



**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, 2019**

*giving direction to your future*

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**

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**June 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Sugar-Salem Joint 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 Joint School District No. 322 as of and for the year ended June 30, 2019, 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 Joint School District No. 322 as of June 30, 2019, 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 Joint School District No. 322 as of June 30, 2019, 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 49 through 53, and pension information on pages 54 and 55 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.

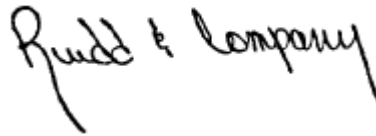
### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sugar-Salem Joint 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 3, 2019, on our consideration of the Sugar-Salem Joint 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 Joint School District No. 322's internal control over financial reporting and compliance.

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

Idaho Falls, Idaho  
September 3, 2019



**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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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, 2019.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$13,518,747. Of this amount, \$2,494,249 is unrestricted.
- Total net position increased \$1,670,054, which represents a 13.9% increase from fiscal year 2018.
- General revenues account for \$11,964,836 in revenue, or 88.5% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,557,891 or 11.5% of total revenues.
- The District had \$11,852,673 in expenses; only \$1,557,891 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues and net asset reserves were adequate to provide for these programs.
- Among major funds, the General Fund had \$9,778,989 in revenues and \$8,912,927 in expenditures. The General Fund's fund balance decreased \$377,188 from the prior year.
- \$900,000 was transferred from the General Fund to the Capital Projects Fund and are committed for capital projects.

**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, 2019**

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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, 2019**

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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 debt service fund, the capital projects fund, and the plant facility fund, all of which are considered to be major funds. Data from the other eighteen 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 debt service fund, the capital projects 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 24-47 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 58-67 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 \$13,518,747 at the close of the most recent fiscal year.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

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<b>Net Position</b>	<b>Governmental Assets</b>	
	<b>2019</b>	<b>2018</b>
Current and Other Assets	\$ 6,679,849	\$ 7,491,865
Capital Assets	10,535,280	9,599,935
<b>Total Assets</b>	<b>17,215,129</b>	<b>17,091,800</b>
Deferred Outflows of Resources	1,170,347	1,081,101
Current Liabilities	2,298,361	2,602,773
Long-term Liabilities	1,970,796	3,191,333
<b>Total Liabilities</b>	<b>4,269,157</b>	<b>5,794,106</b>
Deferred Inflows of Resources	597,572	530,102
Net Position		
Net Investment in Capital Assets	9,530,995	7,599,935
Restricted	1,493,503	1,502,312
Unrestricted	2,494,249	2,746,446
<b>Total Net Position</b>	<b>\$ 13,518,747</b>	<b>\$ 11,848,693</b>

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 \$1,493,503 represents an amount that is subject to external restrictions. The remaining balance in *unrestricted net position* is \$2,494,249.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

<b>Changes in Net Position</b>	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Revenues		
Program revenues		
Charges for services	\$ 272,709	\$ 262,918
Operating grants and contributions	1,285,182	1,132,732
General revenues		
Property tax	916,725	1,130,053
State support	10,291,278	10,127,899
Other	756,833	193,929
<b>Total Revenues</b>	<b>13,522,727</b>	<b>12,847,531</b>
Expenses		
Instructional	6,918,181	6,465,362
Pupil support	209,035	190,707
Staff support	507,388	418,900
General administration	367,211	240,894
School administration	674,257	638,691
Business service	115,163	103,068
Operations	1,060,769	1,042,282
Transportation	481,239	467,674
Non-instructional	104,216	164,940
Interest	14,030	10,487
Other debt service cost	-	27,550
Depreciation	692,967	601,536
Child nutrition services	708,217	700,555
<b>Total Expenses</b>	<b>11,852,673</b>	<b>11,072,646</b>
<b>Change in Net Position</b>	<b>\$ 1,670,054</b>	<b>\$ 1,774,885</b>

**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, 2019**

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**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 \$551,133. The fund balance decreased by \$377,188 during the current fiscal year.

Expenditures for general District purposes totaled \$8,912,927, an increase of 6.1% during the current fiscal year.

The child nutrition fund has a total fund balance of \$99,381, all of which is restricted to the child nutrition program. The fund balance decreased by \$7,677 during the current year.

The debt service fund has a total fund balance of \$1,415,578, all of which is restricted for future debt service payments. The fund balance increased by \$106,025 during the current year.

The capital projects fund has a total fund balance of \$2,432,085 all of which is committed for purchase of equipment and related expenditures. The fund balance decreased by \$38,532 during the current year.

The plant facility fund has a total fund balance of \$52,475, which is restricted for the purchase of equipment and related expenditures. The fund balance decreased by \$103,818 during the current year.

**General Fund Budgetary Highlights**

During the current fiscal year, the \$356,995 positive budget to actual variance in total general fund revenues, and the \$595,826 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, 2019**

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**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, 2019**

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<b>Assets</b>	<b>Governmental Activities</b>
Cash and Investments	\$ 5,924,206
Receivables	
Property taxes	314,588
State of Idaho	311,815
Other	129,240
Capital Assets	
Sites	1,243,714
Construction in progress	28,800
Buildings and equipment, net of depreciation	<u>9,262,766</u>
Total Assets	<u>17,215,129</u>
<b>Deferred Outflows of Resources</b>	
Pension related	<u>1,170,347</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 18,385,476</u>

The Accompanying Notes are an Integral Part of the Financial Statements

<b>Liabilities</b>	<b>Governmental Activities</b>
Accounts payable	\$ 136,191
Salary contracts payable	1,155,123
Interest payable	2,762
Long-term liabilities:	
Portion due or payable within one year:	
Bonds, capital leases, and contracts	1,004,285
Portion due or payable after one year:	
Net pension liability	<u>1,970,796</u>
 Total Liabilities	 <u>4,269,157</u>
 <b>Deferred Inflows of Resources</b>	
 Unavailable revenues	 147
Pension related	<u>597,425</u>
 Total Deferred Inflows of Resources	 <u>597,572</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>\$ 4,866,729</u>
 <b>Net Position</b>	
 Net investment in capital assets	 \$ 9,530,995
Restricted for:	
Debt service	1,441,028
Capital projects	52,475
Unrestricted	<u>2,494,249</u>
 Total Net Position	 <u>\$ 13,518,747</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, 2019**

Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:				
Instructional	\$ 6,918,181	\$ 20,000	\$ 857,351	\$ (6,040,830)
Pupil support	209,035	-	-	(209,035)
Staff support	507,388	-	-	(507,388)
General administration	367,211	-	-	(367,211)
School administration	674,257	-	-	(674,257)
Business services	115,163	-	-	(115,163)
Operations	1,060,769	-	-	(1,060,769)
Transportation	481,239	-	-	(481,239)
Non-instructional	104,216	-	-	(104,216)
Interest on				
long-term debt	14,030	-	-	(14,030)
Depreciation -				
unallocated*	692,967	-	-	(692,967)
Child nutrition services	<u>708,217</u>	<u>252,709</u>	<u>427,831</u>	<u>(27,677)</u>
Total Governmental Activities	<u>\$ 11,852,673</u>	<u>\$ 272,709</u>	<u>\$ 1,285,182</u>	<u>(10,294,782)</u>
General Revenues:				
Taxes:				
				215,174
				701,551
				63,414
				600,228
				(62,755)
				10,291,278
				<u>155,946</u>
				11,964,836
				1,670,054
				<u>11,848,693</u>
				<u>\$ 13,518,747</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Balance Sheet – Governmental Funds**  
**June 30, 2019**

