



RUDD & COMPANY PLLC
certified public accountants | business consultants

SUGAR-SALEM JOINT SCHOOL DISTRICT No. 322

SUGAR CITY, IDAHO

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

Year Ended June 30, 2015

giving direction to your future

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322

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June 30, 2015

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RUDD & COMPANY^{PLC}

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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, 2015, 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.

IDAHO FALLS | REXBURG | DRIGGS | BOZEMAN | WEST YELLOWSTONE

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 |
| Child Nutrition Fund | Unmodified |
| Debt Service Fund | Unmodified |
| Plant Facility Fund | Unmodified |
| Capital Projects 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, 2015, 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, 2015, 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, budgetary comparison information on pages 48 through 52, and pension information on pages 53 and 54 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

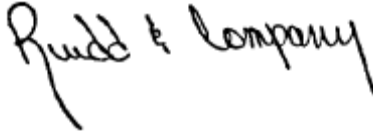
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sugar-Salem School District No. 322's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information, are presented for purposes 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, other supplementary information, 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 23, 2015, 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 23, 2015

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis
June 30, 2015

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, 2015.

Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$6,500,388. Of this amount, \$(1,373,833) of unrestricted net position are a claim against the District's future ongoing operations.
- Total net position increased \$2,416,755 which represents a 59.2% increase from fiscal year 2014.
- General revenues account for \$10,708,272 in revenue, or 88.5% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,394,253 or 11.5% of total revenues.
- The District had \$9,685,770 in expenses; only \$1,394,253 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$10,708,272 and net asset reserves were adequate to provide for these programs.
- Among major funds, the General Fund had \$7,886,879 in revenues and \$7,193,000 in expenditures. The General Fund's fund balance increased \$359,347 over the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$448,196.
- Long-term debt decreased by \$1,050,000.
- \$114,578 was transferred from the general fund to the Medicaid fund to reduce the deficit from prior years.

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.

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.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2015

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*.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2015

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 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 24-46 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 56-64 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,500,388 at the close of the most recent fiscal year.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2015

| Net Position | Governmental Assets | |
|----------------------------------|----------------------------|---------------------|
| | 2015 | 2014 |
| Current and Other Assets | \$ 3,325,412 | \$ 2,735,038 |
| Capital Assets | 9,656,398 | 10,104,594 |
| Total Assets | 12,981,810 | 12,839,632 |
| Deferred Outflows of Resources | 703,710 | 574,604 |
| Current Liabilities | 2,157,186 | 2,332,255 |
| Long-term Liabilities | 3,009,708 | 6,859,459 |
| Total Liabilities | 5,166,894 | 9,191,714 |
| Deferred Inflows of Resources | 2,018,238 | 138,889 |
| Net Position | | |
| Net Investment in Capital Assets | 6,287,554 | 5,640,705 |
| Restricted | 1,586,667 | 1,485,127 |
| Unrestricted | (1,373,833) | (3,042,199) |
| Total Net Position | \$ 6,500,388 | \$ 4,083,633 |

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 \$1,586,667 represents an amount that is subject to external restrictions. The remaining balance in *unrestricted net position* is \$(1,373,833).

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2015

| Changes in Net Position | Governmental Activities | |
|------------------------------------|--------------------------------|---------------------|
| | 2015 | 2014 |
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 232,752 | \$ 212,320 |
| Operating grants and contributions | 1,161,501 | 1,287,383 |
| General revenues | | |
| Property tax | 977,672 | 863,535 |
| State support | 8,548,373 | 8,983,628 |
| Other | 1,182,227 | 156,573 |
| Total Revenues | 12,102,525 | 11,503,439 |
| Expenses | | |
| Instructional | 5,856,203 | 5,910,409 |
| Pupil support | 155,518 | 212,446 |
| Staff support | 190,278 | 291,613 |
| General administration | 273,052 | 278,498 |
| School administration | 544,397 | 568,800 |
| Business service | 110,207 | 143,985 |
| Operations | 797,168 | 809,626 |
| Security | - | 45,905 |
| Transportation | 407,325 | 432,826 |
| Non-instructional | 17,204 | 255,917 |
| Interest | 25,705 | 59,400 |
| Depreciation | 592,415 | 514,872 |
| Child nutrition services | 716,298 | 827,888 |
| Total Expenses | 9,685,770 | 10,352,185 |
| Change in Net Position | \$ 2,416,755 | \$ 1,151,254 |

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, 2015

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 \$514,892. The fund balance increased by \$359,347 during the current fiscal year.

Expenditures for general District purposes totaled \$7,193,000 a decrease of 6.4% during the current fiscal year.

The debt service fund has a total fund balance of \$1,332,605, all of which is restricted for future debt service payments.

The capital projects fund has a total fund balance of \$4,938, all of which is restricted for purchase of equipment and related expenditures.

The plant facility fund has a total fund balance of \$216,501 which is restricted for the purchase of equipment and related expenditures. The fund balance increased by \$51,542 during the current year.

General Fund Budgetary Highlights

During the current fiscal year, the \$160,329 positive budget to actual variance in total general fund revenues, and the \$500,258 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, 2015

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, 2015 are outlined below:

| Capital Assets (Net of Depreciation) | Governmental Activities | |
|---------------------------------------------|--------------------------------|----------------------|
| | <u>2015</u> | <u>2014</u> |
| Land | \$ 743,860 | \$ 743,860 |
| Construction in progress | - | 36,969 |
| Buildings and improvements | 14,480,839 | 14,391,988 |
| Furniture and equipment | <u>5,369,459</u> | <u>5,277,122</u> |
| | 20,594,158 | 20,449,939 |
| Accumulated depreciation | <u>(10,937,760)</u> | <u>(10,345,345)</u> |
| Total Capital Assets, Net of Depreciation | <u>\$ 9,656,398</u> | <u>\$ 10,104,594</u> |
| | | |
| Outstanding Debt | Governmental Activities | |
| | <u>2015</u> | <u>2014</u> |
| General obligation bonds | <u>\$ 3,275,000</u> | <u>\$ 4,325,000</u> |
| | <u>\$ 3,275,000</u> | <u>\$ 4,325,000</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, 2015

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, 2015

| Assets | Governmental Activities |
|-------------------------------------------------|------------------------------------|
| Cash and Investments | \$ 2,543,036 |
| Receivables | |
| Property taxes | 348,269 |
| State of Idaho | 243,590 |
| Other | 190,517 |
| Capital Assets | |
| Sites | 743,860 |
| Buildings and equipment, net of depreciation | <u>8,912,538</u> |
| Total Assets | <u>12,981,810</u> |
| Deferred Outflows of Resources | |
| Pension liability - changes of assumptions | <u>703,710</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 13,685,520</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

| Liabilities | Governmental Activities |
|------------------------------------------------------------------------------|------------------------------------|
| Accounts payable | \$ 32,411 |
| Salary contracts payable | 1,038,400 |
| Interest payable | 16,375 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| Bonds, capital leases, and contracts | 1,070,000 |
| Portion due or payable after one year: | |
| Net pension liability | 804,708 |
| Bonds, capital leases, and contracts | <u>2,205,000</u> |
| Total Liabilities | <u>5,166,894</u> |
| Deferred Inflows of Resources | |
| Unavailable revenues | 25,607 |
| Pension liability - net difference between actual and expected experience | 1,898,787 |
| Bond issue premium, net of amortization | <u>93,844</u> |
| Total Deferred Inflows of Resources | <u>2,018,238</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>\$ 7,185,132</u> |
| Net Position | |
| Net investment in capital assets | \$ 6,287,554 |
| Restricted for: | |
| Debt service | 1,365,228 |
| Capital projects | 221,439 |
| Unrestricted | <u>(1,373,833)</u> |
| Total Net Position | <u>\$ 6,500,388</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, 2015

| 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 | \$ 5,856,203 | \$ 9,230 | \$ 667,064 | \$ (5,179,909) |
| Pupil support | 155,518 | - | - | (155,518) |
| Staff support | 190,278 | - | - | (190,278) |
| General administration | 273,052 | - | - | (273,052) |
| School administration | 544,397 | - | - | (544,397) |
| Business services | 110,207 | - | - | (110,207) |
| Operations | 797,168 | - | - | (797,168) |
| Transportation | 407,325 | - | - | (407,325) |
| Non-instructional | 17,204 | - | - | (17,204) |
| Interest on long-term debt | 25,705 | - | - | (25,705) |
| Depreciation - unallocated* | 592,415 | - | - | (592,415) |
| Child nutrition services | 716,298 | 223,522 | 494,437 | 1,661 |
| Total Governmental Activities | \$ 9,685,770 | \$ 232,752 | \$ 1,161,501 | (8,291,517) |
| General Revenues: | | | | |
| Taxes: | | | | |
| | | | | 2,075 |
| | | | | 975,597 |
| | | | | 168,310 |
| | | | | 8,548,373 |
| | | | | 3,847 |
| | | | | 1,010,070 |
| | | | | 10,708,272 |
| | | | | 2,416,755 |
| | | | | 4,083,633 |
| | | | | \$ 6,500,388 |

