	45,929
Deferred Outflows	0	0	0
Liabilities			
Due to Student Groups	40,615	0	40,615
Total Liabilities	40,615	0	40,615
Deferred Inflows	0	0	0
Net Position			
Restricted for Scholarships	0	5,314	5,314
Total Net Position	\$ 0	\$ 5,314	\$ 5,314

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, 2016

	Private-Purpose Trust Fund
Additions	
Investment Income	\$ 17
Total Additions	17
 Deductions	
Scholarships Awarded	0
Total Deductions	0
Changes in Net Position	17
Net Position - Beginning	5,297
Net Position - Ending	\$ 5,314

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, 2016

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, 2016

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, 2016

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 Business Manager/Treasurer. 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, 2016

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 8.

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, 2016

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 the Base Plan's fiduciary net position have been determined on the same basis as

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 \$1,024 in petty cash.

Deposits

As of June 30, 2016, the carrying amount of the District's deposits was \$414,708 and the respective bank balances totaled \$429,094. \$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, 2016, \$179,094 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, 2016

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 fair value of short-term investments totaled \$1,253,948 at June 30, 2016. All of the District's investments are held in the State of Idaho Investment Pool. The District's investments are reported at fair market value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2016 are as follows:

Investment	Fair Value	<u>Investment Maturities (in Years)</u>		Quoted Prices for Similar Assets in Active Markets, or Other Observable Inputs such as: Interest Rates, Implied Volatilities, Credit Spreads (Level 2)
		Less Than 1	1-5	
External Investment Pool	<u>\$ 1,253,948</u>	<u>\$ 1,253,948</u>	<u>\$ 0</u>	<u>\$ 1,253,948</u>

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

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	\$ 375,117	\$40,615	\$ 415,732
Investments categorized as deposits	1,248,634	5,314	1,253,948
	\$ 1,623,751	\$45,929	\$ 1,669,680

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, 2016, are considered by the District as a receivable.

Taxes not collected within 60 days after June 30, 2016, 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 \$71,511 from the State of Idaho for state support, \$23,599 due from federal programs passed-through the State of Idaho for a total due of \$95,110. The total amount is considered collectible.

5. CONTINGENT LIABILITIES

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

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

6. 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, 2016, 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. 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.

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. Workman's Compensation insurance is purchased through the Idaho State Insurance Fund. Employee health and accident insurance is purchased through Regence Blue Shield of Idaho. All other insurance has been purchased through Fred A. Moreton and Company.

8. 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 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, 2016, are as follows:

	<u>7/1/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2016</u>	<u>Current</u>
Governmental Activities	<u>\$ 6,630</u>	<u>\$ 9,171</u>	<u>\$ 8,957</u>	<u>\$ 6,844</u>	<u>\$ 6,844</u>

9. OTHER COMMITMENTS

The District has credit cards with a total credit limit of \$10,000. As of June 30, 2016, \$5,400 of that credit was available.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

10. DEFICIT FUND BALANCE

The following nonmajor funds reported deficit fund balances as of June 30, 2016:

Fund	Deficit
Basic Technology	\$ 4,277
Carl Perkins	\$ 243
Title II-A	\$ 180

11. TRANSFERS TO/FROM OTHER FUNDS

Transfers between funds during the year occurred as follows:

\$19,284	From the General fund to the Capital Projects fund for bus replacement.
2,905	From the 21 CCLC Grant fund to the General fund for FY 2013 fees recorded in the wrong fund.
14,386	From the General fund to the Food Service fund to cover cash overdrafts.
<u>5,503</u>	From the Forest fund to the Food Service fund to cover cash overdrafts.
<u>\$42,078</u>	

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
2017	\$ 4,174
2018	4,174
2019	2,764
2020	<u>1,464</u>
	<u>\$ 12,576</u>

Rent expenditures for the year ended June 30, 2016, were \$4,634.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

13. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2016</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	74,001	0	1,200,453
Equipment	135,491	7,028	0	142,519
Vehicles	<u>413,099</u>	<u>0</u>	<u>0</u>	<u>413,099</u>
Total Depreciable Assets	<u>1,675,042</u>	<u>81,029</u>	<u>0</u>	<u>1,756,071</u>
Less: Accumulated Depreciation				
Buildings and Improvements	1,046,566	10,423	0	1,056,989
Equipment	83,447	5,956	0	89,403
Vehicles	<u>284,597</u>	<u>26,367</u>	<u>0</u>	<u>310,964</u>
Total Accumulated Depreciation	<u>1,414,610</u>	<u>42,746</u>	<u>0</u>	<u>1,457,356</u>
Net Depreciable Assets	<u>260,432</u>	<u>38,283</u>	<u>0</u>	<u>298,715</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 285,558</u>	<u>\$ 38,283</u>	<u>\$ 0</u>	<u>\$ 323,841</u>

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

Instruction	\$ 7,600
Support Services	<u>35,146</u>
	<u>\$ 42,746</u>

14. INTERFUND BALANCES

Balances due to/from other funds at June 30, 2016, consist of the following:

Due to the General fund from other nonmajor governmental funds
\$21,051 representing cash overdrafts.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

15. 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.

