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SUGAR-SALEM JOINT SCHOOL DISTRICT No. 322

SUGAR CITY, IDAHO

**Basic Financial Statements
and
Supplementary Information
with
Independent Auditors' Report**

Year Ended June 30, 2014

giving direction to your future

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Sugar-Salem School District No. 322
Sugar City, 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 Sugar-Salem School District No. 322 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
General Fund	Unmodified
Medicaid Fund	Unmodified
Child Nutrition Fund	Unmodified
Debt Service Fund	Unmodified
Plant Facility Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Governmental Activities

The District has not obtained an actuarial valuation of its other post employee benefits (OPEB). Employers that participate in single-employer or agent multiple-employer defined benefit OPEB plans are required to measure and disclose an amount for annual OPEB costs on the accrual basis of accounting. The amount by which this departure would affect the governmental activities 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 above present fairly, in all material respects, the financial position of the Governmental Activities of Sugar-Salem School District No. 322 as of June 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Sugar-Salem School District No. 322 as of June 30, 2014, and the respective changes in financial position 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 management's discussion and analysis on pages 5 through 12 and budgetary comparison information on pages 40 through 45 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.

Other Information

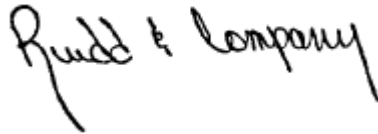
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sugar-Salem School District No. 322's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 September 18, 2014, on our consideration of the Sugar-Salem School District No. 322'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 Sugar-Salem School District No. 322's internal control over financial reporting and compliance.

Idaho Falls, Idaho
September 18, 2014

A handwritten signature in cursive script that reads "Rudd & Company". The signature is written in dark ink and is positioned to the right of the typed text.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis
June 30, 2014

As management of the Sugar-Salem Joint School District No. 322, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2014.

Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources at June 30, 2014 by \$7,133,095. Of this amount, \$(32,344) of unrestricted net position are a claim against the District's future ongoing operations.
- Total net position increased \$1,151,254 which represents a 19.25% increase from fiscal year 2013.
- General revenues account for \$10,003,736 in revenue, or 86.96% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,499,703 or 13.04% of total revenues.
- The District had \$10,352,185 in expenses; only \$1,499,703 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$10,003,736 and net asset reserves were adequate to provide for these programs.
- Among major funds, the General Fund had \$7,538,245 in revenues and \$7,359,996 in expenditures. The General Fund's fund balance increased \$50,002 over the prior year.
- Capital assets, net of accumulated depreciation, increased by \$1,915,143.
- Long-term debt decreased by \$1,020,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2014

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets, liabilities and deferred outflows/inflows of the District, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements can be found on pages 14-16 of this report.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the child nutrition

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2014

fund, the Medicaid program fund, the debt service fund, the capital construction fund, and the plant facility fund, all of which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the general fund, the child nutrition fund, the Medicaid program fund, the capital construction fund and the plant facility fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-18 and 20-21 of this report.

Fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 23 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-38 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining fund statements and schedules can be found on pages 47-55 of this report.

Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$7,133,095 at the close of the most recent fiscal year.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2014

Net Position	Governmental Assets	
	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 2,774,645	\$ 4,868,712
Capital Assets	<u>10,104,594</u>	<u>8,189,451</u>
Total Assets	<u>12,879,239</u>	<u>13,058,163</u>
Current Liabilities	2,332,255	2,567,388
Long-term Liabilities	<u>3,275,000</u>	<u>4,325,000</u>
Total Liabilities	<u>5,607,255</u>	<u>6,892,388</u>
Deferred Inflows of Resources	<u>138,889</u>	<u>183,934</u>
Net Position		
Net Investment in Capital Assets	5,680,312	2,712,969
Restricted	1,485,127	3,304,996
Unrestricted	<u>(32,344)</u>	<u>(36,124)</u>
Total Net Position	<u>\$ 7,133,095</u>	<u>\$ 5,981,841</u>

A large portion of the District's Net Position reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt (general obligation bonds payable) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion totaling \$1,485,127 represents an amount that is subject to external restrictions. The remaining balance in *unrestricted net position* is \$(32,344).

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2014

Changes in Net Position	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues		
Charges for services	\$ 212,320	\$ 560,562
Operating grants and contributions	1,287,383	1,168,757
General revenues		
Property tax	863,535	1,003,276
State support	8,983,628	7,651,062
Other	156,573	99,729
Total Revenues	<u>11,503,439</u>	<u>10,483,386</u>
Expenses		
Instructional	5,910,409	6,500,703
Pupil support	212,446	250,589
Staff support	291,613	148,869
General administration	278,498	204,953
School administration	568,800	560,228
Business service	143,985	110,310
Operations	809,626	762,970
Security	45,905	25,940
Transportation	432,826	447,111
Non-instructional	255,917	268,181
Interest	59,400	70,808
Depreciation	514,872	393,007
Child nutrition services	827,888	732,866
Total Expenses	<u>10,352,185</u>	<u>10,476,535</u>
Change in Net Position	<u>\$ 1,151,254</u>	<u>\$ 6,851</u>

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2014

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance may serve as a useful indicator of the District's net resources available for spending at the end of the year. The District has designated portions of the unassigned fund balance to earmark resources for certain government-wide liabilities and post employment obligations that are not recognized in the governmental funds. Unassigned balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, fund balance was \$155,545. The fund balance increased by \$50,002 during the current fiscal year.

Expenditures for general District purposes totaled \$7,359,996 a decrease of \$(95,449) during the current fiscal year.

The plant facility fund has a total fund balance of \$164,959 which is restricted for the purchase of equipment and related expenditures. The fund balance increased by \$59,767 during the current year.

The debt service fund has a total fund balance of \$1,172,831, all of which is restricted for future debt service payments.

The capital construction fund has a total fund balance of \$110,693, all of which is restricted for purchase of equipment and related expenditures.

The child nutrition fund has a total fund deficit of \$(91,116), all of which is unassigned.

The Medicaid program fund has a total fund deficit of \$(272,029), all of which is related to operation of the program. The deficit decreased \$(22,923) during the current year.

General Fund Budgetary Highlights

During the current fiscal year, the \$43,250 positive budget to actual variance in total general fund revenues, and the \$147,319 positive budget to actual variance in total general fund expenditures, are largely a result of additional state revenues and a reduction in expected operating costs.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2014

Capital Asset and Debt Administration

The capital construction fund and plant facility fund are used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Capital assets at June 30, 2014 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	2014	2013
Land	\$ 743,860	\$ 743,860
Construction in progress	36,969	2,291,031
Buildings and improvements	14,391,988	10,476,487
Furniture and equipment	5,277,122	4,508,545
	20,449,939	18,019,923
Accumulated depreciation	(10,345,345)	(9,830,472)
Total Capital Assets, Net of Depreciation	<u>\$ 10,104,594</u>	<u>\$ 8,189,451</u>

Outstanding Debt	Governmental Activities	
	2014	2013
General obligation bonds	\$ 4,325,000	\$ 5,345,000
Bond premium, net of amortization	138,889	183,934
	<u>\$ 4,463,889</u>	<u>\$ 5,528,934</u>

Additional information on the District's long-term debt can be found in the basic financial statements.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2014

Requests for Information

This financial report is designed to provide a general overview of the Sugar-Salem Joint School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Office, Sugar-Salem Joint School District, 105 West Center, Sugar City, ID 83448.