* 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, 2015

| Assets | General Fund | Child Nutrition Fund | Debt Service Fund |
|-----------------------------------------------------------------------------|-------------------------|-------------------------------------|----------------------------------|
| Cash and Investments | \$ 1,075,897 | \$ 42,590 | \$ 1,035,852 |
| Due from Other Funds | 30,709 | - | - |
| Receivables | | | |
| Property taxes | 2,518 | - | 345,751 |
| State of Idaho | 227,148 | - | - |
| Other | 64,503 | 16,399 | - |
| Total Assets | <u>\$ 1,400,775</u> | <u>\$ 58,989</u> | <u>\$ 1,381,603</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Due to other funds | \$ - | \$ - | \$ - |
| Accounts payable | 8,324 | - | - |
| Interest payable | - | - | 16,375 |
| Salary contracts payable | 876,367 | 58,989 | - |
| Total Liabilities | <u>884,691</u> | <u>58,989</u> | <u>16,375</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenues | <u>1,192</u> | <u>-</u> | <u>32,623</u> |
| Fund Balances | | | |
| Restricted | 111,385 | - | 1,332,605 |
| Unassigned | 403,507 | - | - |
| Total Fund Balances | <u>514,892</u> | <u>-</u> | <u>1,332,605</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 1,400,775</u> | <u>\$ 58,989</u> | <u>\$ 1,381,603</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

| Capital Projects Fund | Plant Facility Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|
| \$ 4,938 | \$ 216,501 | \$ 167,258 | \$ 2,543,036 |
| - | - | - | 30,709 |
| - | - | - | 348,269 |
| - | - | 16,442 | 243,590 |
| - | - | 109,615 | 190,517 |
| <u>\$ 4,938</u> | <u>\$ 216,501</u> | <u>\$ 293,315</u> | <u>\$ 3,356,121</u> |
| | | | |
| \$ - | \$ - | \$ 30,709 | \$ 30,709 |
| - | - | 24,087 | 32,411 |
| - | - | - | 16,375 |
| - | - | 103,044 | 1,038,400 |
| <u>-</u> | <u>-</u> | <u>157,840</u> | <u>1,117,895</u> |
| | | | |
| - | - | 25,607 | 59,422 |
| | | | |
| 4,938 | 216,501 | 109,868 | 1,775,297 |
| - | - | - | 403,507 |
| <u>4,938</u> | <u>216,501</u> | <u>109,868</u> | <u>2,178,804</u> |
| | | | |
| <u>\$ 4,938</u> | <u>\$ 216,501</u> | <u>\$ 293,315</u> | <u>\$ 3,356,121</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, 2015

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

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------|
| Total Fund Balance - Governmental Funds | \$ | 2,178,804 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$20,594,158 and the accumulated depreciation is \$10,937,760. | | 9,656,398 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | (3,275,000) |
| Pension contributions are reported as expenses in the fund financial statements in the period in which they are paid. The actuarially determined pension liability is recorded on the government-wide statements. | | (1,999,785) |
| 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 \$131,381. | | (93,844) |
| Property tax revenue is recognized when earned rather than when available. | | <u>33,815</u> |
| Net Position - Governmental Activities | \$ | <u>6,500,388</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, 2015

| | <u>General Fund</u> | <u>Child Nutrition Fund</u> | <u>Debt Service Fund</u> |
|---------------------------------------------------|-------------------------|-------------------------------------|----------------------------------|
| Revenues | | | |
| Local sources | | | |
| Property taxes | \$ 13,040 | \$ - | 979,618 |
| Earnings on investments | 3,146 | - | 591 |
| Lunch sales | - | 207,405 | - |
| Other | 138,361 | 16,117 | 3,582 |
| State sources | | | |
| State apportionment | 7,213,029 | - | |
| Other | 519,303 | - | 296,733 |
| Federal sources | | | |
| Educational programs and other | - | 494,437 | - |
| Total Revenues | <u>7,886,879</u> | <u>717,959</u> | <u>1,280,524</u> |
| Expenditures | | | |
| Current | | | |
| Instructional | 4,837,744 | - | - |
| Pupil support | 145,406 | - | - |
| Staff support | 140,249 | - | - |
| General administration | 252,129 | - | - |
| School administration | 544,397 | - | - |
| Business services | 88,667 | - | - |
| Operations | 767,862 | - | - |
| Transportation | 407,325 | - | - |
| Non-instructional | - | 716,298 | - |
| Debt Service: | | | |
| Principal | - | - | 1,050,000 |
| Interest | - | - | 70,750 |
| Capital Outlay | 9,221 | 10,999 | - |
| Total Expenditures | <u>7,193,000</u> | <u>727,297</u> | <u>1,120,750</u> |
| Excess (Deficiency) of Revenues over Expenditures | 693,879 | (9,338) | 159,774 |
| Other Financing Sources (Uses) | | | |
| Transfers in | 45,178 | 100,454 | - |
| Transfers out | (379,710) | - | - |
| Net Change in Fund Balances | 359,347 | 91,116 | 159,774 |
| Fund Balance Beginning of Year | <u>155,545</u> | <u>(91,116)</u> | <u>1,172,831</u> |
| Fund Balance End of Year | <u>\$ 514,892</u> | <u>\$ -</u> | <u>\$ 1,332,605</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

| Capital Projects Fund | Plant Facility Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|
| \$ - | \$ - | \$ - | \$ 992,658 |
| 110 | - | - | 3,847 |
| - | - | - | 207,405 |
| - | 2,250 | 33,347 | 193,657 |
| - | - | - | 7,213,029 |
| - | - | 519,308 | 1,335,344 |
| - | - | 667,064 | 1,161,501 |
| <u>110</u> | <u>2,250</u> | <u>1,219,719</u> | <u>11,107,441</u> |
| - | - | 1,018,459 | 5,856,203 |
| - | - | 10,112 | 155,518 |
| - | - | 50,029 | 190,278 |
| - | - | 20,923 | 273,052 |
| - | - | - | 544,397 |
| - | - | 21,540 | 110,207 |
| - | - | 29,306 | 797,168 |
| - | - | - | 407,325 |
| 17,204 | - | - | 733,502 |
| - | - | - | 1,050,000 |
| - | - | - | 70,750 |
| <u>88,661</u> | <u>-</u> | <u>35,338</u> | <u>144,219</u> |
| <u>105,865</u> | <u>-</u> | <u>1,185,707</u> | <u>10,332,619</u> |
| (105,755) | 2,250 | 34,012 | 774,822 |
| - | 49,292 | 245,583 | 440,507 |
| - | - | (60,797) | (440,507) |
| (105,755) | 51,542 | 218,798 | 774,822 |
| <u>110,693</u> | <u>164,959</u> | <u>(108,930)</u> | <u>1,403,982</u> |
| <u>\$ 4,938</u> | <u>\$ 216,501</u> | <u>\$ 109,868</u> | <u>\$ 2,178,804</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, 2015