<b>Assets</b>	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Debt Service Fund</b>
Cash and Investments	\$ 1,165,896	\$ 147,552	\$ 1,199,815
Due from Other Funds	30,854	-	-
Receivables			
Property taxes	73,375	-	241,213
State of Idaho	311,815	-	-
Other	12,602	-	-
Total Assets	<u>\$ 1,594,542</u>	<u>\$ 147,552</u>	<u>\$ 1,441,028</u>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	14,559	5,159	-
Salary contracts payable	1,021,168	43,012	-
Total Liabilities	<u>1,035,727</u>	<u>48,171</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	7,682	-	25,450
<b>Fund Balances</b>			
Restricted	-	99,381	1,415,578
Committed	475,438	-	-
Unassigned	75,695	-	-
Total Fund Balances	<u>551,133</u>	<u>99,381</u>	<u>1,415,578</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,594,542</u>	<u>\$ 147,552</u>	<u>\$ 1,441,028</u>

The Accompanying Notes are an Integral Part of the Financial Statements

<b>Capital Projects Fund</b>	<b>Plant Facility Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 2,432,085	\$ 52,475	\$ 926,383	\$ 5,924,206
-	-	-	30,854
-	-	-	314,588
-	-	-	311,815
-	-	116,638	129,240
<u>\$ 2,432,085</u>	<u>\$ 52,475</u>	<u>\$ 1,043,021</u>	<u>\$ 6,710,703</u>
\$ -	\$ -	\$ 30,854	\$ 30,854
-	-	116,473	136,191
-	-	90,943	1,155,123
<u>-</u>	<u>-</u>	<u>238,270</u>	<u>1,322,168</u>
-	-	147	33,279
-	52,475	498,443	2,065,877
2,432,085	-	306,161	3,213,684
-	-	-	75,695
<u>2,432,085</u>	<u>52,475</u>	<u>804,604</u>	<u>5,355,256</u>
<u>\$ 2,432,085</u>	<u>\$ 52,475</u>	<u>\$ 1,043,021</u>	<u>\$ 6,710,703</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, 2019**

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

Total Fund Balance - Governmental Funds	\$ 5,355,256
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$21,611,742 and the accumulated depreciation is \$11,076,462.	10,535,280
Long-term liabilities, including bonds payable and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(1,007,047)
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.	(1,397,874)
Property tax revenue is recognized when earned rather than when available.	<u>33,132</u>
Net Position - Governmental Activities	<u>\$ 13,518,747</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, 2019**

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>
Revenues			
Local sources			
Property taxes	\$ 218,749	\$ -	\$ 712,567
Earnings on investments	89,951	-	23,197
Lunch sales	-	247,221	-
Other	59,080	5,488	4,334
State sources			
State apportionment	8,873,516	-	-
Other	537,693	-	378,410
Federal sources			
Educational programs and other	-	427,831	-
<b>Total Revenues</b>	<b>9,778,989</b>	<b>680,540</b>	<b>1,118,508</b>
Expenditures			
Current			
Instructional	5,618,863	-	-
Pupil support	199,884	-	-
Staff support	466,389	-	-
General administration	229,842	-	-
School administration	693,713	-	-
Business services	117,612	-	-
Operations	1,070,280	-	-
Transportation	487,043	-	-
Non-instructional	-	708,217	-
Debt Service:			
Principal	-	-	995,715
Interest	-	-	16,768
Capital Outlay	29,301	-	-
<b>Total Expenditures</b>	<b>8,912,927</b>	<b>708,217</b>	<b>1,012,483</b>
Excess (Deficiency) of Revenues over Expenditures	866,062	(27,677)	106,025
Other Financing Sources (Uses)			
Other financing sources - sales of capital assets	-	-	-
Transfers in	-	20,000	-
Transfers out	(1,243,250)	-	-
<b>Net Change in Fund Balances</b>	<b>(377,188)</b>	<b>(7,677)</b>	<b>106,025</b>
Fund Balance Beginning of Year	928,321	107,058	1,309,553
Fund Balance End of Year	\$ 551,133	\$ 99,381	\$ 1,415,578

The Accompanying Notes are an Integral Part of the Financial Statements



<b>Capital Projects Fund</b>	<b>Plant Facility Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 931,316
42,798	-	-	155,946
-	-	-	247,221
-	-	20,000	88,902
-	-	-	8,873,516
-	-	501,659	1,417,762
-	-	857,351	1,285,182
<u>42,798</u>	<u>-</u>	<u>1,379,010</u>	<u>12,999,845</u>
-	-	1,468,728	7,087,591
-	-	14,436	214,320
-	-	54,306	520,695
-	-	142,666	372,508
-	-	-	693,713
-	-	-	117,612
-	-	-	1,070,280
-	-	-	487,043
111,872	-	-	820,089
-	-	-	995,715
-	-	-	16,768
<u>869,458</u>	<u>179,780</u>	<u>14,800</u>	<u>1,093,339</u>
<u>981,330</u>	<u>179,780</u>	<u>1,694,936</u>	<u>13,489,673</u>
(938,532)	(179,780)	(315,926)	(489,828)
-	2,500	-	2,500
900,000	73,462	249,788	1,243,250
-	-	-	(1,243,250)
<u>(38,532)</u>	<u>(103,818)</u>	<u>(66,138)</u>	<u>(487,328)</u>
<u>2,470,617</u>	<u>156,293</u>	<u>870,742</u>	<u>5,842,584</u>
<u>\$ 2,432,085</u>	<u>\$ 52,475</u>	<u>\$ 804,604</u>	<u>\$ 5,355,256</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, 2019**

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

Net Change in Fund Balance - Governmental Funds	\$ (487,328)
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 the capital outlay exceeded depreciation.	400,372
Donations of assets to be used are recorded as general revenues on the government-wide statements, but are not recorded in the governmental funds.	600,228
The gain or loss on sales and dispositions of capitalized assets on the statement of activities are not recorded in the governmental funds since capital outlays are initially recorded as expenditures in the funds and are not capitalized.	(65,255)
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.	(14,591)
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 and related deferred outflows and inflows of resources from the previous year to the current year.	238,175
The governmental funds report debt repayment of principal and accrued interest as an expenditure while it is treated as a reduction of the liability in the government-wide statements.	<u>998,453</u>
Change in Net Position of Governmental Activities	<u>\$ 1,670,054</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, 2019**

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<b>Assets</b>	<b>Agency Funds</b>
Cash and Investments	\$ 310,758
Total Assets	<u>\$ 310,758</u>
 <b>Liabilities</b>	
Due to Student Groups	<u>\$ 310,758</u>
Total Liabilities	<u>\$ 310,758</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, 2019**

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#### **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, 2019**

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**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, 2019**

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**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 50:

	<u>Reported Amounts</u>	<u>Commodities Received</u>	<u>Amounts Reported in Comparison with Budget</u>
Child Nutrition Fund			
Total revenues	\$ 680,540	\$ (62,984)	\$ 617,556
Total expenditures	\$ 708,217	\$ (62,984)	\$ 645,233

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. The District did amend its budget during the year. Expenditures are not to exceed the budgeted amounts, except as allowed by law for certain events.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**1. Summary of Significant Accounting Policies (continued)**

**Encumbrances**

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

**Inventories**

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

**Capital Assets**

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

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

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

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

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

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**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 and the difference between projected and actual investment earnings on the pension plan investments. 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 District's allocable share of 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 and the differences between expected and actual experience.

