



RUDD & COMPANY PLLC
certified public accountants | business consultants

SUGAR-SALEM JOINT SCHOOL DISTRICT No. 322

SUGAR CITY, IDAHO

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

Year Ended June 30, 2022

giving direction to your future

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322

Table of Contents

June 30, 2022

Independent Auditors' Report	1-5
Management's Discussion and Analysis	6-12
Basic Financial Statements	
Statement of Net Position	14-15
Statement of Activities.....	16
Balance Sheet – Governmental Funds	17-18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Notes to Financial Statements.....	23-52
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	54
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Child Nutrition Fund	55
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund	56
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	57
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Plant Facility Fund	58
Schedule of Employer's Share of Net Pension Liability	59

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322

Table of Contents

June 30, 2022

Schedule of Employer Contributions – PERSI.....60

Schedule of Employer’s Share of Net OPEB Asset.....61

Schedule of Employer Contributions – PERSI OPEB.....62

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds..... 64-70

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds..... 75-77

Activity in Taxes Receivable Accounts by Fund.....78

General Bonded Debt – Future Principal and Interest Requirements.....79

Schedule of Expenditures of Federal Awards80

Note to the Schedule of Expenditures of Federal Awards.....81

**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* 82-83**

**Independent Auditors’ Report on Compliance for Each Major Program and
Report on Internal Control over Compliance Required by the Uniform
Guidance 84-86**

Schedule of Findings and Questioned Costs..... 87-88



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, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

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

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the “Matter Giving Rise to the Qualified Opinion” on the 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, 2022, 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, 2022, 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.

Basis for Qualified Opinion and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sugar-Salem Joint School District No. 322 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sugar-Salem Joint School District No. 322's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sugar-Salem Joint School District No. 322's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sugar-Salem Joint School District No. 322's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12, budgetary comparison information on pages 54 through 58, pension information on pages 59 and 60, and OPEB information on pages 61 and 62 be presented to supplement the basic financial statements. Such information, is the responsibility of management, and 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.

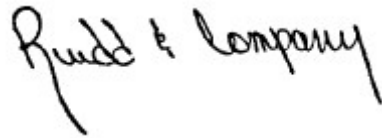
Supplementary Information

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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 10, 2022, on our consideration of the Sugar-Salem Joint School District No. 322's internal control over financial reporting and on our tests of its compliance with certain provisions

of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sugar-Salem Joint School District No. 322's internal control over financial reporting and compliance.

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

Idaho Falls, Idaho
October 10, 2022

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis
June 30, 2022

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, 2022.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2022 by \$19,008,240. Of this amount, \$6,902,711 is unrestricted.
- Total net position increased \$1,841,690, which represents a 10.7% increase from fiscal year 2021.
- General revenues account for \$13,562,822 in revenue, or 83% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,841,634 or 17% of total revenues.
- The District had \$14,562,766 in expenses; only \$2,841,634 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 \$10,926,058 in revenues and \$9,798,636 in expenditures. The General Fund's fund balance decreased \$300,634 from the prior year.
- \$1,281,748 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, 2022

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

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

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

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District 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, 2022

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

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

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

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-52 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining fund statements and schedules can be found on pages 64-77 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 \$19,008,240 at the close of the most recent fiscal year.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2022

Net Position	Governmental Assets	
	2022	2021
Current and Other Assets	\$ 12,366,460	\$ 15,957,228
Capital Assets	25,780,119	21,728,801
Total Assets	38,146,579	37,686,029
Deferred Outflows of Resources	2,964,595	1,809,933
Current Liabilities	1,814,145	2,632,414
Long-term Liabilities	12,510,000	16,485,742
Total Liabilities	14,324,145	19,118,156
Deferred Inflows of Resources	7,778,789	3,211,256
Net Position		
Net Investment in Capital Assets	9,970,878	5,315,758
Restricted	2,134,651	2,184,343
Unrestricted	6,902,711	9,666,449
Total Net Position	\$ 19,008,240	\$ 17,166,550

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 \$2,134,651 represents an amount that is subject to external restrictions. The remaining balance in *unrestricted net position* is \$6,902,711.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Management's Discussion and Analysis (continued)
June 30, 2022

Changes in Net Position	Governmental Activities	
	2022	2021
Revenues		
Program revenues		
Charges for services	\$ 35,103	\$ 77,820
Operating grants and contributions	2,806,531	2,938,313
General revenues		
Property tax	1,013,649	1,409,317
State support	11,001,994	10,658,232
Other	1,547,179	966,607
Total Revenues	16,404,456	16,050,289
Expenses		
Instructional	7,121,497	7,704,478
Pupil support	227,240	210,777
Staff support	720,864	976,860
General administration	610,347	259,167
School administration	623,635	713,366
Business service	149,813	138,293
Operations	1,134,814	1,010,828
Transportation	577,590	492,021
Community services	931,922	555,030
Non-instructional	176,427	75,753
Interest	490,171	219,654
Depreciation	972,013	736,158
Child nutrition services	826,433	655,821
Total Expenses	14,562,766	13,748,206
Change in Net Position	\$ 1,841,690	\$ 2,302,083

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, 2022

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 \$1,630,081. The fund balance decreased by \$300,634 during the current fiscal year.

Expenditures for general District purposes totaled \$9,798,636, an increase of 11.2% during the current fiscal year.

The child nutrition fund has a total fund balance of \$588,740, all of which is restricted to the child nutrition program. The fund balance increased by \$280,880 during the current year.

The debt service fund has a total fund balance of \$1,883,831, all of which is restricted for future debt service payments. The fund balance decreased by \$88,656 during the current year.

The capital projects fund has a total fund balance of \$4,404,217 all of which is committed for construction projects and purchase of equipment and related expenditures. The fund balance decreased by \$3,699,133 during the current year.

The plant facility fund has a total fund balance of \$235,334, which is restricted for the purchase of equipment and related expenditures. The fund balance increased by \$49,596 during the current year.

