

Hagerman Joint School District No. 233

Year Ended June 30, 2020

Audited Financial Statements



HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Table of Contents

Financial Section

Independent Auditor's Report..... 1

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 4

Statement of Activities 5

Fund Financial Statements

Balance Sheet – Governmental Funds..... 6

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... 9

Statement of Fiduciary Net Position..... 12

Statement of Changes in Fiduciary Net Position 13

Notes to Financial Statements 14

Required Supplementary Information

Budgetary Comparison Schedule – General and Major Special Revenue Funds..... 26

Schedule of Employer’s Share of Net Pension Liability 28

Schedule of Employer Contributions..... 29

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds..... 30

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds..... 35

Other Reports

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*..... 40



Independent Auditor's Report

Board of Trustees
Hagerman Joint School District No. 233

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 Hagerman Joint School District No. 233 (the School) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities

Management has elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses related to the other postemployment benefits as well as certain note disclosures and required supplementary information. The amount by which the departure would affect net position, assets, liabilities, deferred outflows of resources, deferred inflows of resources, expenses, note disclosures, and required supplementary information has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2020, and the changes in financial position thereof for the year then ended in conformity 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 School as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of employer’s share of net pension liability, and schedule of employer contributions listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be 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, and 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.

Management has not included the management’s discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 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 August 26, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 the School's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
August 26, 2020

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash & Investments	\$1,906,080
Receivables:	
Local Sources	218,701
State Sources	142,640
Federal Sources	223,183
Inventory	4,643
Total Current Assets	<u>2,495,247</u>
Noncurrent Assets	
Nondepreciable Capital Assets	385,181
Depreciable Net Capital Assets	1,973,653
Total Noncurrent Assets	<u>2,358,834</u>
Total Assets	<u>4,854,081</u>
Deferred Outflows of Resources	
Pension Deferred Outflows	306,272
Total Deferred Outflows of Resources	<u>306,272</u>
Total Assets and Deferred Outflows of Resources	<u>\$5,160,353</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$12,239
Salaries & Benefits Payable	336,968
Unspent Grant Allocation	65,904
Total Current Liabilities	<u>415,111</u>
Noncurrent Liabilities	
Net Pension Liability	613,417
Total Noncurrent Liabilities	<u>613,417</u>
Total Liabilities	<u>1,028,528</u>
Deferred Inflows of Resources	
Pension Deferred Inflows	281,267
Total Deferred Inflows of Resources	<u>281,267</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,309,795</u>
Net Position	
Net Investment in Capital Assets	2,358,834
Restricted:	
Special Programs	244,194
Capital Projects	716,368
Unrestricted	531,162
Total Net Position	<u>3,850,558</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$5,160,353</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions		
Governmental Activities					
Instructional Programs					
Elementary School	\$511,636		\$100,258		(\$411,378)
Secondary School	864,059		111,404		(752,655)
Vocational-Technical	5,273		5,273		0
Special Education	468,225		279,491		(188,734)
Special Education Preschool	2,525		2,525		0
Gifted & Talented	0				0
Interscholastic	43,067				(43,067)
Support Service Programs					
Attendance - Guidance - Health	77,049				(77,049)
Special Education Support Services	0				0
Instruction Improvement	86,107		40,657		(45,450)
Educational Media	24,919				(24,919)
Instruction-Related Technology	145,880		68,517		(77,363)
Board of Education	24,446				(24,446)
District Administration	115,220				(115,220)
School Administration	189,368				(189,368)
Business Operations	65,138				(65,138)
Central Service Program	18,613				(18,613)
Buildings - Care	147,507				(147,507)
Maintenance - Non-Student Occupied	0				0
Maintenance - Student Occupied	108,264				(108,264)
Maintenance - Grounds	7,131				(7,131)
Security Program	9,240				(9,240)
Pupil-To-School Transportation	104,192				(104,192)
Pupil-Activity Transportation	11,283				(11,283)
General Transportation	705				(705)
Non-Instructional Programs					
Child Nutrition	202,437	\$31,447	201,049		30,059
Capital Assets - Student Occupied	93,656				(93,656)
Capital Assets - Non-Student Occupied	0				0
Debt Service - Principal	0				0
Debt Service - Interest	0				0
Total Governmental Activities	\$3,325,940	\$31,447	\$809,174	\$0	(2,485,319)
Changes in Net Position					Total
Net (Expense) Revenue					(2,485,319)
General Revenues					
Local Taxes					465,776
Other Local Revenues					273,492
State Revenues					2,470,484
Federal Revenues					0
Pension Revenue (Expense)					(238,417)
Total					2,971,335
Change in Net Position					486,016
Net Position - Beginning					3,364,542
Net Position - Ending					\$3,850,558