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

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------|
| Net Change in Fund Balance - Governmental Funds | \$ | 774,822 |
| 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 depreciation exceeded capital outlay in the current period. | | (448,196) |
| 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. | | (14,986) |
| The governmental funds report current pension contributions as an expenditure. However, the amount recorded in the statement of activities represents the difference in the actuarially determined pension liability from the previous year to the current year. | | 1,010,070 |
| 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>1,050,000</u> |
| Change in Net Position of Governmental Activities | \$ | <u>2,416,755</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, 2015

| Assets | Agency Funds |
|------------------------|-------------------------|
| Cash and Investments | \$ 226,734 |
| Total Assets | <u>\$ 226,734</u> |
| Liabilities | |
| Due to Student Groups | <u>\$ 226,734</u> |
| Total Liabilities | <u>\$ 226,734</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, 2015

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, 2015

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 *debt service fund* accounts for the accumulation of resources for and the payment of long-term debt principal and interest.
- The *capital projects fund* accounts for resources accumulated and payments made for bond issue projects of the District.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

- 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 of 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 49:

| | Reported Amounts | Commodities Received | Amounts Reported in Comparison with Budget |
|----------------------|-----------------------------|---------------------------------|---------------------------------------------------------------|
| Child Nutrition Fund | | | |
| Total revenues | \$ 717,959 | \$ (65,387) | \$ 652,572 |
| Total expenditures | \$ 727,297 | \$ (65,387) | \$ 661,910 |

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 adjust for additional local and state revenues.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

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 |

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.

The District has only one type of deferred outflows of resources. This amount relates to the District's allocable share of the effect of changes of assumptions during the year on the valuation of the net pension liability. This amount is reported only in the government-wide financial statements.

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 three 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 and grant revenues received in advance. 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. The third type of deferred inflows of resources relates to the effect on the calculation of the net pension liability of the difference between projected and actual investment earnings on the defined benefit pension plan.

Pensions

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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.

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, 2015, the carrying amount of the District's deposits was \$673,806 and the respective bank balances totaled \$678,146. Of the bank balances, \$445,842 was insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

2. Cash and Investments (continued)

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, 2015, \$231,304 of the District’s total deposits of \$673,806 were not covered by federal depository insurance, and thus were exposed to custodial credit risk.
3. Investments – As of June 30, 2015, 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 | \$ 2,095,964 | \$ 2,095,964 | \$ - | \$ - | \$ - |

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.

4. 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.
5. Because the State Investment Pool as of June 30, 2015, had a weighted average maturity of 118 days, it was presented as an investment with a maturity of less than one year.
6. 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.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

2. Cash and Investments (continued)

Reconciliation of deposits categorization:

| | |
|---------------------------------------------------------------------------|---------------------|
| Cash and investments reported on the statement of net assets | \$ 2,543,036 |
| Cash and investments reported on the statement of fiduciary net assets | <u>226,734</u> |
| | <u>\$ 2,769,770</u> |
| | |
| Investments categorized | \$ 2,095,964 |
| Deposits categorized | <u>673,806</u> |
| | <u>\$ 2,769,770</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, 2015, are generally based on the assessed values and tax levies established in 2014.

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, 2015

4. Capital Assets

Capital asset activity for the year ended June 30, 2015 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 | 36,969 | - | (36,969) | - |
| | <u>780,829</u> | <u>-</u> | <u>(36,969)</u> | <u>743,860</u> |
| Total Capital Assets, Not Being Depreciated | \$ 780,829 | \$ - | \$ (36,969) | \$ 743,860 |
| Capital Assets, Being Depreciated | | | | |
| Buildings and improvements | \$ 14,391,988 | \$ 88,851 | \$ - | \$ 14,480,839 |
| Furniture and equipment | 5,277,122 | 92,337 | - | 5,369,459 |
| | <u>19,669,110</u> | <u>181,188</u> | <u>-</u> | <u>19,850,298</u> |
| Total Capital Assets, Being Depreciated | 19,669,110 | 181,188 | - | 19,850,298 |
| Accumulated Depreciation for | | | | |
| Buildings and improvements | (6,755,612) | (342,218) | - | (7,097,830) |
| Furniture and equipment | (3,589,733) | (250,197) | - | (3,839,930) |
| | <u>(10,345,345)</u> | <u>(592,415)</u> | <u>-</u> | <u>(10,937,760)</u> |
| Total Accumulated Depreciation | (10,345,345) | (592,415) | - | (10,937,760) |
| Total Capital Assets, Being Depreciated, Net | <u>\$ 9,323,765</u> | | | <u>\$ 8,912,538</u> |

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

5. General Obligation Bonds Payable

Bonds outstanding at June 30, 2015, 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% | 2016 to 2018 | \$ 3,275,000 |

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> |
|--------------------|---------------------|------------------|---------------------|
| 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>\$ 3,275,000</u> | <u>\$ 99,150</u> | <u>\$ 3,374,150</u> |

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

6. Changes in Long-term Debt

The following is a summary of the District's long-term transactions for the year ended June 30, 2015:

| | General Obligation Bonds, Series 2012 |
|----------------------------------------|----------------------------------------------------------|
| Long-term Obligations June 30, 2014 | \$ 4,325,000 |
| Obligations Paid | <u>(1,050,000)</u> |
| Long-term Obligations June 30, 2015 | <u>\$ 3,275,000</u> |

7. Retirement Plan

Plan Description

The District contributes to the Public Employee Retirement System of Idaho Base Plan (Base Plan), which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

7. Pension Plan (continued)

Employee membership data related to the PERSI Base Plan, as of June 30, 2014, was as follows:

| | |
|----------------------------------------------------------------|----------------|
| Retirees and beneficiaries currently receiving benefits | 40,776 |
| Terminated employees entitled to by not yet receiving benefits | 11,504 |
| Active plan members | <u>66,223</u> |
| | <u>118,503</u> |

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointment officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law.

The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

7. Pension Plan (continued)

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2015, the employee contribution rate was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District's contributions required and paid were \$588,894, \$574,604, and \$565,545 for the years ended June 30, 2015, 2014, and 2013, respectively.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, the District's proportion was 0.187 percent.

For the year ended June 30, 2015, the District recognized pension expense (revenue) of \$(427,176). At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 171,220 |
| Changes in assumptions or other inputs | 114,816 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 1,727,567 |
| Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions | - | - |
| Employer contributions subsequent to the measurement date | <u>588,894</u> | <u>-</u> |
| Total | <u>\$ 703,710</u> | <u>\$ 1,898,787</u> |

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

7. Pension Plan (continued)

\$588,894 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2013, the beginning of the measurement period ended June 30, 2014, is 5.6 years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

| <u>Fiscal Year</u> | | |
|--------------------|-------|--------------|
| 2015 | | \$ (444,154) |
| 2016 | | (444,154) |
| 2017 | | (444,154) |
| 2018 | | (444,154) |
| 2019 | | (7,357) |

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

7. Pension Plan (continued)

The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|-----------------------------------|
| Inflation | 3.25% |
| Salary increases | 4.5 - 10.25% |
| Salary inflation | 3.75% |
| Investment rate of return | 7.10%, net of investment expenses |
| Cost-of-living adjustments | 1% |

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2014 is based on the results of an actuarial valuation date of July 1, 2014.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

7. Pension Plan (continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

| Asset Class | Index | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------------------------------------------|----------------------------|--------------------------|-----------------------------------------------|
| Core Fixed Income | Barclays Aggregate | 30.00% | 0.80% |
| Broad US Equities | Wilshire 5000/Russell 3000 | 55.00% | 6.90% |
| Developed Foreign Equities | MSCI EAFE | 15.00% | 7.55% |
| Assumed Inflation - Mean | | | 3.25% |
| Assumed Inflation - Standard Deviation | | | 2.00% |
| Portfolio Arithmetic Mean Return | | | 8.42% |
| Portfolio Standard Deviation | | | 13.34% |
| Portfolio Long-Term Expected Rate of Return | | | 7.50% |
| Assumed Investment Expenses | | | 0.40% |
| Long-Term Expected Rate of Return, Net of Investment Expenses | | | 7.10% |