General Fund Budgetary Highlights

During the current fiscal year, the \$499,439 positive budget to actual variance in total general fund revenues, and the \$1,640,140 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, 2022

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, 2022 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Land	\$ 1,243,714	\$ 1,243,714
Construction in progress	-	11,693,150
Buildings and improvements	32,830,669	16,291,668
Furniture and equipment	<u>5,081,776</u>	<u>4,911,196</u>
	39,156,159	34,139,728
Accumulated depreciation	<u>(13,376,040)</u>	<u>(12,410,927)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 25,780,119</u>	<u>\$ 21,728,801</u>
Outstanding Debt	Governmental Activities	
	<u>2022</u>	<u>2021</u>
General obligation bonds	<u>\$ 12,970,000</u>	<u>\$ 13,410,000</u>
	<u>\$ 12,970,000</u>	<u>\$ 13,410,000</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, 2022

Assets	Governmental Activities
Cash and Investments	\$ 10,188,394
Receivables	
Property taxes	319,900
State of Idaho	74,377
Other	190,502
PERSI Sick Leave Asset	596,199
Net Pension Asset	997,088
Capital Assets	
Sites	1,243,714
Buildings and equipment, net of depreciation	<u>24,536,405</u>
Total Assets	<u>38,146,579</u>
Deferred Outflows of Resources	
Pension related	2,809,502
OPEB related	<u>155,093</u>
Total Deferred Outflows of Resources	<u>2,964,595</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 41,111,174</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Liabilities	Governmental Activities
Accounts payable	\$ 13,402
Salary contracts payable	1,178,618
Interest payable	162,125
Long-term liabilities:	
Portion due or payable within one year:	
Bonds, capital leases, and contracts	460,000
Portion due or payable after one year:	
Bonds, capital leases, and contracts	<u>12,510,000</u>
 Total Liabilities	 <u>14,324,145</u>
 Deferred Inflows of Resources	
Unavailable revenues	23,198
Bond issue premium, net of amortization	2,839,241
OPEB related	257,722
Pension related	<u>4,658,628</u>
 Total Deferred Inflows of Resources	 <u>7,778,789</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>\$ 22,102,934</u>
 Net Position	
Net investment in capital assets	\$ 9,970,878
Restricted for:	
Debt service	1,899,317
Capital projects	235,334
Unrestricted	<u>6,902,711</u>
 Total Net Position	 <u>\$ 19,008,240</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Statement of Activities
Year Ended June 30, 2022

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	\$ 7,121,497	\$ 29,250	\$ 1,730,071	\$ (5,362,176)
Pupil support	227,240	-	-	(227,240)
Staff support	720,864	-	-	(720,864)
General administration	610,347	-	-	(610,347)
School administration	623,635	-	-	(623,635)
Business services	149,813	-	-	(149,813)
Operations	1,134,814	-	-	(1,134,814)
Transportation	577,590	-	-	(577,590)
Community services	931,922	-	-	(931,922)
Non-instructional	176,427	-	-	(176,427)
Interest on				
long-term debt	490,171	-	-	(490,171)
Depreciation -				
unallocated*	972,013	-	-	(972,013)
Child nutrition services	826,433	5,853	1,076,460	255,880
Total Governmental Activities	\$ 14,562,766	\$ 35,103	\$ 2,806,531	(11,721,132)
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				218,860
Property taxes, levied for debt service				794,789
Other Local Support				1,465,974
Donations				50,000
Gain on Sale of Fixed Assets				8,000
State Support				11,001,994
Unrestricted Investment Earnings				23,205
Total General Revenues				13,562,822
Change in Net Position				1,841,690
Net Position - Beginning				17,166,550
Net Position - Ending				\$ 19,008,240

The Accompanying Notes are an Integral Part of the Financial Statements

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Balance Sheet – Governmental Funds
June 30, 2022

Assets	General Fund	Child Nutrition Fund	Debt Service Fund
Cash and Investments	\$ 2,421,565	\$ 615,442	\$ 1,648,314
Due from Other Funds	144,767	-	-
Receivables			
Property taxes	68,897	-	251,003
State of Idaho	55,439	-	-
Other	19,416	-	-
Total Assets	<u>\$ 2,710,084</u>	<u>\$ 615,442</u>	<u>\$ 1,899,317</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Salary contracts payable	1,076,125	26,702	-
Total Liabilities	<u>1,076,125</u>	<u>26,702</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenues	3,878	-	15,486
Fund Balances			
Restricted	-	588,740	1,883,831
Committed	816,553	-	-
Unassigned	813,528	-	-
Total Fund Balances	<u>1,630,081</u>	<u>588,740</u>	<u>1,883,831</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,710,084</u>	<u>\$ 615,442</u>	<u>\$ 1,899,317</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Capital Projects Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 4,417,619	\$ 235,334	\$ 850,120	\$ 10,188,394
-	-	-	144,767
-	-	-	319,900
-	-	18,938	74,377
-	-	171,086	190,502
<u>\$ 4,417,619</u>	<u>\$ 235,334</u>	<u>\$ 1,040,144</u>	<u>\$ 10,917,940</u>
\$ -	\$ -	\$ 144,767	\$ 144,767
13,402	-	-	13,402
-	-	75,791	1,178,618
<u>13,402</u>	<u>-</u>	<u>220,558</u>	<u>1,336,787</u>
-	-	23,198	42,562
-	235,334	578,539	3,286,444
4,404,217	-	217,849	5,438,619
-	-	-	813,528
<u>4,404,217</u>	<u>235,334</u>	<u>796,388</u>	<u>9,538,591</u>
<u>\$ 4,417,619</u>	<u>\$ 235,334</u>	<u>\$ 1,040,144</u>	<u>\$ 10,917,940</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, 2022

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

Total Fund Balance - Governmental Funds	\$ 9,538,591
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$39,156,159 and the accumulated depreciation is \$13,376,040.	25,780,119
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.	(13,132,125)
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.	(852,038)
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.	493,570
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 \$436,806.	(2,839,241)
Property tax revenue is recognized when earned rather than when available.	<u>19,364</u>
Net Position - Governmental Activities	<u>\$ 19,008,240</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, 2022

