



**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, 2020**

*giving direction to your future*

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

**Table of Contents**

**June 30, 2020**

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<b>Independent Auditors' Report</b> .....	1-4
<b>Management's Discussion and Analysis</b> .....	5-11
<b>Basic Financial Statements</b>	
Statement of Net Position .....	13-14
Statement of Activities.....	15
Balance Sheet – Governmental Funds .....	16-17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	19-20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21
Statement of Fiduciary Net Position – Agency Funds.....	22
Notes to Financial Statements.....	23-52
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund .....	54
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Child Nutrition Fund .....	55
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund .....	56
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund .....	57
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Plant Facility Fund .....	58

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

**Table of Contents**

**June 30, 2020**

---

Schedule of Employer’s Share of Net Pension Liability .....	59
Schedule of Employer Contributions – PERSI.....	60
Schedule of Employer’s Share of Net OPEB Asset.....	61
Schedule of Employer Contributions – PERSI OPEB.....	62
<b>Supplementary Information</b>	
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	64
Combining Balance Sheet – Nonmajor Governmental Funds.....	65-69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds.....	70-74
Activity in Taxes Receivable Accounts by Fund.....	75
General Bonded Debt – Future Principal and Interest Requirements.....	76
Sugar-Salem High School Activity Fund – Statement of Cash Receipts, Disbursements, and Transfers.....	77-78
Sugar-Salem Junior High School Activity Fund – Statement of Cash Receipts, Disbursements, and Transfers.....	79
Kershaw Intermediate School Activity Fund – Statement of Cash Receipts, Disbursements, and Transfers.....	80
Central Elementary School Activity Fund – Statement of Cash Receipts, Disbursements, and Transfers.....	81
<b>Schedule of Expenditures of Federal Awards .....</b>	<b>82</b>
<b>Note to the Schedule of Expenditures of Federal Awards.....</b>	<b>83</b>

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

**Table of Contents**

**June 30, 2020**

---

<b>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 <i>Government Auditing Standards</i> .....</b>	<b>84-85</b>
<b>Independent Auditors’ Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance .....</b>	<b>86-88</b>
<b>Schedule of Findings and Questioned Costs .....</b>	<b>89-90</b>



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

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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, 2020, 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) for medical insurance. 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, 2020, 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, 2020, 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 11, budgetary comparison information on pages 54 through 58, pension information on pages 59 and 60, and OPEB information on pages 61 and 62 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*

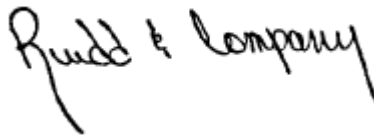
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sugar-Salem Joint School District No. 322's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information, are presented 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 8, 2020, 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 8, 2020



**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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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, 2020.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$14,576,998. Of this amount, \$1,415,579 is unrestricted.
- Total net position increased \$614,135, which represents a 4.4% increase from fiscal year 2019.
- General revenues account for \$12,059,471 in revenue, or 90% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,324,760 or 10% of total revenues.
- The District had \$12,770,096 in expenses; only \$1,324,760 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 \$10,100,755 in revenues and \$9,259,384 in expenditures. The General Fund's fund balance increased \$443,123 from the prior year.
- \$300,000 was transferred from the General Fund to the Capital Projects Fund and are committed for capital projects.
- The District issued General Obligation Bonds, Series 2019 in the amount of \$13,920,000 to be used in the construction of a new Junior High School and other construction projects. The bonds bear interest at a rate of 5% and mature on September 15, 2039.

**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, 2020**

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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 13-15 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, 2020**

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The District maintains twenty-two 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 seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the general fund, the child nutrition fund, the 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 16-17 and 19-20 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 22 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 23-52 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 64-74 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 \$14,576,998 at the close of the most recent fiscal year.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020**

<b>Net Position</b>	<b>Governmental Assets</b>	
	<b>2020</b>	<b>2019</b>
Current and Other Assets	\$ 23,279,475	\$ 7,032,010
Capital Assets	11,654,314	10,535,280
<b>Total Assets</b>	<b>34,933,789</b>	<b>17,567,290</b>
Deferred Outflows of Resources	1,184,771	1,283,221
Current Liabilities	2,600,861	2,298,361
Long-term Liabilities	14,813,433	1,970,796
<b>Total Liabilities</b>	<b>17,414,294</b>	<b>4,269,157</b>
Deferred Inflows of Resources	4,127,268	618,491
<b>Net Position</b>		
Net Investment in Capital Assets	11,654,314	9,530,995
Restricted	1,507,105	1,493,503
Unrestricted	1,415,579	2,938,365
<b>Total Net Position</b>	<b>\$ 14,576,998</b>	<b>\$ 13,962,863</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 \$1,507,105 represents an amount that is subject to external restrictions. The remaining balance in *unrestricted net position* is \$1,415,579.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020**

<b>Changes in Net Position</b>	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Revenues		
Program revenues		
Charges for services	\$ 203,557	\$ 272,709
Operating grants and contributions	1,121,203	1,285,182
General revenues		
Property tax	1,208,523	916,725
State support	10,489,901	10,291,278
Other	361,047	756,833
<b>Total Revenues</b>	<b>13,384,231</b>	<b>13,522,727</b>
Expenses		
Instructional	7,211,562	6,918,181
Pupil support	209,951	209,035
Staff support	544,636	507,388
General administration	257,724	367,211
School administration	693,326	674,257
Business service	114,376	115,163
Operations	1,076,246	1,060,769
Transportation	474,517	481,239
Non-instructional	14,179	104,216
Interest	598,539	14,030
Bond issuance costs	196,047	-
Depreciation	734,882	692,967
Child nutrition services	644,111	708,217
<b>Total Expenses</b>	<b>12,770,096</b>	<b>11,852,673</b>
<b>Change in Net Position</b>	<b>\$ 614,135</b>	<b>\$ 1,670,054</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, 2020**

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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 \$994,256. The fund balance increased by \$443,123 during the current fiscal year.

Expenditures for general District purposes totaled \$9,259,384, an increase of 3.9% during the current fiscal year.

The child nutrition fund has a total fund balance of \$79,039, all of which is restricted to the child nutrition program. The fund balance decreased by \$20,342 during the current year.

The debt service fund has a total fund balance of \$1,369,731, all of which is restricted for future debt service payments. The fund balance decreased by \$45,847 during the current year.

The capital projects fund has a total fund balance of \$18,052,712 all of which is committed for construction projects and purchase of equipment and related expenditures. The fund balance increased by \$15,620,627 during the current year.

The plant facility fund has a total fund balance of \$113,691, which is restricted for the purchase of equipment and related expenditures. The fund balance increased by \$61,216 during the current year.