Basic Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Net Position
June 30, 2014

Assets	Governmental Activities
Cash and Investments	\$ 1,522,933
Receivables	
Property taxes	324,029
State of Idaho	449,318
Other	438,758
Bond Issue Costs, Net of Amortization	39,607
Capital Assets	
Sites	743,860
Buildings and equipment, net of depreciation	<u>9,360,734</u>
Total Assets	<u>\$ 12,879,239</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Liabilities	Governmental Activities
Accounts payable	\$ 196,248
Salary contracts payable	1,054,829
Interest payable	21,625
Unearned grant revenue	9,553
Long-term liabilities:	
Portion due or payable within one year:	
Bonds, capital leases, and contracts	1,050,000
Portion due or payable after one year:	
Bonds, capital leases, and contracts	<u>3,275,000</u>
Total Liabilities	<u>5,607,255</u>
 Deferred Inflows of Resources	
Bond issue premium, net of amortization	<u>138,889</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 5,746,144</u>
 Net Position	
Net investment in capital assets	\$ 5,680,312
Restricted for:	
Debt service	1,209,475
Capital projects	275,652
Unrestricted	<u>(32,344)</u>
Total Net Position	<u>\$ 7,133,095</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
Governmental Activities:				
Instructional	\$ 5,910,409	\$ -	\$ 791,082	\$ (5,119,327)
Pupil support	212,446	-	-	(212,446)
Staff support	291,613	-	-	(291,613)
General administration	278,498	-	-	(278,498)
School administration	568,800	-	-	(568,800)
Business services	143,985	-	-	(143,985)
Operations	809,626	-	-	(809,626)
Security	45,905	-	-	(45,905)
Transportation	432,826	-	-	(432,826)
Non-instructional	255,917	-	-	(255,917)
Interest on long-term debt	59,400	-	-	(59,400)
Depreciation - unallocated*	514,872	-	-	(514,872)
Child nutrition services	827,888	212,320	496,301	(119,267)
Total Governmental Activities	\$ 10,352,185	\$ 212,320	\$ 1,287,383	(8,852,482)
General Revenues:				
Taxes:				
				111,437
				752,098
				152,038
				8,983,628
				3,615
				920
				<u>10,003,736</u>
				1,151,254
				<u>5,981,841</u>
				<u>\$ 7,133,095</u>

* This amount excludes the depreciation that is included in direct expenses of various programs.

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Balance Sheet – Governmental Funds
June 30, 2014

Assets	General Fund	Child Nutrition Fund	Medicaid Fund
Cash and Investments	\$ 61,223	\$ -	\$ -
Due from Other Funds	744,489	-	-
Receivables			
Property taxes	27,379	-	-
State of Idaho	323,538	74,356	51,424
Other	-	-	-
Total Assets	<u>\$ 1,156,629</u>	<u>\$ 74,356</u>	<u>\$ 51,424</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 104,247	\$ 279,866
Accounts payable	105,590	-	-
Interest payable	-	-	-
Salary contracts payable	883,337	61,225	43,587
Unearned grant revenue	-	-	-
Total Liabilities	<u>988,927</u>	<u>165,472</u>	<u>323,453</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>12,157</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted	-	-	-
Committed	-	-	-
Unassigned	<u>155,545</u>	<u>(91,116)</u>	<u>(272,029)</u>
Total Fund Balances	<u>155,545</u>	<u>(91,116)</u>	<u>(272,029)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,156,629</u>	<u>\$ 74,356</u>	<u>\$ 51,424</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Debt Service Fund	Capital Projects Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 934,450	\$ 153,970	\$ 164,959	\$ 208,331	\$ 1,522,933
-	-	-	-	744,489
296,650	-	-	-	324,029
-	-	-	-	449,318
-	-	-	438,758	438,758
<u>\$ 1,231,100</u>	<u>\$ 153,970</u>	<u>\$ 164,959</u>	<u>\$ 647,089</u>	<u>\$ 3,479,527</u>
\$ -	\$ -	\$ -	\$ 360,376	\$ 744,489
-	43,277	-	47,381	196,248
21,625	-	-	-	21,625
-	-	-	66,680	1,054,829
-	-	-	9,553	9,553
<u>21,625</u>	<u>43,277</u>	<u>-</u>	<u>483,990</u>	<u>2,026,744</u>
<u>36,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,801</u>
1,172,831	110,693	164,959	14,010	1,462,493
-	-	-	155,910	155,910
-	-	-	(6,821)	(214,421)
<u>1,172,831</u>	<u>110,693</u>	<u>164,959</u>	<u>163,099</u>	<u>1,403,982</u>
<u>\$ 1,231,100</u>	<u>\$ 153,970</u>	<u>\$ 164,959</u>	<u>\$ 647,089</u>	<u>\$ 3,479,527</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net
Position
June 30, 2014

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

Total Fund Balance - Governmental Funds	\$	1,403,982
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$20,449,939 and the accumulated depreciation is \$10,345,345.		10,104,594
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(4,325,000)
Bond issue costs reported as an expenditure in the fund financial statements are capitalized in the government-wide statements. The total costs are \$64,227 and the accumulated amortization is \$24,620.		39,607
Bond premiums reported as revenue in the fund financial statements are capitalized in the government-wide statements. The total premiums are \$225,225 and the accumulated amortization is \$86,336.		(138,889)
Property tax revenue is recognized when earned rather than when available.		<u>48,801</u>
Net Position - Governmental Activities	\$	<u>7,133,095</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Medicaid Fund</u>
Revenues			
Local sources			
Property taxes	\$ 112,446	\$ -	\$ -
Earnings on investments	2,572	-	-
Lunch sales	-	207,590	-
Other	106,904	4,730	-
State sources			
State apportionment	7,004,106	-	-
Other	311,617	-	362,199
Federal sources			
Educational programs and other	600	496,301	-
Total Revenues	7,538,245	708,621	362,199
Expenditures			
Current			
Instructional	4,666,987	-	339,276
Pupil support	121,756	-	-
Staff support	291,613	-	-
General administration	278,498	-	-
School administration	568,800	-	-
Business services	143,985	-	-
Operations	809,626	-	-
Security	45,905	-	-
Transportation	432,826	-	-
Non-instructional	-	827,888	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Capital Outlay	-	37,542	-
Total Expenditures	7,359,996	865,430	339,276
Excess (Deficiency) of Revenues over Expenditures	178,249	(156,809)	22,923
Other Financing Sources (Uses)			
Sale of assets	920	-	-
Transfers in	56,524	20,247	-
Transfers out	(185,691)	-	-
Net Change in Fund Balances	50,002	(136,562)	22,923
Fund Balance Beginning of Year	105,543	45,446	(294,952)
Fund Balance End of Year	\$ 155,545	\$ (91,116)	\$ (272,029)