	General Fund	Child Nutrition Fund	Debt Service Fund
Revenues			
Local sources			
Property taxes	\$ 220,092	\$ -	\$ 805,421
Earnings on investments	9,829	-	3,266
Lunch sales	-	3,108	-
Other	281,157	2,745	3,382
State sources			
State apportionment	9,881,104	-	-
Other	479,746	-	198,748
Federal sources			
Educational programs and other	54,130	1,076,460	-
Total Revenues	10,926,058	1,082,313	1,010,817
Expenditures			
Current			
Instructional	5,972,951	-	-
Pupil support	243,386	-	-
Staff support	688,468	-	-
General administration	226,748	-	-
School administration	692,837	-	-
Business services	162,800	-	-
Operations	1,163,715	-	-
Transportation	597,731	-	-
Community Services	-	-	-
Non-instructional	-	826,433	-
Debt Service:			
Principal	-	-	440,000
Interest	-	-	659,473
Capital Outlay	50,000	-	-
Total Expenditures	9,798,636	826,433	1,099,473
Excess (Deficiency) of Revenues over Expenditures	1,127,422	255,880	(88,656)
Other Financing Sources (Uses)			
Sale of fixed assets	8,000	-	-
Transfers in	-	25,000	-
Transfers out	(1,436,056)	-	-
Net Change in Fund Balances	(300,634)	280,880	(88,656)
Fund Balance Beginning of Year	1,930,715	307,860	1,972,487
Fund Balance End of Year	\$ 1,630,081	\$ 588,740	\$ 1,883,831

The Accompanying Notes are an Integral Part of the Financial Statements

Capital Projects Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,025,513
10,110	-	-	23,205
-	-	-	3,108
-	-	1,260,685	1,547,969
-	-	-	9,881,104
-	7,088	435,308	1,120,890
-	-	1,675,941	2,806,531
<u>10,110</u>	<u>7,088</u>	<u>3,371,934</u>	<u>16,408,320</u>
-	-	1,892,977	7,865,928
-	-	9,624	253,010
-	-	109,215	797,683
-	-	404,762	631,510
-	-	6,500	699,337
-	-	-	162,800
-	-	6,370	1,170,085
-	-	-	597,731
-	-	931,922	931,922
210,077	-	-	1,036,510
-	-	-	440,000
-	-	-	659,473
<u>4,780,914</u>	<u>-</u>	<u>192,417</u>	<u>5,023,331</u>
<u>4,990,991</u>	<u>-</u>	<u>3,553,787</u>	<u>20,269,320</u>
(4,980,881)	7,088	(181,853)	(3,861,000)
-	-	-	8,000
1,281,748	42,508	98,548	1,447,804
-	-	(11,748)	(1,447,804)
<u>(3,699,133)</u>	<u>49,596</u>	<u>(95,053)</u>	<u>(3,853,000)</u>
<u>8,103,350</u>	<u>185,738</u>	<u>891,441</u>	<u>13,391,591</u>
<u>\$ 4,404,217</u>	<u>\$ 235,334</u>	<u>\$ 796,388</u>	<u>\$ 9,538,591</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
Year Ended June 30, 2022

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

Net Change in Fund Balance - Governmental Funds	\$ (3,853,000)
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.	4,051,318
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.	(11,864)
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.	1,015,189
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.	30,745
The governmental funds report bond premiums as revenue while the government-wide statements show the premium as amortized over the term of the bonds.	163,802
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>445,500</u>
Change in Net Position of Governmental Activities	<u>\$ 1,841,690</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, 2022

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, 2022

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, 2022

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 55:

	<u>Reported</u> <u>Amounts</u>	<u>Commodities</u> <u>Received</u>	<u>Amounts</u> <u>Reported in</u> <u>Comparison</u> <u>with Budget</u>
Child Nutrition Fund			
Total revenues	\$ 1,082,313	\$ (80,574)	\$ 1,001,739
Total expenditures	\$ 826,433	\$ (80,574)	\$ 745,859

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.

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.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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 funds 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

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.

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources (continued)

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.

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.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Fund Equity

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

2. Cash and Investments

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

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

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

1. Deposits – At June 30, 2022, the carrying amount of the District's deposits was \$845,503 and the respective bank balances totaled \$1,168,778. Of the bank balances, \$556,477 was insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

2. Cash and Investments (continued)

2. Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. As of June 30, 2022, \$612,301 of the District’s total deposits of \$1,168,778 were not covered by federal depository insurance, and thus were exposed to custodial credit risk.
3. Investments – As of June 30, 2022, 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	\$ 9,342,891	\$ 9,342,891	\$ -	\$ -	\$ -

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, 2022, had a weighted average maturity of 110 days, it was presented as an investment with a maturity of less than one year.
7. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the District’s policy to limit investments to the safest types of securities and to diversify the District’s investment portfolio so that potential losses on securities will be minimized. The District follows Idaho statute that outlines qualifying investment options.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

2. Cash and Investments (continued)

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net position	<u>\$ 10,188,394</u>
	<u>\$ 10,188,394</u>
Investments categorized	\$ 9,342,891
Deposits categorized	<u>845,503</u>
	<u>\$ 10,188,394</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, 2022, are generally based on the assessed values and tax levies established in 2021.

