



RUDD & COMPANY PLLC
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SUGAR-SALEM JOINT SCHOOL DISTRICT No. 322

SUGAR CITY, IDAHO

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

Year Ended June 30, 2021

giving direction to your future

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322

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June 30, 2021

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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
General Fund	Unmodified
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, 2021, 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, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As described in Note 1 to the financial statements, the District adopted new accounting guidance, GASB No. 84, fiduciary activities. Our opinion is not modified with respect to this matter.

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 53 through 57, pension information on pages 58 and 59, and OPEB information on pages 60 and 61 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

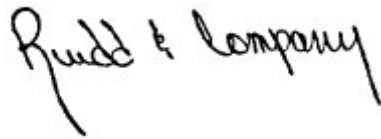
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sugar-Salem Joint School District No. 322's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information, are presented 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 October 11, 2021, 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 cursive script that reads "Rudd & Company".

Idaho Falls, Idaho
October 11, 2021

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis
June 30, 2021

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, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$17,166,550. Of this amount, \$9,666,449 is unrestricted.
- Total net position increased \$2,302,083, which represents a 15.5% increase from fiscal year 2020.
- General revenues account for \$13,034,156 in revenue, or 81% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,016,133 or 19% of total revenues.
- The District had \$13,748,206 in expenses; only \$3,016,133 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 \$10,439,937 in revenues and \$8,807,953 in expenditures. The General Fund's fund balance increased \$936,459 from the prior year.
- \$844,737 was transferred from the General Fund to the Capital Projects Fund and are committed for capital projects.

Overview of the Financial Statements

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

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2021

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 are governmental 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, 2021

The District maintains twenty-seven 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 twenty-two 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.

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 22-51 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 63-74 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 \$17,166,550 at the close of the most recent fiscal year.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2021

Net Position	Governmental Assets	
	2021	(Restated) 2020
Current and Other Assets	\$ 15,957,228	\$ 23,566,944
Capital Assets	21,728,801	11,654,314
Total Assets	<u>37,686,029</u>	<u>35,221,258</u>
Deferred Outflows of Resources	<u>1,809,933</u>	<u>1,184,771</u>
Current Liabilities	2,632,414	2,600,861
Long-term Liabilities	<u>16,485,742</u>	<u>14,813,433</u>
Total Liabilities	<u>19,118,156</u>	<u>17,414,294</u>
Deferred Inflows of Resources	<u>3,211,256</u>	<u>4,127,268</u>
Net Position		
Net Investment in Capital Assets	5,315,758	11,654,314
Restricted	2,184,343	1,507,105
Unrestricted	<u>9,666,449</u>	<u>1,703,048</u>
Total Net Position	<u>\$ 17,166,550</u>	<u>\$ 14,864,467</u>

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

The restricted portion totaling \$2,184,343 represents an amount that is subject to external restrictions. The remaining balance in *unrestricted net position* is \$9,666,449.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2021

Changes in Net Position	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 77,820	\$ 203,557
Operating grants and contributions	2,938,313	1,121,203
General revenues		
Property tax	1,409,317	1,208,523
State support	10,658,232	10,489,901
Other	966,607	970,812
Total Revenues	16,050,289	13,993,996
Expenses		
Instructional	7,704,478	7,211,562
Pupil support	210,777	209,951
Staff support	976,860	544,636
General administration	259,167	257,724
School administration	713,366	693,326
Business service	138,293	114,376
Operations	1,010,828	1,076,246
Transportation	492,021	474,517
Non-instructional	630,783	647,233
Interest	219,654	598,539
Bond issuance costs	-	196,047
Depreciation	736,158	734,882
Child nutrition services	655,821	644,111
Total Expenses	13,748,206	13,403,150
Change in Net Position	\$ 2,302,083	\$ 590,846

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, 2021

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 \$1,930,715. The fund balance increased by \$936,459 during the current fiscal year.

Expenditures for general District purposes totaled \$8,807,953, an decrease of 4.9% during the current fiscal year.

The child nutrition fund has a total fund balance of \$307,860, all of which is restricted to the child nutrition program. The fund balance increased by \$228,821 during the current year.

The debt service fund has a total fund balance of \$1,972,487, all of which is restricted for future debt service payments. The fund balance increased by \$602,756 during the current year.

The capital projects fund has a total fund balance of \$8,103,350 all of which is committed for construction projects and purchase of equipment and related expenditures. The fund balance decreased by \$9,949,362 during the current year.

The plant facility fund has a total fund balance of \$185,738, which is restricted for the purchase of equipment and related expenditures. The fund balance increased by \$72,047 during the current year.

General Fund Budgetary Highlights

During the current fiscal year, the \$377,705 positive budget to actual variance in total general fund revenues, and the \$2,031,694 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, 2021

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, 2021 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Land	\$ 1,243,714	\$ 1,243,714
Construction in progress	11,693,150	884,125
Buildings and improvements	16,291,668	16,291,668
Furniture and equipment	<u>4,911,196</u>	<u>4,985,154</u>
	34,139,728	23,404,661
Accumulated depreciation	<u>(12,410,927)</u>	<u>(11,750,347)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 21,728,801</u>	<u>\$ 11,654,314</u>
	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Outstanding Debt		
General obligation bonds	<u>\$ 13,410,000</u>	<u>\$ 13,920,000</u>
	<u>\$ 13,410,000</u>	<u>\$ 13,920,000</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, 2021

