

Salmon River Joint School

District No. 243

Year Ended June 30, 2019

Audited Financial Statements



SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

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Independent Auditor's Report

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 (the School) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School'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 of 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 elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses related to the other postemployment benefits as well as certain note disclosures and required supplementary information. The amount by which the departure would affect net position, assets, liabilities, deferred outflows of resources, deferred inflows of resources, expenses, note disclosures, and required supplementary information has not been determined.

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 previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2019, and the changes in financial position thereof for the year then ended in conformity 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 the School as of June 30, 2019, 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, schedule of employer’s share of net pension liability, and schedule of employer contributions listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be 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, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not included the management’s discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 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 and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 School's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
August 5, 2019

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash & Investments	\$1,910,078
Receivables:	
Local Sources	205,323
State Sources	59,421
Federal Sources	34,892
Total Current Assets	<u>2,209,714</u>
Noncurrent Assets	
Nondepreciable Capital Assets	25,126
Depreciable Net Capital Assets	258,449
Total Noncurrent Assets	<u>283,575</u>
Total Assets	<u>2,493,289</u>
 Deferred Outflows of Resources	
Pension Deferred Outflows	219,977
Total Deferred Outflows of Resources	<u>219,977</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$2,713,266</u></u>
 Liabilities	
Current Liabilities	
Accounts Payable	\$37,714
Salaries & Benefits Payable	238,705
Unspent Grant Allocation	2,247
Total Current Liabilities	<u>278,666</u>
Noncurrent Liabilities	
Net Pension Liability	507,198
Total Noncurrent Liabilities	<u>507,198</u>
Total Liabilities	<u>785,864</u>
 Deferred Inflows of Resources	
Pension Deferred Inflows	94,659
Total Deferred Inflows of Resources	<u>94,659</u>
Total Liabilities and Deferred Inflows of Resources	<u>880,523</u>
 Net Position	
Net Investment in Capital Assets	283,575
Restricted:	
Special Programs	960,831
Capital Projects	136,664
Unrestricted	451,673
Total Net Position	<u>1,832,743</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u><u>\$2,713,266</u></u>

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges For	Operating	Capital	Revenue And
		Services	Grants And	Grants And	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities					
Instructional Programs					
Elementary School	\$401,098		\$50,399		(\$350,699)
Secondary School	452,683	\$1,000	10,555		(441,128)
Vocational-Technical	24,835		17,381		(7,454)
Special Education	181,104		38,636		(142,468)
Special Education Preschool	3,326		3,326		0
Gifted & Talented	46,343				(46,343)
Interscholastic					0
Summer School Program					0
Support Service Programs					
Attendance - Guidance - Health	71,231				(71,231)
Special Education Support Services	20,509		5,213		(15,296)
Instruction Improvement	43,008		12,883		(30,125)
Educational Media	24,704				(24,704)
Instruction-Related Technology	103,053		70,329		(32,724)
Board of Education	10,947				(10,947)
District Administration	137,757				(137,757)
School Administration	182,962				(182,962)
Business Operations	77,804				(77,804)
Administrative Technology Service	36,193				(36,193)
Buildings - Care	146,449				(146,449)
Maintenance - Non-Student Occupied	1,581				(1,581)
Maintenance - Student Occupied	133,505		84,992		(48,513)
Maintenance - Grounds	4,825				(4,825)
Security Program					0
Pupil-To-School Transportation	102,999				(102,999)
Pupil-Activity Transportation					0
General Transportation	1,281				(1,281)
Other Support Services					0
Non-Instructional Programs					
Child Nutrition	87,925	10,626	74,643		(2,656)
Capital Assets - Student Occupied	32,848		15,786		(17,062)
Capital Assets - Non-Student Occupied					0
Total Governmental Activities	\$2,328,970	\$11,626	\$384,143	\$0	(1,933,201)
Changes in Net Position					Total
Net (Expense) Revenue					(1,933,201)
General Revenues					
Local Taxes					549,192
Other Local Revenues					35,739
State Revenues					1,567,003
Federal Revenues					0
Pension Revenue (Expense)					(137,757)
Total					2,014,177
Change in Net Position					80,976
Net Position - Beginning					1,751,767
Net Position - Ending					\$1,832,743

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Balance Sheet - Governmental Funds