**General Fund Budgetary Highlights**

During the current fiscal year, the \$282,627 positive budget to actual variance in total general fund revenues, and the \$899,146 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, 2020**

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**Capital Asset and Debt Administration**

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

Capital assets at June 30, 2020 are outlined below:

<b>Capital Assets (Net of Depreciation)</b>	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Land	\$ 1,243,714	\$ 1,243,714
Construction in progress	884,125	28,800
Buildings and improvements	16,291,668	15,415,896
Furniture and equipment	4,985,154	4,923,332
	23,404,661	21,611,742
Accumulated depreciation	(11,750,347)	(11,076,462)
Total Capital Assets, Net of Depreciation	<u>\$ 11,654,314</u>	<u>\$ 10,535,280</u>
	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>Outstanding Debt</b>		
General obligation bonds	<u>\$ 13,920,000</u>	<u>\$ 1,004,285</u>
	<u>\$ 13,920,000</u>	<u>\$ 1,004,285</u>

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

**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, 2020**

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<b>Assets</b>	<b>Governmental Activities</b>
Cash and Investments	\$ 22,021,978
Receivables	
Property taxes	399,567
State of Idaho	366,701
Other	75,224
PERSI Sick Leave Asset	416,005
Capital Assets	
Sites	1,243,714
Construction in progress	884,125
Buildings and equipment, net of depreciation	<u>9,526,475</u>
Total Assets	<u>34,933,789</u>
<b>Deferred Outflows of Resources</b>	
Pension related	1,102,377
OPEB related	<u>82,394</u>
Total Deferred Outflows of Resources	<u>1,184,771</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 36,118,560</u>

The Accompanying Notes are an Integral Part of the Financial Statements

<b>Liabilities</b>	<b>Governmental Activities</b>
Accounts payable	\$ 417,465
Salary contracts payable	1,206,218
Interest payable	467,178
Long-term liabilities:	
Portion due or payable within one year:	
Bonds, capital leases, and contracts	510,000
Portion due or payable after one year:	
Bonds, capital leases, and contracts	13,410,000
Net pension liability	1,403,433
	<hr/>
Total Liabilities	17,414,294
	<hr/>
<b>Deferred Inflows of Resources</b>	
Bond issue premium, net of amortization	3,166,846
OPEB related	32,615
Pension related	927,807
	<hr/>
Total Deferred Inflows of Resources	4,127,268
	<hr/>
Total Liabilities and Deferred Inflows of Resources	\$ 21,541,562
	<hr/>
<b>Net Position</b>	
Net investment in capital assets	\$ 11,654,314
Restricted for:	
Debt service	1,393,414
Capital projects	113,691
Unrestricted	1,415,579
	<hr/>
Total Net Position	\$ 14,576,998
	<hr/>

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, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instructional	\$ 7,211,562	\$ 5,000	\$ 717,991	\$ (6,488,571)
Pupil support	209,951	-	-	(209,951)
Staff support	544,636	-	-	(544,636)
General administration	257,724	-	-	(257,724)
School administration	693,326	-	-	(693,326)
Business services	114,376	-	-	(114,376)
Operations	1,076,246	-	-	(1,076,246)
Transportation	474,517	-	-	(474,517)
Non-instructional	14,179	-	-	(14,179)
Interest on				
long-term debt	598,539	-	-	(598,539)
Bond issuance cost	196,047	-	-	(196,047)
Depreciation -				
unallocated*	734,882	-	-	(734,882)
Child nutrition services	644,111	198,557	403,212	(42,342)
<b>Total Governmental Activities</b>	<b>\$ 12,770,096</b>	<b>\$ 203,557</b>	<b>\$ 1,121,203</b>	<b>(11,445,336)</b>
General Revenues:				
Taxes:				
				Property taxes, levied for general purposes 217,137
				Property taxes, levied for debt service 991,386
				Other Local Support 77,775
				State Support 10,489,901
				Unrestricted Investment Earnings 283,272
				<b>Total General Revenues 12,059,471</b>
				Change in Net Position 614,135
				Net Position - Beginning (restated) 13,962,863
				<b>Net Position - Ending \$ 14,576,998</b>

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

The Accompanying Notes are an Integral Part of the Financial Statements

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Balance Sheet – Governmental Funds**  
**June 30, 2020**

<b>Assets</b>	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Debt Service Fund</b>
Cash and Investments	\$ 1,645,132	\$ 124,380	\$ 1,065,215
Due from Other Funds	10,542	-	-
Receivables			
Property taxes	71,368	-	328,199
State of Idaho	349,201	-	-
Other	37,210	-	-
Total Assets	<u>\$ 2,113,453</u>	<u>\$ 124,380</u>	<u>\$ 1,393,414</u>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	47,266	2,328	-
Salary contracts payable	1,066,475	43,013	-
Total Liabilities	<u>1,113,741</u>	<u>45,341</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	5,456	-	23,683
Fund Balances			
Restricted	-	79,039	1,369,731
Committed	901,615	-	-
Unassigned	92,641	-	-
Total Fund Balances	<u>994,256</u>	<u>79,039</u>	<u>1,369,731</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,113,453</u>	<u>\$ 124,380</u>	<u>\$ 1,393,414</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>
\$ 18,399,452	\$ 113,691	\$ 674,108	\$ 22,021,978
-	-	-	10,542
-	-	-	399,567
-	-	17,500	366,701
-	-	38,014	75,224
<u>\$ 18,399,452</u>	<u>\$ 113,691</u>	<u>\$ 729,622</u>	<u>\$ 22,874,012</u>
\$ -	\$ -	\$ 10,542	\$ 10,542
346,740	-	21,131	417,465
-	-	96,730	1,206,218
<u>346,740</u>	<u>-</u>	<u>128,403</u>	<u>1,634,225</u>
-	-	-	29,139
-	113,691	325,884	1,888,345
18,052,712	-	275,335	19,229,662
-	-	-	92,641
<u>18,052,712</u>	<u>113,691</u>	<u>601,219</u>	<u>21,210,648</u>
<u>\$ 18,399,452</u>	<u>\$ 113,691</u>	<u>\$ 729,622</u>	<u>\$ 22,874,012</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, 2020**

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

Total Fund Balance - Governmental Funds	\$ 21,210,648
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$23,404,661 and the accumulated depreciation is \$11,750,347.	11,654,314
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.	(14,387,178)
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.	(1,228,863)
PERSI sick leave contributions are reported as expenses in the fund financial statements in the period in which they are paid. The actuarially determined pension liability and related net deferred inflows and outflows are recorded on the government-wide statements.	465,784
Bond premiums reported as revenue in the fund financial statements are capitalized in the government-wide statements. The total premiums are \$3,276,047 and the accumulated amortization is \$109,201.	(3,166,846)
Property tax revenue is recognized when earned rather than when available.	<u>29,139</u>
Net Position - Governmental Activities	<u>\$ 14,576,998</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, 2020**

	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Debt Service Fund</b>
<b>Revenues</b>			
Local sources			
Property taxes	\$ 219,363	\$ -	\$ 993,153
Earnings on investments	70,719	-	18,044
Lunch sales	-	194,143	-
Other	74,162	4,414	3,613
State sources			
State apportionment	9,185,803	-	-
Other	550,708	-	186,952
Federal sources			
Educational programs and other	-	403,212	-
<b>Total Revenues</b>	<b>10,100,755</b>	<b>601,769</b>	<b>1,201,762</b>
<b>Expenditures</b>			
Current			
Instructional	5,920,785	-	-
Pupil support	204,665	-	-
Staff support	512,623	-	-
General administration	233,765	-	-
School administration	708,742	-	-
Business services	116,320	-	-
Operations	1,083,660	-	-
Transportation	478,824	-	-
Non-instructional	-	644,111	-
Bond issuance costs	-	-	-
Debt Service:			
Principal	-	-	1,004,285
Interest	-	-	243,324
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<b>9,259,384</b>	<b>644,111</b>	<b>1,247,609</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>841,371</b>	<b>(42,342)</b>	<b>(45,847)</b>
<b>Other Financing Sources (Uses)</b>			
Other financing sources - bond proceeds	-	-	-
Other financing sources - original issue premium	-	-	-
Transfers in	-	22,000	-
Transfers out	(398,248)	-	-
<b>Net Change in Fund Balances</b>	<b>443,123</b>	<b>(20,342)</b>	<b>(45,847)</b>
<b>Fund Balance Beginning of Year</b>	<b>551,133</b>	<b>99,381</b>	<b>1,415,578</b>
<b>Fund Balance End of Year</b>	<b>\$ 994,256</b>	<b>\$ 79,039</b>	<b>\$ 1,369,731</b>