Assets	Governmental Activities
Cash and Investments	\$ 14,683,080
Receivables	
Property taxes	457,824
State of Idaho	230,428
Other	80,387
PERSI Sick Leave Asset	505,509
Capital Assets	
Sites	1,243,714
Construction in progress	11,693,150
Buildings and equipment, net of depreciation	<u>8,791,937</u>
Total Assets	<u>37,686,029</u>
Deferred Outflows of Resources	
Pension related	1,739,643
OPEB related	<u>70,290</u>
Total Deferred Outflows of Resources	<u>1,809,933</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 39,495,962</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Liabilities	Governmental Activities
Accounts payable	\$ 922,815
Salary contracts payable	1,101,974
Interest payable	167,625
Long-term liabilities:	
Portion due or payable within one year:	
Bonds, capital leases, and contracts	440,000
Portion due or payable after one year:	
Bonds, capital leases, and contracts	12,970,000
Net pension liability	3,515,742
	<hr/>
Total Liabilities	19,118,156
	<hr/>
Deferred Inflows of Resources	
Unavailable revenues	4,111
Bond issue premium, net of amortization	3,003,043
OPEB related	112,974
Pension related	91,128
	<hr/>
Total Deferred Inflows of Resources	3,211,256
	<hr/>
Total Liabilities and Deferred Inflows of Resources	\$ 22,329,412
	<hr/>
Net Position	
Net investment in capital assets	\$ 5,315,758
Restricted for:	
Debt service	1,998,605
Capital projects	185,738
Unrestricted	9,666,449
	<hr/>
Total Net Position	\$ 17,166,550
	<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, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instructional	\$ 7,704,478	\$ 20,700	\$ 2,175,791	\$ (5,507,987)
Pupil support	210,777	-	-	(210,777)
Staff support	976,860	-	-	(976,860)
General administration	259,167	-	-	(259,167)
School administration	713,366	-	-	(713,366)
Business services	138,293	-	-	(138,293)
Operations	1,010,828	-	-	(1,010,828)
Transportation	492,021	-	-	(492,021)
Non-instructional	630,783	-	-	(630,783)
Interest on long-term debt	219,654	-	-	(219,654)
Depreciation - unallocated*	736,158	-	-	(736,158)
Child nutrition services	655,821	57,120	762,522	163,821
Total Governmental Activities	\$ 13,748,206	\$ 77,820	\$ 2,938,313	(10,732,073)
General Revenues:				
Taxes:				
				Property taxes, levied for general purposes 220,209
				Property taxes, levied for debt service 1,189,108
				Other Local Support 856,082
				Gain on Sale of Fixed Assets 9,320
				State Support 10,658,232
				Unrestricted Investment Earnings 101,205
				Total General Revenues 13,034,156
				Change in Net Position 2,302,083
				Net Position - Beginning (Restated) 14,864,467
				Net Position - Ending \$ 17,166,550

* 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, 2021

Assets	General Fund	Child Nutrition Fund	Debt Service Fund
Cash and Investments	\$ 2,576,886	\$ 350,527	\$ 1,612,791
Due from Other Funds	39,445	-	-
Receivables			
Property taxes	72,010	-	385,814
State of Idaho	216,928	-	-
Other	18,000	346	-
Total Assets	<u>\$ 2,923,269</u>	<u>\$ 350,873</u>	<u>\$ 1,998,605</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	339	-	-
Salary contracts payable	987,105	43,013	-
Total Liabilities	<u>987,444</u>	<u>43,013</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	5,110	-	26,118
Fund Balances			
Restricted	-	307,860	1,972,487
Committed	1,503,586	-	-
Unassigned	427,129	-	-
Total Fund Balances	<u>1,930,715</u>	<u>307,860</u>	<u>1,972,487</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,923,269</u>	<u>\$ 350,873</u>	<u>\$ 1,998,605</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Capital Projects Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 9,025,826	\$ 185,738	\$ 931,312	\$ 14,683,080
-	-	-	39,445
-	-	-	457,824
-	-	13,500	230,428
-	-	62,041	80,387
<u>\$ 9,025,826</u>	<u>\$ 185,738</u>	<u>\$ 1,006,853</u>	<u>\$ 15,491,164</u>
\$ -	\$ -	\$ 39,445	\$ 39,445
922,476	-	-	922,815
-	-	71,856	1,101,974
<u>922,476</u>	<u>-</u>	<u>111,301</u>	<u>2,064,234</u>
-	-	4,111	35,339
-	185,738	569,139	3,035,224
8,103,350	-	322,302	9,929,238
-	-	-	427,129
<u>8,103,350</u>	<u>185,738</u>	<u>891,441</u>	<u>13,391,591</u>
<u>\$ 9,025,826</u>	<u>\$ 185,738</u>	<u>\$ 1,006,853</u>	<u>\$ 15,491,164</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, 2021

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

Total Fund Balance - Governmental Funds	\$ 13,391,591
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$34,139,728 and the accumulated depreciation is \$12,410,927.	21,728,801
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.	(13,577,625)
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.	(1,867,227)
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.	462,825
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.	(3,003,043)
Property tax revenue is recognized when earned rather than when available.	<u>31,228</u>
Net Position - Governmental Activities	<u>\$ 17,166,550</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, 2021