June 30, 2019

	General Fund	Forest Reserve Fund	Child Nutrition Fund
Assets			
Cash & Investments	\$788,063	\$914,734	\$5,363
Receivables:			
Local Sources	205,323		
State Sources	59,421		
Federal Sources			
Due From Other Funds	15,196		
Total Assets	<u>\$1,068,003</u>	<u>\$914,734</u>	<u>\$5,363</u>
Liabilities			
Accounts Payable	\$15,872	\$14,024	
Due To Other Funds			
Salaries & Benefits Payable	218,578		\$5,363
Unspent Grant Allocation			
Total Liabilities	<u>234,450</u>	<u>14,024</u>	<u>5,363</u>
Deferred Inflows of Resources			
Unavailable Tax Revenues	78,276		
Total Deferred Inflows of Resources	<u>78,276</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted:			
Special Programs		900,710	
Capital Projects			
Unassigned	755,277		
Total Fund Balances	<u>755,277</u>	<u>900,710</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$1,068,003</u>	<u>\$914,734</u>	<u>\$5,363</u>

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Balance Sheet - Governmental Funds

June 30, 2019

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash & Investments	\$201,918	\$1,910,078
Receivables:		
Local Sources	0	205,323
State Sources	0	59,421
Federal Sources	34,892	34,892
Due From Other Funds	0	15,196
Total Assets	\$236,810	\$2,224,910
Liabilities		
Accounts Payable	\$7,818	\$37,714
Due To Other Funds	15,196	15,196
Salaries & Benefits Payable	14,764	238,705
Unspent Grant Allocation	2,247	2,247
Total Liabilities	40,025	293,862
Deferred Inflows of Resources		
Unavailable Tax Revenues	0	78,276
Total Deferred Inflows of Resources	0	78,276
Fund Balances		
Restricted:		
Special Programs	60,121	960,831
Capital Projects	136,664	136,664
Unassigned	0	755,277
Total Fund Balances	196,785	1,852,772
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$236,810	\$2,224,910

Balance Sheet - Governmental Funds

June 30, 2019

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

Total Governmental Fund Balances	\$1,852,772
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	283,575
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Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	78,276
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Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds.	(381,880)
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Net Position of Governmental Activities	<u><u>\$1,832,743</u></u>
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SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2019

	General Fund	Forest Reserve Fund	Child Nutrition Fund
Revenues			
Local Taxes	\$542,305		
Other Local Revenue	42,096	\$18,293	\$10,626
State Revenue	1,567,003		
Federal Revenue		100,778	49,108
Total Revenues	<u>2,151,404</u>	<u>119,071</u>	<u>59,734</u>
Expenditures			
Instructional Programs			
Elementary School	424,405		
Secondary School	525,224		
Vocational-Technical			
Special Education	142,468		
Special Education Preschool			
Interscholastic	46,343		
Gifted & Talented			
Summer School Program			
Support Service Programs			
Attendance - Guidance - Health	71,231		
Special Education Support Services	13,098		
Instruction Improvement	30,125		
Educational Media	24,704		
Instruction-Related Technology	53,662		
Board of Education	10,947		
District Administration	137,732		
School Administration	182,962		
Business Operations	77,804		
Administrative Technology Service	36,193		
Buildings - Care	146,449		
Maintenance - Non-Student Occupied	1,581		
Maintenance - Student Occupied	83,728	58,636	
Maintenance - Grounds	4,825		
Security Program			
Pupil-To-School Transportation	91,841		
Pupil-Activity Transportation			
General Transportation	1,281		
Other Support Services			
Non-Instructional Programs			
Child Nutrition	2,656		85,269
Capital Assets - Student Occupied		15,786	
Capital Assets - Non-Student Occupied			
Total Expenditures	<u>2,109,259</u>	<u>74,422</u>	<u>85,269</u>
Excess (Deficiency) of Revenues Over Expenditures	42,145	44,649	(25,535)
Other Financing Sources (Uses)			
Transfers In			25,535
Transfers Out	(39,940)		
Total Other Financing Sources (Uses)	<u>(39,940)</u>	<u>0</u>	<u>25,535</u>
Net Change in Fund Balances	2,205	44,649	0
Fund Balances - Beginning	753,072	856,061	0
Fund Balances - Ending	<u>\$755,277</u>	<u>\$900,710</u>	<u>\$0</u>