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, 2022

4. Capital Assets

Capital asset activity for the year ended June 30, 2022 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	<u>11,693,150</u>	<u>4,845,851</u>	<u>(16,539,001)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 12,936,864</u>	<u>\$ 4,845,851</u>	<u>\$ (16,539,001)</u>	<u>\$ 1,243,714</u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 16,291,668	\$ 16,539,001	\$ -	\$ 32,830,669
Furniture and equipment	<u>4,911,196</u>	<u>177,480</u>	<u>(6,900)</u>	<u>5,081,776</u>
Total Capital Assets, Being Depreciated	<u>21,202,864</u>	<u>16,716,481</u>	<u>(6,900)</u>	<u>37,912,445</u>
Accumulated Depreciation for				
Buildings and improvements	(9,221,285)	(617,365)	-	(9,838,650)
Furniture and equipment	<u>(3,189,642)</u>	<u>(354,648)</u>	<u>6,900</u>	<u>(3,537,390)</u>
Total Accumulated Depreciation	<u>(12,410,927)</u>	<u>(972,013)</u>	<u>6,900</u>	<u>(13,376,040)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 8,791,937</u>			<u>\$ 24,536,405</u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

5. General Obligation Bonds Payable

Bonds outstanding at June 30, 2022, 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%	2023 to 2040	\$ 12,970,000

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, 2022

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>
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>\$ 12,970,000</u>	<u>\$ 6,675,750</u>	<u>\$ 19,645,750</u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

6. Changes in Long-term Debt

The following is a summary of the District's long-term transactions for the year ended June 30, 2022:

	General Obligation Bonds, Series 2019	Net Pension Liability (Asset)	Total
Long-term Obligations June 30, 2021	\$ 13,410,000	\$ 3,515,742	\$ 16,925,742
Obligations Incurred	-	-	-
Obligations Paid	<u>(440,000)</u>	<u>(4,512,830)</u>	<u>(4,952,830)</u>
Long-term Obligations June 30, 2022	<u>\$ 12,970,000</u>	<u>\$ (997,088)</u>	<u>\$ 11,972,912</u>
Due within one year	<u>\$ 460,000</u>	<u>\$ -</u>	<u>\$ 460,000</u>

7. Pension Plan

Plan Description

The District contributes to the 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, 2022

7. Pension Plan (continued)

Employee membership data related to the PERSI Base Plan, as of June 30, 2021, was as follows:

Retirees and beneficiaries currently receiving benefits	50,891
Terminated employees entitled to but not yet receiving benefits	45,718
Active plan members	<u>73,563</u>
	<u>170,172</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. 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) that are adequate to accumulate sufficient assets to pay benefits when due.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

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, 2022, the employee contribution rate was 7.16% for general employees and 9.13% 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 were \$865,119, \$837,314, and \$787,989 for the years ended June 30, 2022, 2021, and 2020, respectively.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the District's proportion was 0.190 percent.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

7. Pension Plan (continued)

For the year ended June 30, 2022, the District recognized pension expense (revenue) of \$(1,015,189). At June 30, 2022, 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	\$ 221,183	\$ 87,261
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	1,723,200	4,715,192
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	(143,825)
Employer contributions subsequent to the measurement date	<u>865,119</u>	<u>-</u>
Total	<u>\$ 2,809,502</u>	<u>\$ 4,658,628</u>

\$865,119 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, 2023.

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, 2020, the beginning of the measurement period ended June 30, 2020, is 4.7 and 4.6 for the measurement period June 30, 2021.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

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>		
2023	.....	\$ (638,375)
2024	.....	(566,763)
2025	.....	(490,116)
2026	.....	(1,030,819)
2027	.....	11,828

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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%

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, 2022

7. Pension Plan (continued)

Assumptions used to calculate the enclosed figures are described in our 2021 Experience Study. The Total Pension Liability as of June 30, 2021 is based on the results of an actuarial valuation date July 1, 2021.

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 2021.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

7. Pension Plan (continued)

Capital Market Assumptions from Callen 2020			
<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	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	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			2.30%
Long-Term Expected Geometric Rate of Return, Net Investment Expenses			6.35%

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

7. Pension Plan (continued)

The discount rate used to measure the total pension liability was 6.35%. 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 6.35 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 (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 5,218,533	\$ (150,121)	\$ (4,550,915)

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 previous 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, 2022.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

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, 2022, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, 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, 2021, the District's proportion was 0.411 percent.

For the year ended June 30, 2022 the District recognized OPEB expense (expense offset) of \$(30,745). \$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, 2023.

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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases, including inflation	3.05%
Investment rate of return	5.45%

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, 2022

8. PERSI Sick Leave Insurance Reserve Fund (continued)

Capital Market Assumptions

Capital Market Assumptions from Callen 2021			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	50.00%	1.80%	-0.20%
US/Global Equity	39.30%	8.00%	6.00%
International Equity	10.70%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%
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 2021			
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			3.15%
Assumed Inflation			2.30%
Long-Term Expected Geometric Rate of Return, Net Investment Expenses			5.45%

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

8. PERSI Sick Leave Insurance Reserve Fund (continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 5.45%. 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 5.45 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 (4.45 percent) or 1 percentage-point higher (6.45 percent) than the current rate:

	1% Decrease (4.45%)	Current Discount Rate (5.45%)	1% Increase (6.45%)
Employer's proportionate share of the net OPEB liability (asset)	\$ (517,362)	\$ (596,199)	\$ (669,837)

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, 2022

9. Other Required Individual Fund Disclosures

The District expenditures exceeded the budgeted amounts in the following funds during the year ended June 30, 2022:

Fund	Amount Exceeded
Student Activity Fund.....	\$ 331,823
Vocational Education Fund.....	48,112
Public School Technology Fund.....	498,874
Cares Act Fund.....	741
ESSER III - IDEA Fund.....	54,652
Title IV-A Student Support Fund.....	16,005
Title II-A Supporting Effective Instruction Fund.....	29,305
Covid Learning Loss Fund.....	59,064
Coronavirus Relief ID Rebounds Fund.....	11,247

Deficits in Individual Funds

There were no fund deficits in the District as of June 30, 2022.