	General Fund	Child Nutrition Fund	Debt Service Fund
Revenues			
Local sources			
Property taxes	\$ 220,555	\$ -	\$ 1,186,673
Earnings on investments	16,861	-	5,199
Lunch sales	-	53,999	-
Other	51,193	3,121	3,567
State sources			
State apportionment	9,109,966	-	-
Other	537,001	-	600,327
Federal sources			
Educational programs and other	504,361	762,522	-
Total Revenues	10,439,937	819,642	1,795,766
Expenditures			
Current			
Instructional	5,317,457	-	-
Pupil support	187,709	-	-
Staff support	835,288	-	-
General administration	206,121	-	-
School administration	664,935	-	-
Business services	131,773	-	-
Operations	987,179	-	-
Transportation	477,491	-	-
Non-instructional	-	655,821	-
Debt Service:			
Principal	-	-	510,000
Interest	-	-	683,010
Capital Outlay	-	-	-
Total Expenditures	8,807,953	655,821	1,193,010
Excess (Deficiency) of Revenues over Expenditures	1,631,984	163,821	602,756
Other Financing Sources (Uses)			
Sale of fixed assets	11,200	-	-
Transfers in	305,825	65,000	-
Transfers out	(1,012,550)	-	-
Net Change in Fund Balances	936,459	228,821	602,756
Fund Balance Beginning of Year (Restated)	994,256	79,039	1,369,731
Fund Balance End of Year	\$ 1,930,715	\$ 307,860	\$ 1,972,487

The Accompanying Notes are an Integral Part of the Financial Statements

Capital Projects Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,407,228
79,145	-	-	101,205
-	-	-	53,999
-	16,037	805,985	879,903
-	-	-	9,109,966
-	-	410,938	1,548,266
-	-	1,671,430	2,938,313
<u>79,145</u>	<u>16,037</u>	<u>2,888,353</u>	<u>16,038,880</u>
-	-	1,942,353	7,259,810
-	-	9,997	197,706
-	-	84,540	919,828
-	-	39,658	245,779
-	-	-	664,935
-	-	-	131,773
-	-	-	987,179
-	-	-	477,491
55,719	-	555,030	1,266,570
-	-	-	510,000
-	-	-	683,010
<u>10,817,525</u>	<u>-</u>	<u>-</u>	<u>10,817,525</u>
<u>10,873,244</u>	<u>-</u>	<u>2,631,578</u>	<u>24,161,606</u>
(10,794,099)	16,037	256,775	(8,122,726)
-	5,000	-	16,200
844,737	51,010	121,803	1,388,375
-	-	(375,825)	(1,388,375)
<u>(9,949,362)</u>	<u>72,047</u>	<u>2,753</u>	<u>(8,106,526)</u>
<u>18,052,712</u>	<u>113,691</u>	<u>888,688</u>	<u>21,498,117</u>
<u>\$ 8,103,350</u>	<u>\$ 185,738</u>	<u>\$ 891,441</u>	<u>\$ 13,391,591</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
June 30, 2021

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

Net Change in Fund Balance - Governmental Funds	\$ (8,106,526)
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.	10,081,367
Property tax revenue received prior to the year for which they are levied are reported as deferred revenue in the governmental funds. The change however is recorded as revenues in the statement of activities.	2,089
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.	(638,364)
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.	(2,959)
The gain or loss on sales and dispositions of capitalized assets on the statement of activities are not recorded in the governmental funds since capital outlays are initially recorded as expenditures in the funds and are not capitalized.	(6,880)
The governmental funds report bond premiums as revenue while the government-wide statements show the premium as amortized over the term of the bonds.	163,803
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>809,553</u>
Change in Net Position of Governmental Activities	<u>\$ 2,302,083</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, 2021

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. 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, 2021

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. 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, 2021

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.

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 54:

	<u>Reported Amounts</u>	<u>Commodities Received</u>	<u>Amounts Reported in Comparison with Budget</u>
Child Nutrition Fund			
Total revenues	\$ 819,642	\$ (41,312)	\$ 778,330
Total expenditures	\$ 655,821	\$ (41,312)	\$ 614,509

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.

New Accounting Pronouncements

The District implemented GASB Statement No. 84, fiduciary activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom the relationship exist. See the District's implementation details in Note 15

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

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 changes in inputs to the calculation of the net pension liability and OPEB net liability (asset). 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 changes in inputs to the calculation of the net pension liability and the OPEB net liability (asset).

Pensions

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

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

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, 2021

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, 2021, the carrying amount of the District's deposits was \$1,048,485 and the respective bank balances totaled \$1,115,747. Of the bank balances, \$748,395 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, 2021, \$367,352 of the District's total deposits of \$1,115,747 were not covered by federal depository insurance, and thus were exposed to custodial credit risk.
3. Investments – As of June 30, 2021, 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	\$ 13,634,595	\$ 13,634,595	\$ -	\$ -	\$ -

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, 2021, 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, 2021

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	<u>\$ 14,683,080</u>
	<u>\$ 14,683,080</u>
Investments categorized	\$ 13,634,595
Deposits categorized	<u>1,048,485</u>
	<u>\$ 14,683,080</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, 2021, are generally based on the assessed values and tax levies established in 2020.