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Balance Sheet - Governmental Funds

June 30, 2020

	General Fund	Child Nutrition Fund	Plant Facilities Fund	Other Governmental Funds
Assets				
Cash & Investments	\$981,649	\$16,976	\$643,230	\$264,225
Receivables:				
Local Sources	134,160		84,541	0
State Sources	142,640			0
Federal Sources		22,638		200,545
Due From Other Funds	113,867			0
Inventory		4,643		0
Total Assets	\$1,372,316	\$44,257	\$727,771	\$464,770
Liabilities				
Accounts Payable	\$2,989	\$2,695	\$1,740	\$4,815
Due To Other Funds				113,867
Salaries & Benefits Payable	289,323	11,655		35,990
Unspent Grant Allocation				65,904
Total Liabilities	292,312	14,350	1,740	220,576
Deferred Inflows of Resources				
Unavailable Tax Revenues	7,112		9,663	0
Total Deferred Inflows of Resources	7,112	0	9,663	0
Fund Balances				
Restricted:				
Special Programs				244,194
Capital Projects			716,368	0
Nonspendable		4,643		0
Unassigned	1,072,892	25,264		0
Total Fund Balances	1,072,892	29,907	716,368	244,194
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$1,372,316	\$44,257	\$727,771	\$464,770

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Page 2 of 3

Balance Sheet - Governmental Funds

June 30, 2020

	Total Governmental Funds
Assets	
Cash & Investments	\$1,906,080
Receivables:	
Local Sources	218,701
State Sources	142,640
Federal Sources	223,183
Due From Other Funds	113,867
Inventory	4,643
Total Assets	<u><u>\$2,609,114</u></u>
Liabilities	
Accounts Payable	\$12,239
Due To Other Funds	113,867
Salaries & Benefits Payable	336,968
Unspent Grant Allocation	65,904
Total Liabilities	<u><u>528,978</u></u>
Deferred Inflows of Resources	
Unavailable Tax Revenues	16,775
Total Deferred Inflows of Resources	<u><u>16,775</u></u>
Fund Balances	
Restricted:	
Special Programs	244,194
Capital Projects	716,368
Nonspendable	4,643
Unassigned	1,098,156
Total Fund Balances	<u><u>2,063,361</u></u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u><u>\$2,609,114</u></u>

Balance Sheet - Governmental Funds

June 30, 2020

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

Total Governmental Fund Balances	\$2,063,361
---	-------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,358,834
---	-----------

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	16,775
---	--------

Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds.	(588,412)
--	-----------

Net Position of Governmental Activities	<u><u>\$3,850,558</u></u>
--	---------------------------