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

10. Interfund Balances and Transfers

The interfund balances at June 30, 2022 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General	\$ 144,767	\$ -
Non Major Funds		
Medicaid	-	62,890
ESSER III	-	8,495
ESSER II	-	25,650
IDEA Part B Preschool	-	1,212
ESSER III - IDEA Fund	-	5,049
Title IV-A Student Support	-	31,256
Title II-A ESEA Supporting Effective Instruction	-	10,215
	<u>\$ 144,767</u>	<u>\$ 144,767</u>

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Notes to Financial Statements (continued)
June 30, 2022

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	\$ -	\$ 1,436,056
Child Nutrition Fund	25,000	
Capital Projects Fund	1,281,748	-
Plant Facility Fund	42,508	-
Non Major Funds		
Wellness Fund	2,000	-
Medicaid Fund	94,500	-
Vocational Education Fund	2,048	-
Technology Fund	-	11,748
	<u>\$ 1,447,804</u>	<u>\$ 1,447,804</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 for capital projects in the next year.

11. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$80,574. 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, 2022

12. Fair Value Measurements (continued)

Fair value assets measured on a recurring basis at June 30, 2022 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	\$ 9,342,891	\$ 9,342,891	\$ -	\$ -
Total	\$ 9,342,891	\$ 9,342,891	\$ -	\$ -

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, 2022

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	\$ -	\$ 588,740	\$ -	\$ -	\$ -	\$ 588,740
Debt Service	-	-	1,883,831	-	-	1,883,831
Plant Facility	-	-	-	-	235,334	235,334
Student Activities	-	461,385	-	-	-	461,385
LEP State Program	-	12,584	-	-	-	12,584
Literacy	-	10,217	-	-	-	10,217
Professional Development	-	39,350	-	-	-	39,350
Wellness	-	3,532	-	-	-	3,532
Driver Education	-	51,471	-	-	-	51,471
Vocational Education	-	-	-	-	-	-
Committed to:						
Capital Projects	-	-	-	4,404,217	-	4,404,217
State Substance Abuse	-	21,742	-	-	-	21,742
Federal Forest	-	196,107	-	-	-	196,107
Stabilization Policy	816,553	-	-	-	-	816,553
Unassigned:						
General Fund	813,528	-	-	-	-	813,528
Total						
Fund Balances	<u>\$ 1,630,081</u>	<u>\$ 1,385,128</u>	<u>\$ 1,883,831</u>	<u>\$ 4,404,217</u>	<u>\$ 235,334</u>	<u>\$ 9,538,591</u>

14. Fund Stabilization Policy

The Board has updated its stabilization policy in an effort to maintain a minimum committed fund balance in its general fund of one month's worth of the prior year's actual expenditures. This minimum fund balance is to protect against cash flow shortfalls and to maintain a budget stabilization commitment.

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, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 418,000	\$ 218,000	\$ 220,092	\$ 2,092
Earnings on investments	8,000	5,000	9,829	4,829
Other	61,100	148,100	281,157	133,057
State sources				
State apportionment	9,205,232	9,725,353	9,881,104	155,751
Other	411,778	276,036	479,746	203,710
Federal				
Other	-	54,130	54,130	-
Total Revenues	10,104,110	10,426,619	10,926,058	499,439
Expenditures				
Current				
Instructional	6,156,682	6,342,756	5,972,951	369,805
Pupil support	256,844	246,819	243,386	3,433
Staff support	648,542	720,266	688,468	31,798
General administration	233,015	242,070	226,748	15,322
School administration	748,786	763,922	692,837	71,085
Business services	142,581	392,624	162,800	229,824
Operations	1,326,285	1,387,679	1,163,715	223,964
Transportation	620,444	717,640	597,731	119,909
Capital outlay	-	-	50,000	(50,000)
Contingency	570,000	625,000	-	625,000
Total Expenditures	10,703,179	11,438,776	9,798,636	1,640,140
Excess of Revenues over Expenditures	(599,069)	(1,012,157)	1,127,422	2,139,579
Other Financing Sources (Uses)				
Sale of fixed assets	-	20,950	8,000	(12,950)
Transfers in	769,590	-	-	-
Transfers (out)	(970,521)	(939,508)	(1,436,056)	(496,548)
Net Change in Fund Balances	(800,000)	(1,930,715)	(300,634)	1,630,081
Fund Balance, Beginning of Year	800,000	1,930,715	1,930,715	-
Fund Balance, End of Year	\$ -	\$ -	\$ 1,630,081	\$ 1,630,081

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, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Lunch sales	\$ 228,000	\$ 12,000	\$ 3,108	\$ (8,892)
Other	5,500	2,500	2,745	245
Federal sources				
Educational programs and other	422,530	700,000	995,886	295,886
Total Revenues	656,030	714,500	1,001,739	287,239
Expenditures				
Current				
Non-instructional	695,479	783,384	745,859	37,525
Total Expenditures	695,479	783,384	745,859	37,525
Excess (deficiency) of revenues over expenses	(39,449)	(68,884)	255,880	324,764
Other Financing Sources				
Transfer in	25,000	25,000	25,000	-
Net Change in Fund Balances	(14,449)	(43,884)	280,880	324,764
Fund Balance, Beginning of Year	79,039	307,860	307,860	-
Fund Balance, End of Year	\$ 64,590	\$ 263,976	\$ 588,740	\$ 324,764

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, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Property taxes	\$ 1,500,000	\$ 789,403	\$ 805,421	\$ 16,018
Earnings on investments	2,000	-	3,266	3,266
Other	2,000	-	3,382	3,382
State sources				
Other	300,000	198,748	198,748	-
Total Revenues	1,804,000	988,151	1,010,817	22,666
Expenditures				
Debt service				
Principal	440,000	440,000	440,000	-
Interest	659,500	659,500	659,473	27
Total Expenditures	1,099,500	1,099,500	1,099,473	27
Net Change in Fund Balances	704,500	(111,349)	(88,656)	22,693
Fund Balance, Beginning of Year	1,573,000	1,972,487	1,972,487	-
Fund Balance, End of Year	\$ 2,277,500	\$ 1,861,138	\$ 1,883,831	\$ 22,693