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2019

	Other Governmental Funds	Total Governmental Funds
Revenues		
Local Taxes	\$0	\$542,305
Other Local Revenue	1,885	72,900
State Revenue	92,328	1,659,331
Federal Revenue	116,394	266,280
Total Revenues	<u>210,607</u>	<u>2,540,816</u>
Expenditures		
Instructional Programs		
Elementary School	50,581	474,986
Secondary School	10,779	536,003
Vocational-Technical	24,835	24,835
Special Education	38,636	181,104
Special Education Preschool	3,326	3,326
Gifted & Talented	0	46,343
Interscholastic	0	0
Summer School Program	0	0
Support Service Programs		
Attendance - Guidance - Health	0	71,231
Special Education Support Services	7,411	20,509
Instruction Improvement	12,883	43,008
Educational Media	0	24,704
Instruction-Related Technology	49,391	103,053
Board of Education	0	10,947
District Administration	25	137,757
School Administration	0	182,962
Business Operations	0	77,804
Administrative Technology Service	0	36,193
Buildings - Care	0	146,449
Maintenance - Non-Student Occupied	0	1,581
Maintenance - Student Occupied	0	142,364
Maintenance - Grounds	0	4,825
Security Program	0	0
Pupil-To-School Transportation	0	91,841
Pupil-Activity Transportation	0	0
General Transportation	0	1,281
Other Support Services	0	0
Non-Instructional Programs		
Child Nutrition	0	87,925
Capital Assets - Student Occupied	0	15,786
Capital Assets - Non-Student Occupied	0	0
Total Expenditures	<u>197,867</u>	<u>2,466,817</u>
Excess (Deficiency) of Revenues Over Expenditures	12,740	73,999
Other Financing Sources (Uses)		
Transfers In	112,662	138,197
Transfers Out	(98,257)	(138,197)
Total Other Financing Sources (Uses)	<u>14,405</u>	<u>0</u>
Net Change in Fund Balances	27,145	73,999
Fund Balances - Beginning	169,640	1,778,773
Fund Balances - Ending	<u>\$196,785</u>	<u>\$1,852,772</u>

Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Governmental Funds
 Year Ended June 30, 2019

**Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Governmental Funds to the Statement of
 Activities**

Net Change in Fund Balances - Total Governmental Funds \$73,999

Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. (19,361)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. 6,887

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 17,951

Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. 1,500

Change in Net Position of Governmental Activities \$80,976

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Statement of Fiduciary Net Position

June 30, 2019

	Private Purpose Trust Funds	Agency Funds Student Activity	Total
Assets			
Cash & Investments	\$4,786	\$44,776	\$49,562
Total Assets	<u>\$4,786</u>	<u>\$44,776</u>	<u>\$49,562</u>
Liabilities			
Due to Student Groups		\$44,776	\$44,776
Total Liabilities	<u>\$0</u>	<u>44,776</u>	<u>44,776</u>
Net Position			
Restricted:			
Scholarships	4,786		4,786
Total Net Position	<u>4,786</u>	<u>0</u>	<u>4,786</u>
Total Liabilities and Net Position	<u>\$4,786</u>	<u>\$44,776</u>	<u>\$49,562</u>

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2019

	Private Purpose Trust Funds
Additions	
Contributions & Donations	\$500
Investment Income (Loss)	101
Total Additions	<u>601</u>
Deductions	
Scholarships Awarded	500
Total Deductions	<u>500</u>
Change in Net Position	101
Net Position - Beginning	4,685
Net Position - Ending	<u><u>\$4,786</u></u>

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Salmon River Joint School District No. 243 (the School) provides public school educational services as authorized by Section 33 of Idaho Code. The School's boundaries for taxing and school enrollment purposes are located within Adams and Idaho Counties.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to school districts. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements - Government-Wide Statements – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Notes to Financial Statements

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the School include:

General Fund – The general fund is the School's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the forest reserve fund, used primarily for capital outlay and maintenance and the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Fiduciary funds of the School include:

Private Purpose Trust Funds – Private purpose trust funds are used to account for the assets, and related income producing and disbursement activities, for which the School acts as a scholarship trustee.

Agency Funds – Agency funds are used to account for assets held by the School on behalf of students.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and fiduciary fund financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash and Investments – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds based on each fund's respective investment balance. Investments include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Notes to Financial Statements

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method, except for certain transportation vehicles which use the declining balance method.

Compensated Absences – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded.

Other Post-Employment Benefits – The School does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, certain retired employees can remain on the School insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average monthly cost is referred to as an “implicit subsidy” since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. GASB 75 requires that employers have actuarial calculations performed for these other post-employment benefits so that liabilities and related expenses can be recorded in the government-wide financial statements and related notes and required supplementary information can be prepared. Management believes the costs of implementing GASB 75 cannot be justified at this time. Accordingly, the School accounts for the other-post employment benefits for retirees on the pay-as-you-go basis.

