

SALMON RIVER JOINT SCHOOL DISTRICT NO. 243

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2013

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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	Chairperson
Seth Allen	Vice-Chairperson
Barbara Hawkins	Trustee
Eric Hook	Trustee
Justin Swift	Trustee

Administrators

James Doramus	Superintendent
Michelle Hollon	Business Manager/Treasurer



Certified Public Accountants

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

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Independent Auditor's Report

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

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, 2013, and the related notes to the financial statements, which collectively comprise the City'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **Salmon River Joint School District No. 243**, as of June 30, 2013, 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 information on pages 28–30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented a management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 schedule of revenues by source and expenditures by object and the 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 schedule of revenues by source and expenditures by object and 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 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 schedule of revenues by source and expenditures by object and 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 26, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Salmon River Joint School District No. 243's** internal control over financial reporting and compliance.

Bailey & Co.

Nampa, Idaho
August 26, 2013

Salmon River Joint School District No. 243
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 1,096,948
Receivables, Net:	
Property Taxes	256,786
Intergovernmental	99,574
Capital Assets:	
Land	25,126
Buildings, Net	86,288
Equipment, Net	24,164
Vehicles, Net	79,469
Total Capital Assets	215,047
Total Assets	1,668,355
 Deferred Outflows	 0
Liabilities	
Accounts Payable and Other Current Liabilities	51,983
Salaries and Benefits Payable	178,765
Long-Term Liabilities:	
Due Within One Year:	
Compensated Absences	2,717
Due in More Than One Year:	
Compensated Absences	8,354
Total Liabilities	241,819
 Deferred Inflows	 0
Net Position	
Investment in Capital Assets	215,047
Restricted for:	
Capital Projects	85,240
Special Revenue	706,677
Unrestricted (Deficit) Surplus	419,572
Total Net Position	\$ 1,426,536

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, 2013

		Program Revenues				Net (Expense) Revenue and Changes in Net Position - Governmental Activities
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
Governmental Activities:						
Instruction	\$ 1,142,053	\$ 0	\$ 264,796	\$ 0		\$ (877,257)
Support Services	828,800	0	226,212	0		(602,588)
Food Service	68,497	14,798	48,431	0		(5,268)
Total Governmental Activities	\$ 2,039,350	\$ 14,798	\$ 539,439	\$ 0		(1,485,113)
		General Revenues:				
						604,989
						1,170,232
						29,502
						1,804,723
						319,610
						1,106,926
						\$ 1,426,536

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

Salmon River Joint School District No. 243

Balance Sheet -
Governmental Funds
June 30, 2013

	<u>General</u>	<u>Forest Fund</u>	<u>Capital Projects</u>
Assets			
Cash and Cash Equivalents	\$ 294,031	\$ 686,655	\$ 85,240
Receivables:			
Property Taxes	256,786	0	0
Intergovernmental	29,623	0	0
Internal Balances	11,465	0	0
Total Assets	<u>591,905</u>	<u>686,655</u>	<u>85,240</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u><u>\$ 591,905</u></u>	<u><u>\$ 686,655</u></u>	<u><u>\$ 85,240</u></u>
Liabilities			
Accounts Payable	\$ 12,358	\$ 0	\$ 0
Internal Balances	0	0	0
Salaries and Benefits Payable	147,428	0	0
Deferred Revenue	84,386	0	0
Total Liabilities	<u>244,172</u>	<u>0</u>	<u>0</u>
Deferred Inflows	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted	0	686,655	85,240
Unassigned	347,733	0	0
Total Fund Balances	<u>347,733</u>	<u>686,655</u>	<u>85,240</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u><u>\$ 591,905</u></u>	<u><u>\$ 686,655</u></u>	<u><u>\$ 85,240</u></u>

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

Salmon River Joint School District No. 243
Balance Sheet -
Governmental Funds (continued)
June 30, 2013