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, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local sources				
Earnings on investments	\$ 5,000	\$ 5,000	\$ 10,110	\$ 5,110
Total Revenues	5,000	5,000	10,110	5,110
Expenditures				
Current				
Non-instructional	-	-	210,077	(210,077)
Capital outlay	6,733,000	6,797,312	4,780,914	2,016,398
Total Expenditures	6,733,000	6,797,312	4,990,991	1,806,321
Excess (deficiency) of revenues over expenses	(6,728,000)	(6,792,312)	(4,980,881)	1,811,431
Other Financing Sources				
Transfer in	871,013	840,000	1,281,748	441,748
Net Change in Fund Balances	(5,856,987)	(5,952,312)	(3,699,133)	2,253,179
Fund Balance, Beginning of Year	7,775,000	8,103,350	8,103,350	-
Fund Balance, End of Year	\$ 1,918,013	\$ 2,151,038	\$ 4,404,217	\$ 2,253,179

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, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
State sources				
Other	\$ -	\$ -	\$ 7,088	\$ 7,088
Total Revenues	-	-	7,088	7,088
Expenditures				
Capital outlay	223,246	228,246	-	228,246
Total Expenditures	223,246	228,246	-	228,246
Excess (Deficiency) of Revenues over Expenditures	(223,246)	(228,246)	7,088	235,334
Other Financing Sources				
Transfers in	42,508	42,508	42,508	-
Net Change in Fund Balances	(180,738)	(185,738)	49,596	235,334
Fund Balance, Beginning of Year	180,738	185,738	185,738	-
Fund Balance, End of Year	\$ -	\$ -	\$ 235,334	\$ 235,334

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer's portion of the net pension liability	0.190%	0.185%	0.185%	0.177%
Employer's proportionate share of the net pension liability	\$ (150,121)	\$ 4,303,731	\$ 2,116,224	\$ 2,616,966
Employer's covered payroll	\$ 7,245,552	\$ 7,012,680	\$ 6,942,900	\$ 6,296,740
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	-2.07%	61.37%	30.48%	41.56%
Plan fiduciary net position as a percentage of the total pension liability	100.36%	88.22%	93.79%	91.69%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.179%	0.181%	0.186%	0.187%
Employer's proportionate share of the net pension liability	\$ 2,817,210	\$ 3,663,997	\$ 2,445,758	\$ 1,379,312
Employer's covered payroll	\$ 5,642,482	\$ 6,027,129	\$ 5,291,846	\$ 5,202,237
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	49.93%	60.79%	46.22%	26.51%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	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, 2021 (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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 750,491	\$ 727,146	\$ 709,393	\$ 688,993
Contributions in relation to the statutorily required contribution	865,119	837,314	787,989	712,791
Contribution (deficiency) excess	114,628	110,168	78,596	23,798
Employer's covered payroll	7,245,552	7,012,680	6,942,900	6,296,740
Contributions as a percentage of covered payroll	11.94%	11.94%	11.35%	11.32%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 604,390	\$ 537,298	\$ 607,525	\$ 608,942
Contributions in relation to the statutorily required contribution	638,729	682,271	599,037	588,894
Contribution (deficiency) excess	34,339	144,973	(8,488)	(20,048)
Employer's covered payroll	5,642,482	6,027,129	5,291,846	5,202,237
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%

*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, 2022.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's portion of the net OPEB asset	0.411%	0.411%	0.434%	0.425%	0.437%
Employer's proportionate share of the net OPEB asset	\$ 596,199	\$ 505,509	\$ 416,005	\$ 352,161	\$ 335,487
Employer's covered-employee payroll	\$ 7,245,552	\$ 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	8.23%	7.21%	5.99%	5.59%	5.95%
Plan fiduciary net position as a percentage of the total OPEB asset	274.55%	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, 2021 (measurement date).

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 37,494	\$ 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	(37,494)	(39,599)	(3,973)	33,398	30,975
Employer's covered-employee payroll	\$ 7,245,552	\$ 7,012,680	\$ 6,942,900	\$ 6,296,740	\$ 5,642,482
Contributions as a percentage of covered-employee payroll	0.00%	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, 2022.

See Independent Auditors' Report

Supplementary Information

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2022

	Student Activity Fund	LEP ESL State Fund	Literacy Fund
Assets			
Cash and Investments	\$ 461,385	\$ 12,856	\$ 29,835
Receivables			
State of Idaho	-	-	-
Other	-	-	-
Total Assets	<u>\$ 461,385</u>	<u>\$ 12,856</u>	<u>\$ 29,835</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	461,385	12,584	10,217
Committed	-	-	-
Total Fund Balances	<u>461,385</u>	<u>12,584</u>	<u>10,217</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 461,385</u>	<u>\$ 12,856</u>	<u>\$ 29,835</u>

See Independent Auditors' Report

Professional Development Grant Fund	Wellness Fund	Medicaid Fund	Driver Education Fund	Vocational Education Fund
\$ 39,783	\$ 3,532	\$ -	\$ 32,533	\$ 3,195
-	-	-	18,938	-
-	-	62,890	-	-
\$ 39,783	\$ 3,532	\$ 62,890	\$ 51,471	\$ 3,195
\$ -	\$ -	\$ 62,890	\$ -	\$ -
433	-	-	-	3,195
433	-	62,890	-	3,195
-	-	-	-	-
39,350	3,532	-	51,471	-
-	-	-	-	-
39,350	3,532	-	51,471	-
\$ 39,783	\$ 3,532	\$ 62,890	\$ 51,471	\$ 3,195

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2022

	Public School Technology Fund	State Substance Abuse Fund	Federal Forest Fund
Assets			
Cash and Investments	\$ -	\$ 23,090	\$ 196,107
Receivables			
State of Idaho	-	-	-
Other	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 23,090</u>	<u>\$ 196,107</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	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted	-	-	-
Committed	-	21,742	196,107
Total Fund Balances	<u>-</u>	<u>21,742</u>	<u>196,107</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 23,090</u>	<u>\$ 196,107</u>