Pensions – For purposes of measuring the net pension liability and pension expense/revenue, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources – The School’s financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity’s governing

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Notes to Financial Statements

body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

Property Taxes – The School is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Custodial Credit Risk – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning custodial risk.

Risk Management – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Nonmonetary Transactions – Items received via food commodities programs are recognized at their stated fair market value.

Subsequent Events – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

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Notes to Financial Statements

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

	Governmental Funds	Fiduciary Funds	Total
Cash - Deposits	\$500,260	\$44,776	\$545,036
Investments - Local Gov't Investment Pool	1,414,604		1,414,604
Total	\$1,914,864	\$44,776	\$1,959,640

Deposits – At year end, the carrying amounts of the School's deposits were \$545,036 and the bank balances were \$558,926. Of the bank balances, \$295,359 was insured, and the balance was uninsured and uncollateralized.

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

Interest rate risk:

	Investment Maturity Schedule (In Years)	
Investment Type	Less Than 1	Total
Local Gov't Invest Pool	\$1,414,604	\$1,414,604
Total	\$1,414,604	\$1,414,604

Credit rate risk:

	Investment Rating Schedule	
Investment Type	Not Rated	Total
Local Gov't Invest Pool	\$1,414,604	\$1,414,604
Total	\$1,414,604	\$1,414,604

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Government, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool is not registered with the SEC and is a short-term investment pool. The state treasurer's office investment policy for the local government investment pool includes the following three primary objectives in order of priority: safety, liquidity, and yield. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification. More information on the local governmental investment pool including regulatory information, ratings, and risk information can be found at www.sto.idaho.gov.

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Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Local Sources			
Local Taxes	\$205,323		\$205,323
Total	<u>\$205,323</u>		<u>\$205,323</u>
State Sources			
Foundation Program	\$59,421		\$59,421
Total	<u>\$59,421</u>		<u>\$59,421</u>
Federal Sources			
Special Programs		\$34,892	\$34,892
Total		<u>\$34,892</u>	<u>\$34,892</u>

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Notes to Financial Statements

D. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$25,126			\$25,126
Construction In Progress	8,859		\$8,859	0
Total	<u>33,985</u>	<u>\$0</u>	<u>8,859</u>	<u>25,126</u>
Depreciable Capital Assets				
Buildings	1,231,514	8,859		1,240,373
Equipment	222,812			222,812
Transportation	364,454			364,454
Subtotal	<u>1,818,780</u>	<u>8,859</u>	<u>0</u>	<u>1,827,639</u>
Accumulated Depreciation				
Buildings	1,075,571	6,739		1,082,310
Equipment	152,895	10,323		163,218
Transportation	312,504	11,158		323,662
Subtotal	<u>1,540,970</u>	<u>28,220</u>	<u>0</u>	<u>1,569,190</u>
Total	<u>277,810</u>	<u>(19,361)</u>	<u>0</u>	<u>258,449</u>
Net Capital Assets	<u>\$311,795</u>	<u>(\$19,361)</u>	<u>\$8,859</u>	<u>\$283,575</u>

Depreciation expense was charged to the following program:

Capital Assets - Student Occupied	\$17,062
Pupil-To-School Transportation	11,158
Total	<u>\$28,220</u>

E. LONG-TERM OBLIGATIONS

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	\$17,951		\$17,951	\$0	
Total	<u>\$17,951</u>	<u>\$0</u>	<u>\$17,951</u>	<u>\$0</u>	<u>\$0</u>

Compensated absences are normally paid through the general fund.

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Notes to Financial Statements

F. PENSION PLAN

Plan Description

The School 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

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, 2018 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 School's contributions were \$131,298 for the year ended June 30, 2019.

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

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Notes to Financial Statements

At June 30, 2019, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School'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, 2019, the School's proportion was 0.0343859 percent.

For the year ended June 30, 2019, the School recognized pension revenue (expense) of (\$137,757). At June 30, 2019, the School 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	\$55,676	\$38,306
Changes in assumptions or other inputs	33,003	
Net difference between projected and actual earnings on pension plan investments		56,353
Employer contributions subsequent to the measurement date	131,298	
Total	<u>\$219,977</u>	<u>\$94,659</u>

\$131,298 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the pension (expense) or reduction of the pension revenue 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, 2017 the beginning of the measurement period ended June 30, 2018 is 4.9 and 5.5 for the measurement period June 30, 2018.

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	
6/30/20	\$41,229
6/30/21	4,858
6/30/22	(41,561)
6/30/23	(10,505)
Total	<u>(\$5,979)</u>

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

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Notes to Financial Statements

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, 2018 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%

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, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

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 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, 2017.