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 31,022	\$ 1,096,948
Receivables:		
Property Taxes	0	256,786
Intergovernmental	69,951	99,574
Internal Balances	0	11,465
Total Assets	100,973	1,464,773
Deferred Outflows	0	0
Total Assets and Deferred Outflows	\$ 100,973	\$ 1,464,773
Liabilities		
Accounts Payable	\$ 39,625	\$ 51,983
Internal Balances	11,465	11,465
Salaries and Benefits Payable	31,337	178,765
Deferred Revenue	0	84,386
Total Liabilities	82,427	326,599
Deferred Inflows	0	0
Fund Balances		
Restricted	20,022	791,917
Unassigned	(1,476)	346,257
Total Fund Balances	18,546	1,138,174
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 100,973	\$ 1,464,773

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, 2013

Total Fund Balances - Governmental Funds \$ 1,138,174

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Land	\$ 25,126	
Buildings, Net of \$1,031,043 Accumulated Depreciation	86,288	
Equipment, Net of \$71,992 Accumulated Depreciation	24,164	
Vehicles, Net of \$213,141 Accumulated Depreciation	<u>79,469</u>	
		215,047

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds. 84,386

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. (11,071)

Total Net Position-Governmental Activities \$ 1,426,536

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

Salmon River Joint School District No. 243
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2013

	<u>General</u>	<u>Forest Fund</u>	<u>Capital Projects</u>
Revenues			
Property Taxes	\$ 603,058	\$ 0	\$ 0
Federal Sources	9,102	134,337	0
State Sources	1,153,653	0	0
Charges for Services	0	0	0
Other	28,118	411	73
Total Revenues	<u>1,793,931</u>	<u>134,748</u>	<u>73</u>
Expenditures			
Current:			
Instruction	757,807	0	0
Support Services	788,712	13,751	0
Food Service	2,267	0	0
Capital Outlay	14,139	0	0
Total Expenditures	<u>1,562,925</u>	<u>13,751</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>231,006</u>	<u>120,997</u>	<u>73</u>
Other Financing Sources (Uses)			
Transfers In	0	0	15,503
Transfers Out	<u>(15,772)</u>	<u>(5,118)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(15,772)</u>	<u>(5,118)</u>	<u>15,503</u>
Net Change in Fund Balances	215,234	115,879	15,576
Fund Balances - Beginning	<u>132,499</u>	<u>570,776</u>	<u>69,664</u>
Fund Balances - Ending	<u>\$ 347,733</u>	<u>\$ 686,655</u>	<u>\$ 85,240</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, 2013

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 0	\$ 603,058
Federal Sources	396,000	539,439
State Sources	16,579	1,170,232
Charges for Services	14,798	14,798
Other	900	29,502
Total Revenues	428,277	2,357,029
Expenditures		
Current:		
Instruction	315,579	1,073,386
Support Services	15,266	817,729
Food Service	66,230	68,497
Capital Outlay	20,519	34,658
Total Expenditures	417,594	1,994,270
Excess (Deficiency) of Revenues Over Expenditures	10,683	362,759
Other Financing Sources (Uses)		
Transfers In	5,387	20,890
Transfers Out	0	(20,890)
Total Other Financing Sources (Uses)	5,387	0
Net Change in Fund Balances	16,070	362,759
Fund Balances - Beginning	2,476	775,415
Fund Balances - Ending	\$ 18,546	\$ 1,138,174

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, 2013

Total Net Change in Fund Balance - Governmental Funds \$ 362,759

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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

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

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 1,931

Compensated absences applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. This represents the change in compensated absences. (11,071)