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

7. Pension Plan (continued)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

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

| | 1% Decrease (6.10%) | Current Discount Rate (7.10%) | 1% Increase (8.10%) |
|---------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------|--------------------------------------|
| Employer's proportionate share of the net pension liability (asset) | \$ 4,789,948 | \$ 1,379,312 | \$ (1,455,921) |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

8. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following funds during the year ended June 30, 2015:

| Fund | Amount Exceeded |
|-------------------------------------|----------------------------|
| Child Nutrition Fund..... | \$ 37,744 |
| Title I-A ESEA Basic Fund..... | 6,171 |
| Title II-A ESEA Improving Fund..... | 12,506 |
| Gear Up Grant Fund..... | 11,880 |
| 21st Century Grant Fund..... | 8,456 |

Deficits in Individual Funds

There were no fund deficits as of June 30, 2015.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

9. Interfund Balances and Transfers

The interfund balances at June 30, 2015 are as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|------------------------------------|----------------------------------|-------------------------------|
| Major Funds | | |
| General | \$ 30,709 | \$ - |
| Non Major Funds | | |
| Title I-A ESEA Basic | - | 13,233 |
| Perkins III Professional Technical | - | 12,287 |
| 21st Century Grant | - | 5,189 |
| | <u>\$ 30,709</u> | <u>\$ 30,709</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, 2015

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 | \$ 45,178 | \$ 379,710 |
| Child Nutrition Fund | 100,454 | - |
| Plant Facility Fund | 49,292 | - |
| Non Major Funds | | |
| Medicaid Fund | 114,758 | - |
| SUP Network Fund | - | 3,000 |
| Insurance Buy-Down Fund | - | 24,584 |
| Wellness Fund | 1,588 | - |
| Vocational Fund | 2,880 | - |
| School Technology Fund | 70,596 | - |
| Federal Forest Fund | - | 1,971 |
| Title I-A ESEA Basic Fund | - | 2,473 |
| Title VI-B School Age Fund | 48,511 | 4,030 |
| Title VI-B Preschool Age Fund | - | 136 |
| Perkins III Professional Technical Fund | 6,583 | - |
| Title II-A Improving Fund | - | 486 |
| Gear Up Grant Fund | 667 | 24,117 |
| | <u>\$ 440,507</u> | <u>\$ 440,507</u> |

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

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.

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.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

10. Fund Balances (continued)

| | General Fund | Special Revenue Funds | Debt Service Fund | Capital Projects Fund | Plant Facility Fund | Total |
|--------------------------|-------------------------|--------------------------------------|----------------------------------|--------------------------------------|------------------------------------|--------------|
| Fund Balances: | | | | | | |
| Restricted for: | | | | | | |
| Debt Service | \$ - | \$ - | \$ 1,332,605 | \$ - | \$ - | \$ 1,332,605 |
| Capital Projects | - | - | - | 4,938 | - | 4,938 |
| Plant Facility | - | - | - | - | 216,501 | 216,501 |
| Ski School Program | 547 | - | - | - | - | 547 |
| LEP State Program | 19,150 | - | - | - | - | 19,150 |
| Idaho Reading Initiative | 3,732 | - | - | - | - | 3,732 |
| LEADS Program | 26,910 | - | - | - | - | 26,910 |
| Professional Development | 56,840 | - | - | - | - | 56,840 |
| E-Rate Program | 4,206 | - | - | - | - | 4,206 |
| Wellness | - | 10,369 | - | - | - | 10,369 |
| Drivers Education | - | 5,259 | - | - | - | 5,259 |
| Vocational Education | - | 2,927 | - | - | - | 2,927 |
| School Technology | - | 88,590 | - | - | - | 88,590 |
| Substance Abuse Ed | - | 2,723 | - | - | - | 2,723 |
| Unassigned: | | | | | | |
| General Fund | 403,507 | - | - | - | - | 403,507 |
| Total | | | | | | |
| Fund Balances | \$ 514,892 | \$ 109,868 | \$ 1,332,605 | \$ 4,938 | \$ 216,501 | \$ 2,178,804 |

11. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$65,387. The value was determined by confirmation with the State of Idaho Department of Education.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2015

12. Prior Period Adjustment

Below is a summary of the balances affected by the prior period adjustment:

| | <u>Previously Reported</u> | <u>Change</u> | <u>Restated</u> |
|----------------------------------------------|--------------------------------|---------------|-----------------|
| Deferred outflows of resources | \$ - | \$ 574,604 | \$ 574,604 |
| Bond amortization costs, net of amortization | 39,607 | (39,607) | - |
| Net pension liability | - | 3,584,459 | 3,584,459 |
| Net position | 7,133,095 | (3,049,462) | 4,083,633 |

In accordance with GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the government-wide financial statements have been restated to exclude unamortized bond issuance costs. These costs are now required to be reported as expenditures in the year in which the bonds are issued.

In the year ended June 30, 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. 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.

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, 2015

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------------|----------------------------------------|-------------------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 260,700 | \$ 75,740 | \$ 13,040 | \$ (62,700) |
| Earnings on investments | 2,200 | 2,000 | 3,146 | 1,146 |
| Other | 51,231 | 65,000 | 138,361 | 73,361 |
| State sources | | | | |
| State apportionment | 7,211,797 | 7,182,734 | 7,213,029 | 30,295 |
| Other | 364,936 | 401,076 | 519,303 | 118,227 |
| Total Revenues | 7,890,864 | 7,726,550 | 7,886,879 | 160,329 |
| Expenditures | | | | |
| Current | | | | |
| Instructional | 4,865,216 | 4,830,621 | 4,837,744 | (7,123) |
| Pupil support | 128,321 | 151,478 | 145,406 | 6,072 |
| Staff support | 164,777 | 266,752 | 140,249 | 126,503 |
| General administration | 265,379 | 242,785 | 252,129 | (9,344) |
| School administration | 584,330 | 624,605 | 544,397 | 80,208 |
| Business services | 184,151 | 113,266 | 88,667 | 24,599 |
| Operations | 803,865 | 849,516 | 767,862 | 81,654 |
| Transportation | 420,682 | 434,235 | 407,325 | 26,910 |
| Non-instructional | 18,500 | - | - | - |
| Capital outlay | - | - | 9,221 | (9,221) |
| Contingency | 185,000 | 180,000 | - | 180,000 |
| Total Expenditures | 7,620,221 | 7,693,258 | 7,193,000 | 500,258 |
| Excess of Revenues over Expenditures | 270,643 | 33,292 | 693,879 | 660,587 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 7,265 | 49,439 | 45,178 | (4,261) |
| Transfers (out) | (127,908) | (280,289) | (379,710) | (99,421) |
| Net Change in Fund Balances | 150,000 | (197,558) | 359,347 | 556,905 |
| Fund Balance, Beginning of Year | 100,000 | 155,545 | 155,545 | - |
| Fund Balance, End of Year | \$ 250,000 | \$ (42,013) | \$ 514,892 | \$ 556,905 |

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, 2015

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------|----------------------------------------|-------------------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | | |
| Local sources | | | | |
| Lunch sales | \$ 190,000 | \$ 210,000 | \$ 207,405 | \$ (2,595) |
| Other | 5,000 | 5,000 | 16,117 | 11,117 |
| Federal sources | | | | |
| Educational programs and other | 431,162 | 430,000 | 429,050 | (950) |
| Total Revenues | <u>626,162</u> | <u>645,000</u> | <u>652,572</u> | <u>7,572</u> |
| Expenditures | | | | |
| Current | | | | |
| Non-instructional | 616,162 | 614,166 | 650,911 | (36,745) |
| Capital outlay | 10,000 | 10,000 | 10,999 | (999) |
| Total Expenditures | <u>626,162</u> | <u>624,166</u> | <u>661,910</u> | <u>(37,744)</u> |
| Excess (deficiency) of revenues over expenses | - | 20,834 | (9,338) | (30,172) |
| Other Financing Sources | | | | |
| Transfer in | - | 20,718 | 100,454 | 79,736 |
| Net Change in Fund Balances | - | 41,552 | 91,116 | 49,564 |
| Fund Balance, Beginning of Year | - | (91,116) | (91,116) | - |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ (49,564)</u> | <u>\$ -</u> | <u>\$ 49,564</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, 2015