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2020

	General Fund	Child Nutrition Fund	Plant Facilities Fund	Other Governmental Funds
Revenues				
Local Taxes	\$210,319		\$253,260	\$0
Other Local Revenue	148,646	\$31,710	9,601	115,982
State Revenue	2,448,190		22,294	113,698
Federal Revenue	54	201,049		493,373
Total Revenues	<u>2,807,209</u>	<u>232,759</u>	<u>285,155</u>	<u>723,053</u>
Expenditures				
Instructional Programs				
Elementary School	494,497			99,204
Secondary School	803,559			193,577
Vocational-Technical				5,273
Special Education	188,734			279,491
Special Education Preschool				2,525
Gifted & Talented				0
Interscholastic	43,067			0
Support Service Programs				
Attendance - Guidance - Health	77,049			0
Special Education Support Services				0
Instruction Improvement	46,738			39,369
Educational Media	24,919			0
Instruction-Related Technology	28,794			117,086
Board of Education	24,446			0
District Administration	115,220			0
School Administration	189,368			0
Business Operations	65,138			0
Central Service Program	18,613			0
Buildings - Care	147,507			0
Maintenance - Non-Student Occupied				0
Maintenance - Student Occupied	108,264			0
Maintenance - Grounds	7,131			0
Security Program	9,240			0
Pupil-To-School Transportation	104,192			0
Pupil-Activity Transportation	11,283			0
General Transportation	705			0
Non-Instructional Programs				
Child Nutrition	8,117	194,320		0
Capital Assets - Student Occupied			94,525	8,719
Capital Assets - Non-Student Occupied				0
Debt Service - Principal				0
Debt Service - Interest				0
Total Expenditures	<u>2,516,581</u>	<u>194,320</u>	<u>94,525</u>	<u>745,244</u>
Excess (Deficiency) of Revenues Over Expenditures	290,628	38,439	190,630	(22,191)
Other Financing Sources (Uses)				
Transfers In				49,490
Transfers Out			(49,490)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(49,490)</u>	<u>49,490</u>
Net Change in Fund Balances	290,628	38,439	141,140	27,299
Fund Balances - Beginning	782,264	(8,532)	575,228	216,895
Fund Balances - Ending	<u>\$1,072,892</u>	<u>\$29,907</u>	<u>\$716,368</u>	<u>\$244,194</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2020

	Total Governmental Funds
Revenues	
Local Taxes	\$463,579
Other Local Revenue	305,939
State Revenue	2,584,182
Federal Revenue	694,476
Total Revenues	4,048,176
Expenditures	
Instructional Programs	
Elementary School	593,701
Secondary School	997,136
Vocational-Technical	5,273
Special Education	468,225
Special Education Preschool	2,525
Gifted & Talented	0
Interscholastic	43,067
Support Service Programs	
Attendance - Guidance - Health	77,049
Special Education Support Services	0
Instruction Improvement	86,107
Educational Media	24,919
Instruction-Related Technology	145,880
Board of Education	24,446
District Administration	115,220
School Administration	189,368
Business Operations	65,138
Central Service Program	18,613
Buildings - Care	147,507
Maintenance - Non-Student Occupied	0
Maintenance - Student Occupied	108,264
Maintenance - Grounds	7,131
Security Program	9,240
Pupil-To-School Transportation	104,192
Pupil-Activity Transportation	11,283
General Transportation	705
Non-Instructional Programs	
Child Nutrition	202,437
Capital Assets - Student Occupied	103,244
Capital Assets - Non-Student Occupied	0
Debt Service - Principal	0
Debt Service - Interest	0
Total Expenditures	3,550,670
Excess (Deficiency) of Revenues Over Expenditures	497,506
Other Financing Sources (Uses)	
Transfers In	49,490
Transfers Out	(49,490)
Total Other Financing Sources (Uses)	0
Net Change in Fund Balances	497,506
Fund Balances - Beginning	1,565,855
Fund Balances - Ending	\$2,063,361

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2020

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds \$497,506

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. 9,588

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. 2,197

Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. (23,275)

Change in Net Position of Governmental Activities \$486,016

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Fiduciary Net Position

June 30, 2020

	Private Purpose Trust Funds	Agency Funds Student Activity	Total
Assets			
Cash & Investments	\$31,613	\$225,408	\$257,021
Total Assets	<u>\$31,613</u>	<u>\$225,408</u>	<u>\$257,021</u>
Liabilities			
Due to Student Groups		\$225,408	\$225,408
Accounts Payable			0
Total Liabilities	<u>\$0</u>	<u>225,408</u>	<u>225,408</u>
Net Position			
Restricted:			
Scholarships	31,613		31,613
Total Net Position	<u>31,613</u>	<u>0</u>	<u>31,613</u>
Total Liabilities and Net Position	<u>\$31,613</u>	<u>\$225,408</u>	<u>\$257,021</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	Private Purpose Trust Funds
Additions	
Contributions	
Investment Income	\$681
Total Additions	<u>681</u>
Deductions	
Scholarships & Supplies	5,000
Total Deductions	<u>5,000</u>
Change in Net Position	(4,319)
Net Position - Beginning	<u>35,932</u>
Net Position - Ending	<u><u>\$31,613</u></u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Hagerman Joint School District No. 233 (the School) provides public school educational services as authorized by Section 33 of Idaho Code. The School's boundaries for taxing and school enrollment purposes are located within Gooding and Twin Falls Counties.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to school districts. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements - Government-Wide Statements – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the School include:

General Fund – The general fund is the School's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

Capital Projects Funds – Capital projects funds are used to account for the acquisition of capital assets. Major capital project funds include the plant facilities fund, used to account for the maintenance of facilities and other capital assets.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Fiduciary funds of the School include:

Private Purpose Trust Funds – Private purpose trust funds are used to account for the assets, and related income producing and disbursement activities, for which the School acts as a scholarship trustee.

Agency Funds – Agency funds are used to account for assets held by the School on behalf of students.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and fiduciary fund financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash and Investments – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds based on each fund's respective investment balance. Investments include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method, except for certain transportation vehicles which use the declining balance method.

Compensated Absences – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded.

Other Post-Employment Benefits – The School does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, certain retired employees can remain on the School insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average monthly cost is referred to as an “implicit subsidy” since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. GASB 75 requires that employers have actuarial calculations performed for these other post-employment benefits so that an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses can be recorded in the government-wide financial statements and related notes and required supplementary information can be prepared. Management believes the costs of implementing GASB 75 cannot be justified at this time. Accordingly, the School accounts for the other-post employment benefits for retirees on the pay-as-you-go basis.

Pensions – For purposes of measuring the net pension liability and pension expense/revenue, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the 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.

Deferred Outflows/Inflows of Resources – The School’s financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

Property Taxes – The School is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Custodial Credit Risk – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning custodial credit risk.

Risk Management – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Nonmonetary Transactions – Items received via food commodities programs are recognized at their stated fair market value.

Subsequent Events – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash - Deposits	\$272,899	\$155,523	\$428,422
Investments - Local Gov't Investment Pool	1,633,181	101,498	1,734,679
Total	<u>\$1,906,080</u>	<u>\$257,021</u>	<u>\$2,163,101</u>

Deposits – At year end, the carrying amounts of the School's deposits were \$428,422 and the bank balances were \$628,640. Of the bank balances, \$472,026 was insured and the balance was uninsured and uncollateralized.

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

Interest rate risk:

<u>Investment Type</u>	<u>Investment Maturity Schedule (In Years)</u>	
	<u>Less Than 1</u>	<u>Total</u>
Local Gov't Invest Pool	\$1,734,679	\$1,734,679
Total	<u>\$1,734,679</u>	<u>\$1,734,679</u>

Credit rate risk:

<u>Investment Type</u>	<u>Investment Rating Schedule</u>	
	<u>Not Rated</u>	<u>Total</u>
Local Gov't Invest Pool	\$1,734,679	\$1,734,679
Total	<u>\$1,734,679</u>	<u>\$1,734,679</u>

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Government, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool is not registered with the SEC and is a short-term investment pool. The state treasurer's office investment policy for the local government investment pool includes the following three primary objectives in order of priority: safety, liquidity, and yield. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification. More information on the local governmental investment pool including regulatory information, ratings, and risk information can be found at www.sto.idaho.gov.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Local Sources				
Local Taxes	\$68,745		\$84,541	\$153,286
Other Local Sources	65,415			65,415
Total	<u>\$134,160</u>		<u>\$84,541</u>	<u>\$218,701</u>
State Sources				
Foundation Program	\$142,640			\$142,640
Total	<u>\$142,640</u>			<u>\$142,640</u>
Federal Sources				
Special Programs		\$223,183		\$223,183
Total		<u>\$223,183</u>		<u>\$223,183</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

D. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$385,181			\$385,181
Total	<u>385,181</u>	<u>\$0</u>	<u>\$0</u>	<u>385,181</u>
Depreciable Capital Assets				
Buildings	5,002,087	82,456		5,084,543
Equipment	<u>1,820,607</u>			<u>1,820,607</u>
Subtotal	<u>6,822,694</u>	<u>82,456</u>	<u>0</u>	<u>6,905,150</u>
Accumulated Depreciation				
Buildings	3,056,610	70,477		3,127,087
Equipment	<u>1,802,019</u>	<u>2,391</u>		<u>1,804,410</u>
Subtotal	<u>4,858,629</u>	<u>72,868</u>	<u>0</u>	<u>4,931,497</u>
Total	<u>1,964,065</u>	<u>9,588</u>	<u>0</u>	<u>1,973,653</u>
Net Capital Assets	<u>\$2,349,246</u>	<u>\$9,588</u>	<u>\$0</u>	<u>\$2,358,834</u>

Depreciation expense of \$72,868 was charged to the capital assets – student occupied program

E. PENSION PLAN

Plan Description

The School 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.

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 appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

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.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2019 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The School’s contributions were \$215,142 for the year ended June 30, 2020.

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

At June 30, 2020, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School’s proportion of the net pension liability was based on the School’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2019, the School’s proportion was 0.0537391 percent.

For the year ended June 30, 2020, the School recognized pension revenue (expense) of (\$238,417). At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$57,008	\$72,294
Changes in assumptions or other inputs	34,122	
Net difference between projected and actual earnings on pension plan investments		208,973
Employer contributions subsequent to the measurement date	215,142	
Total	\$306,272	\$281,267

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

\$215,142 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the pension expense or reduction of the pension revenue in the year ending June 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2018 the beginning of the measurement period ended June 30, 2018 is 4.8 and 4.8 for the measurement period June 30, 2019.

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

Year Ended	
6/30/21	(\$22,088)
6/30/22	(94,634)
6/30/23	(46,097)
6/30/24	(27,319)
Total	<u>(\$190,138)</u>

Actuarial Assumptions

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

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

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

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

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

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

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

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.

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return*		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return*			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return*			4.05%
Assumed Inflation			3.00%
Long-Term Expected Nominal Rate of Return*			7.05%
*Net of Investment Expenses			

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

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

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
School's proportionate share of the net pension liability (asset)	\$1,852,755	\$613,417	(\$411,476)

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.

Impacts on the School's net position

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the School may periodically experience a deficit in its net position. This can occur as a result of recording the School's allocable portion of the net pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan whenever deemed necessary), such deficits are not deemed to be of substantial concern.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Notes to Financial Statements

F. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

Due To Fund	Due From Fund	
	Nonmajor Governmental	Total
General	\$113,867	\$113,867
Total	\$113,867	\$113,867

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

Interfund transfers during the year consist of the following:

Fund	Transfer In	Transfer Out	Purpose
Plant Facilities		\$49,490	Support
Nonmajor Governmental	49,490		Support
Total	\$49,490	\$49,490	

G. TAX ABATEMENTS

Idaho counties are authorized by state statute to transact certain property tax activity with property owners in their respective taxing districts. The counties collect the property taxes, then allocate and remit those collections among the taxing districts within the counties. The counties are authorized to cancel or reduce property taxes due to various reasons, including the circuit breaker program, agricultural and other exemptions, and section 63-602NN exemptions under Idaho code for real property improvements.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended June 30, 2020