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, 2021

4. Capital Assets

Capital asset activity for the year ended June 30, 2021 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	884,125	10,809,025	-	11,693,150
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets, Not Being Depreciated	\$ 2,127,839	\$ 10,809,025	\$ -	\$ 12,936,864
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 16,291,668	\$ -	\$ -	\$ 16,291,668
Furniture and equipment	4,985,154	8,500	(82,458)	4,911,196
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets, Being Depreciated	21,276,822	8,500	(82,458)	21,202,864
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accumulated Depreciation for				
Buildings and improvements	(8,841,634)	(379,651)	-	(9,221,285)
Furniture and equipment	(2,908,713)	(356,507)	75,578	(3,189,642)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Accumulated Depreciation	(11,750,347)	(736,158)	75,578	(12,410,927)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets, Being Depreciated, Net	\$ 9,526,475			\$ 8,791,937
	<u> </u>			<u> </u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

5. General Obligation Bonds Payable

Bonds outstanding at June 30, 2021, 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%	2022 to 2040	\$ 13,410,000

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, 2021

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>
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>\$ 13,410,000</u>	<u>\$ 7,335,250</u>	<u>\$ 20,745,250</u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

6. Changes in Long-term Debt

The following is a summary of the District's long-term transactions for the year ended June 30, 2021:

	General Obligation Bonds, Series 2019	Net Pension Liability	Total
Long-term Obligations June 30, 2020	\$ 13,920,000	\$ 1,403,433	\$ 15,323,433
Obligations Incurred	-	-	-
Obligations Paid	<u>(510,000)</u>	<u>2,112,309</u>	<u>1,602,309</u>
Long-term Obligations June 30, 2021	<u>\$ 13,410,000</u>	<u>\$ 3,515,742</u>	<u>\$ 16,925,742</u>
Due within one year	<u>\$ 440,000</u>	<u>\$ -</u>	<u>\$ 440,000</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.

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, 2021

7. Pension Plan (continued)

Employee membership data related to the PERSI Base Plan, as of June 30, 2020, was as follows:

Retirees and beneficiaries currently receiving benefits	46,573
Terminated employees entitled to but not yet receiving benefits	13,788
Active plan members	<u>73,657</u>
	<u>134,018</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, 2021

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, 2020, it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The District's contributions required and paid were \$837,314, \$787,989, and \$712,791 for the years ended June 30, 2021, 2020, and 2019, respectively.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the District's proportion was 0.185 percent.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

7. Pension Plan (continued)

For the year ended June 30, 2021, the District recognized pension expense (revenue) of \$638,364. At June 30, 2021, 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	\$ 336,253	\$ 140,526
Changes in assumptions or other inputs	72,784	-
Net difference between projected and actual earnings on pension plan investments	493,292	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	(49,398)
Employer contributions subsequent to the measurement date	<u>837,314</u>	<u>-</u>
Total	<u>\$ 1,739,643</u>	<u>\$ 91,128</u>

\$837,314 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, 2022.

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, 2019, the beginning of the measurement period ended June 30, 2020, is 4.8 and 4.7 for the measurement period June 30, 2019.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

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	.....	\$ 10,146
2022	.....	195,517
2023	.....	265,471
2024	.....	340,211
2025	.....	(144)

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, 2020 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, 2021

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, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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, 2020.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

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%
Valuation Assumptions Chosen by PERSI Board:				
Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.05%
Assumed Inflation				<u>3.00%</u>
Long-Term Expected Geometric Rate of Return, Net Investment Expenses				<u><u>7.05%</u></u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

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:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$ 8,825,773	\$ 4,303,731	\$ 564,739

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.

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.

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. In December 2020, the period was extended for one year to end on June 30, 2022. The District's contributions were \$0 for the year ended June 30, 2021.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

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, 2021, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020 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, 2020, the District's proportion was 0.411 percent.

For the year ended June 30, 2021 the District recognized OPEB expense (expense offset) of \$2,959. \$0 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, 2022.

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, 2020 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

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, 2021

8. PERSI Sick Leave Insurance Reserve Fund (continued)

Capital Market Assumptions

Capital Market Assumptions from Callen 2020			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30%	2.80%	0.55%
Broad US Equities	55%	8.55%	6.30%
Developed Foreign Equities	15%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%
Investment Policy Assumptions from PERSI November 2019			
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
Economic/Demographic Assumptions from Milliman 2018			
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net Investment Expenses			7.05%

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

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:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$ 8,825,773	\$ 4,303,731	\$ 564,739

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.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

9. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following funds during the year ended June 30, 2021:

Fund	Amount Exceeded
Medicaid Fund.....	\$ 88,366
Coronavirus Relief ID Rebounds Fund.....	6,179

Deficits in Individual Funds

There were no fund deficits in the District as of June 30, 2021.

10. Interfund Balances and Transfers

The interfund balances at June 30, 2021 are as follows:

	Interfund Receivables	Interfund Payables
Major Funds		
General	\$ 39,445	\$ -
Non Major Funds		
IDEA Part B School Age	-	26,396
IDEA Part B Preschool	-	2,679
Title II-A ESEA Improving	-	10,370
	<u>\$ 39,445</u>	<u>\$ 39,445</u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2021

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	\$ 305,825	\$ 1,012,550
Child Nutrition Fund	65,000	-
Capital Projects Fund	844,737	-
Plant Facility Fund	51,010	-
Non Major Funds		
Literacy Fund	5,285	-
Wellness Fund	2,000	-
Medicaid Fund	114,518	274,737
Miscellaneous Federal Fund	-	31,088
Technology Fund	-	70,000
	<u>\$ 1,388,375</u>	<u>\$ 1,388,375</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 \$41,312. 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, 2021

12. Fair Value Measurements (continued)

Fair value assets measured on a recurring basis at June 30, 2021 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	\$ 13,634,595	\$ 13,634,595	\$ -	\$ -
Total	\$ 13,634,595	\$ 13,634,595	\$ -	\$ -

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, 2021

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.

