

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2018

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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/Clerk



Certified Public Accountants

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

812-B 12th Ave. South
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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, 2018, 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, 2018, 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, 2018, 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 schedules and the schedules of employer's share of net pension liability and employer contributions, as listed in the table of contents, 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 the 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 fund, 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 24, 2018 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 24, 2018

Salmon River Joint School District No. 243
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 1,803,179
Receivables, Net:	
Property Taxes	209,527
Intergovernmental	125,812
Capital Assets:	
Land	25,126
Construction in Progress	8,859
Buildings, Net	155,943
Equipment, Net	58,720
Vehicles, Net	63,147
Total Capital Assets	311,795
Total Assets	2,450,313
Deferred Outflows	232,890
Liabilities	
Accounts Payable and Other Current Liabilities	67,781
Salaries and Benefits Payable	220,575
Long-Term Liabilities:	
Due Within One Year:	
Compensated Absences	17,951
Due in More Than One Year:	
Net Pension Liability	504,195
Total Liabilities	810,502
Deferred Inflows	120,934
Net Position	
Net Investment in Capital Assets	311,795
Restricted for:	
Capital Projects	124,621
Forest Funds	856,061
Other Purposes	45,019
Unrestricted (Deficit) Surplus	414,271
Total Net Position	\$ 1,751,767

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, 2018

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services and	Grants and	and Contributions	Changes in
	Expenses	Sales	Contributions		Net Position -
					Governmental
					Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 1,117,778	\$ 0	\$ 117,132	\$ 0	\$ (1,000,646)
Support Services	1,176,303	16,145	257,758	0	(902,400)
Food Service	60,245	10,739	48,064	0	(1,442)
Total Governmental Activities	<u>\$ 2,354,326</u>	<u>\$ 26,884</u>	<u>\$ 422,954</u>	<u>\$ 0</u>	<u>(1,904,488)</u>
General Revenues:					
					557,752
					1,485,236
					21,898
Total General Revenues and Special Items					<u>2,064,886</u>
Change in Net Position					<u>160,398</u>
Net Position, Beginning - Previously					<u>1,588,428</u>
Prior Period Adjustment					<u>2,941</u>
Net Position, Beginning - Restated					<u>1,591,369</u>
Net Position, Ending					<u>\$ 1,751,767</u>

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

Salmon River Joint School District No. 243Balance Sheet -
Governmental Funds
June 30, 2018

	General	Forest Fund	21 CCLC Grant Fund	Capital Projects
Assets				
Cash and Cash Equivalents	\$ 741,517	\$ 857,377	\$ 21,658	\$ 124,621
Receivables:				
Property Taxes	209,527	0	0	0
Intergovernmental	72,392	0	21,571	0
Internal Balances	15,746	0	0	0
Total Assets	<u>1,039,182</u>	<u>857,377</u>	<u>43,229</u>	<u>124,621</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 1,039,182</u>	<u>\$ 857,377</u>	<u>\$ 43,229</u>	<u>\$ 124,621</u>
Liabilities				
Accounts Payable	\$ 15,140	\$ 1,316	\$ 43,229	\$ 0
Internal Balances	0	0	0	0
Salaries and Benefits Payable	199,581	0	0	0
Total Liabilities	<u>214,721</u>	<u>1,316</u>	<u>43,229</u>	<u>0</u>
Deferred Inflows				
Unavailable Property Taxes	<u>71,389</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted	0	856,061	0	124,621
Unassigned	753,072	0	0	0
Total Fund Balances	<u>753,072</u>	<u>856,061</u>	<u>0</u>	<u>124,621</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,039,182</u>	<u>\$ 857,377</u>	<u>\$ 43,229</u>	<u>\$ 124,621</u>

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

Salmon River Joint School District No. 243Balance Sheet -
Governmental Funds (continued)
June 30, 2018

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 58,006	\$ 1,803,179
Receivables:		
Property Taxes	0	209,527
Intergovernmental	31,849	125,812
Internal Balances	0	15,746
Total Assets	89,855	2,154,264
Deferred Outflows	0	0
Total Assets and Deferred Outflows	\$ 89,855	\$ 2,154,264
Liabilities		
Accounts Payable	\$ 8,096	\$ 67,781
Internal Balances	15,746	15,746
Salaries and Benefits Payable	20,994	220,575
Total Liabilities	44,836	304,102
Deferred Inflows		
Unavailable Property Taxes	0	71,389
Fund Balances		
Restricted	45,019	1,025,701
Unassigned	0	753,072
Total Fund Balances	45,019	1,778,773
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 89,855	\$ 2,154,264

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, 2018

Total Fund Balances - Governmental Funds	\$	1,778,773
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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	
Construction in Progress		8,859	
Buildings, Net of \$1,075,571 Accumulated Depreciation		155,943	
Equipment, Net of \$103,635 Accumulated Depreciation		58,720	
Vehicles, Net of \$361,764 Accumulated Depreciation		63,147	
			311,795

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.		71,389
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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	\$	(504,195)	
Deferred Outflows		232,890	
Deferred Inflows		(120,934)	
			(392,239)

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.		(17,951)
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Total Net Position-Governmental Activities	\$	1,751,767
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The accompanying notes are an integral
part of the financial statements.