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$206,500	\$206,500	\$210,319	\$3,819
Other Local Revenue	17,500	17,500	148,646	131,146
State Revenue	2,470,433	2,435,406	2,448,190	12,784
Federal Revenue	50	50	54	4
Total Revenues	<u>2,694,483</u>	<u>2,659,456</u>	<u>2,807,209</u>	<u>147,753</u>
Expenditures				
Instructional Programs				
Elementary School	591,464	591,464	494,497	96,967
Secondary School	877,276	872,276	803,559	68,717
Vocational-Technical	0	0	0	0
Special Education	137,135	137,135	188,734	(51,599)
Special Education Preschool	0	0	0	0
Gifted & Talented	0	0	0	0
Interscholastic	43,133	43,133	43,067	66
Support Service Programs				
Attendance - Guidance - Health	72,710	77,710	77,049	661
Special Education Support Services	14,200	14,200	0	14,200
Instruction Improvement	39,656	39,656	46,738	(7,082)
Educational Media	28,282	28,282	24,919	3,363
Instruction-Related Technology	27,868	27,868	28,794	(926)
Board of Education	20,510	20,510	24,446	(3,936)
District Administration	106,224	106,224	115,220	(8,996)
School Administration	206,399	206,399	189,368	17,031
Business Operations	57,228	57,228	65,138	(7,910)
Central Service Program	23,311	23,311	18,613	4,698
Buildings - Care	185,944	185,944	147,507	38,437
Maintenance - Non-Student Occupied	500	500	0	500
Maintenance - Student Occupied	91,886	91,886	108,264	(16,378)
Maintenance - Grounds	8,770	8,770	7,131	1,639
Security Program	10,127	10,127	9,240	887
Pupil-To-School Transportation	110,550	110,550	104,192	6,358
Pupil-Activity Transportation	24,600	24,600	11,283	13,317
General Transportation	500	500	705	(205)
Non-Instructional Programs				
Child Nutrition	16,210	16,210	8,117	8,093
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	<u>2,694,483</u>	<u>2,694,483</u>	<u>2,516,581</u>	<u>177,902</u> *
Excess (Deficiency) of Revenues				
Over Expenditures	0	(35,027)	290,628	325,655
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	(35,027)	290,628	325,655
Fund Balances - Beginning	524,700	524,700	782,264	257,564
Fund Balances - Ending	<u>\$524,700</u>	<u>\$489,673</u>	<u>\$1,072,892</u>	<u>\$583,219</u>

*Total expenditures (over) under appropriations are: \$177,902

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended June 30, 2020

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Child Nutrition Fund				
Revenues				
Other Local Revenue	\$30,900	\$30,900	\$31,710	\$810
Federal Revenue	126,000	126,000	201,049	75,049
Total Revenues	<u>156,900</u>	<u>156,900</u>	<u>232,759</u>	<u>75,859</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	156,900	156,900	194,320	(37,420)
Total Expenditures	<u>156,900</u>	<u>156,900</u>	<u>194,320</u>	<u>(37,420) *</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	38,439	38,439
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0 *
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	38,439	38,439
Fund Balances - Beginning	(5,000)	(5,000)	(8,532)	(3,532)
Fund Balances - Ending	<u>(\$5,000)</u>	<u>(\$5,000)</u>	<u>\$29,907</u>	<u>\$34,907</u>

**Total expenditures (over) under appropriations are:* (\$37,420)

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2019</u>	<u>2018</u>
School's portion of the net pension liability	0.0537391%	0.0516854%
School's proportionate share of the net pension liability	\$613,417	\$762,369
School's covered payroll	\$1,821,723	\$1,662,906
School's proportional share of the net pension liability as a percentage of its covered payroll	33.67%	45.85%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's portion of the net pension liability	0.0515857%	0.0560545%	0.0575753%	0.0630221%
School's proportionate share of the net pension liability	\$810,839	\$1,136,311	\$758,173	\$294,232
School's covered payroll	\$1,602,217	\$1,640,794	\$1,612,668	\$1,707,350
School's proportional share of the net pension liability as a percentage of its covered payroll	50.61%	69.25%	47.01%	17.23%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%	94.95%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$215,142	\$206,219
Contributions in relation to the statutorily required contribution	\$215,142	\$206,219
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$1,801,859	\$1,821,723
Contributions as a percentage of covered payroll	11.94%	11.32%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$188,241	\$181,371	\$185,738	\$182,554
Contributions in relation to the statutorily required contribution	\$188,241	\$181,371	\$185,738	\$182,554
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$1,662,906	\$1,602,217	\$1,640,794	\$1,612,668
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's fiscal year end.