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Notes to Financial Statements

Capital Market Assumptions

Asset Class	Expected Return*	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equities	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%
			Expected	
Total Fund	Expected Return*	Expected Inflation	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 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 School's proportionate share of the net pension liability to changes in the discount rate.

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

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Notes to Financial Statements

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
School's proportionate share of the net pension liability (asset)	\$1,269,631	\$507,198	(\$124,128)

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.

Impacts on the School's net position

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the School may periodically experience a deficit in its net position. This can occur as a result of recording the School's allocable portion of the net pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan whenever deemed necessary), such deficits are not deemed to be of substantial concern.

G. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund	
	Nonmajor Governmental	Total
Due To Fund		
General	\$15,196	\$15,196
Total	\$15,196	\$15,196

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

Interfund transfers during the year consist of the following:

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Notes to Financial Statements

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General		\$39,940	Support, Depreciation
Child Nutrition	\$25,535		Support
Nonmajor Governmental	112,662	98,257	Support, Depreciation, FB Transfer
Total	<u>\$138,197</u>	<u>\$138,197</u>	

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended June 30, 2019

General Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			
	Original	Final		Positive
				(Negative)
Revenues				
Local Taxes	\$534,416	\$534,416	\$542,305	\$7,889
Other Local Revenue	0	10,000	42,096	32,096
State Revenue	1,478,642	1,543,284	1,567,003	23,719
Federal Revenue	2,000	5,900	0	(5,900)
Total Revenues	<u>2,015,058</u>	<u>2,093,600</u>	<u>2,151,404</u>	<u>57,804</u>
Expenditures				
Instructional Programs				
Elementary School	396,916	412,266	424,405	(12,139)
Secondary School	468,296	473,855	525,224	(51,369)
Vocational-Technical	0	0	0	0
Special Education	148,712	147,822	142,468	5,354
Special Education Preschool	0	0	0	0
Gifted & Talented	0	0	0	0
Interscholastic	41,115	45,097	0	45,097
Summer School Program	0	0	0	0
Support Service Programs				
Attendance - Guidance - Health	69,224	71,700	71,231	469
Special Education Support Services	18,000	18,000	13,098	4,902
Instruction Improvement	24,025	30,325	30,125	200
Educational Media	26,097	29,757	24,704	5,053
Instruction-Related Technology	73,140	73,140	10,947	62,193
Board of Education	10,030	9,075	10,947	(1,872)
District Administration	117,840	121,590	137,732	(16,142)
School Administration	175,001	176,001	182,962	(6,961)
Business Operations	81,020	80,020	77,804	2,216
Administrative Technology Service	0	0	36,193	(36,193)
Buildings - Care	159,192	154,640	146,449	8,191
Maintenance - Non-Student Occupied	6,500	2,000	1,581	419
Maintenance - Student Occupied	72,690	96,392	83,728	12,664
Maintenance - Grounds	7,000	7,000	4,825	2,175
Security Program	0	0	0	0
Pupil-To-School Transportation	93,100	86,380	91,841	(5,461)
Pupil-Activity Transportation	0	0	0	0
General Transportation	2,500	1,500	1,281	219
Other Support Services	1,000	500	0	500
Non-Instructional Programs				
Child Nutrition	3,660	3,660	2,656	1,004
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	0	0
Total Expenditures	<u>1,995,058</u>	<u>2,040,720</u>	<u>2,020,201</u>	<u>20,519 *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	20,000	52,880	131,203	78,323
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(20,000)	(52,880)	(39,940)	12,940 *
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(52,880)</u>	<u>(39,940)</u>	<u>12,940</u>
Net Change in Fund Balances	0	0	91,263	91,263
Fund Balances - Beginning	0	0	753,072	753,072
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$844,335</u>	<u>\$844,335</u>