Salmon River Joint School District No. 243Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds

For the Year Ended June 30, 2018

	General	Forest Fund	21 CCLC Grant Fund	Capital Projects
Revenues				
Property Taxes	\$ 574,491	\$ 0	\$ 0	\$ 0
Federal Sources	32,532	102,481	99,682	0
State Sources	1,432,613	0	0	0
Charges for Services	16,145	0	0	0
Other	11,224	10,181	0	493
Total Revenues	<u>2,067,005</u>	<u>112,662</u>	<u>99,682</u>	<u>493</u>
Expenditures				
Current:				
Instruction	987,478	0	0	0
Support Services	1,000,728	0	99,682	0
Food Service	2,125	0	0	0
Capital Outlay	39,452	17,479	0	0
Total Expenditures	<u>2,029,783</u>	<u>17,479</u>	<u>99,682</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>37,222</u>	<u>95,183</u>	<u>0</u>	<u>493</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	13,391
Transfers Out	(37,222)	0	0	0
Total Other Financing Sources (Uses)	<u>(37,222)</u>	<u>0</u>	<u>0</u>	<u>13,391</u>
Net Change in Fund Balances	<u>0</u>	<u>95,183</u>	<u>0</u>	<u>13,884</u>
Fund Balances - Beginning, Previously	753,072	760,878	0	110,737
Prior Period Adjustment	0	0	0	0
Fund Balances - Beginning, Restated	<u>753,072</u>	<u>760,878</u>	<u>0</u>	<u>110,737</u>
Fund Balances - Ending	<u>\$ 753,072</u>	<u>\$ 856,061</u>	<u>\$ 0</u>	<u>\$ 124,621</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, 2018

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 0	\$ 574,491
Federal Sources	188,259	422,954
State Sources	52,623	1,485,236
Charges for Services	10,739	26,884
Other	0	21,898
Total Revenues	<u>251,621</u>	<u>2,531,463</u>
Expenditures		
Current:		
Instruction	118,905	1,106,383
Support Services	46,997	1,147,407
Food Service	78,047	80,172
Capital Outlay	4,035	60,966
Total Expenditures	<u>247,984</u>	<u>2,394,928</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,637</u>	<u>136,535</u>
Other Financing Sources (Uses)		
Transfers In	23,831	37,222
Transfers Out	0	(37,222)
Total Other Financing Sources (Uses)	<u>23,831</u>	<u>0</u>
Net Change in Fund Balances	<u>27,468</u>	<u>136,535</u>
Fund Balances - Beginning, Previously	14,610	1,639,297
Prior Period Adjustment	2,941	2,941
Fund Balances - Beginning, Restated	<u>17,551</u>	<u>1,642,238</u>
Fund Balances - Ending	<u>\$ 45,019</u>	<u>\$ 1,778,773</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, 2018

Total Net Change in Fund Balance - Governmental Funds	\$	136,535
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay	\$	37,900	
Depreciation Expense		<u>(45,153)</u>	
			(7,253)

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.	(16,739)
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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.

Net Pension Liability and Related Deferral Changes	\$	53,139	
Compensated Absences		<u>(5,284)</u>	
			<u>47,855</u>

Change in Net Position of Governmental Activities	\$	<u><u>160,398</u></u>
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The accompanying notes are an integral
part of the financial statements.

Salmon River Joint School District No. 243
Statement of Fiduciary Net Position
June 30, 2018

	Agency Funds	Private-Purpose Trust Fund	Total
Assets			
Cash and Cash Equivalents	\$ 33,474	\$ 4,685	\$ 38,159
Total Assets	<u>33,474</u>	<u>4,685</u>	<u>38,159</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>
Liabilities			
Due to Student Groups	33,474	0	33,474
Total Liabilities	<u>33,474</u>	<u>0</u>	<u>33,474</u>
Deferred Inflows	<u>0</u>	<u>0</u>	<u>0</u>
Net Position			
Restricted for Scholarships	0	4,685	4,685
Total Net Position	<u>\$ 0</u>	<u>\$ 4,685</u>	<u>\$ 4,685</u>

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

Salmon River Joint School District No. 243
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	Private-Purpose Trust Fund
Additions	
Investment Income	\$ 68
Total Additions	<u>68</u>
Deductions	
Scholarships Awarded	<u>732</u>
Total Deductions	<u>732</u>
Changes in Net Position	(664)
Net Position - Beginning	5,349
Net Position - Ending	<u>\$ 4,685</u>

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

Salmon River Joint School District No. 243

Notes to Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-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, and 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.