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------|----------------------------------------|-------------------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 1,000,000 | \$ 1,000,000 | \$ 979,618 | \$ (20,382) |
| Earnings on investments | 100 | 100 | 591 | 491 |
| Other | 3,000 | 3,000 | 3,582 | 582 |
| State sources | | | | |
| Other | 330,000 | 296,733 | 296,733 | - |
| Total Revenues | 1,333,100 | 1,299,833 | 1,280,524 | (19,309) |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 1,050,000 | 1,050,000 | 1,050,000 | - |
| Interest | 76,000 | 76,000 | 70,750 | 5,250 |
| Total Expenditures | 1,126,000 | 1,126,000 | 1,120,750 | 5,250 |
| Net Change in Fund Balances | 207,100 | 173,833 | 159,774 | (14,059) |
| Fund Balance, Beginning of Year | 564,263 | 1,172,831 | 1,172,831 | - |
| Fund Balance, End of Year | \$ 771,363 | \$ 1,346,664 | \$ 1,332,605 | \$ (14,059) |

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Year Ended June 30, 2015

| | <u>Original Budget Amounts</u> | <u>Final Budget Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------|----------------------------------------|-------------------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | | |
| Local sources | | | | |
| Earnings on investments | \$ - | \$ 120 | \$ 110 | \$ (10) |
| Total Revenues | <u>-</u> | <u>120</u> | <u>110</u> | <u>(10)</u> |
| Expenditures | | | | |
| Current | | | | |
| Non-instructional | - | - | 17,204 | (17,204) |
| Capital outlay | <u>-</u> | <u>110,813</u> | <u>88,661</u> | <u>22,152</u> |
| Total Expenditures | <u>-</u> | <u>110,813</u> | <u>105,865</u> | <u>4,948</u> |
| Net Change in Fund Balances | - | (110,693) | (105,755) | (4,958) |
| Fund Balance, Beginning of Year | <u>-</u> | <u>110,693</u> | <u>110,693</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,938</u> | <u>\$ (4,958)</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, 2015

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|------------------------------------------------------|----------------------------------------|-------------------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | | |
| Local sources | | | | |
| Other | \$ - | \$ - | \$ 2,250 | \$ 2,250 |
| Total Revenues | - | - | 2,250 | 2,250 |
| Expenditures | | | | |
| Capital outlay | - | 120,000 | - | 120,000 |
| Total Expenditures | - | 120,000 | - | 120,000 |
| Excess (Deficiency) of Revenues over Expenditures | - | (120,000) | 2,250 | 122,250 |
| Other Financing Sources | | | | |
| Transfers in | - | 49,292 | 49,292 | - |
| Transfers out | - | (12,792) | - | 12,792 |
| Net Change in Fund Balances | - | (83,500) | 51,542 | 135,042 |
| Fund Balance, Beginning of Year | 105,192 | 177,751 | 164,959 | (12,792) |
| Fund Balance, End of Year | \$ 105,192 | \$ 94,251 | \$ 216,501 | \$ 122,250 |

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Employer's Share of Net Pension Liability
Year Ended June 30, 2015

| | <u>2015</u> |
|----------------------------------------------------------------------------------------------------------------|--------------|
| Employer's Portion of net the pension liability | 0.187% |
| Employer's proportionate share of the net pension liability | \$ 1,379,312 |
| Employer's covered-employee payroll | \$ 5,202,237 |
| Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 26.51% |
| Plan fiduciary net position as a percentage of the total pension liability | 94.95% |

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2014 (measurement date).

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Employer Contributions
Year Ended June 30, 2015

| | <u>2015</u> |
|--------------------------------------------------------------------|-------------|
| Statutorily required contribution | \$ 588,894 |
| Contributions in relation to the statutorily required contribution | 588,894 |
| Contribution (deficiency) excess | - |
| Employer's covered-employee payroll | 5,202,237 |
| Contributions as a percentage of covered-employee payroll | 11.32% |

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

Data reported is measured as of June 30, 2015.

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, 2015

| | <u>June 30, 2014</u> | <u>Additions</u> | <u>Deductions</u> | <u>June 30, 2015</u> |
|------------------------------------------|----------------------|------------------|-------------------|----------------------|
| High School Activity Fund | | | | |
| Assets | | | | |
| Cash | \$ 175,121 | \$ 481,508 | \$ 496,360 | \$ 160,269 |
| Liabilities | | | | |
| Due to student groups | \$ 175,121 | \$ 481,508 | \$ 496,360 | \$ 160,269 |
| Junior High School Activity Fund | | | | |
| Assets | | | | |
| Cash | \$ 34,888 | \$ 55,050 | \$ 53,773 | \$ 36,165 |
| Liabilities | | | | |
| Due to student groups | \$ 34,888 | \$ 55,050 | \$ 53,773 | \$ 36,165 |
| Intermediate School Activity Fund | | | | |
| Assets | | | | |
| Cash | \$ 12,466 | \$ 34,328 | \$ 29,977 | \$ 16,817 |
| Liabilities | | | | |
| Due to student groups | \$ 12,466 | \$ 34,328 | \$ 29,977 | \$ 16,817 |
| Elementary School Activity Fund | | | | |
| Assets | | | | |
| Cash | \$ 11,840 | \$ 53,562 | \$ 51,919 | \$ 13,483 |
| Liabilities | | | | |
| Due to student groups | \$ 11,840 | \$ 53,562 | \$ 51,919 | \$ 13,483 |
| Total - All School Activity Funds | | | | |
| Assets | | | | |
| Cash | \$ 234,315 | \$ 624,448 | \$ 632,029 | \$ 226,734 |
| Liabilities | | | | |
| Due to student groups | \$ 234,315 | \$ 624,448 | \$ 632,029 | \$ 226,734 |

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2015

| | <u>Medicaid Fund</u> | <u>Laptop Grant Fund</u> | <u>Superintendent Network Fund</u> | <u>Insurance Buy Down Fund</u> |
|-----------------------------------------------------------------------------------|--------------------------|----------------------------------|--------------------------------------------|----------------------------------------|
| Assets | | | | |
| Cash and Investments | \$ 2,690 | \$ - | \$ - | \$ - |
| Receivables | | | | |
| State of Idaho | 11,939 | - | - | - |
| Other | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 14,629</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | - | - | - | - |
| Salary contracts payable | 14,629 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>14,629</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenues | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Fund Balances | | | | |
| Restricted | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| | <u>\$ 14,629</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See Independent Auditors' Report

| School Building Maintenance Fund | Wellness Fund | Driver Education Fund | Vocational Education Fund | State Technology Fund | Substance Abuse Fund |
|-------------------------------------------------|--------------------------|--------------------------------------|------------------------------------------|--------------------------------------|-------------------------------------|
| \$ - | \$ 10,369 | \$ 5,259 | \$ 5,322 | \$ 99,567 | \$ 2,723 |
| - | - | - | - | 4,503 | - |
| - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ 10,369</u> | <u>\$ 5,259</u> | <u>\$ 5,322</u> | <u>\$ 104,070</u> | <u>\$ 2,723</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 11,576 | - |
| - | - | - | 2,395 | 3,904 | - |
| - | - | - | 2,395 | 15,480 | - |
| - | - | - | - | - | - |
| - | 10,369 | 5,259 | 2,927 | 88,590 | 2,723 |
| - | 10,369 | 5,259 | 2,927 | 88,590 | 2,723 |
| <u>\$ -</u> | <u>\$ 10,369</u> | <u>\$ 5,259</u> | <u>\$ 5,322</u> | <u>\$ 104,070</u> | <u>\$ 2,723</u> |