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.

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

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. 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

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

15. PENSION PLAN (continued)

percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2015 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The District's employer contributions were \$99,055 for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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 June 30, 2015, the District's proportion was 0.0326444%.

For the year ended June 30, 2016, the District recognized pension expense (revenue) of \$79,197. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 158,206	\$ 51,533
Changes in assumptions or other inputs	15,655	0
Net difference between projected and actual earnings on pension plan investments	0	225,742
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	0	35,226
District contributions subsequent to the measurement date	<u>99,055</u>	<u>0</u>
Total	<u>\$ 272,916</u>	<u>\$ 312,501</u>

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

15. PENSION PLAN (continued)

\$99,055 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, 2017.

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, 2014 the beginning of the measurement period ended June 30, 2015 is 5.5 and 5.6 for the measurement period June 30, 2014.

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,	
2016	\$ (441,208)
2017	(441,208)
2018	(441,208)
2019	319,811
2020	(31,440)

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.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

15. PENSION PLAN (continued)

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 - 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expense
Cost-of-living adjustments	1.00%

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, 2015 is based on the results of an actuarial valuation for that date.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. 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 the System's assets.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

15. PENSION PLAN (continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. 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	Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.55%

*Arithmetic return

Actuarial Assumptions

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric 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, 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.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2016

15. PENSION PLAN (continued)

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%, 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%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 1,047,016	\$ 429,874	\$ (83,198)

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.

16. PRIOR PERIOD ADJUSTMENT

Prior to fiscal year 2016 the District did not report accounts payable and related expenses for drawn down requests from After School Kids from the 21 CCLC grant. This resulted in a decrease to beginning net position and fund balance of \$38,086. The prior year change in net position and fund balance is estimated it should have been lower by \$38,086.

In fiscal year 2015, the District incorrectly reduced net pension liability and pension expense by \$107,685. This caused the net position on the government-wide financial statements to be overstated by \$107,685.

REQUIRED SUPPLEMENTARY INFORMATION

Salmon River Joint School District No. 243
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 554,129	\$ 554,129	\$ 585,522	\$ 31,393
Federal Sources	2,000	2,000	8,993	6,993
State Sources	1,228,716	1,278,451	1,305,207	26,756
Charges for Services	0		16,452	16,452
Other	0	0	3,158	3,158
Total Revenues	<u>1,784,845</u>	<u>1,834,580</u>	<u>1,919,332</u>	<u>84,752</u>
Expenditures				
Current:				
Instruction	891,702	832,682	837,136	(4,454)
Support Services	866,333	916,437	893,390	23,047
Food Service	3,660	3,660	2,248	1,412
Capital Outlay	915	43,415	52,651	(9,236)
Contingency Reserve	12,235	0	0	0
Total Expenditures	<u>1,774,845</u>	<u>1,796,194</u>	<u>1,785,425</u>	<u>10,769</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,000</u>	<u>38,386</u>	<u>133,907</u>	<u>95,521</u>
Other Financing Sources (Uses)				
Transfers In	0	0	2,905	2,905
Transfers Out	(10,000)	(38,386)	(33,670)	4,716
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(38,386)</u>	<u>(30,765)</u>	<u>7,621</u>
Net Change in Fund Balances	0	0	103,142	103,142
Fund Balances - Beginning	0	0	648,060	648,060
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 751,202</u>	<u>\$ 751,202</u>

Salmon River Joint School District No. 243
 Budgetary (GAAP Basis) Comparison Schedule
 Forest Fund
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Federal Sources	\$ 0	\$ 0	\$ 90,240	\$ 90,240
Other	450	1,550	2,244	694
Total Revenues	<u>450</u>	<u>1,550</u>	<u>92,484</u>	<u>90,934</u>
Expenditures				
Current:				
Support Services	23,000	23,000	0	23,000
Capital Outlay	155,000	325,000	48,020	276,980
Total Expenditures	<u>178,000</u>	<u>348,000</u>	<u>48,020</u>	<u>299,980</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(177,550)</u>	<u>(346,450)</u>	<u>44,464</u>	<u>390,914</u>
Other Financing Sources (Uses)				
Transfers Out	(20,000)	(10,631)	(5,503)	5,128
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(10,631)</u>	<u>(5,503)</u>	<u>5,128</u>
Net Change in Fund Balances	(197,550)	(357,081)	38,961	396,042
Fund Balances - Beginning	0	0	705,849	705,849
Fund Balances - Ending	<u>\$ (197,550)</u>	<u>\$ (357,081)</u>	<u>\$ 744,810</u>	<u>\$ 1,101,891</u>