**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, 2019**

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**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.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**2. Cash and Investments (continued)**

1. Deposits – At June 30, 2019, the carrying amount of the District’s deposits was \$736,587 and the respective bank balances totaled \$1,020,257. Of the bank balances, \$533,404 was insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.
2. Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. As of June 30, 2019, \$486,853 of the District’s total deposits of \$1,020,257 were not covered by federal depository insurance, and thus were exposed to custodial credit risk.
3. Investments – As of June 30, 2019, the District had the following investments:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
State Investment Pool	\$ 5,498,377	\$ 5,498,377	\$ -	\$ -	\$ -

4. Custodial Credit Risk, Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment.
5. Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the District structures its portfolio so that securities mature to meet cash requirements for ongoing operations.
6. Because the State Investment Pool as of June 30, 2019, had a weighted average maturity of 88 days, it was presented as an investment with a maturity of less than one year.
7. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the District’s policy to limit investments to the safest types of securities and to diversify the District’s investment portfolio so that potential losses on securities will be minimized. The District follows Idaho statute that outlines qualifying investment options.

**2. Cash and Investments (continued)**

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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Reconciliation of deposits categorization:

Cash and investments reported on the statement of net position	\$ 5,924,206
Cash and investments reported on the statement of fiduciary net assets	<u>310,758</u>
	<u>\$ 6,234,964</u>
Investments categorized	\$ 5,498,377
Deposits categorized	<u>736,587</u>
	<u>\$ 6,234,964</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, 2019, are generally based on the assessed values and tax levies established in 2018.

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, 2019**

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**4. Capital Assets**

Capital asset activity for the year ended June 30, 2019 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	\$ 508,693	\$ (8,839)	\$ 1,243,714
Construction in progress	89,912	28,800	(89,912)	28,800
	<u>833,772</u>	<u>537,493</u>	<u>(98,751)</u>	<u>1,272,514</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 833,772</u>	<u>\$ 537,493</u>	<u>\$ (98,751)</u>	<u>\$ 1,272,514</u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 14,881,089	\$ 563,829	\$ (29,022)	\$ 15,415,896
Furniture and equipment	4,530,400	682,157	(289,225)	4,923,332
	<u>19,477,489</u>	<u>1,245,986</u>	<u>(318,247)</u>	<u>20,339,228</u>
Total Capital Assets, Being Depreciated	<u>19,477,489</u>	<u>1,245,986</u>	<u>(318,247)</u>	<u>20,339,228</u>
Accumulated Depreciation for				
Buildings and improvements	(8,123,269)	(354,180)	7,733	(8,469,716)
Furniture and equipment	(2,522,057)	(338,787)	254,098	(2,606,746)
	<u>(10,645,326)</u>	<u>(692,967)</u>	<u>261,831</u>	<u>(11,076,462)</u>
Total Accumulated Depreciation	<u>(10,645,326)</u>	<u>(692,967)</u>	<u>261,831</u>	<u>(11,076,462)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 8,766,163</u>			<u>\$ 9,262,766</u>

Governmental funds focus on current financial resources. Consequently, donations of assets that will be used in operations, rather than sold, are not reported in the governmental funds. During the current fiscal year, the District received a donation of 45 acres of land to be used as the site for future district construction. Also, through donations received by the high school, a scoreboard for the high school athletic field was installed. Total value of the donated assets received by the district was \$600,228.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**5. General Obligation Bonds Payable**

Bonds outstanding at June 30, 2019, were as follows:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Obligation Bonds, Series 2017 Issue (Original amount--\$2,000,000)	1.10%	2020	\$ 1,004,285

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>
2020	\$ 1,004,285	\$ 5,524	\$ 1,009,809
	<u>\$ 1,004,285</u>	<u>\$ 5,524</u>	<u>\$ 1,009,809</u>

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**6. Changes in Long-term Debt**

The following is a summary of the District's long-term transactions for the year ended June 30, 2019:

	<b>General Obligation Bonds, Series 2017</b>	<b>Net Pension Liability</b>	<b>Total</b>
Long-term Obligations June 30, 2018	\$ 2,000,000	\$ 2,187,048	\$ 4,187,048
Obligations Incurred	-	-	-
Obligations Paid	<u>(995,715)</u>	<u>(216,252)</u>	<u>(1,211,967)</u>
Long-term Obligations June 30, 2019	<u>\$ 1,004,285</u>	<u>\$ 1,970,796</u>	<u>\$ 2,975,081</u>
Due within one year	<u>\$ 1,004,285</u>	<u>\$ -</u>	<u>\$ 1,004,285</u>

**7. Pension 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](http://www.persi.idaho.gov).

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**7. Pension Plan (continued)**

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.

Employee membership data related to the PERSI Base Plan, as of June 30, 2018, was as follows:

Retirees and beneficiaries currently receiving benefits	46,907
Terminated employees entitled to but not yet receiving benefits	13,133
Active plan members	<u>71,112</u>
	<u>131,152</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.

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.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**7. Pension Plan (continued)**

*Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation 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.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2018, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The District's contributions required and paid were \$712,791, \$638,729, and \$630,162 for the years ended June 30, 2019, 2018, and 2017, respectively.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the District's proportion was 0.177 percent.



**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**7. Pension Plan (continued)**

For the year ended June 30, 2019, the District recognized pension expense (revenue) of \$(238,175). At June 30, 2019, 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	\$ 287,269	\$ 197,644
Changes in assumptions or other inputs	170,287	-
Net difference between projected and actual earnings on pension plan investments	-	290,760
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	109,021
Employer contributions subsequent to the measurement date	<u>712,791</u>	<u>-</u>
Total	<u>\$ 1,170,347</u>	<u>\$ 597,425</u>

\$712,791 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2017, the beginning of the measurement period ended June 30, 2018, is 4.9 and 4.9 for the measurement period June 30, 2017.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**7. Pension Plan (continued)**

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

<u>Fiscal Year</u>		
2020	.....	\$ 180,187
2021	.....	(7,473)
2022	.....	(242,807)
2023	.....	(64,585)
2024	.....	(5,191)

*Actuarial Assumptions*

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

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.25%
Salary increases		4.25 - 10.00%
Salary inflation		3.75%
Investment rate of return	7.10%, net of investment expenses	
Cost-of-living adjustments		1%

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**7. Pension Plan (continued)**

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

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

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**7. Pension Plan (continued)**

**Capital Market Assumptions**

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70.00%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55.00%	50%-65%
International	9.25%	20.20%	15.00%	10%-20%
Fixed Income	3.05%	3.75%	30.00%	23%-33%
Cash	2.25%	0.90%	0.00%	0%-5%
			<b>Expected Real Return</b>	<b>Expected Risk</b>
<u>Total Fund</u>	<u>Expected Return</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

\*Expected arithmetic return net of fees and expenses

**Actuarial Assumptions:**

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	<u>0.40%</u>
<b>Long-Term Expected Geometric Rate of Return, Net Investment Expenses</b>	<b><u><u>7.10%</u></u></b>

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**7. Pension Plan (continued)**

*Discount Rate*

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

*Sensitivity of the 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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.10%)</b>	<b>Discount Rate</b>	<b>(8.10%)</b>
	<hr/>	<hr/>	<hr/>
Employer's proportionate share of the net pension liability (asset)	\$ 6,550,857	\$ 2,616,966	\$ (640,458)

*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](http://www.persi.idaho.gov).