The Accompanying Notes are an Integral Part of the Financial Statements

Debt Service Fund	Capital Projects Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
753,714	\$ -	\$ -	\$ -	\$ 866,160
-	1,043	-	-	3,615
-	-	-	-	207,590
3,394	-	-	41,740	156,768
-	-	-	-	6,971,112
593,963	-	-	711,743	2,012,516
-	-	-	790,482	1,287,383
<u>1,351,071</u>	<u>1,043</u>	<u>-</u>	<u>1,543,965</u>	<u>11,505,144</u>
-	-	-	904,146	5,910,409
-	-	-	90,690	212,446
-	-	-	-	291,613
-	-	-	-	278,498
-	-	-	-	568,800
-	-	-	-	143,985
-	-	-	-	809,626
-	-	-	-	45,905
-	-	-	-	432,826
-	255,917	-	-	1,083,805
1,020,000	-	-	-	1,020,000
91,600	-	-	-	91,600
-	1,862,617	-	529,856	2,430,015
<u>1,111,600</u>	<u>2,118,534</u>	<u>-</u>	<u>1,524,692</u>	<u>13,319,528</u>
239,471	(2,117,491)	-	19,273	(1,814,384)
-	-	-	-	920
-	-	59,767	104,134	240,672
-	-	-	(54,981)	(240,672)
239,471	(2,117,491)	59,767	68,426	(1,813,464)
<u>933,360</u>	<u>2,228,184</u>	<u>105,192</u>	<u>94,673</u>	<u>3,217,446</u>
<u>\$ 1,172,831</u>	<u>\$ 110,693</u>	<u>\$ 164,959</u>	<u>\$ 163,099</u>	<u>\$ 1,403,982</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

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

Net Change in Fund Balance - Governmental Funds	\$ (1,813,464)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period.	1,915,143
Property tax revenue received prior to the year for which they are levied are reported as deferred revenue in the governmental funds. The change however is recorded as revenues in the statement of activities.	(2,625)
The governmental funds report bond issue costs as an expenditure, while the government-wide statements show these costs as amortized over the term of the bonds.	(12,845)
The governmental funds report bond premiums as revenue while the government-wide statements show the premium as amortized over the term of the bonds.	45,045
The governmental funds report debt repayment of principal as an expenditure while it is treated as a reduction of the liability in the government-wide statements.	<u>1,020,000</u>
Change in Net Position of Governmental Activities	<u>\$ 1,151,254</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Fiduciary Net Position – Agency Funds
June 30, 2014

Assets	Agency Funds
Cash and Investments	\$ 234,315
Total Assets	<u>\$ 234,315</u>
 Liabilities	
Due to Student Groups	\$ 234,315
Total Liabilities	<u>\$ 234,315</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322

Notes to Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies

The financial statements of the Sugar-Salem Joint School District No. 322 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The Board of School Trustees, a five-member group, has responsibilities for all activities relating to public elementary and secondary school education within the jurisdiction of Sugar-Salem Joint School District No. 322. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. The Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District has a revenue spending policy that provides for programs with multiple revenue sources. The District will use restricted fund balances first followed in order by committed, assigned and finally unassigned. The District currently applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all of the non-fiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

- The *general fund* 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.
- The *child nutrition fund* accounts for the revenues and expenses associated with the operation of the District's food services.
- The *Medicaid fund* accounts for the services provided and billings received under the District's Medicaid program.
- The *debt service fund* accounts for the accumulation of resources for and the payment of long-term debt principal and interest.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

- The *capital projects fund* accounts for resources accumulated and payments made for bond issue projects of the District.
- The *plant facility fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund types:

- The *student activities agency fund (a fiduciary fund)* accounts for assets held on behalf student groups.

Budgetary Policy

The District prepares budgets for the general fund and all special revenue funds. Such budgets are adopted on a basis generally consistent with generally accepted accounting principles, except that the commodities received for the child nutrition program are not budgeted.

The following is a reconciliation of revenues and expenditures as reported under generally accepted accounting standards with amounts reported in comparison with budget and reported on page 41:

	<u>Reported Amounts</u>	<u>Commodities Received</u>	<u>Amounts Reported in Comparison with Budget</u>
Child Nutrition Fund			
Total revenues	\$ 708,621	\$ (65,548)	\$ 643,073
Total expenditures	\$ 865,430	\$ (65,548)	\$ 799,882

Under Idaho law, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Under certain circumstances, the District is allowed to reopen and amend its budget. Expenditures are not to exceed the budgeted amounts, except as allowed by law for certain events. The original budget of the District was amended to reflect beginning fund balances, bond issue project costs and to adjust for additional local and state revenues.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

Inventories

The governmental funds of the District use the purchase method, whereby inventory items are considered expenditures when purchased. They are not included in the balance sheet of the general fund because the amounts on hand at year-end are immaterial.

Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for equipment and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

Buildings.....	40 yrs
Buses.....	10 yrs
Furniture.....	10 yrs
Equipment.....	10 yrs

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items in this area. One item, which arises only under a modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet and represents unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has a deferred premium on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Equity

In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor how those amounts may be spent. Designations of fund balances as non-spendable, restricted, committed, assigned or unassigned is based upon the types of constraints placed upon the outstanding balances.

2. Cash and Investments

The District is authorized under Idaho Code to invest in cash, certificates of deposit, U.S. Government securities, commercial paper, and repurchase agreements. All investments must be held by or registered in the name of the District.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

2. Cash and Investments (continued)

Cash balances of most of the District funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to each of the funds based on the fund's cash balance. The District maintains checking accounts with local banks. All excess funds are invested with the State Treasurer's pooled cash investment account. This account invests in time certificates of deposit, local government tax anticipation notes, federal loans, U.S. treasury notes and other U.S. governmental securities. Information regarding insurance or collateralization of amounts invested in the pooled accounts is not available.

The District's cash accounts are insured through the Federal Deposit Insurance Corporation (at banks) and The Federal Savings and Loan Insurance Corporation (at savings and loans organizations) up to \$250,000 per depository.

1. Deposits – At June 30, 2014, the carrying amount of the District's deposits was \$287,768 and the respective bank balances totaled \$426,859. Of the bank balances, \$426,859 was insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.
2. 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, 2014, all of the District's deposits were covered by federal depository insurance.
3. Investments – As of June 30, 2014, the District had the following investments:

Investment Type	S&P Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	More Than 10
State Investment Pool	AAAf	\$ 1,469,480	\$ 1,469,480	\$ -	\$ -	\$ -

4. Custodial Credit Risk, Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment.
5. Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the District structures its portfolio so that securities mature to meet cash requirements for ongoing operations.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

2. Cash and Investments (continued)

6. Because the State Investment Pool as of June 30, 2014, had a weighted average maturity of 161 days, it was presented as an investment with a maturity of less than one year.
7. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the District’s policy to limit investments to the safest types of securities and to diversify the District’s investment portfolio so that potential losses on securities will be minimized. The District follows Idaho statute that outlines qualifying investment options.

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net assets	\$ 1,522,933
Cash and investments reported on the statement of fiduciary net assets	<u>234,315</u>
	<u>\$ 1,757,248</u>
Investments categorized	\$ 1,469,480
Deposits categorized	<u>287,768</u>
	<u>\$ 1,757,248</u>

3. Property Taxes

Property taxes of the District are based on the assessments against property owners as of the first Monday in January of the calendar year in which the fiscal year commences. Tax levies on such assessed values are certified to the counties prior to the commencement of the fiscal year. Taxes are collected by Madison and Fremont Counties and are remitted to the District primarily in January of the fiscal year and the July following. Accordingly, the tax revenues for the fiscal year ended June 30, 2014, are generally based on the assessed values and tax levies established in 2013.