See Independent Auditors' Report

ESSER III Fund	Miscellaneous Federal Fund	Title I-A ESEA Basic Fund	CARES Act Fund
\$ -	\$ -	\$ 24,927	\$ -
-	-	-	-
<u>28,018</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 28,018</u>	<u>\$ -</u>	<u>\$ 24,927</u>	<u>\$ -</u>
-	-	-	-
8,495	-	-	-
<u>19,523</u>	<u>-</u>	<u>13,952</u>	<u>-</u>
<u>28,018</u>	<u>-</u>	<u>13,952</u>	<u>-</u>
-	-	10,975	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 28,018</u>	<u>\$ -</u>	<u>\$ 24,927</u>	<u>\$ -</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2022

	ESSER II	IDEA Part B	IDEA Part B
	Fund	School Age	Preschool
Assets	<u> </u>	<u> </u>	<u> </u>
Cash and Investments	\$ -	\$ 21,741	\$ -
Receivables			
State of Idaho	-	-	-
Other	25,650	-	1,212
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 25,650</u>	<u>\$ 21,741</u>	<u>\$ 1,212</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ 25,650	\$ -	\$ 1,212
Salary contracts payable	-	10,654	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>25,650</u>	<u>10,654</u>	<u>1,212</u>
Deferred Inflows of Resources			
Unavailable revenues	-	11,087	-
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Restricted	-	-	-
Committed	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,650</u>	<u>\$ 21,741</u>	<u>\$ 1,212</u>

See Independent Auditors' Report

ESSER III IDEA Fund	Perkins III Professional Technical Fund	Title IV-A Student Support Fund	Title II-A ESEA Supporting Effective Instruction
\$ -	\$ 1,136	\$ -	\$ -
-	-	-	-
5,049	-	31,256	17,011
<u>\$ 5,049</u>	<u>\$ 1,136</u>	<u>\$ 31,256</u>	<u>\$ 17,011</u>
\$ 5,049	\$ -	\$ 31,256	\$ 10,215
-	-	-	6,796
<u>5,049</u>	<u>-</u>	<u>31,256</u>	<u>17,011</u>
<u>-</u>	<u>1,136</u>	<u>-</u>	<u>-</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,049</u>	<u>\$ 1,136</u>	<u>\$ 31,256</u>	<u>\$ 17,011</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2022

	COVID Learning Loss Fund	Coronavirus Relief ID Rebounds Fund	Total Nonmajor Governmental Funds
Assets			
Cash and Investments	\$ -	\$ -	\$ 850,120
Receivables			
State of Idaho	-	-	18,938
Other	-	-	171,086
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040,144</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ 144,767
Salary contracts payable	-	-	75,791
Total Liabilities	<u>-</u>	<u>-</u>	<u>220,558</u>
Deferred Inflows of Resources			
Unavailable revenues	-	-	23,198
Fund Balances			
Restricted	-	-	578,539
Committed	-	-	217,849
Total Fund Balances	<u>-</u>	<u>-</u>	<u>796,388</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040,144</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2022

	Student Activity Fund	LEP ESL State Fund	Literacy Fund
Revenues			
Local sources			
Other	\$ 898,188	\$ -	\$ -
State sources			
Other	-	12,568	109,038
Federal sources			
Educational programs and other	-	-	-
Total Revenues	898,188	12,568	109,038
Expenditures			
Current			
Instructional	-	7,565	98,821
Pupil support	-	-	-
Staff support	-	-	-
District administration	-	-	-
School administration	-	-	-
Operations	-	-	-
Community services	931,922	-	-
Capital Outlay	-	-	-
Total Expenditures	931,922	7,565	98,821
Excess (Deficiency) of Revenues over Expenditures	(33,734)	5,003	10,217
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Net Change in Fund Balances	(33,734)	5,003	10,217
Fund Balance, Beginning of Year	495,119	7,581	-
Fund Balance, End of Year	\$ 461,385	\$ 12,584	\$ 10,217

See Independent Auditors' Report

Professional Development Grant Fund	Wellness Fund	Medicaid Fund	Driver Education Fund	Vocational Education Fund
\$ -	\$ -	\$ -	\$ 29,250	\$ -
53,171	-	-	19,173	82,045
-	-	472,959	-	-
53,171	-	472,959	48,423	82,045
20,733	1,920	567,459	31,568	105,552
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
20,733	1,920	567,459	31,568	105,552
32,438	(1,920)	(94,500)	16,855	(23,507)
-	2,000	94,500	-	2,048
-	-	-	-	-
32,438	80	-	16,855	(21,459)
6,912	3,452	-	34,616	21,459
\$ 39,350	\$ 3,532	\$ -	\$ 51,471	\$ -

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, 2022

	Public School Technology Fund	State Substance Abuse Fund	Federal Forest Fund
Revenues			
Local sources			
Other	\$ 333,247	\$ -	\$ -
State sources			
Other	138,412	20,901	-
Federal sources			
Educational programs and other	-	-	27,833
Total Revenues	471,659	20,901	27,833
Expenditures			
Current			
Instructional	31,742	12,224	-
Pupil support	-	-	-
Staff support	-	-	-
District administration	396,715	-	-
School administration	-	-	-
Operations	-	-	-
Community services	-	-	-
Capital Outlay	172,417	-	-
Total Expenditures	600,874	12,224	-
Excess (Deficiency) of Revenues over Expenditures	(129,215)	8,677	27,833
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(11,748)	-	-
Net Change in Fund Balances	(140,963)	8,677	27,833
Fund Balance, Beginning of Year	140,963	13,065	168,274
Fund Balance, End of Year	\$ -	\$ 21,742	\$ 196,107

See Independent Auditors' Report

ESSER III Fund	Miscellaneous Federal Fund	Title I-A ESEA Basic Fund	CARES Act Fund
\$ -	\$ -	\$ -	\$ -
-	-	-	-
100,064	4,435	248,450	741
100,064	4,435	248,450	741
93,694	4,435	240,403	47
-	-	-	-
-	-	-	694
-	-	8,047	-
-	-	-	-
6,370	-	-	-
-	-	-	-
-	-	-	-
100,064	4,435	248,450	741
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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, 2022