Change in Net Position of Governmental Activities \$ 319,610

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, 2013

	Agency Funds	Private- Purpose Trust Fund	Total
Assets			
Cash and Cash Equivalents	\$ 37,508	\$ 5,284	\$ 42,792
Total Assets	37,508	5,284	42,792
Deferred Outflows	0	0	0
Liabilities			
Due to Student Groups	37,508	0	37,508
Accounts Payable	0	0	0
Total Liabilities	37,508	0	37,508
Deferred Inflows	0	0	0
Net Position			
Restricted for Scholarships	0	5,284	5,284
Total Net Position	\$ 0	\$ 5,284	\$ 5,284

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, 2013

	Private-Purpose Trust Fund
Additions	
Investment Income	\$ 10
Total Additions	10
Deductions	
Scholarships Awarded	0
Total Deductions	0
Changes in Net Position	10
Net Position - Beginning	5,274
Net Position - Ending	5,284

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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Salmon River Joint School District No. 243 (the “District”) is governed by the School District Board of Education (the “Board”), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District’s reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

District-wide Statements: The Statement of Net 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—expenses of the District related to the administration and support of the District’s programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category—*governmental and fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- *Forest fund.* This fund accounts for the resources accumulated and expenditures made in the forest funds.
- *Capital Projects fund.* This fund accounts for the resources accumulated and expenditures made for capital projects.

The District reports the following fiduciary fund types:

- *Private-Purpose Trust funds.* These funds report a trust arrangement under which principal and income benefit a college scholarship program.
- *Agency funds.* These funds account for assets held by the District as an agent for various student groups and clubs.

Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

C. Assets and Liabilities

Cash Equivalents

The District requires all cash belonging to the District to be placed in custody of the Clerk/Business Manager. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

Property Tax Calendar

The District levies its real property taxes through the county by the 2nd Monday in September of each year based upon the assessed valuation as of the previous July 1. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below:

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Capitalization <u>Policy</u>	Depreciation <u>Method</u>	Estimated <u>Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	15 – 40 Years
Equipment and Buses	\$5,000	Straight-Line	5 – 15 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The District is a Phase Three entity and is not required to report infrastructure acquired prior to June 30, 1980, and has not acquired or constructed any since that time.

Compensated Absences

The District provides sick leave and vacation to the full time non-certified employees. The estimated amount of compensation for further amounts is believed to be immaterial and accordingly no liability has been recorded.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fund Balance Reporting for Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net 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 either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

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

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

2. CASH DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances

The District maintains a cash and investment pool for use by all funds. The District also had \$1,024 in petty cash.

Deposits

As of June 30, 2013, the carrying amount of the District's deposits was \$889,919 and the respective bank balances totaled \$891,085. \$250,000 of the total bank balance was insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2013

2. CASH DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2013, \$641,085 the District's deposits were not covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District, and thus were exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The District voluntarily participates in the State of Idaho Investment Pool which has not been rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the District's investment in the pool is the same as the value of the pool shares.

The District follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the District to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The District's investments at June 30, 2013, are summarized below:

Investment	Fair Value	<u>Investment Maturities (in Years)</u>	
		Less Than 1	1-5
External Investment Pool	\$ 248,797	\$ 248,797	\$ 0

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2013

2. CASH DEPOSITS AND INVESTMENTS (continued)

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

	Governmental Activities	Fiduciary Funds	Total
Cash and cash equivalents	\$ 853,435	\$ 37,508	\$ 890,943
Investments categorized as deposits	243,513	5,284	248,797
	\$ 1,096,948	\$ 42,792	\$ 1,139,740

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, 2013, are considered by the District as a receivable.

Taxes not collected within 60 days after June 30, 2013, are not considered available for use by the District and are recorded as deferred revenue in the fund financial statements.

4. RECEIVABLE - INTERGOVERNMENTAL

Intergovernmental amounts due consist of \$29,623 from the State of Idaho for state support, and \$69,951 due from federal programs passed-through the State of Idaho for a total due of \$99,574. The total amount is considered collectible.