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Plant Facility Fund	Total
Fund Balances:						
Restricted for:						
Child Nutrition	\$ -	\$ 307,860	\$ -	\$ -	\$ -	\$ 307,860
Debt Service	-	-	1,972,487	-	-	1,972,487
Plant Facility	-	-	-	-	185,738	185,738
Student Activities	-	495,119	-	-	-	495,119
LEP State Program	-	7,581	-	-	-	7,581
Professional Development	-	6,912	-	-	-	6,912
Wellness	-	3,452	-	-	-	3,452
Driver Education	-	34,616	-	-	-	34,616
Vocational Education	-	21,459	-	-	-	21,459
Committed to:						
Capital Projects	-	-	-	8,103,350	-	8,103,350
School Technology	-	140,963	-	-	-	140,963
State Substance Abuse	-	13,065	-	-	-	13,065
Federal Forest	-	168,274	-	-	-	168,274
Stabilization Policy	733,996	-	-	-	-	733,996
2022 Budget	769,590	-	-	-	-	769,590
Unassigned:						
General Fund	427,129	-	-	-	-	427,129
Total						
Fund Balances	\$ 1,930,715	\$ 1,199,301	\$ 1,972,487	\$ 8,103,350	\$ 185,738	\$ 13,391,591

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, 2021

15. Prior Period Adjustment

In the year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The statement establishes specific criteria for identifying activities that should be reported as fiduciary activities. Previously, the District has accounted for its student activity funds as fiduciary funds which were not included in the governmental fund statements or on the government-wide financial statements. However, the student activity funds do not meet the criteria established in GASB Statement No. 84 for identifying fiduciary activities because of the administrative involvement that the District has in relation to these funds. The District will account for the student activity funds as a special revenue fund which will be reported in the governmental fund statements and the statement of net position. The governmental fund statements and 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>
Balance Sheet - Governmental Funds:			
Fund Balance, Beginning of Year	\$ 21,210,648	\$ 287,469	\$ 21,498,117
Statement of Net Position, 2020:			
Cash and Investments	22,021,978	287,469	22,309,447
Net position	14,576,998	287,469	14,864,467
Statement of Activities, 2020:			
Other Revenue	361,047	609,765	970,812
Noninstructional Expenditures	14,179	633,054	647,233
Change in Net Position	614,135	(23,289)	590,846

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, 2021

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 416,000	\$ 216,000	\$ 220,555	\$ 4,555
Earnings on investments	45,000	23,500	16,861	(6,639)
Other	56,500	72,800	51,193	(21,607)
State sources				
State apportionment	8,483,246	8,761,024	9,109,966	348,942
Other	287,325	485,047	537,001	51,954
Federal				
Other	-	503,861	504,361	500
Total Revenues	9,288,071	10,062,232	10,439,937	377,705
Expenditures				
Current				
Instructional	5,782,366	5,683,440	5,317,457	365,983
Pupil support	214,759	202,302	187,709	14,593
Staff support	466,790	1,275,654	835,288	440,366
General administration	241,190	234,321	206,121	28,200
School administration	787,462	745,022	664,935	80,087
Business services	196,371	262,653	131,773	130,880
Operations	1,280,458	1,344,726	987,179	357,547
Transportation	600,675	616,896	477,491	139,405
Contingency	-	474,633	-	474,633
Total Expenditures	9,570,071	10,839,647	8,807,953	2,031,694
Excess of Revenues over Expenditures	(282,000)	(777,415)	1,631,984	2,409,399
Other Financing Sources (Uses)				
Sale of fixed assets	-	1,200	11,200	10,000
Transfers in	-	274,737	305,825	31,088
Transfers (out)	(318,000)	(492,747)	(1,012,550)	(519,803)
Net Change in Fund Balances	(600,000)	(994,225)	936,459	1,930,684
Fund Balance, Beginning of Year	600,000	994,225	994,256	31
Fund Balance, End of Year	\$ -	\$ -	\$ 1,930,715	\$ 1,930,715

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, 2021

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Lunch sales	\$ 228,000	\$ 228,000	\$ 53,999	\$ (174,001)
Other	5,500	5,500	3,121	(2,379)
Federal sources				
Educational programs and other	420,000	422,530	721,210	298,680
Total Revenues	<u>653,500</u>	<u>656,030</u>	<u>778,330</u>	<u>122,300</u>
Expenditures				
Current				
Non-instructional	678,500	691,223	614,509	76,714
Total Expenditures	<u>678,500</u>	<u>691,223</u>	<u>614,509</u>	<u>76,714</u>
Excess (deficiency) of revenues over expenses	(25,000)	(35,193)	163,821	199,014
Other Financing Sources				
Transfer in	65,000	65,000	65,000	-
Net Change in Fund Balances	40,000	29,807	228,821	199,014
Fund Balance, Beginning of Year	-	79,039	79,039	-
Fund Balance, End of Year	<u>\$ 40,000</u>	<u>\$ 108,846</u>	<u>\$ 307,860</u>	<u>\$ 199,014</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Debt Service Fund
Year Ended June 30, 2021

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 1,500,000	\$ 1,174,438	\$ 1,186,673	\$ 12,235
Earnings on investments	2,000	4,500	5,199	699
Other	2,000	3,500	3,567	67
State sources				
Other	300,000	600,327	600,327	-
Total Revenues	1,804,000	1,782,765	1,795,766	13,001
Expenditures				
Debt service				
Principal	510,000	510,000	510,000	-
Interest	683,250	683,250	683,010	240
Total Expenditures	1,193,250	1,193,250	1,193,010	240
Net Change in Fund Balances	610,750	589,515	602,756	13,241
Fund Balance, Beginning of Year	1,000,000	1,369,731	1,369,731	-
Fund Balance, End of Year	\$ 1,610,750	\$ 1,959,246	\$ 1,972,487	\$ 13,241