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**8. Other Required Individual Fund Disclosures**

The District expenditures exceeded the budgeted amounts in the following funds during the year ended June 30, 2019:

<b>Fund</b>	<b>Amount Exceeded</b>
Public School Technology Fund.....	\$ 35,161
Perkins III Professional Technical Fund.....	797

**Deficits in Individual Funds**

There were no fund deficits in the District as of June 30, 2019.

**9. Interfund Balances and Transfers**

The interfund balances at June 30, 2019 are as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
Major Funds		
General	\$ 30,854	\$ -
Non Major Funds		
IDEA Part B School Age	-	10,770
Perkins III Professional Technical	-	12,455
Title IV-A Student Support	-	2,817
Title II-A ESEA Improving	-	4,812
	<b>\$ 30,854</b>	<b>\$ 30,854</b>

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**9. Interfund Balances and Transfers (continued)**

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

A summary of interfund transfers by fund is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General Fund	\$ -	\$ 1,243,250
Child Nutrition Fund	20,000	-
Capital Projects Fund	900,000	-
Plant Facility Fund	73,462	-
Non Major Funds		
Wellness Fund	2,000	-
Medicaid Fund	101,688	-
Public School Technology Fund	146,100	-
	<u>\$ 1,243,250</u>	<u>\$ 1,243,250</u>

Transfers were made to move bus depreciation to the plant facility fund, to cover the required FICA in the Child Nutrition Program, to move funds to school technology for technology salaries, to cover the required match in Medicaid, and to move funds to capital projects for projects in the next year.

**10. Non-monetary Transactions**

The District received commodities from the U.S. Government valued at \$62,984. 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, 2019**

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**11. Fair Value Measurements**

The District has implemented GASB No. 72, *Fair Value Measurement and Application*. This guidance requires government entities to measure investments and certain other items at fair value. The objective is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

GASB No. 72 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair value hierarchy:

- Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market.
- Level 2 Inputs – Inputs other than the quoted process in active markets that are observable either directly or indirectly.
- Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

GASB No. 72 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs.



**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**11. Fair Value Measurements (continued)**

Fair value assets measured on a recurring basis at June 30, 2019 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
State investment pool	\$ 5,498,377	\$ 5,498,377	\$ -	\$ -
Total	\$ 5,498,377	\$ 5,498,377	\$ -	\$ -

All investments have been valued using a market approach. There were no changes in the valuation techniques during the year. There are no assets or liabilities measured at fair value on a nonrecurring basis.

**12. 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.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**12. Fund Balances (continued)**

**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.

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Plant Facility Fund</b>	<b>Total</b>
Fund Balances:						
Restricted for:						
Child Nutrition	\$ -	\$ 99,381	\$ -	\$ -	\$ -	\$ 99,381
Debt Service	-	-	1,415,578	-	-	1,415,578
Plant Facility	-	-	-	-	52,475	52,475
LEP State Program	-	5,008	-	-	-	5,008
Literacy Fund	-	3,234	-	-	-	3,234
Professional Development	-	54,741	-	-	-	54,741
Medicaid	-	389,552	-	-	-	389,552
Driver Education	-	26,570	-	-	-	26,570
Vocational Education	-	15,800	-	-	-	15,800
Wellness	-	3,538	-	-	-	3,538
Committed to:						
Capital Projects	-	-	-	2,432,085	-	2,432,085
E-Rate Program	-	31,088	-	-	-	31,088
School Technology	-	143,439	-	-	-	143,439
State Substance Abuse	-	10,610	-	-	-	10,610
Federal Forest	-	121,024	-	-	-	121,024
Stabilization Policy	475,438	-	-	-	-	475,438
Unassigned:						
General Fund	75,695	-	-	-	-	75,695
Total						
Fund Balances	\$ 551,133	\$ 903,985	\$ 1,415,578	\$ 2,432,085	\$ 52,475	\$ 5,355,256

**13. Fund Stabilization Policy**

The Board has adopted a stabilization policy to maintain a minimum committed fund balance in its general fund of 5% of the previous year's budgeted maintenance and operations expenditures. This minimum fund balance is to protect against cash flow shortfalls and to maintain a budget stabilization commitment.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2019**

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**14. Subsequent Events**

The District has evaluated subsequent events through September 4, 2019, the date that the financial statements were available to be issued. On August 27, 2019, the voters in the District approved a bond in the amount of \$17,000,000 to construct a new junior high school.

**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, 2019**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Local sources				
Property taxes	\$ 512,000	\$ 212,000	\$ 218,749	\$ 6,749
Earnings on investments	25,000	60,000	89,951	29,951
Other	69,000	65,000	59,080	(5,920)
State sources				
State apportionment	8,672,486	8,681,351	8,873,516	192,165
Other	403,576	403,643	537,693	134,050
<b>Total Revenues</b>	<b>9,682,062</b>	<b>9,421,994</b>	<b>9,778,989</b>	<b>356,995</b>
<b>Expenditures</b>				
Current				
Instructional	5,992,452	5,855,555	5,618,863	236,692
Pupil support	214,363	215,010	199,884	15,126
Staff support	349,507	396,449	466,389	(69,940)
General administration	242,177	243,097	229,842	13,255
School administration	689,968	714,574	693,713	20,861
Business services	130,652	146,505	117,612	28,893
Operations	1,299,551	1,362,022	1,070,280	291,742
Transportation	523,242	575,541	487,043	88,498
Capital outlay	-	-	29,301	(29,301)
Contingency	490,000	-	-	-
<b>Total Expenditures</b>	<b>9,931,912</b>	<b>9,508,753</b>	<b>8,912,927</b>	<b>595,826</b>
Excess of Revenues over Expenditures	(249,850)	(86,759)	866,062	952,821
Other Financing Sources (Uses)				
Transfers (out)	(661,780)	(841,562)	(1,243,250)	(401,688)
<b>Net Change in Fund Balances</b>	<b>(911,630)</b>	<b>(928,321)</b>	<b>(377,188)</b>	<b>551,133</b>
Fund Balance, Beginning of Year	911,630	928,321	928,321	-
Fund Balance, End of Year	\$ -	\$ -	\$ 551,133	\$ 551,133