5. SALARIES AND BENEFITS PAYABLE

The District follows the practice of paying contracted salaries and related benefits over a 12-month period which differs from the 9-month earned school-year period which runs from approximately September 1 to May 31 of each year. Teacher contracts payable, as reflected at June 30, 2013, represent amounts unpaid at that date on teacher contracts and related benefits. Since the amount of salaries and related benefits due to teachers are pertinent to the school year, such amounts have been accrued as salaries payable and related liabilities in the governmental fund types of the District with related expenditures recorded in the current fiscal year's operations.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2013

6. CONTINGENT LIABILITIES

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

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>6/30/2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2013</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 25,126	\$ 0	\$ 0	\$ 25,126
Capital Assets Being Depreciated:				
Buildings and Improvements	1,117,331	0	0	1,117,331
Equipment	96,156	0	0	96,156
Vehicles	<u>292,610</u>	<u>0</u>	<u>0</u>	<u>292,610</u>
Total Historical Cost	<u>1,506,097</u>	<u>0</u>	<u>0</u>	<u>1,506,097</u>
Less: Accumulated Depreciation				
Buildings and Improvements	1,023,600	7,443	0	1,031,043
Equipment	68,035	3,957	0	71,992
Vehicles	<u>190,532</u>	<u>22,609</u>	<u>0</u>	<u>213,141</u>
Total Accumulated Depreciation	<u>1,282,167</u>	<u>34,009</u>	<u>0</u>	<u>1,316,176</u>
Net Depreciable Assets	<u>223,930</u>	<u>(34,009)</u>	<u>0</u>	<u>189,921</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 249,056</u>	<u>\$ (34,009)</u>	<u>\$ 0</u>	<u>\$ 215,047</u>

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

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

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2013

8. INTERFUND BALANCES

Balances due to/from other funds at June 30, 2013, consist of the following:

Due to the General fund from other nonmajor governmental funds
\$ 11,465 representing cash overdrafts.

9. TRANSFERS TO/FROM OTHER FUNDS

Transfers between funds during the year occurred as follows:

\$ 15,503 From the General fund to the Capital Projects fund for bus depreciation.
From the General fund to nonmajor governmental funds to cover prior
269 year deficits.
From nonmajor governmental funds to nonmajor governmental funds to
5,118 cover prior year deficits.
\$ 20,890

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District has transferred most of its risk by purchasing commercial insurance.

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

11. PENSION PLAN

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2013

11. PENSION PLAN (continued)

subdivisions to participate by contractual agreement with PERSI. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2013, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The District employer contributions required and paid were \$106,506, \$105,921, and \$108,659 for the three years ended June 30, 2013, 2012, and 2011, respectively.

12. 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, 2013, are as follows:

	<u>6/30/2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2013</u>	<u>Current</u>
Governmental Activities	\$ 4,677	\$ 9,111	\$ (2,717)	\$ 11,071	\$ 2,717

13. 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.

Salmon River Joint School District No. 243
Notes to Financial Statements
For the Year Ended June 30, 2013

13. LEASE COMMITMENTS (continued)

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 2,084
2015	<u>1,786</u>
	<u>\$ 3,870</u>

Rent expenditures for the year ended June 30, 2013, were \$4,687.

14. OTHER COMMITMENTS

The District has credit cards with a total credit limit of \$10,000. As of June 30, 2013, \$3,881 of that credit was available.

15. DEFICIT FUND BALANCE

The following nonmajor funds reported deficit fund balances as of June 30, 2013:

- Title I \$1,476

REQUIRED SUPPLEMENTARY INFORMATION

Salmon River Joint School District No. 243
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 554,129	\$ 554,129	\$ 603,058	\$ 48,929
Federal Sources	5,000	10,000	9,102	(898)
State Sources	929,275	1,028,187	1,153,653	125,466
Other	15,000	15,000	28,118	13,118
Total Revenues	<u>1,503,404</u>	<u>1,607,316</u>	<u>1,793,931</u>	<u>186,615</u>
Expenditures				
Current:				
Instruction	826,640	704,881	757,807	(52,926)
Support Services	829,875	829,837	788,712	41,125
Food Service	2,275	3,985	2,267	1,718
Capital Outlay	0	105,609	14,139	91,470
Contingency Reserve	0	80,000	0	80,000
Total Expenditures	<u>1,658,790</u>	<u>1,724,312</u>	<u>1,562,925</u>	<u>161,387</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(155,386)</u>	<u>(116,996)</u>	<u>231,006</u>	<u>348,002</u>
Other Financing Sources (Uses)				
Transfers In	170,889	0	0	0
Transfers Out	(15,503)	(15,503)	(15,772)	(269)
Total Other Financing Sources (Uses)	<u>155,386</u>	<u>(15,503)</u>	<u>(15,772)</u>	<u>(269)</u>
Net Change in Fund Balances	0	(132,499)	215,234	347,733
Fund Balances - Beginning	0	132,499	132,499	0
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 347,733</u>	<u>\$ 347,733</u>

Salmon River Joint School District No. 243
 Budgetary (GAAP Basis) Comparison Schedule
 Forest Fund
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Federal Sources	\$ 0	\$ 0	\$ 134,337	\$ 134,337
Other	450	450	411	(39)
Total Revenues	<u>450</u>	<u>450</u>	<u>134,748</u>	<u>134,298</u>
Expenditures				
Current:				
Support Services	43,000	43,000	13,751	29,249
Capital Outlay	115,000	115,000	0	115,000
Contingency Reserve	50,000	0	0	0
Total Expenditures	<u>208,000</u>	<u>158,000</u>	<u>13,751</u>	<u>144,249</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(207,550)</u>	<u>(157,550)</u>	<u>120,997</u>	<u>278,547</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(189,875)	(18,986)	(5,118)	13,868
Total Other Financing Sources (Uses)	<u>(189,875)</u>	<u>(18,986)</u>	<u>(5,118)</u>	<u>13,868</u>
Net Change in Fund Balances	(397,425)	(176,536)	115,879	292,415
Fund Balances - Beginning	440,753	570,776	570,776	0
Fund Balances - Ending	<u>\$ 43,328</u>	<u>\$ 394,240</u>	<u>\$ 686,655</u>	<u>\$ 292,415</u>

Salmon River Joint School District No. 243
Notes to Required Supplementary Information
For the Year Ended June 30, 2013

1. BUDGETS AND BUDGETARY ACCOUNTING

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

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

SUPPLEMENTAL INFORMATION

Salmon River Joint School District No. 243
 Supplemental Schedule of Revenues by Source -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2013

Revenue	Budget	Actual	Variance
Property Taxes	\$ 554,129	\$ 603,058	\$ 48,929
Federal Sources	10,000	9,102	(898)
State Sources	1,028,187	1,153,653	125,466
Other	15,000	28,118	13,118
Total Revenues	<u>\$ 1,607,316</u>	<u>\$ 1,793,931</u>	<u>\$ 186,615</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, 2013

	Budget	Actual	Variance
Instruction			
Elementary:			
Salaries	\$ 111,000	\$ 108,610	\$ 2,390
Benefits	54,350	41,473	12,877
Services	3,200	2,754	446
Supplies	4,000	3,101	899
	<u>172,550</u>	<u>155,938</u>	<u>16,612</u>
Secondary:			
Salaries	252,834	300,768	(47,934)
Benefits	126,227	129,805	(3,578)
Services	3,000	2,830	170
Supplies	4,000	3,052	948
	<u>386,061</u>	<u>436,455</u>	<u>(50,394)</u>
Exceptional Program:			
Salaries	72,920	94,078	(21,158)
Benefits	47,150	46,995	155
Supplies	0	(123)	123
	<u>120,070</u>	<u>140,950</u>	<u>(20,880)</u>
School Activity Program:			
Salaries	22,600	21,427	1,173
Benefits	1,900	1,620	280
Services	1,200	955	245
Capital Outlay	915	804	111
Insurance	500	462	38
	<u>27,115</u>	<u>25,268</u>	<u>1,847</u>
Total Instruction	<u>705,796</u>	<u>758,611</u>	<u>(52,815)</u>
Support Services			
Guidance and Health:			
Salaries	17,000	15,888	1,112
Benefits	6,705	4,690	2,015
	<u>23,705</u>	<u>20,578</u>	<u>3,127</u>
Special Services:			
Services	31,000	30,109	891
	<u>31,000</u>	<u>30,109</u>	<u>891</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, 2013