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>
\$ -	\$ -	\$ -	\$ 1,212,516
194,509	-	-	283,272
-	-	-	194,143
-	-	5,000	87,189
-	-	-	9,185,803
-	-	566,438	1,304,098
-	-	717,991	1,121,203
<u>194,509</u>	<u>-</u>	<u>1,289,429</u>	<u>13,388,224</u>
-	-	1,426,652	7,347,437
-	-	9,271	213,936
-	-	43,761	556,384
-	-	28,162	261,927
-	-	-	708,742
-	-	-	116,320
-	-	-	1,083,660
-	-	-	478,824
19,966	-	-	664,077
196,047	-	-	196,047
-	-	-	1,004,285
-	-	-	243,324
<u>1,853,916</u>	<u>-</u>	<u>-</u>	<u>1,853,916</u>
<u>2,069,929</u>	<u>-</u>	<u>1,507,846</u>	<u>14,728,879</u>
(1,875,420)	-	(218,417)	(1,340,655)
13,920,000	-	-	13,920,000
3,276,047	-	-	3,276,047
300,000	61,216	15,032	398,248
<u>-</u>	<u>-</u>	<u>-</u>	<u>(398,248)</u>
15,620,627	61,216	(203,385)	15,855,392
<u>2,432,085</u>	<u>52,475</u>	<u>804,604</u>	<u>5,355,256</u>
<u>\$ 18,052,712</u>	<u>\$ 113,691</u>	<u>\$ 601,219</u>	<u>\$ 21,210,648</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, 2020**

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

Net Change in Fund Balance - Governmental Funds	\$ 15,855,392
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.	1,119,034
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.	(3,993)
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.	169,011
The governmental funds report contributions to the plan for post employment benefits as an expenditure. However, the amount recorded in the statement of activities represents the difference in the actuarially determined OPEB asset (liability) from the previous year to the current year.	21,668
The governmental funds report bond premiums as revenue while the government-wide statements show the premium as amortized over the term of the bonds.	(3,166,846)
The governmental funds report sale of bonds as an other financing source while it is treated as an increase in the liability in the government-wide statements.	(13,920,000)
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>539,869</u>
Change in Net Position of Governmental Activities	<u>\$ 614,135</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, 2020**

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<b>Assets</b>	<b>Agency Funds</b>
Cash and Investments	\$ 287,469
Total Assets	<u>\$ 287,469</u>
 <b>Liabilities</b>	
Due to Student Groups	\$ 287,469
Total Liabilities	<u>\$ 287,469</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, 2020**

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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, 2020**

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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, 2020**

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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 55:

	<u>Reported</u> <u>Amounts</u>	<u>Commodities</u> <u>Received</u>	<u>Amounts</u> <u>Reported in</u> <u>Comparison</u> <u>with Budget</u>
Child Nutrition Fund			
Total revenues	\$ 601,769	\$ (62,598)	\$ 539,171
Total expenditures	\$ 644,111	\$ (62,598)	\$ 581,513

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, 2020**

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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

**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, the OPEB net liability (asset), and the difference between projected and actual investment earnings on the pension plan investments. These amounts are 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 and the OPEB net liability (asset) of the difference between projected and actual investment earnings on the plans, and the differences between expected and actual experience on the plans.

**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.

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

**Other Post Employment Benefits (OPEB)**

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund's fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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.



**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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

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

1. Deposits – At June 30, 2020, the carrying amount of the District's deposits was \$703,147 and the respective bank balances totaled \$974,579. Of the bank balances, \$537,831 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, 2020, \$436,748 of the District's total deposits of \$974,579 were not covered by federal depository insurance, and thus were exposed to custodial credit risk.
3. Investments – As of June 30, 2020, 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	\$ 21,606,300	\$ 21,606,300	\$ -	\$ -	\$ -

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, 2020, had a weighted average maturity of 177 days, it was presented as an investment with a maturity of less than one year.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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

7. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the District’s policy to limit investments to the safest types of securities and to diversify the District’s investment portfolio so that potential losses on securities will be minimized. The District follows Idaho statute that outlines qualifying investment options.

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net position	\$ 22,021,978
Cash and investments reported on the statement of fiduciary net assets	<u>287,469</u>
	<u>\$ 22,309,447</u>
Investments categorized	\$ 21,606,300
Deposits categorized	<u>703,147</u>
	<u>\$ 22,309,447</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, 2020, are generally based on the assessed values and tax levies established in 2019.

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, 2020**

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**4. Capital Assets**

Capital asset activity for the year ended June 30, 2020 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	\$ 1,243,714	\$ -	\$ -	\$ 1,243,714
Construction in progress	28,800	855,325	-	884,125
	<u>28,800</u>	<u>855,325</u>	<u>-</u>	<u>884,125</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 1,272,514</u>	<u>\$ 855,325</u>	<u>\$ -</u>	<u>\$ 2,127,839</u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 15,415,896	\$ 875,772	\$ -	\$ 16,291,668
Furniture and equipment	4,862,335	122,819	-	4,985,154
	<u>4,862,335</u>	<u>122,819</u>	<u>-</u>	<u>4,985,154</u>
Total Capital Assets, Being Depreciated	<u>20,278,231</u>	<u>998,591</u>	<u>-</u>	<u>21,276,822</u>
Accumulated Depreciation for				
Buildings and improvements	(8,469,716)	(371,918)	-	(8,841,634)
Furniture and equipment	(2,545,749)	(362,964)	-	(2,908,713)
	<u>(2,545,749)</u>	<u>(362,964)</u>	<u>-</u>	<u>(2,908,713)</u>
Total Accumulated Depreciation	<u>(11,015,465)</u>	<u>(734,882)</u>	<u>-</u>	<u>(11,750,347)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 9,262,766</u>			<u>\$ 9,526,475</u>

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**5. General Obligation Bonds Payable**

Bonds outstanding at June 30, 2020, were as follows:

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Obligation Bonds, Series 2019 Issue (Original amount--\$13,920,000)	5.00%	2021 to 2040	\$ 13,920,000

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

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**5. General Obligation Bonds Payable (continued)**

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>
2021	\$ 510,000	\$ 683,250	\$ 1,193,250
2022	440,000	659,500	1,099,500
2023	460,000	637,000	1,097,000
2024	485,000	613,375	1,098,375
2025	510,000	588,500	1,098,500
2026	535,000	562,375	1,097,375
2027	560,000	535,000	1,095,000
2028	590,000	506,250	1,096,250
2029	615,000	476,125	1,091,125
2030	650,000	444,500	1,094,500
2031	680,000	411,250	1,091,250
2032	715,000	376,375	1,091,375
2033	750,000	339,750	1,089,750
2034	790,000	301,250	1,091,250
2035	830,000	260,750	1,090,750
2036	870,000	218,250	1,088,250
2037	910,000	173,750	1,083,750
2038	960,000	127,000	1,087,000
2039	1,005,000	77,875	1,082,875
2040	1,055,000	26,375	1,081,375
	<u>\$ 13,920,000</u>	<u>\$ 8,018,500</u>	<u>\$ 21,938,500</u>

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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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, 2020:

	<b>General Obligation Bonds, Series 2017</b>	<b>General Obligation Bonds, Series 2019</b>	<b>Net Pension Liability</b>	<b>Total</b>
Long-term Obligations June 30, 2019	\$ 1,004,285	\$ -	\$ 1,970,796	\$ 2,975,081
Obligations Incurred	-	13,920,000	-	13,920,000
Obligations Paid	<u>(1,004,285)</u>	<u>-</u>	<u>(567,363)</u>	<u>(1,571,648)</u>
Long-term Obligations June 30, 2020	<u>\$ -</u>	<u>\$ 13,920,000</u>	<u>\$ 1,403,433</u>	<u>\$ 15,323,433</u>
Due within one year	<u>\$ -</u>	<u>\$ 510,000</u>	<u>\$ -</u>	<u>\$ 510,000</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).

