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SHELLEY JOINT SCHOOL DISTRICT NO. 60

SHELLEY, IDAHO

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

Year Ended June 30, 2020

giving direction to your future

SHELLEY JOINT SCHOOL DISTRICT NO. 60

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June 30, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Shelley Joint School District No. 60
Shelley, 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 Shelley Joint School District No. 60 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund	Unmodified
Child Nutrition Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Plant Facility Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Governmental Activities

The District has not obtained an actuarial valuation of its other post employee benefits (OPEB) for medical insurance. Employers that participate in single-employer or agent multiple-employer defined benefit OPEB plans are required to measure and disclose an amount for annual OPEB costs on the accrual basis of accounting. The amount by which this departure would affect the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of Shelley Joint School District No. 60 as of June 30, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Shelley Joint School District No. 60 as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison information on pages 55 through 59, pension information on pages 60 and 61, and OPEB information on pages 62 and 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

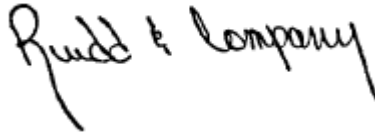
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shelley Joint School District No. 60's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020 on our consideration of the Shelley Joint School District No. 60'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 Shelley Joint School District No. 60'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 15, 2020

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Management's Discussion and Analysis
June 30, 2020

As management of the Shelley Joint School District No. 60, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2020.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$6,720,680. Of this amount, \$(720,213) is unrestricted.
- The District's net position increased by \$876,194 as a result of this year's operations.
- The general fund had \$13,468,271 in revenues and \$12,699,104 in expenditures. The general fund balance increased \$505,659 over the prior year.
- \$164,815 was transferred from the general fund to the Medicaid fund to cover a deficit in the fund.
- \$177,260 was transferred to the capital projects fund to cover the purchase of two buses.

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.

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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Management's Discussion and Analysis (continued)
June 30, 2020

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

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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*.

The District maintains twenty one 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 debt service fund, the child nutrition fund, the capital projects fund, and the plant facility fund, all of which are considered to be major funds. Data from the other sixteen 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 its general fund and all special revenue funds. A budgetary comparison statement has been provided for each major 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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Management's Discussion and Analysis (continued)
June 30, 2020

Fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 23 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-53 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and are presented immediately following the notes to the financial statements. Combining fund statements and schedules can be found on pages 65-72 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 \$6,720,680 at the close of the most recent fiscal year.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Management's Discussion and Analysis (continued)
June 30, 2020

Net Position	Governmental Activities	
	2020	2019 Restated
Current and Other Assets	\$ 7,084,263	\$ 6,646,863
Capital Assets	13,134,225	13,827,055
Total Assets	20,218,488	20,473,918
Deferred Outflows of Resources	1,723,673	2,018,746
Current Liabilities	2,487,396	1,926,364
Long-term Liabilities	10,753,603	13,897,316
Total Liabilities	13,240,999	15,823,680
Deferred Inflows of Resources	1,980,482	824,498
Net Position		
Net Investment in Capital Assets	5,078,037	4,937,151
Restricted	2,362,856	2,703,097
Unrestricted	(720,213)	(1,795,762)
Total Net Position	\$ 6,720,680	\$ 5,844,486

A portion of the District's net position, \$5,078,037 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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Management's Discussion and Analysis (continued)
June 30, 2020

An additional portion of the District's net position, \$2,362,856 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$(720,213).

Changes in Net Position	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 228,260	\$ 262,437
Operating grants and contributions	1,711,455	3,388,114
General revenues		
Property tax	1,858,676	1,899,589
State support	13,635,394	11,358,398
Other	85,393	75,191
Total Revenues	<u>17,519,178</u>	<u>16,983,729</u>
Expenses		
Instructional	9,276,646	9,697,887
Support services	1,432,052	1,415,861
School administration	1,618,943	1,588,705
Operations	1,238,507	1,313,645
Transportation	554,953	705,854
Non-instructional	1,312,747	866,337
Interest	145,216	296,115
Depreciation	1,063,920	207,651
Total Expenses	<u>16,642,984</u>	<u>16,092,055</u>
Change in Net Position	<u>\$ 876,194</u>	<u>\$ 891,674</u>

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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Management's Discussion and Analysis (continued)
June 30, 2020

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.

General fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance was \$2,038,367. The fund balance increased by \$505,659 during the current fiscal year.

Expenditures for general District purposes totaled \$12,699,104 an increase of 1.1% during the current fiscal year.

The plant facility fund has a total fund balance of \$446,008. The fund balance decreased by \$49,445 during the current year.

The capital projects fund has a total fund balance of \$318,883, all of which is restricted for capital projects. The fund balance decreased by \$41,297 during the current year.