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 of forest funds.
- *21 CCLC Grant Fund.* This fund accounts for the resources accumulated and expenditures made of the 21 CCLC Grant.
- *Capital Projects fund.* This fund accounts for the resources accumulated and expenditures made for capital projects.

Salmon River Joint School District No. 243

Notes to Financial Statements
For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Assets, Liabilities, and Other Items

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. Other investments with an original maturity of three months or less would be treated as cash equivalents.

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, 2018

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 Policy	Depreciation Method	Estimated Useful Life
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 has no infrastructure to report.

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 9.

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:

- *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 not applicable. 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 (such as a Board approved motion). The Board of Trustees would also have the authority to assign funds or authorize another official (such as the Superintendent or Business Manager) 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

Salmon River Joint School District No. 243

Notes to Financial Statements For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Department of Education requires that capital projects be accounted for in their own fund and, therefore, the capital projects funds are also restricted and/or committed.

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 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 \$890 in petty cash.

Deposits

As of June 30, 2018, the carrying amount of the District's deposits was \$458,436 and the respective bank balances totaled \$459,811.

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, 2018, \$284,550 of the District's deposits were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District, and thus, \$175,261 was 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, 2018

2. CASH DEPOSITS AND INVESTMENTS (continued)

Investments

The District 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 regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The value of the District's investment in the pool is reported in the accompanying financial statements at amounts based on the District's amortized cost deposited in the pool. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of more than \$10 million require 3 business day's notification. The State Treasurer does not provide any legally binding guarantees to support the value of the shares to participants. 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, 2018 are as follows:

Investment	Amortized Cost	Maturity in Years	
		Less Than 1	1-5
External Investment Pool	\$ 1,382,012	\$ 1,382,012	\$ 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	\$ 425,852	\$ 33,474	\$ 459,326
Investments categorized as deposits	1,377,327	4,685	1,382,012
	<u>\$ 1,803,179</u>	<u>\$ 38,159</u>	<u>\$ 1,841,338</u>

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, 2018, are considered by the District as a receivable.

Taxes not collected within 60 days after June 30, 2018, are not considered available for use by the District and are recorded as deferred inflows in the fund financial statements.

4. RECEIVABLES - INTERGOVERNMENTAL

Intergovernmental receivables consist of \$66,275 from the State of Idaho for state support, \$53,420 due from federal programs passed-through the State of Idaho, and \$6,117 from After School Kids for reimbursement of costs related to the Twenty-First Century Community Learning Centers grant, for a total due of \$125,812. The total amount is considered collectible.

Salmon River Joint School District No. 243

Notes to Financial Statements
For the Year Ended June 30, 2018

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.

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, 2018, 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.

7. 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
2019	\$ 2,764
2020	1,464
	<u>\$ 4,228</u>

Rent expenditures for the year ended June 30, 2018, were \$4,377.

8. OTHER COMMITMENTS

The District has credit cards with a total credit limit of \$10,000. As of June 30, 2018, \$6,676 of that credit was available for use.

9. 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, 2018, are as follows:

	7/1/2017	Increase	Decrease	6/30/2018	Current
Governmental Activities	<u>\$ 12,667</u>	<u>\$ 14,747</u>	<u>\$ 9,463</u>	<u>\$ 17,951</u>	<u>\$ 17,951</u>

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2018

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance 7/1/2017	Additions	Disposals	Balance 6/30/2018
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 25,126	\$ 0	\$ 0	\$ 25,126
Construction in Progress	<u>0</u>	<u>8,859</u>	<u>0</u>	<u>8,859</u>
	<u>25,126</u>	<u>8,859</u>	<u>0</u>	<u>33,985</u>
 Capital Assets Being Depreciated:				
Buildings and Improvements	1,220,750	17,229	(6,465)	1,231,514
Equipment	162,355	0	0	162,355
Vehicles	<u>413,099</u>	<u>11,812</u>	<u>0</u>	<u>424,911</u>
Total Depreciable Assets	<u>1,796,204</u>	<u>29,041</u>	<u>(6,465)</u>	<u>1,818,780</u>
 Less: Accumulated Depreciation				
Buildings and Improvements	1,068,985	13,051	(6,465)	1,075,571
Equipment	95,966	7,669	0	103,635
Vehicles	<u>337,331</u>	<u>24,433</u>	<u>0</u>	<u>361,764</u>
Total Accumulated Depreciation	<u>1,502,282</u>	<u>45,153</u>	<u>(6,465)</u>	<u>1,540,970</u>
Net Depreciable Assets	<u>293,922</u>	<u>(16,112)</u>	<u>0</u>	<u>277,810</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 319,048</u>	<u>\$ (7,253)</u>	<u>\$ 0</u>	<u>\$ 311,795</u>

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

Instruction	\$ 8,706
Support Services	<u>36,447</u>
	<u>\$ 45,153</u>

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District has transferred most of its risk by purchasing commercial insurance. Workman's compensation insurance is purchased through the Idaho State Insurance Fund. Employee health and accident insurance is purchased through Regence Blue Shield of Idaho. All other insurance has been purchased through Fred A. Moreton and Company.