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2015

| | 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 | \$ - | \$ - | \$ 4,957 | \$ 161 |
| Receivables | | | | |
| State of Idaho | - | - | - | - |
| Other | - | 58,662 | 23,766 | 1,437 |
| Total Assets | \$ - | \$ 58,662 | \$ 28,723 | \$ 1,598 |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Due to other funds | \$ - | \$ 13,233 | \$ - | \$ - |
| Accounts payable | - | 9,742 | - | - |
| Salary contracts payable | - | 35,687 | 28,723 | 1,598 |
| Total Liabilities | - | 58,662 | 28,723 | 1,598 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenues | - | - | - | - |
| Fund Balances | | | | |
| Restricted | - | - | - | - |
| Total Fund Balances | - | - | - | - |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ - | \$ 58,662 | \$ 28,723 | \$ 1,598 |

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 |
|------------------------------------------------------------|-----------------------------------------------|-----------------------------------|----------------------------------------|------------------------------------------------------|
| \$ - | \$ 16,694 | \$ 19,516 | \$ - | \$ 167,258 |
| - | - | - | - | 16,442 |
| 12,287 | - | - | 13,463 | 109,615 |
| <u>\$ 12,287</u> | <u>\$ 16,694</u> | <u>\$ 19,516</u> | <u>\$ 13,463</u> | <u>\$ 293,315</u> |
| | | | | |
| \$ 12,287 | \$ - | \$ - | \$ 5,189 | \$ 30,709 |
| - | - | - | 2,769 | 24,087 |
| - | 3,229 | 7,374 | 5,505 | 103,044 |
| <u>12,287</u> | <u>3,229</u> | <u>7,374</u> | <u>13,463</u> | <u>157,840</u> |
| | | | | |
| - | 13,465 | 12,142 | - | 25,607 |
| | | | | |
| - | - | - | - | 109,868 |
| | | | | |
| - | - | - | - | 109,868 |
| | | | | |
| <u>\$ 12,287</u> | <u>\$ 16,694</u> | <u>\$ 19,516</u> | <u>\$ 13,463</u> | <u>\$ 293,315</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, 2015

| | <u>Medicaid Fund</u> | <u>Laptop Grant Fund</u> | <u>Superintendent Network Fund</u> | <u>Insurance Buy Down Fund</u> |
|------------------------------------------------------|--------------------------|----------------------------------|--------------------------------------------|----------------------------------------|
| Revenues | | | | |
| Local sources | | | | |
| Other | \$ - | \$ - | \$ - | \$ - |
| State sources | | | | |
| Other | 359,986 | - | - | - |
| Federal sources | | | | |
| Educational programs and other | - | - | - | - |
| Total Revenues | <u>359,986</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | |
| Current | | | | |
| Instructional | 202,715 | 1,942 | - | - |
| Pupil support | - | - | - | - |
| Staff support | - | - | - | - |
| General administration | - | - | - | - |
| Business services | - | - | - | 21,540 |
| Operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | <u>202,715</u> | <u>1,942</u> | <u>-</u> | <u>21,540</u> |
| Excess (Deficiency) of Revenues over Expenditures | 157,271 | (1,942) | - | (21,540) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 114,758 | - | - | - |
| Transfers (out) | - | - | (3,000) | (24,584) |
| Net Change in Fund Balances | 272,029 | (1,942) | (3,000) | (46,124) |
| Fund Balance, Beginning of Year | <u>(272,029)</u> | <u>1,942</u> | <u>3,000</u> | <u>46,124</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See Independent Auditors' Report

| School Building Maintenance Fund | Wellness Fund | Driver Education Fund | Vocational Education Fund | State Technology Fund | Substance Abuse Fund |
|-------------------------------------------------|--------------------------|--------------------------------------|------------------------------------------|--------------------------------------|-------------------------------------|
| \$ - | \$ - | \$ 9,230 | \$ - | \$ - | \$ - |
| 29,306 | 6,850 | 17,125 | 40,432 | 53,586 | 12,023 |
| - | - | - | - | - | - |
| <u>29,306</u> | <u>6,850</u> | <u>26,355</u> | <u>40,432</u> | <u>53,586</u> | <u>12,023</u> |
| - | 2,737 | 22,067 | 40,147 | 128,474 | 9,000 |
| - | - | - | - | - | 300 |
| - | - | - | - | - | - |
| - | - | - | - | 12,833 | - |
| - | - | - | - | - | - |
| 29,306 | - | - | - | - | - |
| - | - | - | - | 7,500 | - |
| <u>29,306</u> | <u>2,737</u> | <u>22,067</u> | <u>40,147</u> | <u>148,807</u> | <u>9,300</u> |
| - | 4,113 | 4,288 | 285 | (95,221) | 2,723 |
| - | 1,588 | - | 2,880 | 70,596 | - |
| - | - | - | - | - | - |
| - | 5,701 | 4,288 | 3,165 | (24,625) | 2,723 |
| - | 4,668 | 971 | (238) | 113,215 | - |
| \$ - | \$ 10,369 | \$ 5,259 | \$ 2,927 | \$ 88,590 | \$ 2,723 |

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, 2015

| | <u>Federal Forest Fund</u> | <u>Title I-A ESEA Basic Fund</u> | <u>Title VI-B IDEA School Age Fund</u> | <u>Title VI-B IDEA Preschool Fund</u> |
|------------------------------------------------------|------------------------------------|------------------------------------------|------------------------------------------------|-----------------------------------------------|
| Revenues | | | | |
| Local sources | | | | |
| Other | \$ - | \$ - | \$ - | \$ - |
| State sources | | | | |
| Other | - | - | - | - |
| Federal sources | | | | |
| Educational programs and other | 1,971 | 203,199 | 239,337 | 9,852 |
| Total Revenues | <u>1,971</u> | <u>203,199</u> | <u>239,337</u> | <u>9,852</u> |
| Expenditures | | | | |
| Current | | | | |
| Instructional | - | 180,983 | 267,011 | 9,716 |
| Pupil support | - | - | 9,812 | - |
| Staff support | - | - | - | - |
| General administration | - | 8,090 | - | - |
| Business services | - | - | - | - |
| Operations | - | - | - | - |
| Capital outlay | - | 11,653 | 6,995 | - |
| Total Expenditures | <u>-</u> | <u>200,726</u> | <u>283,818</u> | <u>9,716</u> |
| Excess (Deficiency) of Revenues over Expenditures | 1,971 | 2,473 | (44,481) | 136 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 48,511 | - |
| Transfers (out) | (1,971) | (2,473) | (4,030) | (136) |
| Net Change in Fund Balances | - | - | - | - |
| Fund Balance, Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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 |
|------------------------------------------------------------|-----------------------------------------------|-----------------------------------|----------------------------------------|------------------------------------------------------|
| \$ - | \$ - | \$ 24,117 | \$ - | \$ 33,347 |
| - | - | - | - | 519,308 |
| <u>12,287</u> | <u>50,515</u> | <u>53,212</u> | <u>96,691</u> | <u>667,064</u> |
| <u>12,287</u> | <u>50,515</u> | <u>77,329</u> | <u>96,691</u> | <u>1,219,719</u> |
| 3,097 | - | 53,879 | 96,691 | 1,018,459 |
| - | - | - | - | 10,112 |
| - | 50,029 | - | - | 50,029 |
| - | - | - | - | 20,923 |
| - | - | - | - | 21,540 |
| - | - | - | - | 29,306 |
| <u>9,190</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>35,338</u> |
| <u>12,287</u> | <u>50,029</u> | <u>53,879</u> | <u>96,691</u> | <u>1,185,707</u> |
| - | 486 | 23,450 | - | 34,012 |
| 6,583 | - | 667 | - | 245,583 |
| <u>-</u> | <u>(486)</u> | <u>(24,117)</u> | <u>-</u> | <u>(60,797)</u> |
| 6,583 | - | - | - | 218,798 |
| <u>(6,583)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(108,930)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 109,868</u> |