	Budget	Actual	Variance
Instruction Improvement Program:			
Salaries	0	34	(34)
Benefits	0	6	(6)
	<u>0</u>	<u>40</u>	<u>(40)</u>
Educational Media Program:			
Salaries	29,750	29,943	(193)
Benefits	15,500	16,424	(924)
Services	4,780	4,340	440
Supplies	1,000	300	700
	<u>51,030</u>	<u>51,007</u>	<u>23</u>
Technology Instruction:			
Salaries	26,500	28,021	(1,521)
Benefits	16,500	16,302	198
Services	10,500	13,414	(2,914)
	<u>53,500</u>	<u>57,737</u>	<u>(4,237)</u>
Board of Education:			
Benefits	30	0	30
Services	9,500	7,230	2,270
	<u>9,530</u>	<u>7,230</u>	<u>2,300</u>
District Administration:			
Salaries	35,550	84,663	(49,113)
Benefits	9,620	18,449	(8,829)
Services	19,250	7,147	12,103
Supplies	2,000	1,080	920
Capital Outlay	0	3,018	(3,018)
Insurance	9,000	8,538	462
	<u>75,420</u>	<u>122,895</u>	<u>(47,475)</u>
School Administration:			
Salaries	120,923	123,048	(2,125)
Benefits	35,850	35,491	359
	<u>156,773</u>	<u>158,539</u>	<u>(1,766)</u>
Business Operations:			
Salaries	35,000	35,000	0
Benefits	19,256	18,868	388
Services	5,950	1,862	4,088
Supplies	1,500	159	1,341
	<u>61,706</u>	<u>55,889</u>	<u>5,817</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, 2013

	Budget	Actual	Variance
Administrative Technology			
Salaries	40,000	0	40,000
Benefits	19,282	423	18,859
Services	1,300	0	1,300
Supplies	0	5,214	(5,214)
Capital Outlay	10,000	9,801	199
	<u>70,582</u>	<u>15,438</u>	<u>55,144</u>
Buildings Care:			
Salaries	19,955	23,726	(3,771)
Benefits	11,824	12,954	(1,130)
Services	109,940	72,194	37,746
Supplies	15,000	15,023	(23)
Insurance	11,000	10,000	1,000
	<u>167,719</u>	<u>133,897</u>	<u>33,822</u>
Maintenance:			
Salaries	33,750	33,500	250
Benefits	19,712	18,237	1,475
Services	250	264	(14)
Supplies	2,500	23,440	(20,940)
Capital Outlay	94,694	516	94,178
	<u>150,906</u>	<u>75,957</u>	<u>74,949</u>
Pupil to School Transportation:			
Salaries	31,500	31,967	(467)
Benefits	6,060	3,715	2,345
Services	17,800	17,822	(22)
Supplies	22,500	16,467	6,033
	<u>77,860</u>	<u>69,971</u>	<u>7,889</u>
General Transportation Program:			
Supplies	4,800	2,760	2,040
	<u>4,800</u>	<u>2,760</u>	<u>2,040</u>
Total Support Services	<u>934,531</u>	<u>802,047</u>	<u>132,484</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, 2013