Salmon River Joint School District No. 243

Notes to Financial Statements
For the Year Ended June 30, 2018

12. INTERFUND BALANCES

Balances due to/from other funds at June 30, 2018, consist of the following:

Due to the General fund from other nonmajor governmental funds representing cash
\$ 15,746 overdrafts.

13. TRANSFERS TO/FROM OTHER FUNDS

Transfers between funds during the year occurred as follows:

\$ 13,391 From the General fund to the Capital Project fund to cover depreciation.

23,831 From the General fund to nonmajor funds to cover costs.

\$ 37,222

14. 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.

Salmon River Joint School District No. 243Notes to Financial Statements
For the Year Ended June 30, 2018

14. PENSION PLAN (continued)

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. 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) 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, 2017 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 \$125,235 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was 0.0320770%.

For the year ended June 30, 2018, the District recognized pension expense of \$72,097. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 45,424
Changes in assumptions or other inputs	9,324	0
Net difference between projected and actual earnings on pension plan investments	69,847	30,208
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	28,484	45,302
District contributions subsequent to the measurement date	125,235	0
Total	<u>\$ 232,890</u>	<u>\$ 120,934</u>

\$125,235 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, 2019.

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, 2016 the beginning of the measurement period ended June 30, 2017 is 4.9 years and 5.5 years for the measurement period June 30, 2016.

Salmon River Joint School District No. 243

Notes to Financial Statements
For the Year Ended June 30, 2018

14. PENSION PLAN (continued)

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,		
2019	\$	(36,773)
2020	\$	38,006
2021	\$	8,774
2022	\$	(23,288)

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 June 30, 2017 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 expenses
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 for the period July 1, 2007 through June 30, 2013, 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, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

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.

Salmon River Joint School District No. 243

Notes to Financial Statements
For the Year Ended June 30, 2018

14. PENSION PLAN (continued)

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.

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, 2016.

Capital Market Assumptions

Asset Class	Expected Return*	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%
Total Fund	Expected Return*	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return net of fees and expenses

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

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2018

14. PENSION PLAN (continued)

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%, 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)	\$ 1,171,854	\$ 504,195	\$ (50,646)

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.

15. PRIOR PERIOD ADJUSTMENT

In the prior year, a receivable was not booked that should have been and the accrual for accounts payable was double booked. This resulted in accounts receivable being understated by \$1,919 and accounts payable being overstated by \$1,022. The overall adjustment decreased beginning net position in the Carl Perkins fund by \$2,941 and would have had the same effect on the change in net position in the prior period.

REQUIRED SUPPLEMENTARY INFORMATION

Salmon River Joint School District No. 243
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	\$ 534,416	\$ 534,416	\$ 574,491	\$ 40,075
Federal Sources	2,000	2,000	32,532	30,532
State Sources	1,403,202	1,403,202	1,432,613	29,411
Charges for Services	0	0	16,145	16,145
Other	0	0	11,224	11,224
Total Revenues	<u>1,939,618</u>	<u>1,939,618</u>	<u>2,067,005</u>	<u>127,387</u>
Expenditures				
Current:				
Instruction	954,628	954,628	987,478	(32,850)
Support Services	934,265	934,265	1,000,728	(66,463)
Food Service	3,660	3,660	2,125	1,535
Capital Outlay	2,415	2,415	39,452	(37,037)
Total Expenditures	<u>1,894,968</u>	<u>1,894,968</u>	<u>2,029,783</u>	<u>(134,815)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>44,650</u>	<u>44,650</u>	<u>37,222</u>	<u>(7,428)</u>
Other Financing Sources (Uses)				
Transfers Out	(44,650)	(44,650)	(37,222)	7,428
Total Other Financing Sources (Uses)	<u>(44,650)</u>	<u>(44,650)</u>	<u>(37,222)</u>	<u>7,428</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	753,072	753,072
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 753,072</u>	<u>\$ 753,072</u>