The District defers recognition of revenues relating to property taxes assessed but not collected within 60 days of the fiscal year-end. Such amounts will be recognized as revenues in the fiscal year they become available.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

4. Capital Assets

Capital asset activity for the year ended June 30, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 743,860	\$ -	\$ -	\$ 743,860
Construction in progress	<u>2,291,031</u>	<u>36,969</u>	<u>(2,291,031)</u>	<u>36,969</u>
 Total Capital Assets, Not Being Depreciated	 <u>\$ 3,034,891</u>	 <u>\$ 36,969</u>	 <u>\$ (2,291,031)</u>	 <u>\$ 780,829</u>
 Capital Assets, Being Depreciated				
Buildings and improvements	\$ 10,476,488	\$ 3,915,500	\$ -	\$ 14,391,988
Furniture and equipment	<u>4,508,545</u>	<u>768,577</u>	<u>-</u>	<u>5,277,122</u>
 Total Capital Assets, Being Depreciated	 <u>14,985,033</u>	 <u>4,684,077</u>	 <u>-</u>	 <u>19,669,110</u>
 Accumulated Depreciation for				
Buildings and improvements	(6,460,465)	(295,147)	-	(6,755,612)
Furniture and equipment	<u>(3,370,008)</u>	<u>(219,725)</u>	<u>-</u>	<u>(3,589,733)</u>
 Total Accumulated Depreciation	 <u>(9,830,473)</u>	 <u>(514,872)</u>	 <u>-</u>	 <u>(10,345,345)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>\$ 5,154,560</u>			 <u>\$ 9,323,765</u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

5. General Obligation Bonds Payable

Bonds outstanding at June 30, 2014, were as follows:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Obligation Bonds, Series 2012 Issue (Original amount--\$5,345,000)	2.00%	2015 to 2018	\$ 4,325,000

The amount to be provided for bond requirements in the accompanying financial statements represents the charge to be made for property taxes in future years to meet maturing bond requirements.

The annual requirements to amortize the above bond issues are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,050,000	\$ 76,000	\$ 1,126,000
2016	1,070,000	54,800	1,124,800
2017	1,090,000	33,200	1,123,200
2018	1,115,000	11,150	1,126,150
	<u>\$ 4,325,000</u>	<u>\$ 175,150</u>	<u>\$ 4,500,150</u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

6. Changes in Long-term Debt

The following is a summary of the District's long-term transactions for the year ended June 30, 2014:

	General Obligation Bonds, Series 2012
Long-term Obligations June 30, 2013	\$ 5,345,000
Obligations Paid	<u>(1,020,000)</u>
Long-term Obligations June 30, 2014	<u>\$ 4,325,000</u>

7. Retirement Plan

Public Employee Retirement System of Idaho (PERSI) – The PERSI based 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 political subdivisions to participate by contractual agreement with PERSI. After five years of credited services, 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 publically 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.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

7. Retirement Plan (continued)

The actuarially determined contribution requirements of Sugar-Salem Joint School District No. 322 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2014, the required contribution rate as a percentage of covered payroll for members was 6.79% for general members and 8.32% for police/firefighters. The employer rates as a percentage of covered payroll was 11.32% for general members and 11.66% for police/firefighter members. Sugar-Salem Joint School District No. 322 contributions required and paid were \$574,477, \$565,545, and \$513,020, for the years ended June 30, 2014, 2013, and 2012, respectively.

8. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following funds during the year ended June 30, 2014:

Fund	Amount Exceeded
Insurance Buy Down Fund.....	\$ 30,978
Child Nutrition Fund.....	88,706
Title VIB Fund.....	3,661
Title I Fund.....	69,688
Carl Perkins Fund.....	450
School Net Grant Fund.....	2,005

Deficits in Individual Funds

The following funds had deficits at June 30, 2014:

Medicaid Program Fund.....	\$ 272,029
Vocational Education Fund.....	238
Carl Perkins Fund.....	6,583
Child Nutrition Fund.....	91,116

The District anticipates elimination of the deficit during the upcoming year through additional receipts or a fund transfer.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

9. Interfund Balances and Transfers

The interfund balances at June 30, 2014 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General	\$ 744,489	\$ -
Child Nutrition	-	104,247
Medicaid	-	279,866
Non Major Funds		
Drivers Education	-	1,904
Title I	-	140,863
Title VIB	-	173,439
Carl Perkins	-	20,647
Gear Up Grant	-	647
21st Century Grant	-	22,876
	<u>\$ 744,489</u>	<u>\$ 744,489</u>

Balances are a result from the time lag between the dates that the reimbursable expenditures occur and payments between funds are made.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

9. Interfund Balances and Transfers (continued)

A summary of interfund transfers by fund is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General Fund	\$ 56,524	\$ 185,691
Child Nutrition Fund	20,247	-
Plant Facility Fund	59,767	-
Non Major Funds		
Orchestra Fund	2,016	-
School Technology Fund	102,118	-
School Net Grant Fund	-	11,499
Federal Forest Fund	-	35,547
Title I Fund	-	3,586
Title VIB Fund	-	3,368
Title IIA Fund	-	981
	<u>\$ 240,672</u>	<u>\$ 240,672</u>

Transfers were made to move bus depreciation to the plant facility fund, to cover the required FICA in the Child Nutrition Program, to move funds to school technology for technology upgrades budgeted for the next fiscal year and to cover funds with expenses in excess of revenues.

10. Fund Balances

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

10. Fund Balances (continued)

Committed fund balance – amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government’s highest level of decision making authority. In the case of the District it is by Board action.

Assigned fund balance – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental fund, it may be necessary to report a negative residual balance as unassigned.

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Plant Facility Fund</u>	<u>Total</u>
Fund Balances:						
Restricted for:						
Debt Service	\$ -	\$ -	\$ 1,172,831	\$ -	\$ -	\$ 1,172,831
Capital Projects	-	-	-	110,693	-	110,693
Plant Facility	-	-	-	-	164,959	164,959
Laptop Grant	-	1,942	-	-	-	1,942
Drivers Education	-	971	-	-	-	971
School Technology	-	11,097	-	-	-	11,097
Committed to:						
Insurance Buy Down	-	46,124	-	-	-	46,124
Insurance Adjustment	-	4,668	-	-	-	4,668
SUP Network Fund	-	3,000	-	-	-	3,000
School Technology	-	102,118	-	-	-	102,118
Unassigned:						
General Fund	155,545	-	-	-	-	155,545
Child Nutrition	-	(91,116)	-	-	-	(91,116)
Medicaid	-	(272,029)	-	-	-	(272,029)
Vocational Education	-	(238)	-	-	-	(238)
Carl Perkins	-	(6,583)	-	-	-	(6,583)
Total						
Fund Balances	<u>\$ 155,545</u>	<u>\$ (200,046)</u>	<u>\$ 1,172,831</u>	<u>\$ 110,693</u>	<u>\$ 164,959</u>	<u>\$ 1,403,982</u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2014

11. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$65,548. The value was determined by confirmation with the State of Idaho Department of Education.

12. Commitments and Contingencies

Effective January 1, 2009 the District adopted a partially self-insured medical plan. The District limits its losses through the use of a high deductible major medical policy with Blue Cross. The maximum out of pocket costs estimated under the current plan is \$281,250. Under the current plan, medical insurance premiums over and above those required by Blue Cross, are transferred to the District's insurance buy down fund to meet required obligations.

13. Recently Issued GASB Standards

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 – Accounting and Financial Reporting for Pensions. The standard is effective for fiscal years beginning after June 15, 2014 so will be effective in the District's next fiscal year. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures related to defined benefit pension plans. Implementation of this standard may have a material effect on the District's financial statements.