*Total expenditures (over) under appropriations are: \$33,459

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended June 30, 2019

Forest Reserve Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			
	Original	Final		Positive
				(Negative)
Revenues				
Local Taxes	\$0	\$0	\$0	\$0
Other Local Revenue	0	0	18,293	18,293
State Revenue	0	0	0	0
Federal Revenue	90,000	100,026	100,778	752
Total Revenues	<u>90,000</u>	<u>100,026</u>	<u>119,071</u>	<u>19,045</u>
Expenditures				
Instructional Programs				
Elementary School	0	0	0	0
Secondary School	0	0	0	0
Vocational-Technical	0	0	0	0
Special Education	0	0	0	0
Special Education Preschool	0	0	0	0
Gifted & Talented	0	0	0	0
Interscholastic	0	0	0	0
Summer School Program	0	0	0	0
Support Service Programs				
Attendance - Guidance - Health	0	0	0	0
Special Education Support Services	0	0	0	0
Instruction Improvement	0	0	0	0
Educational Media	0	0	0	0
Instruction-Related Technology	0	0	0	0
Board of Education	0	0	0	0
District Administration	75,000	77,275	0	77,275
School Administration	0	0	0	0
Business Operations	0	0	0	0
Administrative Technology Service	0	0	0	0
Buildings - Care	0	0	0	0
Maintenance - Non-Student Occupied	0	0	0	0
Maintenance - Student Occupied	100,000	23,000	58,636	(35,636)
Maintenance - Grounds	0	0	0	0
Security Program	0	0	0	0
Pupil-To-School Transportation	0	0	0	0
Pupil-Activity Transportation	0	0	0	0
General Transportation	0	0	0	0
Other Support Services	0	0	0	0
Non-Instructional Programs				
Child Nutrition	0	0	0	0
Capital Assets - Student Occupied	120,000	15,800	15,786	14
Capital Assets - Non-Student Occupied	0	0	0	0
Total Expenditures	<u>295,000</u>	<u>116,075</u>	<u>74,422</u>	<u>41,653</u> *
Excess (Deficiency) of Revenues				
Over Expenditures	(205,000)	(16,049)	44,649	60,698
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(26,030)	(558)	0	558
Total Other Financing Sources (Uses)	<u>(26,030)</u>	<u>(558)</u>	<u>0</u>	<u>558</u>
Net Change in Fund Balances	<u>(231,030)</u>	<u>(16,607)</u>	<u>44,649</u>	<u>61,256</u>
Fund Balances - Beginning	<u>569,810</u>	<u>569,810</u>	<u>856,061</u>	<u>286,251</u>
Fund Balances - Ending	<u>\$338,780</u>	<u>\$553,203</u>	<u>\$900,710</u>	<u>\$347,507</u>

*Total expenditures (over) under appropriations are: \$42,211

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended June 30, 2019

Child Nutrition Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance
	Original	Final		Positive (Negative)
Revenues				
Other Local Revenue	\$9,700	\$11,800	\$10,626	(\$1,174)
Federal Revenue	41,500	33,500	49,108	15,608
Total Revenues	<u>51,200</u>	<u>45,300</u>	<u>59,734</u>	<u>14,434</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	77,230	78,180	85,269	(7,089)
Total Expenditures	<u>77,230</u>	<u>78,180</u>	<u>85,269</u>	<u>(7,089) *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(26,030)	(32,880)	(25,535)	7,345
Other Financing Sources (Uses)				
Transfers In	26,030	32,880	25,535	(7,345)
Transfers Out	0	0	0	0 *
Total Other Financing Sources (Uses)	<u>26,030</u>	<u>32,880</u>	<u>25,535</u>	<u>(7,345)</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>
<i>*Total expenditures (over) under appropriations are:</i>				<u><u>(\$7,089)</u></u>

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's portion of the net pension liability	0.0343859%	0.0320770%	0.0299191%	0.0326444%	0.0351139%
School's proportionate share of the net pension liability	\$507,198	\$504,195	\$606,506	\$429,874	\$258,493
School's covered payroll	\$1,106,319	\$996,290	\$875,040	\$914,359	\$951,391
School's proportional share of the net pension liability as a percentage of its covered payroll	45.85%	50.61%	69.31%	47.01%	27.17%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	87.26%	91.38%	94.95%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30.

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$131,298	\$125,235	\$112,780	\$99,055	\$103,505
Contributions in relation to the statutorily required contribution	\$131,298	\$125,235	\$112,780	\$99,055	\$103,505
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	<u>\$1,159,876</u>	<u>\$1,106,319</u>	<u>\$996,290</u>	<u>\$875,040</u>	<u>\$914,359</u>
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%	11.32%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's fiscal year end.