Salmon River Joint School District No. 243
 Budgetary (GAAP Basis) Comparison Schedule
 Forest Fund
 For the Year Ended June 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Federal Sources	\$ 0	\$ 0	\$ 102,481	\$ 102,481
Other	0	0	10,181	10,181
Total Revenues	<u>0</u>	<u>0</u>	<u>112,662</u>	<u>112,662</u>
Expenditures				
Current:				
Support Services	0	0	0	0
Capital Outlay	200,000	225,000	17,479	207,521
Contingency Reserve	0	0	0	0
Total Expenditures	<u>200,000</u>	<u>225,000</u>	<u>17,479</u>	<u>207,521</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(200,000)</u>	<u>(225,000)</u>	<u>95,183</u>	<u>320,183</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(200,000)	(225,000)	95,183	320,183
Fund Balances - Beginning	0	0	760,878	760,878
Fund Balances - Ending	<u>\$ (200,000)</u>	<u>\$ (225,000)</u>	<u>\$ 856,061</u>	<u>\$ 1,081,061</u>

Salmon River Joint School District No. 243
 Budgetary (GAAP Basis) Comparison Schedule
 21 CCLC Grant Fund
 For the Year Ended June 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Federal Sources	\$ 120,000	\$ 120,000	\$ 99,682	\$ (20,318)
Other	0	0	0	0
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>99,682</u>	<u>(20,318)</u>
Expenditures				
Current:				
Support Services	120,000	120,000	99,682	20,318
Capital Outlay	0	0	0	0
Contingency Reserve	0	0	0	0
Total Expenditures	<u>120,000</u>	<u>120,000</u>	<u>99,682</u>	<u>20,318</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

	2018	2017	2016	2015
Employer's portion of the net pension liability	0.0320770%	0.0299191%	0.0326444%	0.0351139%
Employer's proportionate share of the net pension liability	\$ 504,195	\$ 606,506	\$ 429,874	\$ 258,493
Employer's covered payroll	\$ 1,106,319	\$ 996,290	\$ 875,040	\$ 914,359
Employer's proportional share of the net pension liability as a percentage of its covered payroll	45.57%	60.88%	49.13%	28.27%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	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 years for which information is available.

Data reported is measured as of June 30, 2017.

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

	2018	2017	2016	2015
Statutorily required contribution	\$ 125,235	\$ 112,780	\$ 99,055	\$ 103,505
Contributions in relation to the statutorily required contribution	125,235	112,780	99,055	103,505
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered payroll	\$ 1,106,319	\$ 996,290	\$ 875,040	\$ 914,359
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%

*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 years for which information is available.

Data reported is measured as of June 30, 2018.

Salmon River Joint School District No. 243
Notes to Required Supplementary Information
For the Year Ended June 30, 2018

1. BUDGETS AND BUDGETARY ACCOUNTING

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

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

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures were in excess of appropriations in the General fund by \$134,815. This was largely a result of not amending the budget for unanticipated revenues.

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, 2018

	Budget	Actual	Variance
Revenue			
Property Taxes	\$ 534,416	\$ 574,491	\$ 40,075
Federal Sources	2,000	32,532	30,532
State Sources	1,403,202	1,432,613	29,411
Charges for Services	0	16,145	16,145
Other	0	11,224	11,224
Total Revenues	<u>\$ 1,939,618</u>	<u>\$ 2,067,005</u>	<u>\$ 127,387</u>

Salmon River Joint School District No. 243
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget and Actual - General Fund
For the Year Ended June 30, 2018

	Budget	Actual	Variance
Instruction			
Elementary:			
Salaries	\$ 239,271	\$ 263,330	\$ (24,059)
Benefits	106,830	120,926	(14,096)
Services	1,240	1,643	(403)
Supplies	6,500	8,575	(2,075)
	<u>353,841</u>	<u>394,474</u>	<u>(40,633)</u>
Secondary:			
Salaries	280,810	286,234	(5,424)
Benefits	129,800	119,596	10,204
Services	2,500	2,273	227
Supplies	7,000	9,536	(2,536)
	<u>420,110</u>	<u>417,639</u>	<u>2,471</u>
Exceptional Program:			
Salaries	99,337	98,489	848
Benefits	41,040	38,646	2,394
Services	500	202	298
	<u>140,877</u>	<u>137,337</u>	<u>3,540</u>
School Activity Program:			
Salaries	34,800	33,765	1,035
Benefits	2,700	2,583	117
Services	1,800	1,646	154
Supplies	500	34	466
Capital Outlay	1,415	645	770
	<u>41,215</u>	<u>38,673</u>	<u>2,542</u>
Total Instruction	<u>956,043</u>	<u>988,123</u>	<u>(32,080)</u>
Support Services			
Guidance and Health:			
Salaries	48,583	51,152	(2,569)
Benefits	15,265	15,108	157
	<u>63,848</u>	<u>66,260</u>	<u>(2,412)</u>
Special Services:			
Services	18,000	12,610	5,390
	<u>18,000</u>	<u>12,610</u>	<u>5,390</u>
Instruction Improvement Program:			
Salaries	6,000	9,000	(3,000)
Benefits	1,300	1,790	(490)
Services	1,500	4,549	(3,049)
	<u>8,800</u>	<u>15,339</u>	<u>(6,539)</u>
Educational Media Program:			
Salaries	16,167	16,439	(272)
Benefits	6,275	5,468	807
Supplies	1,000	1,508	(508)
	<u>23,442</u>	<u>23,415</u>	<u>27</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, 2018