	Budget	Actual	Variance
Food Service Program			
Salaries	3,700	2,109	1,591
Benefits	285	158	127
Total Food Service Program	<u>3,985</u>	<u>2,267</u>	<u>1,718</u>
Non-Instructional			
Contingency	<u>80,000</u>	<u>0</u>	<u>80,000</u>
Total Expenditures	<u><u>\$ 1,724,312</u></u>	<u><u>\$ 1,562,925</u></u>	<u><u>\$ 161,387</u></u>

Salmon River Joint School District No. 243
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2013

	Driver Education	Professional Technology	State Tech Grant	Title I	Title VI-B
Assets					
Cash and Cash Equivalents	\$ 0	\$ 210	\$ 15,000	\$ 0	\$ 6,459
Receivables:					
Intergovernmental	0	0	0	34,268	2,528
Total Assets	<u>0</u>	<u>210</u>	<u>15,000</u>	<u>34,268</u>	<u>8,987</u>
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 0</u>	<u>\$ 210</u>	<u>\$ 15,000</u>	<u>\$ 34,268</u>	<u>\$ 8,987</u>
Liabilities					
Accounts Payable	\$ 0	\$ 210	\$ 0	\$ 10,458	\$ 1,868
Internal Balances	0	0	0	4,961	0
Salaries and Benefits Payable	0	0	0	20,325	7,119
Total Liabilities	<u>0</u>	<u>210</u>	<u>0</u>	<u>35,744</u>	<u>8,987</u>
Deferred Inflows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Restricted	0	0	15,000	0	0
Unassigned	0	0	0	(1,476)	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>(1,476)</u>	<u>0</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 0</u>	<u>\$ 210</u>	<u>\$ 15,000</u>	<u>\$ 34,268</u>	<u>\$ 8,987</u>

Salmon River Joint School District No. 243
Combining Balance Sheet - Nonmajor Governmental Funds (continued)
June 30, 2013

	ISEE Grant	Carl Perkins	Title II-A	21st CCLC Grant
Assets				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	2,662
Receivables:				
Intergovernmental	5,741	2,873	9,991	14,550
Total Assets	5,741	2,873	9,991	17,212
Deferred Outflows	0	0	0	0
Total Assets and Deferred Outflows	\$ 5,741	\$ 2,873	\$ 9,991	\$ 17,212
Liabilities				
Accounts Payable	\$ 4,808	\$ 0	\$ 7,293	\$ 14,307
Internal Balances	933	2,873	2,698	0
Salaries and Benefits Payable	0	0	0	0
Total Liabilities	5,741	2,873	9,991	14,307
Deferred Inflows	0	0	0	0
Fund Balances				
Restricted	0	0	0	2,905
Unassigned	0	0	0	0
Total Fund Balances	0	0	0	2,905
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 5,741	\$ 2,873	\$ 9,991	\$ 17,212

Salmon River Joint School District No. 243
Combining Balance Sheet - Nonmajor Governmental Funds (continued)
June 30, 2013

	Food Service	Total
Assets		
Cash and Cash Equivalents	6,691	\$ 31,022
Receivables:		
Intergovernmental	0	69,951
Total Assets	6,691	100,973
Deferred Outflows	0	0
Total Assets and Deferred Outflows	\$ 6,691	\$ 100,973
Liabilities		
Accounts Payable	\$ 681	\$ 39,625
Internal Balances	0	11,465
Salaries and Benefits Payable	3,893	31,337
Total Liabilities	4,574	82,427
Deferred Inflows	0	0
Fund Balances		
Restricted	2,117	20,022
Unassigned	0	(1,476)
Total Fund Balances	2,117	18,546
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 6,691	\$ 100,973