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds			
	ARTEC	Greenhouse	School Building Maintenance	Driver Education
Assets				
Cash & Investments	\$12,259	\$49,654	\$130,865	
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	\$12,259	\$49,654	\$130,865	\$0
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable	\$12,259			
Unspent Grant Allocation				
Total Liabilities	12,259	\$0	\$0	\$0
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs		49,654	130,865	
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	0	49,654	130,865	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$12,259	\$49,654	\$130,865	\$0

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds			
	Professional Technical	Technology	Substance Abuse	Title I-A ESSA IBP
Assets				
Cash & Investments	\$2,575	\$65,936	\$1,840	
Receivables:				
Local Sources				
State Sources				
Federal Sources				\$35,216
Due From Other Funds				
Inventory				
Total Assets	\$2,575	\$65,936	\$1,840	\$35,216
Liabilities				
Accounts Payable				
Due To Other Funds				\$23,625
Salaries & Benefits Payable	\$2,575	\$3,549	\$552	10,843
Unspent Grant Allocation				748
Total Liabilities	2,575	3,549	552	35,216
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs		62,387	1,288	
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	0	62,387	1,288	0
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$2,575	\$65,936	\$1,840	\$35,216

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds			
	Cares Act ESSERF	IDEA Part B 611 School Age 3-21	IDEA Part B 619 Pre-School Age 3-5	School Based Medicaid
Assets				
Cash & Investments				\$1,096
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$61,106	\$35,101	\$6,771	
Due From Other Funds				
Inventory				
Total Assets	<u>\$61,106</u>	<u>\$35,101</u>	<u>\$6,771</u>	<u>\$1,096</u>
Liabilities				
Accounts Payable	\$3,284	\$1,531		
Due To Other Funds		28,454	\$2,015	
Salaries & Benefits Payable		5,116		\$1,096
Unspent Grant Allocation	57,822		4,756	
Total Liabilities	<u>61,106</u>	<u>35,101</u>	<u>6,771</u>	<u>1,096</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$61,106</u>	<u>\$35,101</u>	<u>\$6,771</u>	<u>\$1,096</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds			
	Title IV-A ESSA SS & AE	Title V-B ESSA REI	Perkins III Professional Technical Act	Title II-A ESSA SEI
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources			\$48,794	\$13,557
Due From Other Funds				
Inventory				
Total Assets	<u>\$0</u>	<u>\$0</u>	<u>\$48,794</u>	<u>\$13,557</u>
Liabilities				
Accounts Payable				
Due To Other Funds			\$48,794	\$10,979
Salaries & Benefits Payable				
Unspent Grant Allocation				2,578
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>48,794</u>	<u>13,557</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$0</u>	<u>\$0</u>	<u>\$48,794</u>	<u>\$13,557</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2020

	Total
Assets	
Cash & Investments	\$264,225
Receivables:	
Local Sources	0
State Sources	0
Federal Sources	200,545
Due From Other Funds	0
Inventory	0
Total Assets	\$464,770
Liabilities	
Accounts Payable	\$4,815
Due To Other Funds	113,867
Salaries & Benefits Payable	35,990
Unspent Grant Allocation	65,904
Total Liabilities	220,576
Deferred Inflows of Resources	
Unavailable Tax Revenues	0
Total Deferred Inflows of Resources	0
Fund Balances	
Restricted:	
Special Programs	244,194
Capital Projects	0
Nonspendable	0
Unassigned	0
Total Fund Balances	244,194
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$464,770

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2020

	Special Revenue Funds			
	ARTEC	Greenhouse	School Building Maintenance	Driver Education
Revenues				
Local Taxes				
Other Local Revenue	\$82,048	\$8,883		
State Revenue				\$8,125
Federal Revenue				
Total Revenues	<u>82,048</u>	<u>8,883</u>	<u>\$0</u>	<u>8,125</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School	82,048			8,125
Vocational-Technical				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operations				
Central Service Program				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security Program				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied		8,719		
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>82,048</u>	<u>8,719</u>	<u>0</u>	<u>8,125</u>
Excess (Deficiency) of Revenues Over Expenditures	0	164	0	0
Other Financing Sources (Uses)				
Transfers In		49,490		
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>49,490</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	49,654	0	0
Fund Balances - Beginning	0	0	130,865	0
Fund Balances - Ending	<u>\$0</u>	<u>\$49,654</u>	<u>\$130,865</u>	<u>\$0</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2020