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, 2019**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive Negative</b>
Revenues				
Local sources				
Lunch sales	\$ 228,000	\$ 228,000	\$ 247,221	\$ 19,221
Other	5,500	5,500	5,488	(12)
Federal sources				
Educational programs and other	478,000	478,000	364,847	(113,153)
Total Revenues	711,500	711,500	617,556	(93,944)
Expenditures				
Current				
Non-instructional	735,938	735,889	645,233	90,656
Total Expenditures	735,938	735,889	645,233	90,656
Excess (deficiency) of revenues over expenses	(24,438)	(24,389)	(27,677)	(3,288)
Other Financing Sources				
Transfer in	20,000	20,000	20,000	-
Net Change in Fund Balances	(4,438)	(4,389)	(7,677)	(3,288)
Fund Balance, Beginning of Year	60,000	107,058	107,058	-
Fund Balance, End of Year	\$ 55,562	\$ 102,669	\$ 99,381	\$ (3,288)

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, 2019**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Local sources				
Property taxes	\$ 900,000	\$ 900,000	\$ 712,567	\$ (187,433)
Earnings on investments	2,000	2,000	23,197	21,197
Other	2,000	2,000	4,334	2,334
State sources				
Other	200,000	200,000	378,410	178,410
Total Revenues	<u>1,104,000</u>	<u>1,104,000</u>	<u>1,118,508</u>	<u>14,508</u>
Expenditures				
Debt service				
Principal	1,100,000	998,715	995,715	3,000
Interest	10,000	16,845	16,768	77
Total Expenditures	<u>1,110,000</u>	<u>1,015,560</u>	<u>1,012,483</u>	<u>3,077</u>
Net Change in Fund Balances	(6,000)	88,440	106,025	17,585
Fund Balance, Beginning of Year	<u>1,200,000</u>	<u>1,309,553</u>	<u>1,309,553</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,194,000</u>	<u>\$ 1,397,993</u>	<u>\$ 1,415,578</u>	<u>\$ 17,585</u>

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, 2019**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Local sources				
Earnings on investments	\$ 3,000	\$ 3,000	\$ 42,798	\$ 39,798
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>42,798</u>	<u>39,798</u>
Expenditures				
Current				
Non-instructional	-	-	111,872	(111,872)
Capital outlay	1,414,000	1,813,282	869,458	943,824
Total Expenditures	<u>1,414,000</u>	<u>1,813,282</u>	<u>981,330</u>	<u>831,952</u>
Excess (deficiency) of revenues over expenses	(1,411,000)	(1,810,282)	(938,532)	871,750
Other Financing Sources				
Transfer in	<u>500,000</u>	<u>600,000</u>	<u>900,000</u>	<u>300,000</u>
Net Change in Fund Balances	(911,000)	(1,210,282)	(38,532)	1,171,750
Fund Balance, Beginning of Year	<u>2,000,000</u>	<u>2,470,617</u>	<u>2,470,617</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,089,000</u>	<u>\$ 1,260,335</u>	<u>\$ 2,432,085</u>	<u>\$ 1,171,750</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, 2019**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Expenditures				
Capital outlay	\$ -	\$ 198,073	\$ 179,780	\$ 18,293
Total Expenditures	-	198,073	179,780	18,293
Excess (Deficiency) of Revenues over Expenditures	-	(198,073)	(179,780)	18,293
Other Financing Sources				
Other financing sources - sales of capital assets	-	-	2,500	2,500
Transfers in	41,780	73,462	73,462	-
Net Change in Fund Balances	41,780	(124,611)	(103,818)	20,793
Fund Balance, Beginning of Year	-	156,293	156,293	-
Fund Balance, End of Year	\$ 41,780	\$ 31,682	\$ 52,475	\$ 20,793

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Schedule of Employer's Share of Net Pension Liability**  
**PERSI Base Plan – Last 10 Fiscal Years\***

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.177%	0.179%	0.181%	0.186%	0.187%
Employer's proportionate share of the net pension liability	\$ 2,616,966	\$ 2,817,210	\$ 3,663,997	\$ 2,445,758	\$ 1,379,312
Employer's covered payroll	\$ 6,296,740	\$ 5,642,482	\$ 6,027,129	\$ 5,291,846	\$ 5,202,237
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	41.56%	49.93%	60.79%	46.22%	26.51%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	78.26%	91.38%	94.95%

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

Data reported is measured as of June 30, 2018 (measurement date).

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Schedule of Employer Contributions**  
**PERSI Base Plan – Last 10 Fiscal Years\***

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 688,993	\$ 604,390	\$ 537,298	\$ 607,525	\$ 608,942
Contributions in relation to					
the statutorily required contribution	712,791	638,729	682,271	599,037	588,894
Contribution (deficiency) excess	(23,798)	(34,339)	144,982	(8,488)	(20,048)
Employer's covered payroll	6,296,740	5,642,482	6,027,129	5,291,846	5,202,237
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%	11.32%

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

Data reported is measured as of June 30, 2019.

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, 2019**

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>
<b>High School Activity Fund</b>				
Assets				
Cash	\$ 159,894	\$ 733,906	\$ 664,523	\$ 229,277
Liabilities				
Due to student groups	\$ 159,894	\$ 733,906	\$ 664,523	\$ 229,277
<b>Junior High School Activity Fund</b>				
Assets				
Cash	\$ 47,654	\$ 51,217	\$ 47,024	\$ 51,847
Liabilities				
Due to student groups	\$ 47,654	\$ 51,217	\$ 47,024	\$ 51,847
<b>Intermediate School Activity Fund</b>				
Assets				
Cash	\$ 11,846	\$ 65,591	\$ 57,889	\$ 19,548
Liabilities				
Due to student groups	\$ 11,846	\$ 65,591	\$ 57,889	\$ 19,548
<b>Elementary School Activity Fund</b>				
Assets				
Cash	\$ 7,413	\$ 52,542	\$ 49,869	\$ 10,086
Liabilities				
Due to student groups	\$ 7,413	\$ 52,542	\$ 49,869	\$ 10,086
<b>Total - All School Activity Funds</b>				
Assets				
Cash	\$ 226,807	\$ 903,256	\$ 819,305	\$ 310,758
Liabilities				
Due to student groups	\$ 226,807	\$ 903,256	\$ 819,305	\$ 310,758

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2019**

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	<b>Ski School Fund</b>	<b>LEP ESL State Fund</b>	<b>Literacy Fund</b>
Assets			
Cash and Investments	\$ -	\$ 5,279	\$ 11,823
Receivables			
Other	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 5,279</u>	<u>\$ 11,823</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Salary contracts payable	-	271	8,589
Total Liabilities	<u>-</u>	<u>271</u>	<u>8,589</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Fund Balances			
Restricted	-	5,008	3,234
Committed	-	-	-
Total Fund Balances	<u>-</u>	<u>5,008</u>	<u>3,234</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 5,279</u>	<u>\$ 11,823</u>