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, 2013

	Driver Education	Professional Technology	State Tech Grant	Title I	Title VI-B
Revenues					
Federal Sources	\$ 0	\$ 17,374	\$ 0	\$ 165,285	\$ 45,461
State Sources	1,579	0	15,000	0	0
Charges for Services	0	0	0	0	0
Other	900	0	0	0	0
Total Revenues	2,479	17,374	15,000	165,285	45,461
Expenditures					
Instruction:					
Salaries	1,680	0	0	85,907	28,396
Benefits	671	0	0	46,343	15,198
Services	0	3,748	0	2,735	0
Supplies	397	11,956	0	7,993	1,867
Total Instruction	2,748	15,704	0	142,978	45,461
Support Services:					
Salaries	0	0	0	0	0
Benefits	0	0	0	0	0
Services	0	0	0	4,934	0
Supplies	0	0	0	0	0
Total Support Services	0	0	0	4,934	0
Food Service	0	0	0	0	0
Capital Outlay	0	1,670	0	18,849	0
Total Expenditures	2,748	17,374	0	166,761	45,461
Excess (Deficiency) of Revenues Over Expenditures	(269)	0	15,000	(1,476)	0
Other Financing Sources (Uses)					
Transfers In	269	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	269	0	0	0	0
Net Change in Fund Balances	0	0	15,000	(1,476)	0
Fund Balances - Beginning	0	0	0	0	0
Fund Balances - Ending	\$ 0	\$ 0	\$ 15,000	\$ (1,476)	\$ 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, 2013

	ISEE Grant	Carl Perkins	Title II-A	21st CCLC Grant
Revenues				
Federal Sources	\$ 5,741	\$ 2,873	\$ 24,701	\$ 86,134
State Sources	0	0	0	0
Charges for Services	0	0	0	0
Other	0	0	0	0
Total Revenues	<u>5,741</u>	<u>2,873</u>	<u>24,701</u>	<u>86,134</u>
Expenditures				
Instruction:				
Salaries	0	0	0	0
Benefits	0	0	0	0
Services	0	0	21,110	83,229
Supplies	0	2,873	1,476	0
Total Instruction	<u>0</u>	<u>2,873</u>	<u>22,586</u>	<u>83,229</u>
Support Services:				
Salaries	2,100	0	0	0
Benefits	683	0	0	0
Services	4,808	0	2,115	0
Supplies	626	0	0	0
Total Support Services	<u>8,217</u>	<u>0</u>	<u>2,115</u>	<u>0</u>
Food Service	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	<u>8,217</u>	<u>2,873</u>	<u>24,701</u>	<u>83,229</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,476)</u>	<u>0</u>	<u>0</u>	<u>2,905</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	(2,476)	0	0	2,905
Fund Balances - Beginning	2,476	0	0	0
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,905</u>

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, 2013

	Food Service	Total
Revenues		
Federal Sources	\$ 48,431	\$ 396,000
State Sources	0	16,579
Charges for Services	14,798	14,798
Other	0	900
Total Revenues	<u>63,229</u>	<u>428,277</u>
Expenditures		
Instruction:		
Salaries	0	115,983
Benefits	0	62,212
Services	0	110,822
Supplies	0	26,562
Total Instruction	<u>0</u>	<u>315,579</u>
Support Services:		
Salaries	0	2,100
Benefits	0	683
Services	0	11,857
Supplies	0	626
Total Support Services	<u>0</u>	<u>15,266</u>
Food Service	66,230	66,230
Capital Outlay	0	20,519
Total Expenditures	<u>66,230</u>	<u>417,594</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,001)</u>	<u>10,683</u>
Other Financing Sources (Uses)		
Transfers In	5,118	5,387
Transfers Out	0	0
Total Other Financing Sources (Uses)	<u>5,118</u>	<u>5,387</u>
Net Change in Fund Balances	2,117	16,070
Fund Balances - Beginning	0	2,476
Fund Balances - Ending	<u>\$ 2,117</u>	<u>\$ 18,546</u>

FEDERAL REPORTS



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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
Riggins, Idaho

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, 2013, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated August 26, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bailey & Co.

Nampa, Idaho
August 26, 2013