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

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**7. Pension Plan (continued)**

Employee membership data related to the PERSI Base Plan, as of June 30, 2019, was as follows:

Retirees and beneficiaries currently receiving benefits	48,120
Terminated employees entitled to but not yet receiving benefits	13,536
Active plan members	<u>72,502</u>
	<u>134,158</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.

*Member and Employer Contributions*

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

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

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**7. Pension Plan (continued)**

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, 2019, 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 \$787,989, \$712,791, and \$638,729 for the years ended June 30, 2020, 2019, and 2018, respectively.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the District's proportion was 0.185 percent.



**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**7. Pension Plan (continued)**

For the year ended June 30, 2020, the District recognized pension expense (revenue) of \$(169,012). At June 30, 2020, 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	\$ 196,670	\$ 249,408
Changes in assumptions or other inputs	117,718	-
Net difference between projected and actual earnings on pension plan investments	-	720,935
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	(42,536)
Employer contributions subsequent to the measurement date	<u>787,989</u>	<u>-</u>
Total	<u>\$ 1,102,377</u>	<u>\$ 927,807</u>

\$787,989 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, 2020.

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, 2018, the beginning of the measurement period ended June 30, 2019, is 4.8 and 4.9 for the measurement period June 30, 2018.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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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>		
2021	.....	\$ (83,946)
2022	.....	(330,045)
2023	.....	(144,621)
2024	.....	(74,646)
2025	.....	19,839

*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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.00%
Salary increases		3.75%
Salary inflation		3.75%
Investment rate of return	7.05%, net of investment expenses	
Cost-of-living adjustments		1%

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

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

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**7. Pension Plan (continued)**

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019.

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, 2020**

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**7. Pension Plan (continued)**

<u>Asset Class</u>		<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	Barclays Aggregate	30%	3.05%	80.00%
Broad US Equities	Wilshire 5000/Russell 3000	55%	8.30%	6.05%
Developed Foreign Equities	MSCI EAFE/World ex US	15%	8.45%	6.20%
Assumed Inflation - Mean			2.25%	3.25%
Assumed Inflation - Standard Deviation			1.50%	2.00%
Portfolio Arithmetic Mean Return			6.75%	4.50%
Portfolio Standard Deviation			12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return			6.13%	3.77%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.19%
Portfolio Standard Deviation				14.16%
<b>Valuation Assumptions Chosen by PERSI Board:</b>				
Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.05%
Assumed Inflation				3.00%
<b>Long-Term Expected Geometric Rate of Return, Net Investment Expenses</b>				<b>7.05%</b>

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**7. Pension Plan (continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. 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 7.05 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.05%)</b>	<b>Discount Rate</b>	<b>(8.05%)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Employer's proportionate share of the net pension liability (asset)	\$ 6,391,813	\$ 2,116,224	\$ (1,419,551)

*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, 2020**

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**8. PERSI Sick Leave Insurance Reserve Fund**

**Plan Description**

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI 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 the Sick Leave Plan. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Sick Leave 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.

**OPEB Benefits**

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company.

**Employer Contributions**

The contribution rate for employers are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. In the current fiscal year, the Board declared a sick leave rate holiday for 18 months beginning on January 1, 2020. The District's contributions were \$36,811 for the year ended June 30, 2020.

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**8. PERSI Sick Leave Insurance Reserve Fund (continued)**

**OPEB Liabilities, OPEB Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2019, the District's proportion was 0.434 percent.

For the year ended June 30, 2020 the District recognized OPEB expense (expense offset) of \$(21,667). \$36,811 reported as deferred outflows of resources related to OPEBs resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2021.

**Actuarial Assumptions**

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses

**8. PERSI Sick Leave Insurance Reserve Fund (continued)**

The long-term expected rate of return on OPEB 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 OPEB 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. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact.

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.



**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**8. PERSI Sick Leave Insurance Reserve Fund (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</b>	
	<b>Expected</b>	<b>Expected</b>	<b>Real</b>	<b>Expected</b>
<u>Total Fund</u>	<u>Return</u>	<u>Inflation</u>	<u>Return</u>	<u>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>0.35%</u>
<b>Long-Term Expected Geometric Rate of Return, Net Investment Expenses</b>	<b><u><u>7.05%</u></u></b>

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**8. PERSI Sick Leave Insurance Reserve Fund (continued)**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.05%. 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 OPEB plan's 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

**Sensitivity of the net OPEB asset to changes in the discount rate.**

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1 percentage-point higher (8.05 percent) than the current rate:

	<b>1% Decrease</b> <b>(6.05%)</b>	<b>Current</b> <b>Discount Rate</b> <b>(7.05%)</b>	<b>1% Increase</b> <b>(8.05%)</b>
Employer's proportionate share of the net pension liability (asset)	\$ 6,391,813	\$ 2,116,224	\$ (1,419,551)

**OPEB plan fiduciary net position**

Detailed information about the OPEB 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, 2020**

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**9. Other Required Individual Fund Disclosures**

The District expenditures exceeded the budgeted amounts in the following funds during the year ended June 30, 2020:

<b>Fund</b>	<b>Amount Exceeded</b>
LEP ESL State Fund.....	\$ 1,516
Literacy Fund.....	10,737
Professional Development Grant Fund.....	17,924
Wellness Fund.....	93
Perkins III Professional Technical Fund.....	2,293

**Deficits in Individual Funds**

There were no fund deficits in the District as of June 30, 2020.

**10. Interfund Balances and Transfers**

The interfund balances at June 30, 2020 are as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
Major Funds		
General	\$ 10,542	\$ -
Non Major Funds		
IDEA Part B Preschool	-	52
Perkins III Professional Technical	-	5,567
Title II-A ESEA Improving	-	4,923
	<b>\$ 10,542</b>	<b>\$ 10,542</b>

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Notes to Financial Statements (continued)**  
**June 30, 2020**

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**10. 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	\$ -	\$ 398,248
Child Nutrition Fund	22,000	-
Capital Projects Fund	300,000	-
Plant Facility Fund	61,216	-
Non Major Funds		
Literacy Fund	7,562	-
Professional Development Grant Fund	5,470	-
Wellness Fund	2,000	-
	<u>\$ 398,248</u>	<u>\$ 398,248</u>

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

**11. Non-monetary Transactions**

The District received commodities from the U.S. Government valued at \$62,598. The value was determined by confirmation with the State of Idaho Department of Education.

## **12. 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, 2020**

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

Fair value assets measured on a recurring basis at June 30, 2020 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State investment pool	\$ 21,606,300	\$ 21,606,300	\$ -	\$ -
Total	\$ 21,606,300	\$ 21,606,300	\$ -	\$ -

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.

**13. 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, 2020**

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**13. 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	\$ -	\$ 79,039	\$ -	\$ -	\$ -	\$ 79,039
Debt Service	-	-	1,369,731	-	-	1,369,731
Plant Facility	-	-	-	-	113,691	113,691
LEP State Program	-	6,815	-	-	-	6,815
Medicaid	-	274,737	-	-	-	274,737
Driver Education	-	25,087	-	-	-	25,087
Vocational Education	-	15,800	-	-	-	15,800
Wellness	-	3,445	-	-	-	3,445
Committed to:						
Capital Projects	-	-	-	18,052,712	-	18,052,712
E-Rate Program	-	31,088	-	-	-	31,088
School Technology	-	88,948	-	-	-	88,948
State Substance Abuse	-	9,809	-	-	-	9,809
Federal Forest	-	145,490	-	-	-	145,490
Bonuses	130,000	-	-	-	-	130,000
Stabilization Policy	771,615	-	-	-	-	771,615
Unassigned:						
General Fund	92,641	-	-	-	-	92,641
<b>Total</b>						
Fund Balances	<u>\$ 994,256</u>	<u>\$ 680,258</u>	<u>\$ 1,369,731</u>	<u>\$ 18,052,712</u>	<u>\$ 113,691</u>	<u>\$ 21,210,648</u>

**14. Fund Stabilization Policy**

The Board has updated its stabilization policy in an effort to maintain a minimum committed fund balance in its general fund of one month's worth of the prior year's actual 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, 2020**

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**15. Prior Period Adjustment**

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the government-wide financial statements have been restated to exclude unamortized bond issuance costs.