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2015

| | <u>General Fund</u> | <u>Debt Service Fund</u> |
|---------------------------------------------------------|-------------------------|----------------------------------|
| Madison and Fremont Counties | | |
| Balance at June 30, 2014 | \$ 27,379 | \$ 296,650 |
| Add - Taxes Assessed for 2014 (Net of Cancellations) | 2,076 | 975,598 |
| Less - Collections Received | <u>(26,937)</u> | <u>(926,497)</u> |
| Balance at June 30, 2015 | <u>\$ 2,518</u> | <u>\$ 345,751</u> |

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
General Bonded Debt – Future Principal and Interest Requirements
Year Ended June 30, 2015

| | ANNUAL PAYMENT | | | |
|--------------------------|------------------|----------------|---------------------|---------------------|
| | Interest Rate | Fiscal Year | Principal Amount | Interest Payment |
| General Obligation Bonds | | | | |
| Series 2012 | 2.000% | 2016 | 1,070,000 | 54,800 |
| | 2.000% | 2017 | 1,090,000 | 33,200 |
| | 2.000% | 2018 | 1,115,000 | 11,150 |
| | | | \$ 3,275,000 | \$ 99,150 |

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, 2015

| Name of Organization | Balance June 30, 2014 | Cash Receipts | Cash Disbursements | Transfers To (From) | Balance June 30, 2015 |
|-----------------------------|--------------------------------------|--------------------------|-------------------------------|------------------------------------|--------------------------------------|
| Activities | \$ 32,522 | \$ 102,225 | \$ 118,438 | \$ 1,011 | \$ 17,320 |
| Baseball | 82 | - | 117 | - | (35) |
| Boys Basketball | (4,081) | 31,427 | 23,771 | 48 | 3,623 |
| Cheerleaders | 66 | 27,891 | 27,206 | 471 | 1,222 |
| Drill Team | (2,638) | 2,498 | - | - | (140) |
| FB Digger Card | 4,975 | 10,874 | 10,232 | - | 5,617 |
| Football Equipment | 2,455 | 2,585 | 4,270 | 10 | 780 |
| GBB | 3,088 | 15,048 | 12,533 | (1,341) | 4,262 |
| GBB Youth | 1,808 | - | - | - | 1,808 |
| Soccer - Boys | 470 | 275 | 218 | - | 527 |
| Soccer - Girls | 266 | 543 | 783 | - | 26 |
| Softball | 2,108 | 2,295 | 4,304 | - | 99 |
| Tennis Club | 525 | 3,980 | 4,106 | 135 | 534 |
| Track | (263) | 3,763 | 3,541 | 20 | (21) |
| Volleyball | (123) | 4,764 | 3,449 | - | 1,192 |
| Wrestling | 1,333 | 7,226 | 7,636 | 182 | 1,105 |
| X-Country | (109) | 3,693 | 3,300 | - | 284 |
| Christmas Fund | 5,876 | 11,697 | 12,808 | (159) | 4,606 |
| First Aid | 356 | - | 25 | - | 331 |
| Graduation | 1,867 | 4,795 | 4,888 | 62 | 1,836 |
| Embroidery | - | 535 | - | - | 535 |
| Interest Income | (2,016) | 10,882 | 9,694 | 116 | (712) |
| Milk Machine | 254 | 1,659 | 1,582 | (100) | 231 |
| Sales Tax | - | 2,957 | 2,957 | - | - |
| School Store | 719 | 15,501 | 14,948 | 225 | 1,497 |
| Vending | - | 2,074 | 1,431 | - | 643 |
| Vinyl Signs | 1,309 | 3,058 | 1,212 | (2,600) | 555 |
| Student Body | 952 | 9,122 | 9,116 | (142) | 816 |
| Student Council | 219 | 4,055 | 4,417 | 143 | - |
| Seniors | 2,238 | 8,194 | 7,419 | 35 | 3,048 |
| Junior | 1,609 | - | 47 | - | 1,562 |
| Sophomores | 1,200 | - | 181 | - | 1,019 |
| Freshmen | 1,249 | - | - | - | 1,249 |
| Book Rental | 2,195 | - | 585 | - | 1,610 |
| Distinguished Student | 1,660 | - | - | - | 1,660 |
| ACA DECA | 543 | 74 | 350 | - | 267 |
| Speech Trip Blacksnake | 278 | - | - | - | 278 |
| BPA | 1,248 | 6,172 | 8,286 | 1,314 | 448 |
| Debate | 30 | - | - | - | 30 |
| Drama Club | 1,012 | 1,090 | 1,040 | 420 | 1,482 |
| Drama Scholarship | 1,518 | - | - | - | 1,518 |
| FCCLA | 1,630 | 12,242 | 14,864 | 970 | (22) |
| FFA | 3,091 | 7,289 | 6,685 | - | 3,695 |
| Latino Club | 398 | 585 | 808 | (30) | 145 |
| Speech Club | 1,347 | - | 20 | (1,327) | - |
| TSA | 355 | 2,876 | 2,120 | 49 | 1,160 |
| Honor Society | 121 | 26 | - | - | 147 |
| Rodeo Club | - | 1,720 | 1,720 | - | - |

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, 2015

| <u>Name of Organization</u> | <u>Balance June 30, 2014</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Transfers To (From)</u> | <u>Balance June 30, 2015</u> |
|-----------------------------|--------------------------------------|--------------------------|-------------------------------|------------------------------------|--------------------------------------|
| Art | 1,030 | 1,806 | 2,430 | 8 | 414 |
| Band | 416 | 16,381 | 15,970 | (679) | 148 |
| Basic Design | 20 | - | - | - | 20 |
| Choral Music | 2,356 | 5,127 | 7,248 | (40) | 195 |
| Computer Tech | 8,332 | 520 | 2,459 | - | 6,393 |
| Digital Scrapbook | 1,241 | 3,854 | 3,178 | 140 | 2,057 |
| Drama | 7,610 | 14,116 | 18,277 | 1,505 | 4,954 |
| Drivers Ed | 2,155 | 13,861 | 12,105 | (100) | 3,811 |
| Environmental Science | 654 | 600 | 474 | (30) | 750 |
| Envtl. Science Supplies | 1 | 3,669 | 3,574 | (49) | 47 |
| Forensic Science | 144 | - | - | - | 144 |
| Industrial Tech | 729 | 2,324 | 2,314 | (10) | 729 |
| Math | 710 | - | 635 | - | 75 |
| Nutrition | (327) | 2,818 | 2,558 | 420 | 353 |
| PBIS | 2,821 | 282 | - | (3,103) | - |
| Photography | 922 | 1,550 | 1,714 | (20) | 738 |
| Spanish Class | 17 | - | - | - | 17 |
| Special Ed | 44 | - | - | - | 44 |
| Teen-Adult Living | 25 | 40 | 65 | - | - |
| VO -AG | 4,161 | 2,359 | 4,796 | (10) | 1,714 |
| Woods | 4,844 | 2,771 | 4,249 | 2,500 | 5,866 |
| Zoology | - | 3,445 | 2,535 | 90 | 1,000 |
| Nursing | - | 355 | 280 | - | 75 |
| College Courses | 1,780 | 175 | 1,101 | 20 | 874 |
| IEN | 300 | 653 | 1,028 | - | (75) |
| Adv. Zoology | 25 | 10 | - | - | 35 |
| Orchestra | - | 10,728 | 9,452 | (134) | 1,142 |
| AP-Exams | 50 | 12,049 | 7,887 | (783) | 3,429 |
| Hoby | 1,250 | - | - | - | 1,250 |
| IDLA | 4,300 | 450 | 1,575 | - | 3,175 |
| Exchange Students | 1,545 | 5,200 | 6,228 | - | 517 |
| Mark Blaser | 1,627 | 1,604 | 2,104 | (1,127) | - |
| Counselors | 1,225 | 1,825 | 1,154 | - | 1,896 |
| Yearbook | 7,553 | 17,506 | 16,460 | 20 | 8,619 |
| Yearbook Ads | 1,277 | 240 | 550 | - | 967 |
| Valley View | 5,119 | 289 | 714 | - | 4,694 |
| Darla Miyasaki Memorial | 4,557 | 2,500 | 3,500 | 1,127 | 4,684 |
| PSAT | 102 | 2,856 | - | - | 2,958 |
| Laptop Insurance | 15,663 | 14,576 | 12,804 | 30 | 17,465 |
| IMEA | 458 | 8,541 | 8,661 | 713 | 1,051 |
| Savings | 16,643 | 738 | 7,174 | - | 10,207 |
| | <u>\$ 175,121</u> | <u>\$ 481,508</u> | <u>\$ 496,360</u> | <u>\$ -</u> | <u>\$ 160,269</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, 2015