	Budget	Actual	Variance
Technology Instruction:			
Salaries	39,300	43,050	(3,750)
Benefits	18,995	1,838	17,157
Services	10,000	11,541	(1,541)
Supplies	0	3,120	(3,120)
	<u>68,295</u>	<u>59,549</u>	<u>8,746</u>
Board of Education:			
Benefits	30	23	7
Services	10,000	8,687	1,313
	<u>10,030</u>	<u>8,710</u>	<u>1,320</u>
District Administration:			
Salaries	55,843	52,852	2,991
Benefits	14,345	16,027	(1,682)
Services	26,500	16,515	9,985
Supplies	2,500	2,855	(355)
Capital Outlay	1,000	0	1,000
Insurance	20,000	19,935	65
	<u>120,188</u>	<u>108,184</u>	<u>12,004</u>
School Administration:			
Salaries	112,391	113,265	(874)
Benefits	43,850	44,433	(583)
	<u>156,241</u>	<u>157,698</u>	<u>(1,457)</u>
Business Operations:			
Salaries	46,400	46,400	0
Benefits	24,375	22,676	1,699
Services	4,300	3,743	557
Supplies	1,000	899	101
	<u>76,075</u>	<u>73,718</u>	<u>2,357</u>
Administrative Technology			
Benefits	0	18,055	(18,055)
Services	0	2,094	(2,094)
Supplies	0	6,155	(6,155)
Capital Outlay	0	787	(787)
	<u>0</u>	<u>27,091</u>	<u>(27,091)</u>
Buildings Care:			
Salaries	63,936	40,078	23,858
Benefits	31,237	18,007	13,230
Services	92,415	135,242	(42,827)
Supplies	15,000	15,360	(360)
	<u>202,588</u>	<u>208,687</u>	<u>(6,099)</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, 2018

	Budget	Actual	Variance
Maintenance:			
Salaries	35,000	55,709	(20,709)
Benefits	22,115	23,542	(1,427)
Services	1,500	427	1,073
Supplies	34,993	59,674	(24,681)
Capital Outlay	0	26,088	(26,088)
	<u>93,608</u>	<u>165,440</u>	<u>(71,832)</u>
Pupil to School Transportation:			
Salaries	50,500	43,668	6,832
Benefits	8,150	7,635	515
Services	14,500	22,081	(7,581)
Supplies	17,500	21,062	(3,562)
Capital Outlay	0	11,812	(11,812)
	<u>90,650</u>	<u>106,258</u>	<u>(15,608)</u>
General Transportation Program:			
Supplies	3,500	6,456	(2,956)
Capital Outlay	0	120	(120)
	<u>3,500</u>	<u>6,576</u>	<u>(3,076)</u>
Total Support Services	<u>935,265</u>	<u>1,039,535</u>	<u>(104,270)</u>
Food Service Program			
Salaries	3,400	1,976	1,424
Benefits	260	149	111
Total Food Service Program	<u>3,660</u>	<u>2,125</u>	<u>1,535</u>
Non-Instructional			
Contingency	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 1,894,968</u>	<u>\$ 2,029,783</u>	<u>\$ (134,815)</u>

Salmon River Joint School District No. 243
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2018

	Source of Strength	Driver Education	Professional Technology	Basic Technology	State Substance Abuse Prevention	State Technology Grant	Title I
Assets							
Cash and Cash Equivalents	\$ 1,200	\$ 0	\$ 12,381	\$ 17,375	\$ 6,370	\$ 12,878	\$ 2,701
Receivables:							
Intergovernmental	0	0	0	0	0	0	8,339
Total Assets	1,200	0	12,381	17,375	6,370	12,878	11,040
Deferred Outflows	0	0	0	0	0	0	0
Total Assets and Deferred Outflows	\$ 1,200	\$ 0	\$ 12,381	\$ 17,375	\$ 6,370	\$ 12,878	\$ 11,040
Liabilities							
Accounts Payable	\$ 0	\$ 0	\$ 5,185	\$ 0	\$ 0	\$ 0	\$ 0
Internal Balances	0	0	0	0	0	0	0
Salaries and Benefits Payable	0	0	0	0	0	0	11,040
Total Liabilities	0	0	5,185	0	0	0	11,040
Deferred Inflows	0	0	0	0	0	0	0
Fund Balances							
Restricted	1,200	0	7,196	17,375	6,370	12,878	0
Unassigned	0	0	0	0	0	0	0
Total Fund Balances	1,200	0	7,196	17,375	6,370	12,878	0
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 1,200	\$ 0	\$ 12,381	\$ 17,375	\$ 6,370	\$ 12,878	\$ 11,040