See Independent Auditors' Report

<b>Professional Development Grant Fund</b>	<b>E-Rate Fund</b>	<b>Wellness Fund</b>	<b>Medicaid Fund</b>	<b>Driver Education Fund</b>
\$ 54,741	\$ 31,088	\$ 3,538	\$ 364,042	\$ 26,570
-	-	-	31,615	-
<u>\$ 54,741</u>	<u>\$ 31,088</u>	<u>\$ 3,538</u>	<u>\$ 395,657</u>	<u>\$ 26,570</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	6,105	-
-	-	-	6,105	-
-	-	-	-	-
54,741	-	3,538	389,552	26,570
-	31,088	-	-	-
<u>54,741</u>	<u>31,088</u>	<u>3,538</u>	<u>389,552</u>	<u>26,570</u>
<u>\$ 54,741</u>	<u>\$ 31,088</u>	<u>\$ 3,538</u>	<u>\$ 395,657</u>	<u>\$ 26,570</u>

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Combining Balance Sheet – Nonmajor Governmental Funds (continued)**  
**June 30, 2019**

	<b>Vocational Education Fund</b>	<b>Public School Technology Fund</b>	<b>State Substance Abuse Fund</b>
<b>Assets</b>			
Cash and Investments	\$ 18,995	\$ 259,115	\$ 11,958
Receivables			
Other	-	-	-
<b>Total Assets</b>	<b>\$ 18,995</b>	<b>\$ 259,115</b>	<b>\$ 11,958</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	-	115,676	-
Salary contracts payable	3,195	-	1,348
<b>Total Liabilities</b>	<b>3,195</b>	<b>115,676</b>	<b>1,348</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	-	-	-
<b>Fund Balances</b>			
Restricted	15,800	-	-
Committed	-	143,439	10,610
<b>Total Fund Balances</b>	<b>15,800</b>	<b>143,439</b>	<b>10,610</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 18,995</b>	<b>\$ 259,115</b>	<b>\$ 11,958</b>

See Independent Auditors' Report



<b>Federal Forest Fund</b>	<b>Title I-A ESEA Basic Fund</b>	<b>IDEA Part B School Age Fund</b>	<b>IDEA Part B Preschool Fund</b>	<b>Perkins III Professional Technical Fund</b>
\$ 121,024	\$ 18,063	\$ -	\$ 147	\$ -
-	29,111	33,366	-	13,252
<u>\$ 121,024</u>	<u>\$ 47,174</u>	<u>\$ 33,366</u>	<u>\$ 147</u>	<u>\$ 13,252</u>
\$ -	\$ -	\$ 10,770	\$ -	\$ 12,455
-	-	-	-	797
-	47,174	22,596	-	-
-	47,174	33,366	-	13,252
-	-	-	147	-
-	-	-	-	-
121,024	-	-	-	-
121,024	-	-	-	-
<u>\$ 121,024</u>	<u>\$ 47,174</u>	<u>\$ 33,366</u>	<u>\$ 147</u>	<u>\$ 13,252</u>

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Combining Balance Sheet – Nonmajor Governmental Funds (continued)**  
**June 30, 2019**

	<b>Title IV-A Student Support Fund</b>	<b>Title II-A ESEA Improving Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and Investments	\$ -	\$ -	\$ 926,383
Receivables			
Other	2,817	6,477	116,638
Total Assets	<u>\$ 2,817</u>	<u>\$ 6,477</u>	<u>\$ 1,043,021</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	\$ 2,817	\$ 4,812	\$ 30,854
Accounts payable	-	-	116,473
Salary contracts payable	-	1,665	90,943
Total Liabilities	<u>2,817</u>	<u>6,477</u>	<u>238,270</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	-	-	147
<b>Fund Balances</b>			
Restricted	-	-	498,443
Committed	-	-	306,161
Total Fund Balances	<u>-</u>	<u>-</u>	<u>804,604</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,817</u>	<u>\$ 6,477</u>	<u>\$ 1,043,021</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, 2019**

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	<b>Ski School Fund</b>	<b>LEP ESL State Fund</b>	<b>Literacy Fund</b>
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	11,399	62,652
Federal sources			
Educational programs and other	-	-	-
Total Revenues	<u>-</u>	<u>11,399</u>	<u>62,652</u>
Expenditures			
Current			
Instructional	3,955	14,736	61,462
Pupil support	-	-	-
Staff support	-	-	-
School administration	-	-	-
General administration	-	-	-
Non-instructional	-	-	-
Capital outlay	-	-	-
Total Expenditures	<u>3,955</u>	<u>14,736</u>	<u>61,462</u>
Excess (Deficiency) of Revenues over Expenditures	(3,955)	(3,337)	1,190
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Net Change in Fund Balances	(3,955)	(3,337)	1,190
Fund Balance, Beginning of Year	<u>3,955</u>	<u>8,345</u>	<u>2,044</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 5,008</u>	<u>\$ 3,234</u>

See Independent Auditors' Report

<b>Professional Development Grant Fund</b>	<b>E-Rate Fund</b>	<b>Wellness Fund</b>	<b>Medicaid Fund</b>	<b>Driver Education Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ 20,000
96,281	-	-	-	19,688
-	-	-	241,952	-
<u>96,281</u>	<u>-</u>	<u>-</u>	<u>241,952</u>	<u>39,688</u>
124,714	-	1,462	349,434	33,173
-	-	-	1,360	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>124,714</u>	<u>-</u>	<u>1,462</u>	<u>350,794</u>	<u>33,173</u>
(28,433)	-	(1,462)	(108,842)	6,515
-	-	2,000	101,688	-
-	-	-	-	-
<u>(28,433)</u>	<u>-</u>	<u>538</u>	<u>(7,154)</u>	<u>6,515</u>
<u>83,174</u>	<u>31,088</u>	<u>3,000</u>	<u>396,706</u>	<u>20,055</u>
<u>\$ 54,741</u>	<u>\$ 31,088</u>	<u>\$ 3,538</u>	<u>\$ 389,552</u>	<u>\$ 26,570</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 (continued)**  
**Year Ended June 30, 2019**

	<b>Vocational Education Fund</b>	<b>Public School Technology Fund</b>	<b>State Substance Abuse Fund</b>
<b>Revenues</b>			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	48,578	240,799	22,262
Federal sources			
Educational programs and other	-	-	-
<b>Total Revenues</b>	<b>48,578</b>	<b>240,799</b>	<b>22,262</b>
<b>Expenditures</b>			
Current			
Instructional	48,650	294,581	22,421
Pupil support	-	-	-
Staff support	-	-	-
School administration	-	134,836	1,750
General administration	-	-	-
Non-instructional	-	-	-
Capital outlay	-	14,800	-
<b>Total Expenditures</b>	<b>48,650</b>	<b>444,217</b>	<b>24,171</b>
Excess (Deficiency) of Revenues over Expenditures	(72)	(203,418)	(1,909)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	146,100	-
Transfers (out)	-	-	-
<b>Net Change in Fund Balances</b>	<b>(72)</b>	<b>(57,318)</b>	<b>(1,909)</b>
Fund Balance, Beginning of Year	15,872	200,757	12,519
Fund Balance, End of Year	\$ 15,800	\$ 143,439	\$ 10,610