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

	2016	2015
Employer's portion of net the pension liability	0.0326444%	0.0351139%
Employer's proportionate share of the net pension liability	\$ 429,874	\$ 258,493
Employer's covered-employee payroll	\$ 878,522	\$ 918,372
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	48.93%	28.15%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	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, 2015.

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

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 99,055	\$ 103,505
Contributions in relation to the statutorily required contribution	<u>(99,055)</u>	<u>(103,505)</u>
Contribution (deficiency) excess	\$ 0	\$ 0
Employer's covered-employee payroll	\$ 878,522	\$ 918,372
Contributions as a percentage of covered-employee payroll	11.28%	11.27%

*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, 2016

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, 2016

Revenue	Budget	Actual	Variance
Property Taxes	\$ 554,129	\$ 585,522	\$ 31,393
Federal Sources	2,000	8,993	6,993
State Sources	1,278,451	1,305,207	26,756
Charges for Services	0	16,452	16,452
Other	0	3,158	3,158
Total Revenues	\$ 1,834,580	\$ 1,919,332	\$ 84,752

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, 2016

	Budget	Actual	Variance
Instruction			
Elementary:			
Salaries	\$ 186,000	\$ 178,021	\$ 7,979
Benefits	73,800	75,635	(1,835)
Services	3,200	2,106	1,094
Supplies	19,000	25,650	(6,650)
	<u>282,000</u>	<u>281,412</u>	<u>588</u>
Secondary:			
Salaries	238,020	254,191	(16,171)
Benefits	126,000	104,958	21,042
Services	3,000	2,791	209
Supplies	20,000	23,401	(3,401)
	<u>387,020</u>	<u>385,341</u>	<u>1,679</u>
Exceptional Program:			
Salaries	88,402	99,295	(10,893)
Benefits	40,450	36,608	3,842
Services	1,000	686	314
	<u>129,852</u>	<u>136,589</u>	<u>(6,737)</u>
School Activity Program:			
Salaries	28,650	28,697	(47)
Benefits	2,160	2,195	(35)
Services	2,300	2,101	199
Supplies	200	801	(601)
Capital Outlay	1,415	1,971	(556)
Insurance	500	0	500
	<u>35,225</u>	<u>35,765</u>	<u>(540)</u>
Total Instruction	<u>834,097</u>	<u>839,107</u>	<u>(5,010)</u>
Support Services			
Guidance and Health:			
Salaries	39,650	40,906	(1,256)
Benefits	13,640	13,339	301
Supplies	0	166	(166)
	<u>53,290</u>	<u>54,411</u>	<u>(1,121)</u>
Special Services:			
Services	22,000	9,445	12,555
	<u>22,000</u>	<u>9,445</u>	<u>12,555</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, 2016

	Budget	Actual	Variance
Instruction Improvement Program:			
Salaries	6,000	6,500	(500)
Benefits	1,210	1,266	(56)
	<u>7,210</u>	<u>7,766</u>	<u>(556)</u>
Educational Media Program:			
Salaries	15,500	15,271	229
Benefits	9,090	6,994	2,096
Services	0	1,419	(1,419)
Supplies	2,500	2,486	14
	<u>27,090</u>	<u>26,170</u>	<u>920</u>
Technology Instruction:			
Salaries	68,330	57,837	10,493
Benefits	23,250	5,603	17,647
Services	16,500	18,337	(1,837)
	<u>108,080</u>	<u>81,777</u>	<u>26,303</u>
Board of Education:			
Benefits	30	0	30
Services	10,600	7,771	2,829
	<u>10,630</u>	<u>7,771</u>	<u>2,859</u>
District Administration:			
Salaries	51,936	45,528	6,408
Benefits	11,060	13,845	(2,785)
Services	15,750	13,764	1,986
Supplies	3,000	3,706	(706)
Capital Outlay	2,000	1,307	693
Insurance	10,000	9,099	901
	<u>93,746</u>	<u>87,249</u>	<u>6,497</u>
School Administration:			
Salaries	74,136	72,549	1,587
Benefits	36,630	31,892	4,738
	<u>110,766</u>	<u>104,441</u>	<u>6,325</u>
Business Operations:			
Salaries	40,400	40,400	0
Benefits	24,965	21,628	3,337
Services	4,500	3,321	1,179
Supplies	1,000	1,820	(820)
	<u>70,865</u>	<u>67,169</u>	<u>3,696</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, 2016