Salmon River Joint School District No. 243
Combining Balance Sheet - Nonmajor Governmental Funds (continued)
June 30, 2018

	IDEA Part B	IDEA Preschool	Small Rural Grant	Carl Perkins	Title II-A	Title IV	Food Service	Total
Assets								
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,101	\$ 58,006
Receivables:								
Intergovernmental	6,699	1,200	10,135	1,382	0	4,094	0	31,849
Total Assets	6,699	1,200	10,135	1,382	0	4,094	5,101	89,855
Deferred Outflows	0	0	0	0	0	0	0	0
Total Assets and Deferred Outflows	\$ 6,699	\$ 1,200	\$ 10,135	\$ 1,382	\$ 0	\$ 4,094	\$ 5,101	\$ 89,855
Liabilities								
Accounts Payable	\$ 330	\$ 1,200	\$ 0	\$ 1,381	\$ 0	\$ 0	\$ 0	\$ 8,096
Internal Balances	3,268	0	10,135	1	0	2,342	0	15,746
Salaries and Benefits Payable	3,101	0	0	0	0	1,752	5,101	20,994
Total Liabilities	6,699	1,200	10,135	1,382	0	4,094	5,101	44,836
Deferred Inflows	0	0	0	0	0	0	0	0
Fund Balances								
Restricted	0	0	0	0	0	0	0	45,019
Unassigned	0	0	0	0	0	0	0	0
Total Fund Balances	0	0	0	0	0	0	0	45,019
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 6,699	\$ 1,200	\$ 10,135	\$ 1,382	\$ 0	\$ 4,094	\$ 5,101	\$ 89,855

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, 2018

	Source of Strength	Driver Education	Professional Technology	Basic Technology	State Substance Abuse Prevention	State Technology Grant	Title I
Revenues							
Federal Sources	\$ 0	\$ 0	\$ 20,202	\$ 0	\$ 0	\$ 0	\$ 51,694
State Sources	1,200	1,125	0	46,727	3,507	0	0
Charges for Services	0	900	0	0	0	0	0
Total Revenues	1,200	2,025	20,202	46,727	3,507	0	51,694
Expenditures							
Instruction:							
Salaries	0	1,720	2,077	0	0	0	36,783
Benefits	0	611	0	0	0	0	12,851
Services	0	0	5,029	0	231	0	85
Supplies	0	244	10,195	0	1,868	0	1,975
Total Instruction	0	2,575	17,301	0	2,099	0	51,694
Support Services:							
Services	0	0	0	23,875	0	0	0
Supplies	0	0	0	59	0	0	0
Total Support Services	0	0	0	23,934	0	0	0
Food Service	0	0	0	0	0	0	0
Capital Outlay	0	0	2,894	1,141	0	0	0
Total Expenditures	0	2,575	20,195	25,075	2,099	0	51,694
Excess (Deficiency) of Revenues Over Expenditures	1,200	(550)	7	21,652	1,408	0	0
Other Financing Sources (Uses)							
Transfers In	0	3,145	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	3,145	0	0	0	0	0
Net Change in Fund Balances	1,200	2,595	7	21,652	1,408	0	0
Fund Balances - Beginning, Previously	0	(2,595)	7,189	(4,277)	4,962	12,878	0
Prior Period Adjustment	0	0	0	0	0	0	0
Fund Balances - Beginning, Restated	0	(2,595)	7,189	(4,277)	4,962	12,878	0
Fund Balances - Ending	\$ 1,200	\$ 0	\$ 7,196	\$ 17,375	\$ 6,370	\$ 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, 2018

	IDEA Part B	IDEA Preschool	Small Rural Grant	Carl Perkins	Title II-A	Title IV	Food Service	Total
Revenues								
Federal Sources	\$ 26,910	\$ 3,621	\$ 23,063	\$ 1,382	\$ 3,323	\$ 10,000	\$ 48,064	\$ 188,259
State Sources	0	0	0	0	0	0	64	52,623
Charges for Services	0	0	0	0	0	0	9,839	10,739
Total Revenues	26,910	3,621	23,063	1,382	3,323	10,000	57,967	251,621
Expenditures								
Instruction:								
Salaries	15,510	0	0	0	0	6,400	0	62,490
Benefits	9,849	0	0	0	0	1,759	0	25,070
Services	1,551	0	0	0	3,323	0	0	10,219
Supplies	0	3,621	0	1,382	0	1,841	0	21,126
Total Instruction	26,910	3,621	0	1,382	3,323	10,000	0	118,905
Support Services:								
Services	0	0	16,357	0	0	0	0	40,232
Supplies	0	0	6,706		0	0	0	6,765
Total Support Services	0	0	23,063	0	0	0	0	46,997
Food Service	0	0	0	0	0	0	78,047	78,047
Capital Outlay	0	0	0	0	0	0	0	4,035
Total Expenditures	26,910	3,621	23,063	1,382	3,323	10,000	78,047	247,984
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0	0	0	(20,080)	3,637
Other Financing Sources (Uses)								
Transfers In	0	0	217	388	0	0	20,081	23,831
Transfers Out	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	217	388	0	0	20,081	23,831
Net Change in Fund Balances	0	0	217	388	0	0	1	27,468
Fund Balances - Beginning, Previously	0	0	(217)	(3,329)	0	0	(1)	14,610
Prior Period Adjustment	0	0	0	2,941	0	0	0	2,941
Fund Balances - Beginning, Restated	0	0	(217)	(388)	0	0	(1)	17,551
Fund Balances - Ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,019