See Independent Auditors' Report

<b>Federal Forest Fund</b>	<b>Title I-A ESEA Basic Fund</b>	<b>IDEA Part B School Age Fund</b>	<b>IDEA Part B Preschool Fund</b>	<b>Perkins III Professional Technical Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>27,797</u>	<u>188,649</u>	<u>324,772</u>	<u>8,761</u>	<u>13,252</u>
<u>27,797</u>	<u>188,649</u>	<u>324,772</u>	<u>8,761</u>	<u>13,252</u>
-	180,431	311,696	8,761	13,252
-	-	13,076	-	-
-	2,138	-	-	-
-	6,080	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>188,649</u>	<u>324,772</u>	<u>8,761</u>	<u>13,252</u>
27,797	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
27,797	-	-	-	-
<u>93,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 121,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 (continued)**  
**Year Ended June 30, 2019**

	<b>Title IV-A Student Support Fund</b>	<b>Title II-A ESEA Improving Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Local sources			
Other	\$ -	\$ -	\$ 20,000
State sources			
Other	-	-	501,659
Federal sources			
Educational programs and other	10,177	41,991	857,351
<b>Total Revenues</b>	<b>10,177</b>	<b>41,991</b>	<b>1,379,010</b>
<b>Expenditures</b>			
Current			
Instructional	-	-	1,468,728
Pupil support	-	-	14,436
Staff support	10,177	41,991	54,306
School administration	-	-	142,666
General administration	-	-	-
Non-instructional	-	-	-
Capital outlay	-	-	14,800
<b>Total Expenditures</b>	<b>10,177</b>	<b>41,991</b>	<b>1,694,936</b>
Excess (Deficiency) of Revenues over Expenditures	-	-	(315,926)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	249,788
Transfers (out)	-	-	-
Net Change in Fund Balances	-	-	(66,138)
Fund Balance, Beginning of Year	-	-	870,742
Fund Balance, End of Year	\$ -	\$ -	\$ 804,604

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Activity in Taxes Receivable Accounts by Fund**  
**Year Ended June 30, 2019**

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	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>Madison and Fremont Counties</b>		
Balance at June 30, 2018	\$ 79,802	\$ 323,510
Add - Taxes Assessed for 2018 (Net of Cancellations)	213,288	700,723
Less - Collections Received	<u>(219,715)</u>	<u>(783,020)</u>
Balance at June 30, 2019	<u>\$ 73,375</u>	<u>\$ 241,213</u>

See Independent Auditors' Report



**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**General Bonded Debt – Future Principal and Interest Requirements**  
**June 30, 2019**

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	ANNUAL PAYMENT			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation Bonds Series 2017	1.100%	2020	\$ 1,004,285	\$ 5,524
			\$ 1,004,285	\$ 5,524

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, 2019**

Name of Organization	Balance June 30, 2018	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2019
Activities	\$ 12,252	\$ 135,967	\$ 131,114	\$ (4,249)	\$ 12,856
ACA DECA	-	-	(65)	-	65
AP Exams	(925)	282	255	925	27
Art	(1,251)	3,580	2,356	(25)	(52)
Art Club	166	-	-	-	166
Band	-	1,292	3,781	2,548	59
Baseball	(148)	720	2,629	976	(1,081)
Baseball - Donation	-	20,000	5,600	-	14,400
Baseball/Softball Scoreboard	442	-	-	-	442
Blankets	(4,441)	3,205	-	-	(1,236)
Boys Basketball	60	8,064	5,950	(325)	1,849
BPA	648	2,339	3,173	-	(186)
Cheerleaders	1,373	31,719	28,690	360	4,762
Choir Tour	-	34,647	30,334	(345)	3,968
Choral Music	2,816	10,299	10,622	(800)	1,693
Christmas Fund	7,016	11,083	11,306	(600)	6,193
College Courses	(12)	-	-	12	-
Counselors	927	3,600	3,818	-	709
Debate	100	1,350	558	(25)	867
Digger Classic	-	9,817	3,872	(3,450)	2,495
Digital Scrapbook	5,362	2,735	2,722	-	5,375
District Drama	130	-	(40)	-	170
Drama	4,186	7,437	6,309	-	5,314
Drama Club	1,482	100	-	(25)	1,557
Drama Scholarship	1,518	-	-	-	1,518
Drivers Ed	2,925	20,035	21,000	-	1,960
Environmental Science	-	775	550	-	225
Exchange Students	4,057	7,721	9,667	-	2,111
FB Digger Card	7,100	30,496	30,516	(1,227)	5,853
FB Score Board Advertise	8,648	3,600	75	-	12,173
FCCLA	-	2,962	2,265	(25)	672
FFA	2,254	8,545	9,759	(25)	1,015
Football Equipment	2,200	3,345	1,673	-	3,872
Forensic Science	-	15	(16)	-	31
Freshmen	1,205	-	56	-	1,149
GBB	(2,789)	23,562	21,658	27	(858)
Gear Up	75	-	-	-	75
Glenn Miller	283	13,710	9,452	(2,958)	1,583
Golf	-	290	1,233	292	(651)
Graduation	979	-	-	-	979
Gym Sponsorship	-	5,000	-	-	5,000
Gym Scoreboard	-	99,000	100,329	10,000	8,671
Honor Society	147	-	-	-	147
IDLA	450	1,300	825	-	925
IMEA	6,252	7,130	10,552	1,797	4,627
INL Grant	-	15,000	14,577	671	1,094

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, 2019**

<b>Name of Organization</b>	<b>Balance June 30, 2018</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Transfers To (From)</b>	<b>Balance June 30, 2019</b>
Industrial Tech	2,136	2,164	3,242	-	1,058
Interest Income	19	110	53	-	76
Jim Winn Literacy	47	5,000	4,100	-	947
Juniors	1,562	-	118	-	1,444
Laptop Insurance	11,979	15,240	6,727	-	20,492
Latino Club	64	1,355	804	-	615
Math	300	-	-	-	300
Nursing	95	-	-	-	95
Nutrition	1,747	6,080	3,674	-	4,153
Orchestra	2,543	15,318	12,806	(417)	4,638
Orchestra - Disneyland	634	-	-	-	634
Pep Band State	60	2,030	1,862	25	253
PSAT	3,509	3,441	4,742	(937)	1,271
Sales Tax	-	2,279	3,376	1,097	-
Scholarships	-	7,800	5,250	-	2,550
School Store	15,594	22,227	10,877	(5,054)	21,890
Science	-	8,815	4,738	(445)	3,632
Science Grant	-	3,465	2,794	(671)	-
Seniors	2,414	6,593	3,920	(716)	4,371
Senior Lock In	-	3,515	4,206	691	-
Soccer - Boys	764	270	350	1,310	1,994
Soccer - Girls	744	790	1,189	678	1,023
Softball	43	7,281	3,499	-	3,825
Sophomores	994	-	145	-	849
SSHS	17,112	805	6,388	(3,001)	8,528
State Pep Band	-	125	-	(25)	100
Student Body	3,980	36,640	32,710	(1,590)	6,320
Student Council	1,901	5,950	4,144	-	3,707
Summer Camp	4,215	3,410	8,827	1,202	-
Tennis Club	900	1,425	1,823	-	502
Track	935	2,200	2,915	(200)	20
TSA	867	1,206	1,661	75	487
Vinyl Signs	1,630	261	650	-	1,241
VO -AG	5,311	4,787	6,623	450	3,925
Volleyball	771	-	429	375	717
Weights	-	2,000	-	-	2,000
Wrestling	317	4,437	5,608	3,894	3,040
X-Country	-	4,670	4,740	75	5
Yearbook	10,445	21,495	22,275	(345)	9,320
Yearbook Ads	775	-	103	-	672
	<b>\$ 159,894</b>	<b>\$ 733,906</b>	<b>\$ 664,523</b>	<b>\$ -</b>	<b>\$ 229,277</b>