Required Supplementary Information

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 15,550	\$ 145,586	\$ 112,446	\$ (33,140)
Earnings on investments	2,500	2,500	2,572	72
Other	176,541	92,895	106,904	14,009
State sources				
State apportionment	6,763,304	6,833,615	7,004,106	170,491
Other	312,971	420,399	311,617	(108,782)
Federal sources				
Educational programs and other	-	-	600	600
Total Revenues	<u>7,270,866</u>	<u>7,494,995</u>	<u>7,538,245</u>	<u>43,250</u>
Expenditures				
Current				
Instructional	4,769,383	4,794,804	4,666,987	127,817
Pupil support	136,213	122,088	121,756	332
Staff support	148,357	155,202	291,613	(136,411)
General administration	195,519	202,792	278,498	(75,706)
School administration	582,199	565,148	568,800	(3,652)
Business services	161,844	238,993	143,985	95,008
Operations	720,392	793,121	809,626	(16,505)
Security	46,000	46,000	45,905	95
Transportation	442,383	438,302	432,826	5,476
Non-instructional	26,000	43,680	-	43,680
Contingency	200,000	107,185	-	107,185
Total Expenditures	<u>7,428,290</u>	<u>7,507,315</u>	<u>7,359,996</u>	<u>147,319</u>
Excess (Deficiency) of				
Revenues over Expenditures	(157,424)	(12,320)	178,249	190,569
Other Financing Sources (Uses)				
Sale of fixed assets	13,965	920	920	-
Transfers in	45,160	45,160	56,524	11,364
Transfers (out)	<u>(159,767)</u>	<u>(159,767)</u>	<u>(185,691)</u>	<u>(25,924)</u>
Net Change in Fund Balances	(258,066)	(126,007)	50,002	176,009
Fund Balance, Beginning of Year	<u>263,449</u>	<u>120,543</u>	<u>105,543</u>	<u>(15,000)</u>
Fund Balance, End of Year	<u>\$ 5,383</u>	<u>\$ (5,464)</u>	<u>\$ 155,545</u>	<u>\$ 161,009</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Child Nutrition Fund
Year Ended June 30, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Lunch sales	\$ 190,000	\$ 190,000	\$ 207,590	\$ 17,590
Other	5,000	5,000	4,730	(270)
Federal sources				
Educational programs and other	430,000	430,000	430,753	753
Total Revenues	<u>625,000</u>	<u>625,000</u>	<u>643,073</u>	<u>18,073</u>
Expenditures				
Current				
Non-instructional	676,176	676,176	762,340	(86,164)
Capital outlay	35,000	35,000	37,542	(2,542)
Total Expenditures	<u>711,176</u>	<u>711,176</u>	<u>799,882</u>	<u>(88,706)</u>
Excess (deficiency) of revenues over expenses	(86,176)	(86,176)	(156,809)	(70,633)
Other Financing Sources				
Transfer in	-	-	20,247	20,247
Net Change in Fund Balances	(86,176)	(86,176)	(136,562)	(50,386)
Fund Balance, Beginning of Year	<u>115,368</u>	<u>45,446</u>	<u>45,446</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 29,192</u>	<u>\$ (40,730)</u>	<u>\$ (91,116)</u>	<u>\$ (50,386)</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Medicaid Program Fund
Year Ended June 30, 2014

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
State sources				
Other	\$ 400,000	\$ 430,000	\$ 362,199	\$ (67,801)
Total Revenues	<u>400,000</u>	<u>430,000</u>	<u>362,199</u>	<u>(67,801)</u>
Expenditures				
Current				
Instructional	<u>400,000</u>	<u>430,000</u>	<u>339,276</u>	<u>90,724</u>
Total Expenditures	<u>400,000</u>	<u>430,000</u>	<u>339,276</u>	<u>90,724</u>
Excess (deficiency) of revenues over expenses	-	-	22,923	22,923
Fund Balance, Beginning of Year	<u>-</u>	<u>294,952</u>	<u>(294,952)</u>	<u>(589,904)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 294,952</u>	<u>\$ (272,029)</u>	<u>\$ (566,981)</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Debt Service Fund
Year Ended June 30, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 900,000	\$ 900,000	\$ 753,714	\$ (146,286)
Earnings on investments	10,000	150	-	(150)
Other	-	3,343	3,394	51
State sources				
Other	335,010	593,963	593,963	-
Total Revenues	1,245,010	1,497,456	1,351,071	(146,385)
Expenditures				
Debt service				
Principal	1,739,135	1,616,401	1,020,000	596,401
Interest	96,700	96,700	91,600	5,100
Contingency	-	-	-	-
Total Expenditures	1,835,835	1,713,101	1,111,600	601,501
Net Change in Fund Balances	(590,825)	(215,645)	239,471	455,116
Fund Balance, Beginning of Year	590,825	933,360	933,360	-
Fund Balance, End of Year	\$ -	\$ 717,715	\$ 1,172,831	\$ 455,116

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Capital Construction Fund
Year Ended June 30, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Earnings on investments	\$ 5,000	\$ 1,250	\$ 1,043	\$ (207)
Total Revenues	<u>5,000</u>	<u>1,250</u>	<u>1,043</u>	<u>(207)</u>
Expenditures				
Current				
Non-instructional	100,000	478,834	255,917	222,917
Capital outlay	<u>2,533,000</u>	<u>1,750,600</u>	<u>1,862,617</u>	<u>(112,017)</u>
Total Expenditures	<u>2,633,000</u>	<u>2,229,434</u>	<u>2,118,534</u>	<u>110,900</u>
Net Change in Fund Balances	(2,628,000)	(2,228,184)	(2,117,491)	(111,107)
Fund Balance, Beginning of Year	<u>2,628,000</u>	<u>2,228,184</u>	<u>2,228,184</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,693</u>	<u>\$ (111,107)</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Plant Facility Fund
Year Ended June 30, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Other	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Non-instructional	-	-	-	-
Capital outlay	170,537	170,537	-	170,537
Total Expenditures	170,537	170,537	-	170,537
Excess (Deficiency) of Revenues over Expenditures	(170,537)	(170,537)	-	170,537
Other Financing Sources				
Transfers in	59,767	59,767	59,767	-
Net Change in Fund Balances	(110,770)	(110,770)	59,767	170,537
Fund Balance, Beginning of Year	110,770	110,770	105,192	(5,578)
Fund Balance, End of Year	\$ -	\$ -	\$ 164,959	\$ 164,959

See Independent Auditors' Report

Supplementary Information

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year Ended June 30, 2014

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
High School Activity Fund				
Assets				
Cash	\$ 173,966	\$ 401,573	\$ 400,418	\$ 175,121
Liabilities				
Due to student groups	\$ 173,966	\$ 401,573	\$ 400,418	\$ 175,121
Junior High School Activity Fund				
Assets				
Cash	\$ 31,593	\$ 42,371	\$ 39,076	\$ 34,888
Liabilities				
Due to student groups	\$ 31,593	\$ 42,371	\$ 39,076	\$ 34,888
Intermediate School Activity Fund				
Assets				
Cash	\$ 13,273	\$ 22,911	\$ 23,718	\$ 12,466
Liabilities				
Due to student groups	\$ 13,273	\$ 22,911	\$ 23,718	\$ 12,466
Elementary School Activity Fund				
Assets				
Cash	\$ 15,504	\$ 45,289	\$ 48,953	\$ 11,840
Liabilities				
Due to student groups	\$ 15,504	\$ 45,289	\$ 48,953	\$ 11,840
Total - All School Activity Funds				
Assets				
Cash	\$ 234,336	\$ 512,144	\$ 512,165	\$ 234,315
Liabilities				
Due to student groups	\$ 234,336	\$ 512,144	\$ 512,165	\$ 234,315