	ESSER II Fund	IDEA Part B School Age Fund	IDEA Part B Preschool Fund
Revenues			
Local sources			
Other	\$ -	\$ -	\$ -
State sources			
Other	-	-	-
Federal sources			
Educational programs and other	124,502	250,894	14,198
Total Revenues	124,502	250,894	14,198
Expenditures			
Current			
Instructional	124,502	221,270	14,198
Pupil support	-	9,624	-
Staff support	-	-	-
District administration	-	-	-
School administration	-	-	-
Operations	-	-	-
Community services	-	-	-
Capital Outlay	-	20,000	-
Total Expenditures	124,502	250,894	14,198
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

ESSER III IDEA Fund	Perkins III Professional Technical Fund	Title IV-A Student Support Fund	Title II-A ESEA Supporting Effective Instruction
\$ -	\$ -	\$ -	\$ -
-	-	-	-
58,089	18,876	32,660	75,861
58,089	18,876	32,660	75,861
58,089	18,876	-	-
-	-	-	-
-	-	32,660	75,861
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
58,089	18,876	32,660	75,861
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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, 2022

	COVID Learning Loss Fund	Coronavirus Relief ID Rebounds Fund	Total Nonmajor Governmental Funds
Revenues			
Local sources			
Other	\$ -	\$ -	\$ 1,260,685
State sources			
Other	-	-	435,308
Federal sources			
Educational programs and other	59,065	187,314	1,675,941
Total Revenues	59,065	187,314	3,371,934
Expenditures			
Current			
Instructional	59,065	180,814	1,892,977
Pupil support	-	-	9,624
Staff support	-	-	109,215
District administration	-	-	404,762
School administration	-	6,500	6,500
Operations	-	-	6,370
Community services	-	-	931,922
Capital Outlay	-	-	192,417
Total Expenditures	59,065	187,314	3,553,787
Excess (Deficiency) of Revenues over Expenditures	-	-	(181,853)
Other Financing Sources (Uses)			
Transfers in	-	-	98,548
Transfers out	-	-	(11,748)
Net Change in Fund Balances	-	-	(95,053)
Fund Balance, Beginning of Year	-	-	891,441
Fund Balance, End of Year	\$ -	\$ -	\$ 796,388

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>
Madison and Fremont Counties		
Balance at June 30, 2021	\$ 72,010	\$ 385,814
Add - Taxes Assessed for 2021 (Net of Cancellations)	219,510	794,138
Less - Collections Received	<u>(222,623)</u>	<u>(928,949)</u>
Balance at June 30, 2022	<u>\$ 68,897</u>	<u>\$ 251,003</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
General Bonded Debt – Future Principal and Interest Requirements
June 30, 2022

	ANNUAL PAYMENT			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation Bonds				
Series 2019	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>\$ 12,970,000</u>	<u>\$ 6,675,750</u>

See Independent Auditors' Report

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

	Federal Assistance Listing Number	Expenditures	Revenues Cash Basis
U.S. Department of Agriculture			
Passed Through State of Idaho:			
* Child Nutrition Cluster			
School Breakfast Program	10.553	\$ 118,989	\$ 118,989
School Lunch Program	10.555	957,471	957,471
		<u>1,076,460</u>	<u>1,076,460</u>
Passed Through Madison/Fremont Counties:			
Federal Forest	10.665	-	27,833
Total Department of Agriculture		<u>1,076,460</u>	<u>1,104,293</u>
U.S. Department of the Treasury			
Passed Through State of Idaho:			
COVID-19 Coronavirus Relief Fund	21.019	113,195	113,195
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	187,314	187,314
Total Department of the Treasury		<u>300,509</u>	<u>300,509</u>
U.S. Department of Education			
Passed Through State of Idaho:			
Title I-Basic	84.010	248,450	256,881
Special Education Cluster			
IDEA Part B	84.027	250,894	362,620
IDEA Part B - Preschool	84.173	14,198	17,059
		<u>265,092</u>	<u>379,679</u>
Career and Technical Education Basic Grant	84.048	18,876	18,876
State Personnel Development Grant	84.323	4,435	4,435
Supporting Effective Instruction	84.367	75,861	68,791
Student Support and Academic Enrichment Grant	84.424	32,660	1,404
COVID-19 Education Stabilization Fund Under the Coronavirus			
Elem and Sec School Emerg Relief (ESSER I and ESSER II) Fund	84.425D	125,243	99,593
American Rescue Plan Elem and Sec School Emerg Relief Fund	84.425U	100,064	72,046
		<u>225,307</u>	<u>171,639</u>
Total Department of Education		<u>870,681</u>	<u>901,705</u>
Total Federal Assistance		<u>\$ 2,247,650</u>	<u>\$ 2,306,507</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, 2022

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, 2022. 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, 2022, 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 10, 2022.

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) as a basis for designing 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

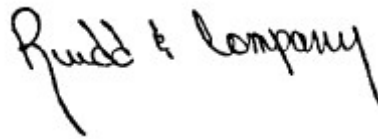
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on 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 cursive script that reads "Rudd & Company".

Idaho Falls, Idaho
October 10, 2022



**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

Opinion on Each Major Federal Program

We have audited Sugar-Salem Joint School District No. 322's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sugar-Salem Joint School District No. 322 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sugar-Salem Joint School District No. 322's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Sugar-Salem Joint School District No. 322's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sugar-Salem Joint School District No. 322's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sugar-Salem Joint School District No. 322's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sugar-Salem Joint School District No. 322's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sugar-Salem Joint School District No. 322's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Sugar-Salem Joint School District No. 322's internal control over compliance. Accordingly, no such opinion is expressed.

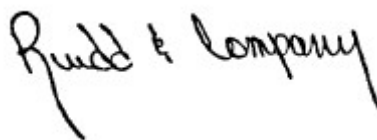
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance 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.



Idaho Falls, Idaho
October 10, 2022

SUGAR-SALEM JOINT SCHOOL DISTRICT NO. 322
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

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, 2022

Identification of major programs:

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

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None