	Budget	Actual	Variance
Administrative Technology			
Benefits	13,895	14,090	(195)
Services	6,500	7,415	(915)
Supplies	25,000	28,744	(3,744)
Capital Outlay	40,000	41,810	(1,810)
	<u>85,395</u>	<u>92,059</u>	<u>(6,664)</u>
Buildings Care:			
Salaries	21,000	21,938	(938)
Benefits	21,350	15,819	5,531
Services	99,165	98,692	473
Supplies	15,000	12,785	2,215
Capital Outlay	0	7,028	(7,028)
Insurance	11,000	10,000	1,000
	<u>167,515</u>	<u>166,262</u>	<u>1,253</u>
Maintenance:			
Salaries	30,300	29,847	453
Benefits	12,800	11,925	875
Services	1,500	14,111	(12,611)
Supplies	65,000	111,316	(46,316)
	<u>109,600</u>	<u>167,199</u>	<u>(57,599)</u>
Pupil to School Transportation:			
Salaries	37,800	40,935	(3,135)
Benefits	6,150	5,637	513
Services	17,800	6,928	10,872
Supplies	25,000	16,689	8,311
	<u>86,750</u>	<u>70,189</u>	<u>16,561</u>
General Transportation Program:			
Supplies	5,500	1,627	3,873
Capital Outlay	0	535	(535)
	<u>5,500</u>	<u>2,162</u>	<u>3,338</u>
Total Support Services	<u>958,437</u>	<u>944,070</u>	<u>14,367</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, 2016

	Budget	Actual	Variance
Food Service Program			
Salaries	3,400	2,091	1,309
Benefits	260	157	103
Total Food Service Program	<u>3,660</u>	<u>2,248</u>	<u>1,412</u>
Non-Instructional			
Contingency	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u><u>\$ 1,796,194</u></u>	<u><u>\$ 1,785,425</u></u>	<u><u>\$ 10,769</u></u>

Salmon River Joint School District No. 243
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2016

	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	\$ 114	\$ 10,518	\$ 5,759	\$ 0	\$ 4,089	\$ 12,878	\$ 2,725
Receivables:							
Intergovernmental	0	23,599	4,473	0	0	0	10,836
Total Assets	114	34,117	10,232	0	4,089	12,878	13,561
Deferred Outflows							
	0	0	0	0	0	0	0
Total Assets and Deferred Outflows	\$ 114	\$ 34,117	\$ 10,232	\$ 0	\$ 4,089	\$ 12,878	\$ 13,561
Liabilities							
Accounts Payable	\$ 0	\$ 34,117	\$ 3,254	\$ 0	\$ 0	\$ 0	\$ 0
Internal Balances	0	0	0	4,277	0	0	0
Salaries and Benefits Payable	0	0	0	0	0	0	13,561
Total Liabilities	0	34,117	3,254	4,277	0	0	13,561
Deferred Inflows							
	0	0	0	0	0	0	0
Fund Balances							
Restricted	114	0	6,978	0	4,089	12,878	0
Unassigned	0	0	0	(4,277)	0	0	0
Total Fund Balances	114	0	6,978	(4,277)	4,089	12,878	0
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 114	\$ 34,117	\$ 10,232	\$ 0	\$ 4,089	\$ 12,878	\$ 13,561

Salmon River Joint School District No. 243
Combining Balance Sheet - Nonmajor Governmental Funds (continued)
June 30, 2016

	IDEA Part B	IDEA Preschool	ISEE Grant	Carl Perkins	Title II-A	Food Service	Total
Assets							
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,820	\$ 40,903
Receivables:							
Intergovernmental	15,970	3,493	0	2,269	0	0	60,640
Total Assets	15,970	3,493	0	2,269	0	4,820	101,543
Deferred Outflows							
	0	0	0	0	0	0	0
Total Assets and Deferred Outflows	\$ 15,970	\$ 3,493	\$ 0	\$ 2,269	\$ 0	\$ 4,820	\$ 101,543
Liabilities							
Accounts Payable	\$ 2,105	\$ 0	\$ 0	\$ 1,529	\$ 180	\$ 72	\$ 41,257
Internal Balances	12,298	3,493	0	983	0	0	21,051
Salaries and Benefits Payable	1,567	0	0	0	0	4,748	19,876
Total Liabilities	15,970	3,493	0	2,512	180	4,820	82,184
Deferred Inflows							
	0	0	0	0	0	0	0
Fund Balances							
Restricted	0	0	0	0	0	0	24,059
Unassigned	0	0	0	(243)	(180)	0	(4,700)
Total Fund Balances	0	0	0	(243)	(180)	0	19,359
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 15,970	\$ 3,493	\$ 0	\$ 2,269	\$ 0	\$ 4,820	\$ 101,543