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, 2021

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Earnings on investments	\$ 20,000	\$ 75,000	\$ 79,145	\$ 4,145
Total Revenues	20,000	75,000	79,145	4,145
Expenditures				
Current				
Non-instructional	-	-	55,719	(55,719)
Capital outlay	17,215,616	17,383,939	10,817,525	6,566,414
Total Expenditures	17,215,616	17,383,939	10,873,244	6,510,695
Excess (deficiency) of revenues over expenses	(17,195,616)	(17,308,939)	(10,794,099)	6,514,840
Other Financing Sources				
Transfer in	332,000	344,737	844,737	500,000
Net Change in Fund Balances	(16,863,616)	(16,964,202)	(9,949,362)	7,014,840
Fund Balance, Beginning of Year	18,000,000	18,052,712	18,052,712	-
Fund Balance, End of Year	\$ 1,136,384	\$ 1,088,510	\$ 8,103,350	\$ 7,014,840

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, 2021

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Other	\$ -	\$ 16,037	\$ 16,037	\$ -
Total Revenues	-	16,037	16,037	-
Expenditures				
Capital outlay	-	180,738	-	180,738
Total Expenditures	-	180,738	-	180,738
Excess (Deficiency) of Revenues over Expenditures	-	(164,701)	16,037	180,738
Other Financing Sources				
Sale of fixed assets		\$ -	5,000	5,000
Transfers in	51,000	51,010	51,010	-
Net Change in Fund Balances	51,000	(113,691)	72,047	185,738
Fund Balance, Beginning of Year	113,691	113,691	113,691	-
Fund Balance, End of Year	\$ 164,691	\$ -	\$ 185,738	\$ 185,738

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's portion of the net pension liability	0.185%	0.185%	0.177%	0.179%
Employer's proportionate share of the net pension liability	\$ 2,187,507	\$ 2,116,224	\$ 2,616,966	\$ 2,817,210
Employer's covered payroll	\$ 7,012,680	\$ 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	31.19%	30.48%	41.56%	49.93%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	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, 2020 (measurement date).

See Independent Auditors' Report

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 727,146	\$ 709,393	\$ 688,993	\$ 604,390
Contributions in relation to the statutorily required contribution	837,314	787,989	712,791	638,729
Contribution (deficiency) excess	110,168	78,596	23,798	34,339
Employer's covered payroll	7,012,680	-	6,296,740	5,642,482
Contributions as a percentage of covered payroll	11.94%	#DIV/0!	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		144,973	(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, 2021.

See Independent Auditors' Report

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's portion of the net OPEB asset	0.411%	0.434%	0.425%	0.437%
Employer's proportionate share of the net OPEB asset	\$ 89,504	\$ 416,005	\$ 352,161	\$ 335,487
Employer's covered-employee payroll	\$ 7,012,680	\$ 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	1.28%	5.99%	5.59%	5.95%
Plan fiduciary net position as a percentage of the total OPEB asset	152.87%	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, 2020 (measurement date).

See Independent Auditors' Report

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 39,599	\$ 40,784	\$ 37,846	\$ 35,243
Contributions in relation to the statutorily required contribution	-	36,811	71,244	66,218
Contribution (deficiency) excess	(39,599)	(3,973)	33,398	30,975
Employer's covered-employee payroll	\$ 7,012,680	\$ 6,942,900	\$ 6,296,740	\$ 5,642,482
Contributions as a percentage of covered-employee payroll	0.00%	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, 2021.

See Independent Auditors' Report

Supplementary Information

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

	Student Activity Fund	LEP ESL State Fund	Literacy Fund
Assets			
Cash and Investments	\$ 495,119	\$ 7,853	\$ 19,618
Receivables			
State of Idaho	-	-	-
Other	-	-	-
Total Assets	<u>\$ 495,119</u>	<u>\$ 7,853</u>	<u>\$ 19,618</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Salary contracts payable	-	272	19,618
Total Liabilities	<u>-</u>	<u>272</u>	<u>19,618</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Fund Balances			
Restricted	495,119	7,581	-
Committed	-	-	-
Total Fund Balances	<u>495,119</u>	<u>7,581</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 495,119</u>	<u>\$ 7,853</u>	<u>\$ 19,618</u>

See Independent Auditors' Report

Professional Development Grant Fund	Wellness Fund	Medicaid Fund	Driver Education Fund	Vocational Education Fund
\$ 7,345	\$ 3,452	\$ 10,443	\$ 21,116	\$ 24,654
-	-	-	13,500	-
-	-	-	-	-
<u>\$ 7,345</u>	<u>\$ 3,452</u>	<u>\$ 10,443</u>	<u>\$ 34,616</u>	<u>\$ 24,654</u>
\$ -	\$ -	\$ -	\$ -	\$ -
433	-	10,443	-	3,195
<u>433</u>	<u>-</u>	<u>10,443</u>	<u>-</u>	<u>3,195</u>
-	-	-	-	-
6,912	3,452	-	34,616	21,459
-	-	-	-	-
<u>6,912</u>	<u>3,452</u>	<u>-</u>	<u>34,616</u>	<u>21,459</u>
<u>\$ 7,345</u>	<u>\$ 3,452</u>	<u>\$ 10,443</u>	<u>\$ 34,616</u>	<u>\$ 24,654</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2021