The debt service fund has a total fund balance of \$1,253,336, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance decreased by \$36,983 during the current year.

The child nutrition fund has a total fund balance of \$204,038, all of which is restricted for the child nutrition program. The fund balance increased by \$50,643 during the current year.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Management’s Discussion and Analysis (continued)
June 30, 2020

General Fund Budgetary Highlights

During the current fiscal year, the \$162,958 negative budget to actual variance in total general fund revenues, and the \$952,829 positive budget to actual variance in total general fund expenditures, are largely a result of state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Program revenues are budgeted to spend all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenues received but not spent are restricted and deferred to the subsequent year.

Capital Asset and Debt Administration

The capital projects 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. During the current fiscal year the District made several significant capital purchases including vehicles, equipment, and building improvements.

Capital Assets

Capital assets at June 30, 2020 are outlined below:

Capital Assets (Net of Depreciation)	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Land	\$ 402,635	\$ 402,635
Buildings and improvements	30,936,637	30,872,021
Equipment	1,134,345	1,041,638
Vehicles	<u>2,291,888</u>	<u>2,078,121</u>
	34,765,505	34,394,415
Accumulated depreciation	<u>(21,631,280)</u>	<u>(20,567,360)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 13,134,225</u>	<u>\$ 13,827,055</u>

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Management's Discussion and Analysis (continued)
June 30, 2020

Debt Administration

Outstanding debt at June 30, 2020 is outlined below:

Outstanding Debt	Governmental Activities	
	2020	2019
General obligation bonds	\$ 7,520,000	\$ 8,300,000
Compensated absences	-	29,254
	<u>\$ 7,520,000</u>	<u>\$ 8,329,254</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 Shelley 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, Shelley Joint School District, 545 Seminary Avenue, Shelley, ID 83274.

Basic Financial Statements

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Statement of Net Position
June 30, 2020

Assets	<u>Governmental Activities</u>
Cash and Investments	\$ 5,019,126
Receivables	
Property taxes	662,195
State of Idaho	444,467
Other	320,627
PERSI Sick Leave Asset	637,848
Capital Assets	
Land	402,635
Buildings and equipment, net of depreciation	<u>12,731,590</u>
 Total Assets	 <u>20,218,488</u>
 Deferred Outflows of Resources	
 Pension related	 1,567,338
OPEB related	32,963
OPEB PERSI sick leave related	<u>123,372</u>
 Total Deferred Outflows of Resources	 <u>1,723,673</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 21,942,161</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Liabilities	Governmental Activities
Accounts payable	\$ 350
Salary contracts payable	1,604,702
Interest payable	67,344
Long-term liabilities:	
Portion due or payable within one year:	
Bonds, capital leases, and contracts	815,000
Portion due or payable after one year:	
OPEB liability	835,465
Net pension liability	3,213,138
Bonds, capital leases, and contracts	<u>6,705,000</u>
 Total Liabilities	 <u>13,240,999</u>
 Deferred Inflows of Resources	
Unavailable revenues	1,783
Pension related	1,478,365
OPEB related	31,490
Bond issue premium, net of amortization	<u>468,844</u>
 Total Deferred Inflows of Resources	 <u>1,980,482</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>\$ 15,221,481</u>
 Net Position	
Net investment in capital assets	\$ 5,078,037
Restricted for:	
Debt service	1,349,711
Capital projects	809,107
Child nutrition	204,038
Unrestricted	<u>(720,213)</u>
 Total Net Position	 <u>\$ 6,720,680</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Primary Government				
Governmental Activities				
Instructional	\$ 9,276,646	\$ 29,146	\$ 816,015	\$ (8,431,485)
Pupil support	767,327	-	118,892	(648,435)
Staff support	664,725	-	-	(664,725)
General administration	434,274	-	-	(434,274)
School administration	913,078	-	-	(913,078)
Business operations	240,733	-	-	(240,733)
Administrative technology	30,858	-	-	(30,858)
Operations	1,238,507	-	-	(1,238,507)
Transportation	554,953	-	-	(554,953)
Non-instructional	386,561	-	-	(386,561)
Other debt service costs	400	-	-	(400)
Interest on				
long-term debt	145,216	-	-	(145,216)
Depreciation -				
unallocated*	1,063,920	-	-	(1,063,920)
Child nutrition services	925,786	199,114	776,548	49,876
Total Governmental Activities	<u>\$ 16,642,984</u>	<u>\$ 228,260</u>	<u>\$ 1,711,455</u>	<u>\$ (14,703,269)</u>
General Revenues:				
Taxes:				
Property taxes, levied for				
general purposes				
				622,196
Property taxes, levied for debt service				
				846,372
Property taxes, levied for capital projects				
				390,108
Other Local Support				
				65,979
State Support				
				13,635,394
Unrestricted Investment Earnings				
				19,414
				<u>15,579,463</u>
Total General Revenues				
				15,579,463
Change in Net Position				
				876,194
Net Position - Beginning (restated)				
				<u>5,844,486</u>
Net Position - Ending				
				<u>\$ 6,720,680</u>