In the year ended June 30, 2020, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures related to post-employment benefits other than pensions. The government-wide financial statements have been restated to include these amounts.

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

	<u>Previously Reported</u>	<u>Change</u>	<u>Restated</u>
Deferred outflows of resources	\$ 1,170,347	\$ 112,874	\$ 1,283,221
Deferred inflows of resources	597,572	20,919	618,491
PERSI Sick Leave Asset	-	352,161	352,161
Net position	13,518,747	444,116	13,962,863



**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, 2020**

	<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	\$ 415,000	\$ 217,113	\$ 219,363	\$ 2,250
Earnings on investments	20,000	45,000	70,719	25,719
Other	64,000	64,000	74,162	10,162
State sources				
State apportionment	9,077,727	9,064,329	9,185,803	121,474
Other	391,734	427,686	550,708	123,022
<b>Total Revenues</b>	<b>9,968,461</b>	<b>9,818,128</b>	<b>10,100,755</b>	<b>282,627</b>
<b>Expenditures</b>				
Current				
Instructional	6,127,481	6,101,525	5,920,785	180,740
Pupil support	227,681	211,762	204,665	7,097
Staff support	486,387	518,545	512,623	5,922
General administration	252,738	243,806	233,765	10,041
School administration	734,511	784,540	708,742	75,798
Business services	147,907	139,563	116,320	23,243
Operations	1,362,083	1,246,201	1,083,660	162,541
Transportation	604,807	606,422	478,824	127,598
Contingency	500,000	306,166	-	306,166
<b>Total Expenditures</b>	<b>10,443,595</b>	<b>10,158,530</b>	<b>9,259,384</b>	<b>899,146</b>
Excess of Revenues over Expenditures	(475,134)	(340,402)	841,371	1,181,773
Other Financing Sources (Uses)				
Transfers (out)	(424,866)	(210,731)	(398,248)	(187,517)
<b>Net Change in Fund Balances</b>	<b>(900,000)</b>	<b>(551,133)</b>	<b>443,123</b>	<b>994,256</b>
Fund Balance, Beginning of Year	900,000	551,133	551,133	-
Fund Balance, End of Year	\$ -	\$ -	\$ 994,256	\$ 994,256

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, 2020**

	<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	\$ 194,143	\$ (33,857)
Other	5,500	5,500	4,414	(1,086)
Federal sources				
Educational programs and other	420,000	420,000	340,614	(79,386)
<b>Total Revenues</b>	<b>653,500</b>	<b>653,500</b>	<b>539,171</b>	<b>(114,329)</b>
Expenditures				
Current				
Non-instructional	752,868	744,827	581,513	163,314
<b>Total Expenditures</b>	<b>752,868</b>	<b>744,827</b>	<b>581,513</b>	<b>163,314</b>
Excess (deficiency) of revenues over expenses	(99,368)	(91,327)	(42,342)	48,985
Other Financing Sources				
Transfer in	22,000	22,000	22,000	-
Net Change in Fund Balances	(77,368)	(69,327)	(20,342)	48,985
Fund Balance, Beginning of Year	90,000	99,381	99,381	-
Fund Balance, End of Year	\$ 12,632	\$ 30,054	\$ 79,039	\$ 48,985

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, 2020**

	<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	\$ 1,500,000	\$ 980,374	\$ 993,153	\$ 12,779
Earnings on investments	2,000	2,000	18,044	16,044
Other	2,000	2,000	3,613	1,613
State sources				
Other	200,000	186,922	186,952	30
Total Revenues	<u>1,704,000</u>	<u>1,171,296</u>	<u>1,201,762</u>	<u>30,466</u>
Expenditures				
Debt service				
Principal	1,455,000	1,005,000	1,004,285	715
Interest	25,000	245,000	243,324	1,676
Total Expenditures	<u>1,480,000</u>	<u>1,250,000</u>	<u>1,247,609</u>	<u>2,391</u>
Net Change in Fund Balances	224,000	(78,704)	(45,847)	32,857
Fund Balance, Beginning of Year	<u>1,300,000</u>	<u>1,415,578</u>	<u>1,415,578</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,524,000</u>	<u>\$ 1,336,874</u>	<u>\$ 1,369,731</u>	<u>\$ 32,857</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, 2020**

	<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				
Earnings on investments	\$ 2,000	\$ 2,000	\$ 194,509	\$ 192,509
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>194,509</u>	<u>192,509</u>
<b>Expenditures</b>				
Current				
Non-instructional	-	-	19,966	(19,966)
Bond issuance costs			196,047	(196,047)
Capital outlay	829,746	2,350,610	1,853,916	496,694
Total Expenditures	<u>829,746</u>	<u>2,350,610</u>	<u>2,069,929</u>	<u>280,681</u>
Excess (deficiency) of revenues over expenses	(827,746)	(2,348,610)	(1,875,420)	473,190
<b>Other Financing Sources</b>				
Other financing sources - bond proceeds	17,000,000	17,000,000	13,920,000	(3,080,000)
Other financing sources - original issue premium	-	-	3,276,047	3,276,047
Transfer in	239,650	239,650	300,000	60,350
Net Change in Fund Balances	16,411,904	14,891,040	15,620,627	729,587
Fund Balance, Beginning of Year	<u>1,000,000</u>	<u>2,432,085</u>	<u>2,432,085</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 17,411,904</u>	<u>\$ 17,323,125</u>	<u>\$ 18,052,712</u>	<u>\$ 729,587</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, 2020**

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	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
Other Financing Sources				
Transfers in	\$ 61,216	\$ 61,216	\$ 61,216	\$ -
Net Change in Fund Balances	61,216	61,216	61,216	-
Fund Balance, Beginning of Year	31,682	52,475	52,475	-
Fund Balance, End of Year	\$ 92,898	\$ 113,691	\$ 113,691	\$ -

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\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's portion of the net pension liability	0.185%	0.177%	0.179%
Employer's proportionate share of the net pension liability	\$ 2,116,224	\$ 2,616,966	\$ 2,817,210
Employer's covered payroll	\$ 6,942,900	\$ 6,296,740	\$ 5,642,482
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	30.48%	41.56%	49.93%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%	90.68%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.181%	0.186%	0.187%
Employer's proportionate share of the net pension liability	\$ 3,663,997	\$ 2,445,758	\$ 1,379,312
Employer's covered payroll	\$ 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	60.79%	46.22%	26.51%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	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, 2019 (measurement date).

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 709,393	\$ 688,993	\$ 604,390
Contributions in relation to the statutorily required contribution	787,989	712,791	638,729
Contribution (deficiency) excess	(78,596)	(23,798)	(34,339)
Employer's covered payroll	\$ 6,942,900	\$ 6,296,740	\$ 5,642,482
Contributions as a percentage of covered payroll	11.35%	11.32%	11.32%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 537,298	\$ 607,525	\$ 608,942
Contributions in relation to the statutorily required contribution	682,271	599,037	588,894
Contribution (deficiency) excess	144,982	(8,488)	(20,048)
Employer's covered payroll	\$ 6,027,129	\$ 5,291,846	\$ 5,202,237
Contributions as a percentage of covered payroll	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, 2020.