	Public School Technology Fund	State Substance Abuse Fund	Federal Forest Fund
Assets			
Cash and Investments	\$ 140,963	\$ 14,413	\$ 168,274
Receivables			
State of Idaho	-	-	-
Other	-	-	-
Total Assets	<u>\$ 140,963</u>	<u>\$ 14,413</u>	<u>\$ 168,274</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Salary contracts payable	-	1,348	-
Total Liabilities	<u>-</u>	<u>1,348</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Fund Balances			
Restricted	-	-	-
Committed	140,963	13,065	168,274
Total Fund Balances	<u>140,963</u>	<u>13,065</u>	<u>168,274</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 140,963</u>	<u>\$ 14,413</u>	<u>\$ 168,274</u>

See Independent Auditors' Report

Miscellaneous Federal Fund	Title I-A ESEA Basic Fund	CARES Act Fund	ESSER II Fund	IDEA Part B School Age Fund
\$ -	\$ 16,926	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	48,992
\$ -	\$ 16,926	\$ -	\$ -	\$ 48,992
\$ -	\$ -	\$ -	\$ -	\$ 26,396
-	13,951	-	-	22,596
-	13,951	-	-	48,992
-	2,975	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ 16,926	\$ -	\$ -	\$ 48,992

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2021

	IDEA Part B Preschool Fund	Perkins III Professional Technical Fund	Title IV-A Student Support Fund
Assets			
Cash and Investments	\$ -	\$ 1,136	\$ -
Receivables			
State of Idaho	-	-	-
Other	2,679	-	-
Total Assets	<u>\$ 2,679</u>	<u>\$ 1,136</u>	<u>\$ -</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 2,679	\$ -	\$ -
Salary contracts payable	-	-	-
Total Liabilities	<u>2,679</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	-	1,136	-
Fund Balances			
Restricted	-	-	-
Committed	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,679</u>	<u>\$ 1,136</u>	<u>\$ -</u>

See Independent Auditors' Report

Title II-A ESEA Supporting Effective Instruction	COVID Learning Loss Fund	Coronavirus Relief ID Rebounds Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 931,312
-	-	-	13,500
10,370	-	-	62,041
\$ 10,370	\$ -	\$ -	\$ 1,006,853
\$ 10,370	\$ -	\$ -	\$ 39,445
			71,856
10,370	-	-	111,301
-	-	-	4,111
-	-	-	569,139
-	-	-	322,302
-	-	-	891,441
\$ 10,370	\$ -	\$ -	\$ 1,006,853

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, 2021

	Student Activity Fund	LEP ESL State Fund	Literacy Fund
Revenues			
Local sources			
Other	\$ 762,680	\$ -	\$ -
State sources			
Other	-	11,504	115,148
Federal sources			
Educational programs and other	-	-	-
Total Revenues	762,680	11,504	115,148
Expenditures			
Current			
Instructional	-	10,738	120,433
Pupil support	-	-	-
Staff support	-	-	-
School administration	-	-	-
Community programs	555,030	-	-
Total Expenditures	555,030	10,738	120,433
Excess (Deficiency) of Revenues over Expenditures	207,650	766	(5,285)
Other Financing Sources (Uses)			
Transfers in	-	-	5,285
Transfers out	-	-	-
Net Change in Fund Balances	207,650	766	-
Fund Balance, Beginning of Year	287,469	6,815	-
Fund Balance, End of Year	\$ 495,119	\$ 7,581	\$ -

See Independent Auditors' Report

Professional Development Grant Fund	Wellness Fund	Medicaid Fund	Driver Education Fund	Vocational Education Fund
\$ -	\$ -	\$ -	\$ 20,700	\$ -
47,817	-	-	22,950	49,372
-	-	373,849	-	-
<u>47,817</u>	<u>-</u>	<u>373,849</u>	<u>43,650</u>	<u>49,372</u>
40,905	1,993	487,578	34,121	43,713
-	-	789	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>40,905</u>	<u>1,993</u>	<u>488,367</u>	<u>34,121</u>	<u>43,713</u>
6,912	(1,993)	(114,518)	9,529	5,659
-	2,000	114,518	-	-
-	-	(274,737)	-	-
<u>6,912</u>	<u>7</u>	<u>(274,737)</u>	<u>9,529</u>	<u>5,659</u>
-	3,445	274,737	25,087	15,800
<u>\$ 6,912</u>	<u>\$ 3,452</u>	<u>\$ -</u>	<u>\$ 34,616</u>	<u>\$ 21,459</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2021

	Public School Technology Fund	State Substance Abuse Fund	Federal Forest Fund
Revenues			
Local sources			
Other	\$ 22,605	\$ -	\$ -
State sources			
Other	143,015	21,132	-
Federal sources			
Educational programs and other	-	-	22,784
Total Revenues	165,620	21,132	22,784
Expenditures			
Current			
Instructional	11,993	17,876	-
Pupil support	-	-	-
Staff support	-	-	-
School administration	31,612	-	-
Community programs	-	-	-
Total Expenditures	43,605	17,876	-
Excess (Deficiency) of Revenues over Expenditures	122,015	3,256	22,784
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(70,000)	-	-
Net Change in Fund Balances	52,015	3,256	22,784
Fund Balance, Beginning of Year	88,948	9,809	145,490
Fund Balance, End of Year	\$ 140,963	\$ 13,065	\$ 168,274