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds			
	Sources of Strength	Driver Education	Professional Technical	Technology
Assets				
Cash & Investments	\$941		\$4,741	\$41,381
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Total Assets	\$941	\$0	\$4,741	\$41,381
Liabilities				
Accounts Payable			\$4,741	
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	\$0	\$0	4,741	\$0
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs	941			41,381
Capital Projects				
Unassigned				
Total Fund Balances	941	0	0	41,381
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$941	\$0	\$4,741	\$41,381

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds			
	Substance Abuse	Substance Abuse Block Grant	Title I-A ESSA IBP	IDEA Part B 611 School Age 3-21
Assets				
Cash & Investments	\$7,730	\$10,069	\$232	
Receivables:				
Local Sources				
State Sources				
Federal Sources			10,539	\$15,159
Due From Other Funds				
Total Assets	<u>\$7,730</u>	<u>\$10,069</u>	<u>\$10,771</u>	<u>\$15,159</u>
Liabilities				
Accounts Payable				\$2,255
Due To Other Funds				9,409
Salaries & Benefits Payable			\$9,761	3,101
Unspent Grant Allocation			1,010	394
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>10,771</u>	<u>15,159</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs	7,730	10,069		
Capital Projects				
Unassigned				
Total Fund Balances	<u>7,730</u>	<u>10,069</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$7,730</u>	<u>\$10,069</u>	<u>\$10,771</u>	<u>\$15,159</u>

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2019

	Special Revenue Funds			
	IDEA Part B 619 Pre-School Age 3-5	School Based Medicaid	Rural Education	Title II-A ESSA SEI
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$3,423			\$3,359
Due From Other Funds				
Total Assets	\$3,423	\$0	\$0	\$3,359
Liabilities				
Accounts Payable	\$152			
Due To Other Funds	2,820			\$2,967
Salaries & Benefits Payable				
Unspent Grant Allocation	451			392
Total Liabilities	3,423	\$0	\$0	3,359
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs				
Capital Projects				
Unassigned				
Total Fund Balances	0	0	0	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$3,423	\$0	\$0	\$3,359

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2019

	<u>Special Revenue</u>	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Title IV-A</u>	<u>Plant</u>	<u>Bus</u>	
	<u>ESSA SS & AE</u>	<u>Facilities Fund</u>	<u>Depreciation Fund</u>	
Assets				
Cash & Investments	\$160	\$38,407	\$98,257	\$201,918
Receivables:				
Local Sources				0
State Sources				0
Federal Sources	2,412			34,892
Due From Other Funds				0
Total Assets	<u>\$2,572</u>	<u>\$38,407</u>	<u>\$98,257</u>	<u>\$236,810</u>
Liabilities				
Accounts Payable	\$670			\$7,818
Due To Other Funds				15,196
Salaries & Benefits Payable	1,902			14,764
Unspent Grant Allocation				2,247
Total Liabilities	<u>2,572</u>	<u>\$0</u>	<u>\$0</u>	<u>40,025</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				60,121
Capital Projects		38,407	98,257	136,664
Unassigned				0
Total Fund Balances	<u>0</u>	<u>38,407</u>	<u>98,257</u>	<u>196,785</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$2,572</u>	<u>\$38,407</u>	<u>\$98,257</u>	<u>\$236,810</u>

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2019

	<u>Special Revenue Funds</u>			
	<u>Sources of Strength</u>	<u>Driver Education</u>	<u>Professional Technical</u>	<u>Technology</u>
Revenues				
Local Taxes				
Other Local Revenue		\$1,000		
State Revenue		1,250	\$17,381	\$62,943
Federal Revenue				
Total Revenues	<u>\$0</u>	<u>2,250</u>	<u>17,381</u>	<u>62,943</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School		3,041		
Vocational-Technical			24,835	
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
Summer School Program				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology	259			38,937
Board of Education				
District Administration				
School Administration				
Business Operations				
Administrative Technology Service				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security Program				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Other Support Services				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	<u>259</u>	<u>3,041</u>	<u>24,835</u>	<u>38,937</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(259)	(791)	(7,454)	24,006
Other Financing Sources (Uses)				
Transfers In		791	258	
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>791</u>	<u>258</u>	<u>0</u>
Net Change in Fund Balances	(259)	0	(7,196)	24,006
Fund Balances - Beginning	1,200	0	7,196	17,375
Fund Balances - Ending	<u>\$941</u>	<u>\$0</u>	<u>\$0</u>	<u>\$41,381</u>