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

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	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's portion of the net OPEB asset	0.434%	0.425%	0.437%
Employer's proportionate share of the net OPEB asset	\$ 416,005	\$ 352,161	\$ 335,487
Employer's covered-employee payroll	\$ 6,942,900	\$ 6,296,740	\$ 5,642,482
Employer's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	5.99%	5.59%	5.95%
Plan fiduciary net position as a percentage of the total OPEB asset	138.51%	135.69%	136.78%

\*GASB Statement No. 75 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, 2019 (measurement date).

See Independent Auditors' Report

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

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	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 40,784	\$ 37,846	\$ 35,243
Contributions in relation to the statutorily required contribution	36,811	71,244	66,218
Contribution (deficiency) excess	3,973	(33,398)	(30,975)
Employer's covered-employee payroll	\$ 6,942,900	\$ 6,296,740	\$ 5,642,482
Contributions as a percentage of covered-employee payroll	0.53%	1.13%	1.17%

\*GASB Statement No. 75 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, 2020.

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, 2020**

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>
<b>High School Activity Fund</b>				
Assets				
Cash	\$ 229,277	\$ 471,181	\$ 507,854	\$ 192,604
Liabilities				
Due to student groups	\$ 229,277	\$ 471,181	\$ 507,854	\$ 192,604
<b>Junior High School Activity Fund</b>				
Assets				
Cash	\$ 51,847	\$ 49,697	\$ 44,509	\$ 57,035
Liabilities				
Due to student groups	\$ 51,847	\$ 49,697	\$ 44,509	\$ 57,035
<b>Intermediate School Activity Fund</b>				
Assets				
Cash	\$ 19,548	\$ 35,214	\$ 37,199	\$ 17,563
Liabilities				
Due to student groups	\$ 19,548	\$ 35,214	\$ 37,199	\$ 17,563
<b>Elementary School Activity Fund</b>				
Assets				
Cash	\$ 10,086	\$ 53,673	\$ 43,492	\$ 20,267
Liabilities				
Due to student groups	\$ 10,086	\$ 53,673	\$ 43,492	\$ 20,267
<b>Total - All School Activity Funds</b>				
Assets				
Cash	\$ 310,758	\$ 609,765	\$ 633,054	\$ 287,469
Liabilities				
Due to student groups	\$ 310,758	\$ 609,765	\$ 633,054	\$ 287,469

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2020**

	<b>LEP ESL State Fund</b>	<b>Literacy Fund</b>	<b>Professional Development Grant Fund</b>
Assets			
Cash and Investments	\$ 7,087	\$ 8,589	\$ 5,157
Receivables			
State of Idaho	-	-	-
Other	-	-	-
Total Assets	<u>\$ 7,087</u>	<u>\$ 8,589</u>	<u>\$ 5,157</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Salary contracts payable	272	8,589	5,157
Total Liabilities	<u>272</u>	<u>8,589</u>	<u>5,157</u>
Fund Balances			
Restricted	6,815	-	-
Committed	-	-	-
Total Fund Balances	<u>6,815</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,087</u>	<u>\$ 8,589</u>	<u>\$ 5,157</u>

See Independent Auditors' Report

<b>E-Rate Fund</b>	<b>Wellness Fund</b>	<b>Medicaid Fund</b>	<b>Driver Education Fund</b>	<b>Vocational Education Fund</b>
\$ 31,088	\$ 3,445	\$ 293,034	\$ 7,587	\$ 27,449
-	-	-	17,500	-
-	-	-	-	-
<b>\$ 31,088</b>	<b>\$ 3,445</b>	<b>\$ 293,034</b>	<b>\$ 25,087</b>	<b>\$ 27,449</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	8,455
-	-	18,297	-	3,194
-	-	18,297	-	11,649
-	3,445	274,737	25,087	15,800
31,088	-	-	-	-
<b>31,088</b>	<b>3,445</b>	<b>274,737</b>	<b>25,087</b>	<b>15,800</b>
<b>\$ 31,088</b>	<b>\$ 3,445</b>	<b>\$ 293,034</b>	<b>\$ 25,087</b>	<b>\$ 27,449</b>

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Combining Balance Sheet – Nonmajor Governmental Funds (continued)**  
**June 30, 2020**

	<b>Public School Technology Fund</b>	<b>State Substance Abuse Fund</b>	<b>Federal Forest Fund</b>
Assets			
Cash and Investments	\$ 88,948	\$ 13,157	\$ 145,490
Receivables			
State of Idaho	-	-	-
Other	-	-	-
Total Assets	<u>\$ 88,948</u>	<u>\$ 13,157</u>	<u>\$ 145,490</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	-	2,000	-
Salary contracts payable	-	1,348	-
Total Liabilities	<u>-</u>	<u>3,348</u>	<u>-</u>
Fund Balances			
Restricted	-	-	-
Committed	88,948	9,809	145,490
Total Fund Balances	<u>88,948</u>	<u>9,809</u>	<u>145,490</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 88,948</u>	<u>\$ 13,157</u>	<u>\$ 145,490</u>

See Independent Auditors' Report

<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>	<b>Title IV-A Student Support Fund</b>
\$ 35,613	\$ 7,464	\$ -	\$ -	\$ -
-	-	-	-	-
-	15,132	52	16,243	-
<b>\$ 35,613</b>	<b>\$ 22,596</b>	<b>\$ 52</b>	<b>\$ 16,243</b>	<b>\$ -</b>
\$ -	\$ -	\$ 52	\$ 5,567	\$ -
-	-	-	10,676	-
35,613	22,596	-	-	-
<b>35,613</b>	<b>22,596</b>	<b>52</b>	<b>16,243</b>	<b>-</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>\$ 35,613</b>	<b>\$ 22,596</b>	<b>\$ 52</b>	<b>\$ 16,243</b>	<b>\$ -</b>

See Independent Auditors' Report



**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Combining Balance Sheet – Nonmajor Governmental Funds (continued)**  
**June 30, 2020**

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	<b>Title II-A ESEA Improving Fund</b>	<b>Total Nonmajor Governmental Funds</b>
Assets		
Cash and Investments	\$ -	\$ 674,108
Receivables		
State of Idaho	-	17,500
Other	6,587	38,014
	<u>6,587</u>	<u>38,014</u>
Total Assets	<u>\$ 6,587</u>	<u>\$ 729,622</u>
Liabilities and Fund Balances		
Liabilities		
Due to other funds	\$ 4,923	\$ 10,542
Accounts payable	-	21,131
Salary contracts payable	1,664	96,730
	<u>6,587</u>	<u>128,403</u>
Total Liabilities	<u>6,587</u>	<u>128,403</u>
Fund Balances		
Restricted	-	325,884
Committed	-	275,335
	<u>-</u>	<u>601,219</u>
Total Fund Balances	<u>-</u>	<u>601,219</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,587</u>	<u>\$ 729,622</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, 2020**

	<b>LEP ESL State Fund</b>	<b>Literacy Fund</b>	<b>Professional Development Grant Fund</b>
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	11,949	126,181	71,902
Federal sources			
Educational programs and other	-	-	-
<b>Total Revenues</b>	<b>11,949</b>	<b>126,181</b>	<b>71,902</b>
Expenditures			
Current			
Instructional	10,142	136,977	132,113
Pupil support	-	-	-
Staff support	-	-	-
School administration	-	-	-
<b>Total Expenditures</b>	<b>10,142</b>	<b>136,977</b>	<b>132,113</b>
Excess (Deficiency) of Revenues over Expenditures	1,807	(10,796)	(60,211)
Other Financing Sources (Uses)			
Transfers in	-	7,562	5,470
Net Change in Fund Balances	1,807	(3,234)	(54,741)
Fund Balance, Beginning of Year	5,008	3,234	54,741
Fund Balance, End of Year	\$ 6,815	\$ -	\$ -