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2014

	Orchestra Program Fund	Laptop Grant Fund	Insurance Buy Down Fund	Insurance Adjustment Fund
Assets				
Cash and Investments	\$ -	\$ 1,942	\$ 46,124	\$ 4,668
Receivables				
State of Idaho	-	-	-	-
Other	-	-	-	-
Total Assets	\$ -	\$ 1,942	\$ 46,124	\$ 4,668
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Salary contracts payable	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
Restricted	-	1,942	-	-
Committed	-	-	46,124	4,668
Unassigned	-	-	-	-
Total Fund Balances	-	1,942	46,124	4,668
Total Liabilities and Fund Balances	\$ -	\$ 1,942	\$ 46,124	\$ 4,668

See Independent Auditors' Report

Superintendent Network Fund	Driver Education Fund	Vocational Education Fund	State Technology Fund	School Net Grant Fund
\$ 3,000	\$ -	\$ 7,253	\$ 132,923	\$ -
-	-	-	-	-
-	2,875	-	-	-
<u>\$ 3,000</u>	<u>\$ 2,875</u>	<u>\$ 7,253</u>	<u>\$ 132,923</u>	<u>\$ -</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,904	-	-	-
-	-	4,093	-	-
-	-	3,398	19,708	-
-	-	-	-	-
<u>-</u>	<u>1,904</u>	<u>7,491</u>	<u>19,708</u>	<u>-</u>
-	971	-	11,097	-
3,000	-	-	102,118	-
-	-	(238)	-	-
<u>3,000</u>	<u>971</u>	<u>(238)</u>	<u>113,215</u>	<u>-</u>
<u>\$ 3,000</u>	<u>\$ 2,875</u>	<u>\$ 7,253</u>	<u>\$ 132,923</u>	<u>\$ -</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2014

	Federal Forest Fund	Title I-A ESEA Basic Fund	Title VI-B IDEA School Age Fund	Title VI-B IDEA Preschool Fund
Assets				
Cash and Investments	\$ -	\$ -	\$ -	\$ 1,046
Receivables				
State of Idaho	-	-	-	-
Other	-	187,768	201,158	-
Total Assets	\$ -	\$ 187,768	\$ 201,158	\$ 1,046
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ -	\$ 140,863	\$ 173,439	\$ -
Accounts payable	-	36,293	6,995	-
Salary contracts payable	-	10,612	20,724	1,046
	-	-	-	-
Total Liabilities	-	187,768	201,158	1,046
Fund Balances				
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ -	\$ 187,768	\$ 201,158	\$ 1,046

See Independent Auditors' Report

Perkins III Professional Technical Fund	Title II-A ESEA Improving Fund	Gear Up Grant Fund	21st Century Grant Fund	Total Nonmajor Governmental Funds
\$ -	\$ 11,375	\$ -	\$ -	\$ 208,331
-	-	-	-	-
14,064	-	7,729	25,164	438,758
<u>\$ 14,064</u>	<u>\$ 11,375</u>	<u>\$ 7,729</u>	<u>\$ 25,164</u>	<u>\$ 647,089</u>
\$ 20,647	\$ -	\$ 647	\$ 22,876	\$ 360,376
-	-	-	-	47,381
-	1,822	7,082	2,288	66,680
-	9,553	-	-	9,553
<u>20,647</u>	<u>11,375</u>	<u>7,729</u>	<u>25,164</u>	<u>483,990</u>
-	-	-	-	14,010
-	-	-	-	155,910
<u>(6,583)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,821)</u>
<u>(6,583)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,099</u>
<u>\$ 14,064</u>	<u>\$ 11,375</u>	<u>\$ 7,729</u>	<u>\$ 25,164</u>	<u>\$ 647,089</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014

	Orchestra Program Fund	Laptop Grant Fund	Insurance Buy Down Fund	Insurance Adjustment Fund
Revenues				
Local sources				
Other	\$ 365	\$ -	\$ 31,750	\$ -
State sources				
Other	-	454,783	-	-
Federal sources				
Educational programs and other	-	-	-	-
Total Revenues	365	454,783	31,750	-
Expenditures				
Current				
Instructional	-	-	-	-
Pupil support	6,080	20,300	62,728	1,582
Capital outlay	-	432,541	-	-
Total Expenditures	6,080	452,841	62,728	1,582
Excess (Deficiency) of Revenues over Expenditures	(5,715)	1,942	(30,978)	(1,582)
Other Financing Sources (Uses)				
Transfers in	2,016	-	-	-
Transfers (out)	-	-	-	-
Net Change in Fund Balances	(3,699)	1,942	(30,978)	(1,582)
Fund Balance, Beginning of Year	3,699	-	77,102	6,250
Fund Balance, End of Year	\$ -	\$ 1,942	\$ 46,124	\$ 4,668

See Independent Auditors' Report

Superintendent Network Fund	Driver Education Fund	Vocational Education Fund	State Technology Fund	School Net Grant Fund
\$ -	\$ 9,625	\$ -	\$ -	\$ -
-	13,625	42,569	200,766	-
-	-	-	-	9,460
-	23,250	42,569	200,766	9,460
-	22,301	42,807	169,263	506
-	-	-	-	-
-	-	-	20,406	-
-	22,301	42,807	189,669	506
-	949	(238)	11,097	8,954
-	-	-	102,118	-
-	-	-	-	(11,499)
-	949	(238)	113,215	(2,545)
3,000	22	-	-	2,545
\$ 3,000	\$ 971	\$ (238)	\$ 113,215	\$ -

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2014

	Federal Forest Fund	Title I-A ESEA Basic Fund	Title VI-B IDEA School Age Fund	Title VI-B IDEA Preschool Fund
Revenues				
Local sources				
Other	\$ -	\$ -	\$ -	\$ -
State sources				
Other	-	-	-	-
Federal sources				
Educational programs and other	35,547	265,863	253,546	12,883
Total Revenues	35,547	265,863	253,546	12,883
Expenditures				
Current				
Instructional	-	204,565	250,178	12,883
Pupil support	-	-	-	-
Capital outlay	-	57,712	-	-
Total Expenditures	-	262,277	250,178	12,883
Excess (Deficiency) of Revenues over Expenditures	35,547	3,586	3,368	-
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	(35,547)	(3,586)	(3,368)	-
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report

Perkins III Professional Technical Fund	Title II-A ESEA Improving Fund	Gear Up Grant Fund	21st Century Grant Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 41,740
-	-	-	-	711,743
<u>44,179</u>	<u>37,125</u>	<u>46,942</u>	<u>84,937</u>	<u>790,482</u>
<u>44,179</u>	<u>37,125</u>	<u>46,942</u>	<u>84,937</u>	<u>1,543,965</u>
50,762	38,199	46,942	65,740	904,146
-	-	-	-	90,690
-	-	-	19,197	529,856
<u>50,762</u>	<u>38,199</u>	<u>46,942</u>	<u>84,937</u>	<u>1,524,692</u>
(6,583)	(1,074)	-	-	19,273
-	-	-	-	104,134
-	(981)	-	-	(54,981)
<u>(6,583)</u>	<u>(2,055)</u>	<u>-</u>	<u>-</u>	<u>68,426</u>
-	2,055	-	-	94,673
<u>\$ (6,583)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,099</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2014