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, 2016

	Driver Education	21 CCLC Grant	Professional Technology	Basic Technology Grant Fund	State Substance Abuse Prevention	State Technology Grant	Title I
Revenues							
Federal Sources	\$ 0	\$ 104,819	\$ 14,922	\$ 0	\$ 0	\$ 0	\$ 80,830
State Sources	1,375	0	0	0	3,339	0	0
Charges for Services	0	0	0	0	0	0	0
Other	1,100	0	0	0	0	0	0
Total Revenues	2,475	104,819	14,922	0	3,339	0	80,830
Expenditures							
Instruction:							
Salaries	0	0	0	0	83	0	35,064
Benefits	618	0	0	0	16	0	34,623
Services	0	104,819	605	0	0	0	1,000
Supplies	610	0	9,750	0	1,385	0	9,295
Total Instruction	1,228	104,819	10,355	0	1,484	0	79,982
Support Services:							
Services	0	0	0	0	0	0	0
Total Support Services	0	0	0	0	0	0	0
Food Service	0	0	0	0	0	0	0
Capital Outlay	0	0	2,626	0	0	0	0
Total Expenditures	1,228	104,819	12,981	0	1,484	0	79,982
Excess (Deficiency) of Revenues Over Expenditures	1,247	0	1,941	0	1,855	0	848
Other Financing Sources (Uses)							
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	(2,905)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	(2,905)	0	0	0	0	0
Net Change in Fund Balances	1,247	(2,905)	1,941	0	1,855	0	848
Fund Balances - Beginning, Previously	(1,133)	40,991	5,037	(4,277)	2,234	12,878	(848)
Prior Period Adjustment	0	(38,086)	0	0	0	0	0
Fund Balances - Beginning, Restated	(1,133)	2,905	5,037	(4,277)	2,234	12,878	(848)
Fund Balances - Ending	\$ 114	\$ 0	\$ 6,978	\$ (4,277)	\$ 4,089	\$ 12,878	\$ 0

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, 2016

	IDEA Part B	IDEA Preschool	ISEE Grant	Carl Perkins	Title II-A	Food Service	Total
Revenues							
Federal Sources	\$ 24,794	\$ 3,493	\$ 5,442	\$ 2,269	\$ 12,337	\$ 57,751	\$ 306,657
State Sources	0	0	0	0	0	0	4,714
Charges for Services	0	0	0	0	0	10,302	10,302
Other	0	0	0	0	0	0	1,100
Total Revenues	24,794	3,493	5,442	2,269	12,337	68,053	322,773
Expenditures							
Instruction:							
Salaries	12,435	0	0	0	0	0	47,582
Benefits	1,470	0	0	0	0	0	36,727
Services	9,887	0	0	0	12,060	0	128,371
Supplies	5,532	3,493	0	0	97	0	30,162
Total Instruction	29,324	3,493	0	0	12,157	0	242,842
Support Services:							
Services	0	0	4,744	0	150	0	4,894
Total Support Services	0	0	4,744	0	150	0	4,894
Food Service	0	0	0	0	0	82,592	82,592
Capital Outlay	0	0	0	0	0	753	3,379
Total Expenditures	29,324	3,493	4,744	0	12,307	83,345	333,707
Excess (Deficiency) of Revenues Over Expenditures	(4,530)	0	698	2,269	30	(15,292)	(10,934)
Other Financing Sources (Uses)							
Transfers In	0	0	0	0	0	19,889	19,889
Transfers Out	0	0	0	0	0	0	(2,905)
Total Other Financing Sources (Uses)	0	0	0	0	0	19,889	16,984
Net Change in Fund Balances	(4,530)	0	698	2,269	30	4,597	6,050
Fund Balances - Beginning, Previously	4,530	0	(698)	(2,512)	(210)	(4,597)	51,395
Prior Period Adjustment	0	0	0	0	0	0	(38,086)
Fund Balances - Beginning, Restated	4,530	0	(698)	(2,512)	(210)	(4,597)	13,309
Fund Balances - Ending	\$ 0	\$ 0	\$ 0	\$ (243)	\$ (180)	\$ 0	\$ 19,359

FEDERAL REPORT

**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, 2016, 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 19, 2016.

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 no 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 19, 2016