See Independent Auditors' Report

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<b>E-Rate Fund</b>	<b>Wellness Fund</b>	<b>Medicaid Fund</b>	<b>Driver Education Fund</b>	<b>Vocational Education Fund</b>
\$ -	\$ -	\$ -	\$ 5,000	\$ -
-	-	-	25,375	52,529
-	-	226,509	-	-
-	-	226,509	30,375	52,529
-	2,093	339,364	31,858	52,529
-	-	1,960	-	-
-	-	-	-	-
-	-	-	-	-
-	2,093	341,324	31,858	52,529
-	(2,093)	(114,815)	(1,483)	-
-	2,000	-	-	-
-	(93)	(114,815)	(1,483)	-
31,088	3,538	389,552	26,570	15,800
\$ 31,088	\$ 3,445	\$ 274,737	\$ 25,087	\$ 15,800

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, 2020**

	<b>Public School Technology Fund</b>	<b>State Substance Abuse Fund</b>	<b>Federal Forest Fund</b>
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	256,783	21,719	-
Federal sources			
Educational programs and other	-	-	24,466
<b>Total Revenues</b>	<b>256,783</b>	<b>21,719</b>	<b>24,466</b>
Expenditures			
Current			
Instructional	291,324	22,520	-
Pupil support	-	-	-
Staff support	-	-	-
School administration	19,950	-	-
<b>Total Expenditures</b>	<b>311,274</b>	<b>22,520</b>	<b>-</b>
Excess (Deficiency) of Revenues over Expenditures	(54,491)	(801)	24,466
Other Financing Sources (Uses)			
Transfers in	-	-	-
Net Change in Fund Balances	(54,491)	(801)	24,466
Fund Balance, Beginning of Year	143,439	10,610	121,024
Fund Balance, End of Year	\$ 88,948	\$ 9,809	\$ 145,490

See Independent Auditors' Report

<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>	<b>Title IV-A Student Support Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
141,460	246,043	19,509	16,243	13,834
141,460	246,043	19,509	16,243	13,834
133,248	238,732	19,509	16,243	-
-	7,311	-	-	-
-	-	-	-	13,834
8,212	-	-	-	-
141,460	246,043	19,509	16,243	13,834
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

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, 2020**

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	<b>Title II-A ESEA Improving Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<u>                    </u>	<u>                    </u>
Revenues		
Local sources		
Other	\$ -	\$ 5,000
State sources		
Other	-	566,438
Federal sources		
Educational programs and other	<u>29,927</u>	<u>717,991</u>
Total Revenues	<u>29,927</u>	<u>1,289,429</u>
Expenditures		
Current		
Instructional	-	1,426,652
Pupil support	-	9,271
Staff support	29,927	43,761
School administration	<u>-</u>	<u>28,162</u>
Total Expenditures	<u>29,927</u>	<u>1,507,846</u>
Excess (Deficiency) of Revenues over Expenditures	-	(218,417)
Other Financing Sources (Uses)		
Transfers in	<u>-</u>	<u>15,032</u>
Net Change in Fund Balances	-	(203,385)
Fund Balance, Beginning of Year	<u>-</u>	<u>804,604</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 601,219</u>

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Activity in Taxes Receivable Accounts by Fund**  
**Year Ended June 30, 2020**

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	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>Madison and Fremont Counties</b>		
Balance at June 30, 2019	\$ 73,375	\$ 241,213
Add - Taxes Assessed for 2019 (Net of Cancellations)	213,761	989,032
Less - Collections Received	<u>(215,768)</u>	<u>(902,046)</u>
Balance at June 30, 2020	<u>\$ 71,368</u>	<u>\$ 328,199</u>

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**General Bonded Debt – Future Principal and Interest Requirements**  
**June 30, 2020**

	ANNUAL PAYMENT			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation Bonds				
Series 2019	5.000%	2021	\$ 510,000	\$ 683,250
	5.000%	2022	440,000	659,500
	5.000%	2023	460,000	637,000
	5.000%	2024	485,000	613,375
	5.000%	2025	510,000	588,500
	5.000%	2026	535,000	562,375
	5.000%	2027	560,000	535,000
	5.000%	2028	590,000	506,250
	5.000%	2029	615,000	476,125
	5.000%	2030	650,000	444,500
	5.000%	2031	680,000	411,250
	5.000%	2032	715,000	376,375
	5.000%	2033	750,000	339,750
	5.000%	2034	790,000	301,250
	5.000%	2035	830,000	260,750
	5.000%	2036	870,000	218,250
	5.000%	2037	910,000	173,750
	5.000%	2038	960,000	127,000
	5.000%	2039	1,005,000	77,875
	5.000%	2040	1,055,000	26,375
			<u>\$ 13,920,000</u>	<u>\$ 8,018,500</u>

See Independent Auditors' Report



**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Sugar-Salem High School Activity Fund**  
**Statement of Cash Receipts, Disbursements and Transfers**  
**Year Ended June 30, 2020**

Name of Organization	Balance June 30, 2019	Cash Receipts	Cash Disbursements	Transfers To (From)	Balance June 30, 2020
Activities	\$ 12,856	\$ 133,829	\$ 125,425	\$ (1,694)	\$ 19,566
ACA DECA	65	2,200	2,265	-	-
AP Exams	27	-	-	-	27
Art	(52)	4,254	3,596	-	606
Art Club	166	-	-	-	166
Band	59	1,212	4,853	3,600	18
Baseball	(1,081)	2,625	2,842	728	(570)
Baseball - Donation	14,400	-	3,300	-	11,100
Baseball/Softball Scoreboard	442	-	-	(442)	-
Blankets	(1,236)	1,950	-	-	714
Boys Basketball	1,849	9,360	12,070	106	(755)
BPA	(186)	1,397	616	(284)	311
Cheerleaders	4,762	28,035	35,098	351	(1,950)
Choir Tour	3,968	-	-	(3,968)	-
Choral Music	1,693	5,911	8,072	3,178	2,710
Christmas Fund	6,193	12,217	10,593	(351)	7,466
College Courses	-	35	-	(35)	-
Counselors	709	2,000	2,172	-	537
Debate	867	-	-	-	867
Digger Classic	2,495	5,691	1,430	-	6,756
Digital Scrapbook	5,375	3,902	7,595	(447)	1,235
District Drama	170	1,110	757	210	733
Drama	5,314	7,690	2,067	1,552	12,489
Drama Club	1,557	-	-	(1,557)	-
Drama Scholarship	1,518	-	-	-	1,518
Drivers Ed	1,960	7,845	8,975	-	830
Environmental Science	225	180	240	-	165
Exchange Students	2,111	4,313	3,009	-	3,415
FB Digger Card	5,853	35,819	42,299	11,972	11,345
FB Score Board Advertise	12,173	400	400	(12,173)	-
FCCLA	672	3,429	1,085	5	3,021
FFA	1,015	2,842	2,778	-	1,079
Football Equipment	3,872	4,145	7,235	-	782
Forensic Science	31	-	-	-	31
Freshmen	1,149	-	-	(1,149)	-
GBB	(858)	16,918	12,567	-	3,493
Gear Up	75	-	-	(75)	-
Glenn Miller	1,583	14,407	12,012	(3,600)	378
Golf	(651)	1,100	120	-	329
Graduation	979	1,100	2,650	(979)	(1,550)
Gym Scoreboard	8,671	-	8,600	(72)	(1)
Gym Sponsorship	5,000	-	1,050	-	3,950
Honor Society	147	-	-	-	147
IDLA	925	2,131	2,190	372	1,238
IMEA	4,627	7,551	5,822	790	7,146
INL Grant	1,094	-	33	-	1,061