See Independent Auditors' Report

Miscellaneous Federal Fund	Title I-A ESEA Basic Fund	CARES Act Fund	ESSER II Fund	IDEA Part B School Age Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>5,000</u>	<u>193,225</u>	<u>163,673</u>	<u>395,067</u>	<u>279,877</u>
<u>5,000</u>	<u>193,225</u>	<u>163,673</u>	<u>395,067</u>	<u>279,877</u>
5,000	185,179	143,883	395,067	270,669
-	-	-	-	9,208
-	-	19,790	-	-
-	8,046	-	-	-
-	-	-	-	-
<u>5,000</u>	<u>193,225</u>	<u>163,673</u>	<u>395,067</u>	<u>279,877</u>
-	-	-	-	-
-	-	-	-	-
<u>(31,088)</u>				
(31,088)	-	-	-	-
<u>31,088</u>				
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2021

	IDEA Part B Preschool Fund	Perkins III Professional Technical Fund	Title IV-A Student Support Fund
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	-	-
Federal sources			
Educational programs and other	12,274	17,133	9,995
Total Revenues	12,274	17,133	9,995
Expenditures			
Current			
Instructional	12,274	17,133	-
Pupil support	-	-	-
Staff support	-	-	9,995
School administration	-	-	-
Noninstructional	-	-	-
Total Expenditures	12,274	17,133	9,995
Excess (Deficiency) of Revenues over Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

See Independent Auditors' Report

Title II-A ESEA Supporting Effective Instruction	COVID Learning Loss Fund	Coronavirus Relief ID Rebounds Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 805,985
-	-	-	410,938
39,921	14,834	143,798	1,671,430
39,921	14,834	143,798	2,888,353
-	-	143,798	1,942,353
-	-	-	9,997
39,921	14,834	-	84,540
-	-	-	39,658
-	-	-	555,030
39,921	14,834	143,798	2,631,578
-	-	-	256,775
-	-	-	121,803
-	-	-	(375,825)
-	-	-	2,753
-	-	-	888,688
\$ -	\$ -	\$ -	\$ 891,441

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>
Madison and Fremont Counties		
Balance at June 30, 2020	\$ 71,368	\$ 328,199
Add - Taxes Assessed for 2020 (Net of Cancellations)	220,945	1,188,372
Less - Collections Received	<u>(220,303)</u>	<u>(1,130,757)</u>
Balance at June 30, 2021	<u>\$ 72,010</u>	<u>\$ 385,814</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
General Bonded Debt – Future Principal and Interest Requirements
June 30, 2021

General Obligation Bonds						
Series 2019	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>13,410,000</u>		<u>7,335,250</u>
			\$	13,410,000	\$	7,335,250

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

	Federal CFDA Number	Expenditures	Revenues Cash Basis
U.S. Department of Agriculture			
Passed Through State of Idaho:			
* Child Nutrition Cluster			
School Breakfast Program	10.553	\$ 98,943	\$ 98,943
School Lunch Program	10.555	660,702	660,702
		<u>759,645</u>	<u>759,645</u>
Passed Through Madison/Fremont Counties:			
Federal Forest	10.665	-	22,784
		<u>-</u>	<u>22,784</u>
Total Department of Agriculture		<u>759,645</u>	<u>782,429</u>
U.S. Department of the Treasury			
Passed Through State of Idaho:			
* COVID-19 Coronavirus Relief Fund			
Total Department of the Treasury	21.019	665,023	665,023
		<u>665,023</u>	<u>665,023</u>
National Endowment for the Humanities			
Passed Through State of Idaho:			
Grants to States			
Total National Endowment for the Humanities	45.310	500	500
		<u>500</u>	<u>500</u>
U.S. Department of Education			
Passed Through State of Idaho:			
Title I-Basic	84.010	193,225	196,200
Special Education Cluster			
IDEA Part B	84.027	279,877	246,018
IDEA Part B - Preschool	84.173	12,274	9,647
		<u>292,151</u>	<u>255,665</u>
Career and Technical Education Basic Grant	84.048	17,133	17,133
Supporting Effective Instruction	84.367	39,921	36,139
Student Support and Academic Enrichment Grant	84.424	9,995	9,995
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief	84.425	558,740	558,740
		<u>558,740</u>	<u>558,740</u>
Total Department of Education		<u>1,111,165</u>	<u>1,073,872</u>
U.S. Department of Health and Human Services			
Passed Through State of Idaho:			
Substance Abuse and Mental Health Services			
Total Department of Health and Human Services	93.243	5,000	5,000
		<u>5,000</u>	<u>5,000</u>
Total Federal Assistance		<u>\$ 2,541,333</u>	<u>\$ 2,526,824</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, 2021

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, 2021. 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, 2021, 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 October 11, 2021.

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

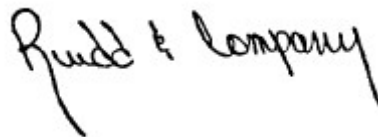
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
October 11, 2021



**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, 2021. 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, 2021.

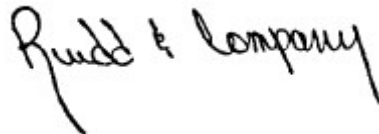
Report on Internal Control Over Compliance

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
October 11, 2021

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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, 2021

Identification of major programs:

CFDA Number(s)	Name of Federal Program
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	School Lunch Program
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None