| <u>Name of Organization</u> | <u>Balance June 30, 2014</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Transfers To (From)</u> | <u>Balance June 30, 2015</u> |
|-----------------------------|--------------------------------------|--------------------------|-------------------------------|------------------------------------|--------------------------------------|
| Teachers Fund | \$ 558 | \$ - | \$ 20 | \$ - | \$ 538 |
| General | 7,277 | 8,780 | 8,298 | 85 | 7,844 |
| Participation Fee | 9,171 | 6,795 | 5,306 | (5,653) | 5,007 |
| Yearbook | 279 | 6,480 | 7,280 | 500 | (21) |
| Book Fee | 7 | - | - | - | 7 |
| Activity Fee | 1,091 | 4,789 | 4,902 | - | 978 |
| Gym | 1,434 | 226 | 675 | 3,000 | 3,985 |
| Volleyball | 50 | - | - | - | 50 |
| Wrestling | 525 | 20 | 84 | - | 461 |
| Girls Basketball | 58 | 540 | 390 | - | 208 |
| Boys Basketball | 103 | - | - | - | 103 |
| Track | (122) | 360 | 356 | 123 | 5 |
| Choir | 1,529 | 1,087 | 250 | (438) | 1,928 |
| Band | 1,253 | 1,761 | 1,626 | - | 1,388 |
| Orchestra | 355 | 4,509 | 4,789 | - | 75 |
| Art | 6,319 | 2,764 | 1,814 | (1,000) | 6,269 |
| Interest/Service Charges | (2,414) | 87 | - | 2,438 | 111 |
| Digital Photography | 2,905 | 540 | 394 | (1,000) | 2,051 |
| Science | 196 | 250 | 121 | - | 325 |
| Zoology | 483 | 316 | 8 | - | 791 |
| Young Living | 506 | 427 | 559 | (55) | 319 |
| Cheerleading | 2,444 | 14,296 | 16,625 | - | 115 |
| Greenhouse | 881 | 500 | 276 | - | 1,105 |
| Volleyball Equipment | - | 523 | - | - | 523 |
| PE Equipment | - | - | - | 2,000 | 2,000 |
| | <u>\$ 34,888</u> | <u>\$ 55,050</u> | <u>\$ 53,773</u> | <u>\$ -</u> | <u>\$ 36,165</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, 2015

| Name of Organization | Balance June 30, 2014 | Cash Receipts | Cash Disbursements | Transfers To (From) | Balance June 30, 2015 |
|-----------------------------|--------------------------------------|--------------------------|-------------------------------|------------------------------------|--------------------------------------|
| Student Body Fees | \$ 669 | \$ 4,956 | \$ 5,625 | \$ - | \$ - |
| Gym Rental | 2,714 | - | 1,542 | - | 1,172 |
| Pictures | 966 | 904 | 881 | - | 989 |
| Vending Machine | 151 | 384 | 478 | - | 57 |
| Music | 158 | 150 | - | - | 308 |
| Teacher Accounts | 589 | 8,994 | 2,817 | - | 6,766 |
| Library Account | 975 | 1,505 | 1,981 | - | 499 |
| School Fundraisers | 3,617 | 541 | 891 | - | 3,267 |
| Clearing Account | (450) | 500 | 50 | - | - |
| School Store | 1,515 | 3,152 | 2,260 | - | 2,407 |
| PBIS | 1,542 | 1,476 | 1,941 | - | 1,077 |
| Orchestra | 20 | 1,175 | 920 | - | 275 |
| Digger Color Run | - | 10,591 | 10,591 | - | - |
| | <u>\$ 12,466</u> | <u>\$ 34,328</u> | <u>\$ 29,977</u> | <u>\$ -</u> | <u>\$ 16,817</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, 2015

| Name of Organization | Balance June 30, 2014 | Cash Receipts | Cash Disbursements | Transfers To (From) | Balance June 30, 2015 |
|-----------------------------|--------------------------------------|--------------------------|-------------------------------|------------------------------------|--------------------------------------|
| General Fund | \$ - | \$ 2,167 | \$ 1,229 | \$ (770) | \$ 168 |
| Teacher Fund | 925 | 12,952 | 16,403 | 3,970 | 1,444 |
| School Fees | 9 | 10,938 | 6,752 | (4,101) | 94 |
| Vending | 71 | 1,284 | 2,019 | 830 | 166 |
| Preschool | 3,571 | 4,923 | 5,766 | - | 2,728 |
| Copy Machine | 106 | 122 | 115 | - | 113 |
| Fundraiser | 6,858 | 19,048 | 17,207 | 71 | 8,770 |
| Candy | - | 38 | 196 | 158 | - |
| Digger | 300 | 2,090 | 2,232 | (158) | - |
| | <u>\$ 11,840</u> | <u>\$ 53,562</u> | <u>\$ 51,919</u> | <u>\$ -</u> | <u>\$ 13,483</u> |

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

| | 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 | 106,211 | 106,211 |
| School Lunch Program | 10.555 | 429,830 | 429,830 |
| Special Milk Program | 10.556 | 2,431 | 2,431 |
| Summer Food Service Program for Children | 10.559 | 13,922 | 13,922 |
| Passed Through Madison/Fremont Counties: | | | |
| Federal Forest | 10.665 | 1,971 | 1,971 |
| | | <u>554,365</u> | <u>554,365</u> |
| U.S. Department of Education | | | |
| Passed Through State Department of Education: | | | |
| * Title I-Basic | 84.010 | 200,726 | 337,105 |
| Special Education Cluster | | | |
| Title VI-B | 84.027 | 283,818 | 416,729 |
| Title VI-B - Preschool | 84.173 | 9,716 | 8,415 |
| Vocational Education Basic Grant | 84.048 | 12,287 | 12,287 |
| Twenty-First Century Community Learning Ctrs | 84.287 | 96,691 | 108,393 |
| Gaining Early Awareness and Readiness | 84.334 | 53,879 | 73,083 |
| Improving Teacher Quality | 84.367 | 50,029 | 54,426 |
| | | <u>707,146</u> | <u>1,010,438</u> |
| | | <u>\$ 1,261,511</u> | <u>\$ 1,564,803</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, 2015

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.



**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, 2015, 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 23, 2015.

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

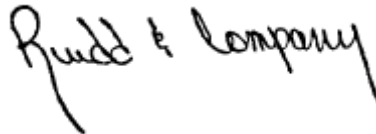
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

Idaho Falls, Idaho
September 23, 2015



**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, 2015. 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, 2015.

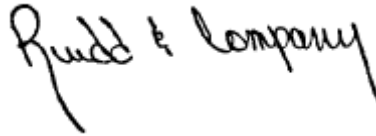
Report on Internal Control Over Compliance

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 23, 2015

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

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? | No |

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2015

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 |
| 84.010 | Title I-A Basic |

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

U.S. DEPARTMENT OF AGRICULTURE

Child Nutrition Cluster – CFDA No. 10.553, 10.555, 10.559

Finding 2014-1

Conditions: 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.

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.

Current Status: Recommendations were adopted in 2014, no similar findings were noted in the 2015 audit.