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, 2018, 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 24, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies as items 2018-001 and 2018-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed test 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* and which are described in the accompanying schedule of findings as items 2018-001 and 2018-002.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying management's response to findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 24, 2018

Salmon River Joint School District No. 243
Schedule of Findings
For the Year Ended June 30, 2018

2018-001: TIME AND EFFORT REPORTING

CONDITION: Employees whose pay is coded to multiple cost objectives for federal programs are not following the Uniform Guidance reporting requirements for time and effort in these programs by reconciling actual time spent in these programs to the estimate that was made at the beginning of the year and adjusting their reimbursement requests accordingly. Semi-annual certifications on employees whose time is under a single cost-objective and at least quarterly certifications for employees whose time is under multiple cost-objectives is also not occurring.

CAUSE: This appears to be due to a lack of understanding by management of the requirements and/or a lack of cooperation by personnel in completing the applicable certifications and time records.

CRITERIA: Employees are required to document time and effort spent on federal programs in order to more accurately reflect the amount of salaries that should be coded to those programs to prevent unallowed costs.

EFFECT: Potentially, the District has been reimbursed salaries for which time was not actually spent on those federal programs. The State Department of Education could freeze future funding for these programs until the District complies.

RECOMMENDATION: Immediately begin using the time and effort templates provided by the State Department of Education and ensure that those reports are being properly monitored by management.

2018-002: CASH MANAGEMENT

CONDITION: Federal Funds 257, 262, and 274 that track some of the District's federal reimbursement-type grant funds did not zero out.

CAUSE: It would appear monitoring of these funds was not occurring on a regular basis to ensure that proper coding is occurring.

CRITERIA: Reimbursement grants by definition indicate revenues should equal expenditures.

EFFECT: Each of the funds initially showed more revenue than expenditures (257 over by \$1,198, 262 over by \$27, and 274 over by \$3,305). The accrual reversals of salaries and benefits from fiscal year 2017 and the fiscal year 2018 accrual were not accounted for when the reimbursement requests were made, resulting in the Business Manager needing to find additional and allowable salaries and benefits of \$868 in the General fund to move to Title I. The remaining difference was due to a coding error of supplies. The overage in 262 was caused by a journal entry done backwards. The overage in 274 was caused by pass-through grant funds received but then did not get passed on to ASK. If no other expenditures could have been moved, the State may have required the District to repay those funds.

RECOMMENDATION: Budget reports should be monitored on a year to date basis to ensure revenues equal expenditures. Also, reversal entries should be done at the beginning of the fiscal year and the reimbursement requests that capture expenditures through the end of the fiscal year should not be done until the current year-end accruals have been entered.



Salmon River Joint School District 243

Jim Doramus, Superintendent/K-5 Principal

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September 24, 2018

MANAGEMENT'S RESPONSE TO FINDINGS

Salmon River School District No. 243 respectfully submits the following response to findings for the year ended June 30, 2018.

FINDINGS — SIGNIFICANT DEFICIENCIES/COMPLIANCE

2018-001: TIME AND EFFORT REPORTING

Recommendation: The District should immediately begin using the time and effort templates provided by the State Department of Education and ensure that those reports are being properly monitored by management.

Action to be Taken: The District will start using the "Time and Effort" forms provided by the SDE effective immediately. Our Business Manager will be responsible to make sure that the appropriate documentation is completed accurately on a month to month basis.

2018-002: CASH MANAGEMENT

Recommendation: Budget reports should be monitored on a year-to-date basis to ensure revenues equal expenditures. Also, reversal entries should be done at the beginning of the fiscal year and the reimbursement requests that capture expenditures through the end of the fiscal year should not be done until the current year-end accruals have been entered.

Action to be Taken: Effective immediately our Business Manager will apply the above recommendations.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Jim Doramus", is written over a horizontal line.

Jim Doramus
Superintendent