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, 2020**

<b>Name of Organization</b>	<b>Balance June 30, 2019</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Transfers To (From)</b>	<b>Balance June 30, 2020</b>
Industrial Tech	1,058	1,596	2,421	-	233
Interest Income	76	86	152	-	10
Jim Winn Literacy	947	-	-	-	947
Juniors	1,444	-	-	(1,444)	-
Laptop Insurance	20,492	13,135	20,325	-	13,302
Latino Club	615	190	347	-	458
Math	300	-	-	-	300
Nursing	95	-	-	(95)	-
Nutrition	4,153	6,155	3,625	-	6,683
Orchestra	4,638	20,041	22,165	1,448	3,962
Orchestra - Disneyland	634	-	-	(634)	-
Pep Band State	253	-	-	100	353
PSAT	1,271	3,169	2,450	(167)	1,823
Sales Tax	-	1,881	1,881	-	-
Scholarships	2,550	-	2,550	-	-
School Store	21,890	16,300	22,204	-	15,986
Science	3,632	7,390	7,699	673	3,996
Science Grant	-	4,738	4,570	-	168
Seniors	4,371	2,904	7,015	-	260
Soccer - Boys	1,994	876	1,703	-	1,167
Soccer - Girls	1,023	1,321	1,737	-	607
Softball	3,825	90	2,298	90	1,707
Sophomores	849	-	-	(849)	-
SSHS	8,528	5,325	7,130	-	6,723
State Pep Band	100	105	105	(100)	-
Student Body	6,320	20,984	20,542	4,296	11,058
Student Council	3,707	7,825	5,387	(80)	6,065
Tennis Club	502	80	30	-	552
Track	20	-	-	-	20
TSA	487	936	1,497	650	576
Vinyl Signs	1,241	616	23	(500)	1,334
VO -AG	3,925	2,463	4,016	(1,023)	1,349
Volleyball	717	32	678	260	331
Weights	2,000	3,460	4,266	-	1,194
Wrestling	3,040	2,410	4,742	275	983
X-Country	5	1,155	2,194	1,095	61
Yearbook	9,320	20,320	20,286	-	9,354
Yearbook Ads	672	-	-	(33)	639
	<b>\$ 229,277</b>	<b>\$ 471,181</b>	<b>\$ 507,854</b>	<b>\$ -</b>	<b>\$ 192,604</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, 2020**

<u>Name of Organization</u>	<u>Balance June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Transfers To (From)</u>	<u>Balance June 30, 2020</u>
Activity Fee	\$ 1,241	\$ 333	\$ -	\$ (659)	\$ 915
Art	870	700	900	(19)	651
Awards	4,364	820	-	-	5,184
Band	1,372	-	-	-	1,372
Book Fee	2,347	-	-	-	2,347
Boys Basketball	24	-	82	65	7
Cheerleading	3,348	4,351	6,240	-	1,459
Choir	960	9,527	11,155	-	(668)
Cross Country	-	6,512	6,191	-	321
Digital Photography	928	2,330	10	-	3,248
Fundraiser	6,412	8,216	6,714	1,338	9,252
Girls Basketball	269	-	689	-	(420)
Grant	-	262	-	-	262
Greenhouse	347	1,400	1,039	-	708
Gym	2,891	-	-	-	2,891
Interest/Service Charges	442	1,495	1,690	-	247
Music Room	1,136	-	-	-	1,136
Orchestra	260	-	-	-	260
PE Equipment	773	1,100	60	-	1,813
Science	153	685	678	-	160
Teachers Fund	939	48	1,005	(259)	(277)
Track	110	-	-	-	110
Travel Fee	15,943	322	238	(361)	15,666
Volleyball	336	11,596	7,818	-	4,114
Volleyball Equipment	523	-	-	-	523
Wrestling	4,663	-	-	(105)	4,558
Yearbook	900	-	-	-	900
Zoology	296	-	-	-	296
	<u>\$ 51,847</u>	<u>\$ 49,697</u>	<u>\$ 44,509</u>	<u>\$ -</u>	<u>\$ 57,035</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, 2020**

<b>Name of Organization</b>	<b>Balance June 30, 2019</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Transfers To (From)</b>	<b>Balance June 30, 2020</b>
Grant	\$ 9,700	\$ -	\$ 8,088	\$ -	\$ 1,612
Gym Rental	10	-	-	-	10
Library Account	-	1,026	999	-	27
Music Account	41	260	16	-	285
PBIS	21	-	-	-	21
Pictures	62	420	461	-	21
School Fundraisers	61	-	-	-	61
School Store	401	1,297	1,791	-	(93)
Student Body Fees	113	9,727	8,267	-	1,573
Teacher Accounts	5,508	19,077	12,812	-	11,773
United Dairymen	3,812	3,350	4,765	-	2,397
Vending Machine	(181)	57	-	-	(124)
	<u>\$ 19,548</u>	<u>\$ 35,214</u>	<u>\$ 37,199</u>	<u>\$ -</u>	<u>\$ 17,563</u>

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Central Elementary School Activity Fund**  
**Statement of Cash Receipts, Disbursements and Transfers**  
**Year Ended June 30, 2020**

<b>Name of Organization</b>	<b>Balance June 30, 2019</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Transfers To (From)</b>	<b>Balance June 30, 2020</b>
Fundraiser	\$ 3,359	\$ 19,763	\$ 13,263	\$ -	\$ 9,859
General Fund	83	1,823	1,253	-	653
Preschool	3,768	4,999	4,569	-	4,198
School Fees	35	12,721	6,656	(6,100)	-
Teacher Fund	2,811	12,144	17,460	6,038	3,533
Kindergarten Field Trip	-	500	-	-	500
1st Grade Field Trip	-	500	-	-	500
2nd Grade Field Trip	-	500	120	-	380
3rd Grade Field Trip	-	500	-	-	500
Vending	30	223	171	62	144
	<u>\$ 10,086</u>	<u>\$ 53,673</u>	<u>\$ 43,492</u>	<u>\$ -</u>	<u>\$ 20,267</u>

See Independent Auditors' Report

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

	<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	\$ 85,284	\$ 85,284
School Lunch Program	10.555	317,928	317,928
		<u>403,212</u>	<u>403,212</u>
Passed Through Madison/Fremont Counties:			
Federal Forest	10.665	-	24,466
		<u>          </u>	<u>          </u>
Total Department of Agriculture		<u>403,212</u>	<u>427,678</u>
<b>U.S. Department of Education</b>			
Passed Through State of Idaho:			
Title I-Basic	84.010	141,460	170,571
Special Education Cluster			
IDEA Part B	84.027	246,043	264,277
IDEA Part B - Preschool	84.173	19,509	19,310
		<u>265,552</u>	<u>283,587</u>
Career and Technical Education Basic Grant	84.048	16,243	16,243
Student Support and Academic Enrichment Grant	84.424	13,834	16,651
Improving Teacher Quality	84.367	29,927	29,816
		<u>467,016</u>	<u>516,868</u>
Total Department of Education		<u>467,016</u>	<u>516,868</u>
Total Federal Assistance		<u>\$ 870,228</u>	<u>\$ 944,546</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, 2020**

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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, 2020. 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.



**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, 2020, 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 8, 2020.

**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



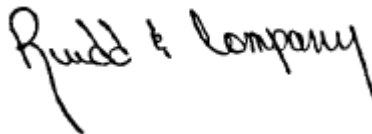
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 8, 2020



**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, 2020. 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, 2020.

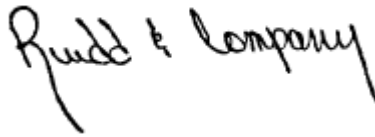
### **Report on Internal Control Over Compliance**

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 8, 2020

**SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

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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, 2020**

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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