	<u>General Fund</u>	<u>Debt Service Fund</u>
Madison and Fremont Counties		
Balance at June 30, 2013	\$ 62,837	\$ 303,887
Add - Taxes Assessed for 2013 (Net of Cancellations)	60,310	793,885
Less - Collections Received	<u>(95,768)</u>	<u>(801,122)</u>
Balance at June 30, 2014	<u>\$ 27,379</u>	<u>\$ 296,650</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
General Bonded Debt – Future Principal and Interest Requirements
Year Ended June 30, 2014

	ANNUAL PAYMENT			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation Bonds				
Series 2012	2.000%	2015	\$ 1,050,000	\$ 76,000
	2.000%	2016	1,070,000	54,800
	2.000%	2017	1,090,000	33,200
	2.000%	2018	1,115,000	11,150
			<u>\$ 4,325,000</u>	<u>\$ 175,150</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Sugar-Salem High School Activity Fund
Statement of Cash Receipts, Disbursements and Transfers
Year Ended June 30, 2014

Name of Organization	Balance June 30, 2013	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2014
Activities	\$ 46,338	\$ 101,576	\$ 110,725	\$ (4,667)	\$ 32,522
Baseball	(148)	4,655	4,425	-	82
Boys Basketball	(4,181)	15,607	16,757	1,250	(4,081)
Cheerleaders	(2,775)	28,130	25,489	200	66
Drill Team	(4,238)	1,555	-	45	(2,638)
FB Digger Card	2,595	5,473	3,093	-	4,975
Football Equipment	100	2,355	-	-	2,455
GBB	2,602	9,820	9,304	(30)	3,088
GBB Youth	1,309	76	(423)	-	1,808
Soccer - Boys	470	110	110	-	470
Soccer - Girls	1,773	1,390	2,897	-	266
Softball	1,103	3,966	2,961	-	2,108
Tennis Club	654	1,591	1,720	-	525
Track	(483)	1,805	1,585	-	(263)
Volleyball	1,008	1,627	2,758	-	(123)
Wrestling	321	4,660	4,928	1,280	1,333
X-Country	1,172	6,200	7,481	-	(109)
BBB Youth	-	-	-	-	-
Christmas Fund	6,186	11,220	11,455	(75)	5,876
First Aid	539	-	183	-	356
Graduation	3,060	1,885	3,078	-	1,867
Embroidery	-	-	-	-	-
Interest Income	(1,662)	-	354	-	(2,016)
Milk Machine	45	1,250	1,041	-	254
Sales Tax	-	4,122	4,122	-	-
School Store	2,112	15,299	16,692	-	719
Vending	103	-	103	-	-
Vinyl Signs	650	3,504	795	(2,050)	1,309
Student Body	1,227	10,175	10,341	(109)	952
Student Council	-	2,554	2,335	-	219
Seniors	4,136	7,843	9,741	-	2,238
Junior	1,609	-	-	-	1,609
Sophomores	1,217	-	17	-	1,200
Freshmen	1,264	-	15	-	1,249
Book Rental	1,597	588	-	10	2,195
Distinguished Student	1,660	375	375	-	1,660
ACA DECA	543	-	-	-	543
Speech Trip Blacksnake	278	-	-	-	278
BPA	979	2,387	3,118	1,000	1,248
Debate	30	-	-	-	30
Drama Club	1,012	-	-	-	1,012
Drama Scholarship	1,518	-	-	-	1,518
FCCLA	459	4,021	3,894	1,044	1,630
FFA	2,483	4,942	4,334	-	3,091
Latino Club	323	1,822	1,747	-	398
Speech Club	2,847	-	-	(1,500)	1,347

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Sugar-Salem High School Activity Fund
Statement of Cash Receipts, Disbursements and Transfers (continued)
Year Ended June 30, 2014

Name of Organization	Balance June 30, 2013	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2014
TSA	807	1,650	2,102	-	355
Honor Society	1,573	55	434	(1,073)	121
Art	704	1,772	1,496	50	1,030
Band	611	15,012	14,710	(497)	416
Basic Design	20	-	-	-	20
Choral Music	2,193	10,353	10,160	(30)	2,356
Computer Tech	3,085	7,290	2,043	-	8,332
Digital Scrapbook	927	3,702	3,388	-	1,241
Drama	6,832	9,960	10,682	1,500	7,610
Drivers Ed	10,335	11,850	19,890	(140)	2,155
Environmental Science	855	590	821	30	654
Envtl. Science Supplies	1	-	-	-	1
Forensic Science	144	-	-	-	144
Industrial Tech	1,304	2,210	2,847	62	729
Math	627	140	57	-	710
Nutrition	45	250	647	25	(327)
PBIS	2,870	1,400	1,449	-	2,821
Photography	357	1,190	645	20	922
Spanish Class	17	-	-	-	17
Special Ed	44	-	-	-	44
Teen-Adult Living	173	863	1,031	20	25
VO -AG	5,603	1,973	3,415	-	4,161
Woods	1,685	1,063	-	2,096	4,844
Zoology	-	-	-	-	-
Nursing	-	-	-	-	-
College Courses	2,874	4,211	5,305	-	1,780
IEN	300	-	-	-	300
Adv. Zoology	25	-	-	-	25
Young Living	24	-	24	-	-
Food Science	139	775	914	-	-
AP-Exams	(176)	2,107	1,941	60	50
Hoby	1,250	-	-	-	1,250
IDLA	4,375	2,300	2,315	(60)	4,300
Exchange Students	2,494	4,100	5,049	-	1,545
Mark Blaser	627	1,000	-	-	1,627
Counselors	-	1,481	1,329	1,073	1,225
Yearbook	6,318	18,052	16,817	-	7,553
Yearbook Ads	1,509	475	648	(59)	1,277
Valley View	5,857	367	1,105	-	5,119
Darla Miyasaki Memorial	4,557	-	-	-	4,557
PSAT	2	100	-	-	102
Laptop Insurance	-	18,683	3,025	5	15,663
IMEA	-	9,984	10,046	520	458
Savings	20,663	4,032	8,052	-	16,643
Scholarship Fund - East Idaho Credit Union	481	-	481	-	-
	<u>\$ 173,966</u>	<u>\$ 401,573</u>	<u>\$ 400,418</u>	<u>\$ -</u>	<u>\$ 175,121</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Sugar-Salem Junior High School Activity Fund
Statement of Cash Receipts, Disbursements and Transfers
Year Ended June 30, 2014