	Special Revenue Funds			Title I-A ESSA IBP
	Professional Technical	Technology	Substance Abuse	
Revenues				
Local Taxes				
Other Local Revenue	\$125	\$24,926		
State Revenue	34,752	65,233	\$5,588	
Federal Revenue				\$74,894
Total Revenues	<u>34,877</u>	<u>90,159</u>	<u>5,588</u>	<u>74,894</u>
Expenditures				
Instructional Programs				
Elementary School				74,894
Secondary School	29,604			
Vocational-Technical	5,273			
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement			4,300	
Educational Media				
Instruction-Related Technology		113,802		
Board of Education				
District Administration				
School Administration				
Business Operations				
Central Service Program				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security Program				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>34,877</u>	<u>113,802</u>	<u>4,300</u>	<u>74,894</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(23,643)	1,288	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	(23,643)	1,288	0
Fund Balances - Beginning	0	86,030	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$62,387</u>	<u>\$1,288</u>	<u>\$0</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2020

	Special Revenue Funds			
	Cares Act ESSERF	IDEA Part B 611 School Age 3-21	IDEA Part B 619 Pre-School Age 3-5	School Based Medicaid
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$3,284	\$70,058	\$2,525	\$209,433
Total Revenues	<u>3,284</u>	<u>70,058</u>	<u>2,525</u>	<u>209,433</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School				
Vocational-Technical				
Special Education		70,058		209,433
Special Education Preschool			2,525	
Gifted & Talented				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Instruction-Related Technology	3,284			
Board of Education				
District Administration				
School Administration				
Business Operations				
Central Service Program				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security Program				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>3,284</u>	<u>70,058</u>	<u>2,525</u>	<u>209,433</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2020

	Special Revenue Funds			
	Title IV-A	Title V-B	Perkins III	Title II-A
	ESSA SS & AE	ESSA REI	Professional Technical Act	ESSA SEI
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$19,344	\$26,124	\$71,986	\$15,725
Total Revenues	<u>19,344</u>	<u>26,124</u>	<u>71,986</u>	<u>15,725</u>
Expenditures				
Instructional Programs				
Elementary School		24,310		
Secondary School		1,814	71,986	
Vocational-Technical				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement	19,344			15,725
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operations				
Central Service Program				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security Program				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>19,344</u>	<u>26,124</u>	<u>71,986</u>	<u>15,725</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

HAGERMAN JOINT SCHOOL DISTRICT NO. 233
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2020

	Total
Revenues	
Local Taxes	\$0
Other Local Revenue	115,982
State Revenue	113,698
Federal Revenue	493,373
Total Revenues	723,053
Expenditures	
Instructional Programs	
Elementary School	99,204
Secondary School	193,577
Vocational-Technical	5,273
Special Education	279,491
Special Education Preschool	2,525
Gifted & Talented	0
Interscholastic	0
Support Service Programs	0
Attendance - Guidance - Health	0
Special Education Support Services	0
Instruction Improvement	39,369
Educational Media	0
Instruction-Related Technology	117,086
Board of Education	0
District Administration	0
School Administration	0
Business Operations	0
Central Service Program	0
Buildings - Care	0
Maintenance - Non-Student Occupied	0
Maintenance - Student Occupied	0
Maintenance - Grounds	0
Security Program	0
Pupil-To-School Transportation	0
Pupil-Activity Transportation	0
General Transportation	0
Non-Instructional Programs	0
Child Nutrition	0
Capital Assets - Student Occupied	8,719
Capital Assets - Non-Student Occupied	0
Debt Service - Principal	0
Debt Service - Interest	0
Total Expenditures	745,244
Excess (Deficiency) of Revenues	
Over Expenditures	(22,191)
Other Financing Sources (Uses)	
Transfers In	49,490
Transfers Out	0
Total Other Financing Sources (Uses)	49,490
Net Change in Fund Balances	27,299
Fund Balances - Beginning	216,895
Fund Balances - Ending	\$244,194



**Independent Auditor’s 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***

Board of Trustees
Hagerman Joint School District No. 233

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 the Hagerman Joint School District No. 233 (the School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated August 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free of 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.

Quest CPAs PLLC

Payette, Idaho
August 26, 2020