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue Funds			
	Substance Abuse	Substance Abuse Block Grant	Title I-A ESSA IBP	IDEA Part B 611 School Age 3-21
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue	\$3,368	\$7,386		
Federal Revenue			\$42,929	\$38,636
Total Revenues	<u>3,368</u>	<u>7,386</u>	<u>42,929</u>	<u>38,636</u>
Expenditures				
Instructional Programs				
Elementary School	207		36,967	
Secondary School	1,801		5,937	
Vocational-Technical				
Special Education				38,636
Special Education Preschool				
Gifted & Talented				
Interscholastic				
Summer School Program				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology		10,195		
Board of Education				
District Administration			25	
School Administration				
Business Operations				
Administrative Technology Service				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security Program				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Other Support Services				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	<u>2,008</u>	<u>10,195</u>	<u>42,929</u>	<u>38,636</u>
Excess (Deficiency) of Revenues				
Over Expenditures	1,360	(2,809)	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	1,360	(2,809)	0	0
Fund Balances - Beginning	6,370	12,878	0	0
Fund Balances - Ending	<u>\$7,730</u>	<u>\$10,069</u>	<u>\$0</u>	<u>\$0</u>

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2019

	Special Revenue Funds			
	IDEA Part B 619 Pre-School Age 3-5	School Based Medicaid	Rural Education	Title II-A ESSA SEI
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$3,326	\$5,213	\$12,883	\$3,407
Total Revenues	<u>3,326</u>	<u>5,213</u>	<u>12,883</u>	<u>3,407</u>
Expenditures				
Instructional Programs				
Elementary School				3,407
Secondary School				
Vocational-Technical				
Special Education				
Special Education Preschool	3,326			
Gifted & Talented				
Interscholastic				
Summer School Program				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services		7,411		
Instruction Improvement			12,883	
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operations				
Administrative Technology Service				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security Program				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Other Support Services				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Total Expenditures	<u>3,326</u>	<u>7,411</u>	<u>12,883</u>	<u>3,407</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(2,198)	0	0
Other Financing Sources (Uses)				
Transfers In		2,198		
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>2,198</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
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2019

	<u>Special Revenue</u>	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Title IV-A</u>	<u>Plant</u>	<u>Bus</u>	
	<u>ESSA</u>	<u>Facilities</u>	<u>Depreciation</u>	
	<u>SS & AE</u>	<u>Fund</u>	<u>Fund</u>	
Revenues				
Local Taxes				\$0
Other Local Revenue		\$885		1,885
State Revenue				92,328
Federal Revenue	\$10,000			116,394
Total Revenues	<u>10,000</u>	<u>885</u>	<u>\$0</u>	<u>210,607</u>
Expenditures				
Instructional Programs				
Elementary School	10,000			50,581
Secondary School				10,779
Vocational-Technical				24,835
Special Education				38,636
Special Education Preschool				3,326
Gifted & Talented				0
Interscholastic				0
Summer School Program				0
Support Service Programs				
Attendance - Guidance - Health				0
Special Education Support Services				7,411
Instruction Improvement				12,883
Educational Media				0
Instruction-Related Technology				49,391
Board of Education				0
District Administration				25
School Administration				0
Business Operations				0
Administrative Technology Service				0
Buildings - Care				0
Maintenance - Non-Student Occupied				0
Maintenance - Student Occupied				0
Maintenance - Grounds				0
Security Program				0
Pupil-To-School Transportation				0
Pupil-Activity Transportation				0
General Transportation				0
Other Support Services				0
Non-Instructional Programs				
Child Nutrition				0
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Total Expenditures	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>197,867</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	885	0	12,740
Other Financing Sources (Uses)				
Transfers In		11,158	98,257	112,662
Transfers Out		(98,257)		(98,257)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(87,099)</u>	<u>98,257</u>	<u>14,405</u>
Net Change in Fund Balances	<u>0</u>	<u>(86,214)</u>	<u>98,257</u>	<u>27,145</u>
Fund Balances - Beginning	<u>0</u>	<u>124,621</u>	<u>0</u>	<u>169,640</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$38,407</u>	<u>\$98,257</u>	<u>\$196,785</u>



**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***

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 the Salmon River Joint School District No. 243 (the School), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 School's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Quest CPAs PLLC

Payette, Idaho
August 5, 2019

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2019

FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiencies

2018-001 Time and Effort Reporting

Condition – In the previous year, the School did not use time and effort templates provided by the State Department of Education and ensure those reports were being properly monitored by management.

Current Status – The School has resolved this finding by initiating the use of time and effort templates provided by the State Department of Education and having management monitor/review those forms monthly.

2018-002 Cash Management

Condition – In the previous year, the School did not monitor budget reports on a year-to-date basis to ensure revenues equal expenditures. Also, accrual entries, reversal entries, and reimbursement requests were not being done in the correct sequence.

Current Status – The School has resolved this finding by consistently monitoring budget reports on a year-to-date basis ensuring that revenues equal expenditures. In addition, the School performs accrual entries, reversal entries, and reimbursement requests in their proper sequence.