Name of Organization	Balance June 30, 2013	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2014
Teachers Fund	\$ 767	\$ -	\$ 182	\$ (27)	\$ 558
General	7,444	5,474	6,765	1,124	7,277
Participation Fee	8,006	6,622	5,457	-	9,171
Yearbook	(20)	7,151	6,852	-	279
Book Fee	10	-	503	500	7
Activity Fee	783	2,288	1,980	-	1,091
Cheerleading	(590)	445	-	145	-
Media	834	432	1,789	523	-
Gym	4,179	-	2,789	44	1,434
Volleyball	50	-	-	-	50
Wrestling	110	415	-	-	525
Girls Basketball	100	355	397	-	58
Boys Basketball	103	-	-	-	103
Track	(10)	233	345	-	(122)
Choir	1,164	615	-	(250)	1,529
Band	2,033	1,190	220	(1,750)	1,253
Orchestra	40	4,589	4,274	-	355
Art	5,264	2,315	1,260	-	6,319
LT Sports	-	-	-	-	-
Interest/Service Charges	(2,151)	-	263	-	(2,414)
Digital Photography	2,520	414	29	-	2,905
Science	(29)	420	195	-	196
Zoology	167	320	4	-	483
Pepsi	-	-	-	-	-
Young Living	560	1,076	966	(164)	506
Cheerleading	259	7,136	4,806	(145)	2,444
Greenhouse	-	881	-	-	881
	<u>\$ 31,593</u>	<u>\$ 42,371</u>	<u>\$ 39,076</u>	<u>\$ -</u>	<u>\$ 34,888</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Kershaw Intermediate School Activity Fund
Statement of Cash Receipts, Disbursements and Transfers
Year Ended June 30, 2014

Name of Organization	Balance June 30, 2013	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2014
Student Body Fees	\$ 1,167	\$ 10,231	\$ 10,729	\$ -	\$ 669
Gym Rental	2,414	300	-	-	2,714
Pictures	836	826	696	-	966
Vending Machine	281	489	619	-	151
Music	213	200	255	-	158
Teacher Accounts	479	750	640	-	589
Library Account	1,054	-	79	-	975
School Fundraisers	3,898	2,291	2,572	-	3,617
Clearing Account	-	2,042	2,492	-	(450)
School Store	1,595	2,777	2,857	-	1,515
PBIS	1,336	1,800	1,594	-	1,542
Orchestra	-	1,205	1,185	-	20
	<u>\$ 13,273</u>	<u>\$ 22,911</u>	<u>\$ 23,718</u>	<u>\$ -</u>	<u>\$ 12,466</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Central Elementary School Activity Fund
Statement of Cash Receipts, Disbursements and Transfers
Year Ended June 30, 2014

<u>Name of Organization</u>	<u>Balance June 30, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Transfers To (From)</u>	<u>Balance June 30, 2014</u>
School Fees	\$ 17	\$ 11,927	\$ 6,220	\$ (5,715)	\$ 9
Vending	138	2,405	2,490	18	71
Preschool	4,168	6,604	7,183	(18)	3,571
General Fund	-	2,530	2,668	138	-
Copy Machine	-	250	144	-	106
Fundraiser	7,491	16,521	16,677	(477)	6,858
Teacher Fund	3,764	3,267	12,160	6,054	925
Digger	(74)	1,785	1,411	-	300
	<u>\$ 15,504</u>	<u>\$ 45,289</u>	<u>\$ 48,953</u>	<u>\$ -</u>	<u>\$ 11,840</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

	Federal CFDA Number	Expenditures	Revenues Cash Basis
U.S. Department of Agriculture			
Passed Through State Department of Education:			
* Child Nutrition Cluster			
School Breakfast Program	10.553	74,354	74,354
School Lunch Program	10.555	346,401	346,401
Special Milk Program	10.556	1,390	1,390
Summer Food Service Program for Children	10.559	14,417	14,417
Passed Through Madison/Fremont Counties:			
Federal Forest	10.665	35,547	35,547
		<u>472,109</u>	<u>472,109</u>
U.S. Department of Education			
Passed Through State Department of Education:			
Title I-Basic	84.010	262,277	238,140
Title I-Migrant	84.011	-	596
Special Education Cluster			
Title VI-B	84.027	250,178	111,035
Title VI-B - Preschool	84.173	12,883	12,883
Vocational Education Basic Grant	84.048	50,762	50,312
Gaining Early Awareness and Readiness	84.334	46,942	49,652
Improving Teacher Quality	84.367	38,199	46,678
Twenty-First Century Community Learning Ctrs	84.287	84,937	104,665
College Access Challenge Grant	84.378	600	600
		<u>746,778</u>	<u>614,561</u>
		<u>\$ 1,218,887</u>	<u>\$ 1,086,670</u>

* Major Federal Program

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Note to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sugar-Salem Joint School District No. 322 and is presented in accordance with the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.



RUDD & COMPANY^{INC.}

**INDEPENDENT AUDITORS' 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**

The Board of Trustees
Sugar-Salem School District No. 322
Sugar City, 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 Sugar-Salem School District No. 322 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Sugar-Salem School District No. 322's basic financial statements, and have issued our report thereon dated September 18, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sugar-Salem School District No. 322'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 Sugar-Salem School District No. 322's internal control. Accordingly, we do not express an opinion on the effectiveness of Sugar-Salem School District No. 322'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

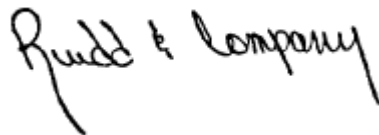
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sugar-Salem School District No. 322'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.



Idaho Falls, Idaho
September 18, 2014



RUDD & COMPANY^{INC.}

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Sugar-Salem School District No. 322
Sugar City, Idaho

Report on Compliance for Each Major Federal Program

We have audited Sugar-Salem School District No. 322's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sugar-Salem School District No. 322's major federal programs for the year ended June 30, 2014. Sugar-Salem School District No. 322's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sugar-Salem School District No. 322's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sugar-Salem School District No. 322's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sugar-Salem School District No. 322's compliance.

Opinion on Each Major Federal Program

In our opinion, Sugar-Salem School District No. 322, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our audit procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-1. Our opinion on each major program is not modified with respect to this matter.

Sugar-Salem School District No. 322's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Sugar-Salem School District No. 322's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

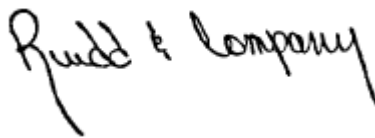
Management of Sugar-Salem School District No. 322 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sugar-Salem School District No. 322's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sugar-Salem School District No. 322's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance

requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

Idaho Falls, Idaho
September 18, 2014

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Qualified
Internal control over financial reporting:	
Material Weaknesses identified?	No
Significant Deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant Deficiencies identified?	No
Type or auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2014

Identification of major programs:

CFDA Number(s)	Name of Federal Program
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	School Lunch Program
10.556	Special Milk Program
10.559	Summer Food Service Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

U.S. DEPARTMENT OF AGRICULTURE

Child Nutrition Cluster – CFDA No. 10.553, 10.555, 10.559 – Year ended June 30, 2014

2014-1

Conditions and Criteria: Student counts submitted to the state for reimbursement were incorrectly reported in the months of September, October, January, March, April and May. Meal counts submitted should match the counts taken at each building.

Effect: Incorrect counts reported for reimbursement in the months of September, October and January resulted in overpayment to the District of \$823. Incorrect counts reported for reimbursement in the months of March, April and May resulted in underpayment to the District of \$1,976.

Cause: This occurred due to a mistake made by the District personnel in recording the counts taken at buildings when completing the request for reimbursement.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2014

Context: All monthly claims were selected. The test found six exceptions in the population of 11 requests.

Auditors' Recommendation: Procedures should be established to accurately transfer the counts taken to the claim reimbursement request. A second party review of form before submission would help correct the problem.

View of Responsible Officials and Planned Corrective Actions: The District agrees with the findings and has contacted the state about the incorrect forms. The process for recording counts will be evaluated and improved.