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, 2019**

<b>Name of Organization</b>	<b>Balance June 30, 2018</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Transfers To (From)</b>	<b>Balance June 30, 2019</b>
Activity Fee	\$ 181	\$ 6,327	\$ 5,267	\$ -	\$ 1,241
Art	924	1,112	1,166	-	870
Awards	4,364	-	-	-	4,364
Band	820	941	889	500	1,372
Book Fee	7	2,340	-	-	2,347
Boys Basketball	100	398	474	-	24
Cheerleading	551	7,205	4,908	500	3,348
Choir	914	-	454	500	960
Cross Country	140	240	380	-	-
Digital Photography	1,561	50	683	-	928
Fundraiser	8,023	6,868	8,479	-	6,412
Girls Basketball	127	220	78	-	269
Greenhouse	347	-	-	-	347
Gym	3,578	-	687	-	2,891
Interest/Service Charges	268	174	-	-	442
Music Room	1,136	-	-	-	1,136
Orchestra	2,245	540	2,525	-	260
PE Equipment	3,200	-	1,927	(500)	773
Science	179	75	101	-	153
Teachers Fund	560	3,429	3,050	-	939
Track	87	708	685	-	110
Travel Fee	8,160	14,109	6,326	-	15,943
Volleyball	467	235	366	-	336
Volleyball Equipment	523	-	-	-	523
Wrestling	6,515	-	1,852	-	4,663
Yearbook	2,226	6,141	6,467	(1,000)	900
Zoology	451	105	260	-	296
	<u>\$ 47,654</u>	<u>\$ 51,217</u>	<u>\$ 47,024</u>	<u>\$ -</u>	<u>\$ 51,847</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, 2019**

Name of Organization	Balance June 30, 2018	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2019
Clearing Account	\$ -	\$ 852	\$ 852	\$ -	\$ -
Grant	-	9,700	-	-	9,700
Gym Rental	10	-	-	-	10
Library Account	158	8,139	8,297	-	-
Music Account	-	1,458	1,417	-	41
PBIS	42	-	21	-	21
Pictures	462	1,018	1,418	-	62
School Fundraisers	61	-	-	-	61
School Store	1,667	2,978	4,244	-	401
Student Body Fees	(14)	7,905	7,778	-	113
Teacher Accounts	3,076	29,605	27,173	-	5,508
United Dairymen	6,077	3,850	6,115	-	3,812
Used Textbooks	509	-	509	-	-
Vending Machine	(202)	86	65	-	(181)
	\$ 11,846	\$ 65,591	\$ 57,889	\$ -	\$ 19,548

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, 2019**

<u>Name of Organization</u>	<u>Balance June 30, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Transfers To (From)</u>	<u>Balance June 30, 2019</u>
Fundraiser	\$ 1,478	\$ 20,180	\$ 18,299	\$ -	\$ 3,359
General Fund	51	2,889	2,857	-	83
Preschool	2,626	5,306	4,150	(14)	3,768
School Fees	-	12,678	6,661	(5,982)	35
Teacher Fund	3,215	9,024	15,225	5,797	2,811
Kindergarten Field Trip	-	836	959	123	-
1st Grade Field Trip	-	537	537	-	-
2nd Grade Field Trip	-	500	500	-	-
3rd Grade Field Trip	-	500	500	-	-
Vending	43	92	181	76	30
	<u>\$ 7,413</u>	<u>\$ 52,542</u>	<u>\$ 49,869</u>	<u>\$ -</u>	<u>\$ 10,086</u>

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Revenues Cash Basis</b>
<b>U.S. Department of Agriculture</b>			
Passed Through State of Idaho:			
* Child Nutrition Cluster			
School Breakfast Program	10.553	\$ 74,980	\$ 74,980
School Lunch Program	10.555	352,851	352,851
		<u>427,831</u>	<u>427,831</u>
Passed Through Madison/Fremont Counties:			
Federal Forest	10.665	-	27,797
Total Department of Agriculture		<u>427,831</u>	<u>455,628</u>
<b>U.S. Department of Education</b>			
Passed Through State of Idaho:			
Title I-Basic	84.010	188,649	193,340
Special Education Cluster			
IDEA Part B	84.027	324,772	328,235
IDEA Part B - Preschool	84.173	8,761	10,325
		<u>333,533</u>	<u>338,560</u>
Career and Technical Education Basic Grant	84.048	13,252	13,252
Student Support and Academic Enrichment Grant	84.424	10,177	15,211
Gaining Early Awareness and Readiness	84.334	-	16,319
Improving Teacher Quality	84.367	41,991	39,441
		<u>587,602</u>	<u>616,123</u>
Total Department of Education		<u>587,602</u>	<u>616,123</u>
Total Federal Assistance		<u>\$ 1,015,433</u>	<u>\$ 1,071,751</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, 2019**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Sugar-Salem Joint School District No. 322 under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Sugar-Salem Joint School District No. 322, it is not intended to and does not present the financial position or change in net assets of the District.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain expenditures are not allowed or are limited as to reimbursement.

The District is not eligible to use the 10% de minimis indirect cost rate.





RUDD & COMPANY<sup>INC.</sup>

**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 Joint 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 Joint School District No. 322 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Sugar-Salem Joint School District No. 322's basic financial statements, and have issued our report thereon dated September 3, 2019.

**Internal Control over Financial Reporting**

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

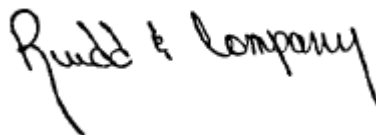
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sugar-Salem Joint 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 3, 2019



**RUDD & COMPANY**<sub>INC.</sub>

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

We have audited Sugar-Salem Joint School District No. 322's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sugar-Salem Joint School District No. 322's major federal programs for the year ended June 30, 2019. Sugar-Salem Joint 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Sugar-Salem Joint 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Joint 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 Joint School District No. 322's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Sugar-Salem Joint 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, 2019.

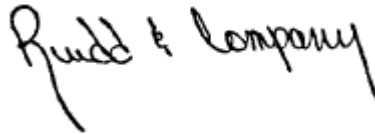
### **Report on Internal Control Over Compliance**

Management of Sugar-Salem Joint 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 Joint 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 the Uniform Guidance, 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 Joint 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 the Uniform Guidance. 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 3, 2019

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2019**

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**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 2 CFR 200.516 (a)?	No

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2019**

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Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program</b>
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	School Lunch Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None