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

The Accompanying Notes are an Integral Part of the Financial Statements

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Balance Sheet – Governmental Funds
June 30, 2020

Assets	General Fund	Child Nutrition Fund
Cash and Investments	\$ 2,662,909	\$ 269,447
Due from Other Funds	141,850	-
Receivables		
Property taxes	216,435	-
State of Idaho	436,437	-
Other	11,487	-
Total Assets	<u>\$ 3,469,118</u>	<u>\$ 269,447</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Due to other funds	\$ -	\$ -
Accounts payable	350	-
Salary contracts payable	1,362,164	65,409
Total Liabilities	<u>1,362,514</u>	<u>65,409</u>
Deferred Inflows of Resources		
Unavailable revenues	68,237	-
Fund Balances		
Restricted	-	204,038
Committed	-	-
Unassigned	2,038,367	-
Total Fund Balances	<u>2,038,367</u>	<u>204,038</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,469,118</u>	<u>\$ 269,447</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Debt Service Fund	Capital Projects Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,044,148	\$ 222,902	\$ 446,008	\$ 373,712	\$ 5,019,126
-	-	-	-	141,850
305,563	140,197	-	-	662,195
-	-	-	8,030	444,467
-	-	-	309,140	320,627
\$ 1,349,711	\$ 363,099	\$ 446,008	\$ 690,882	\$ 6,588,265
\$ -	\$ -	\$ -	\$ 141,850	\$ 141,850
-	-	-	-	350
-	-	-	177,129	1,604,702
-	-	-	318,979	1,746,902
96,375	44,216	-	1,783	210,611
1,253,336	318,883	446,008	370,120	2,592,385
-	-	-	-	-
-	-	-	-	2,038,367
1,253,336	318,883	446,008	370,120	4,630,752
\$ 1,349,711	\$ 363,099	\$ 446,008	\$ 690,882	\$ 6,588,265

The Accompanying Notes are an Integral Part of the Financial Statements

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2020

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

Total Fund Balance - Governmental Funds	\$	4,630,752
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$34,765,505 and the accumulated depreciation is \$21,631,280.		13,134,225
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.		(7,587,344)
OPEB liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore are not reported in the funds		(802,502)
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.		(3,124,165)
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.		729,730
Bond premium reported as a revenue in the fund financial statements is capitalized in the government-wide statements. The total premium is \$1,054,328 and the accumulated amortization is \$585,484.		(468,844)
Property tax revenue is recognized when earned rather than when available.		<u>208,828</u>
Net Position - Governmental Activities	<u>\$</u>	<u>6,720,680</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General Fund	Child Nutrition Fund
Revenues		
Local sources		
Property taxes	\$ 571,147	\$ -
Earnings on investments	18,967	447
Lunch sales	-	199,114
Other	60,262	-
State sources		
State apportionment	12,130,057	-
Other	687,838	-
Federal sources		
Educational programs and other	-	776,548
Total Revenues	<u>13,468,271</u>	<u>976,109</u>
Expenditures		
Current		
Instructional	8,199,251	-
Pupil support	725,497	-
Staff support	518,321	-
General administration	382,917	-
School administration	913,361	-
Business operations	240,804	-
Administrative technology	-	-
Operation	1,163,925	-
Transportation	555,028	-
Non-instructional	-	925,786
Debt Service		
Principal	-	-
Interest	-	-
Other debt service costs	-	-
Capital outlay	-	23,112
Total Expenditures	<u>12,699,104</u>	<u>948,898</u>
Excess (Deficiency) of Revenues over Expenditures	769,167	27,211
Other Financing Sources (Uses)		
Transfers in	-	23,432
Transfers out	(263,508)	-
Net Change in Fund Balances	505,659	50,643
Fund Balance Beginning of Year	<u>1,532,708</u>	<u>153,395</u>
Fund Balance End of Year	<u>\$ 2,038,367</u>	<u>\$ 204,038</u>

The Accompanying Notes are an Integral Part of the Financial Statements

	Debt Service Fund	Capital Projects Fund	Plant Facility Fund	Other Governmental Funds	Total Governmental Funds
\$	768,524	\$ 355,850	\$ -	\$ -	\$ 1,695,521
	-	-	-	-	19,414
	-	-	-	-	199,114
	3,878	1,839	-	29,146	95,125
	-	-	-	-	12,130,057
	259,890	-	211,287	346,322	1,505,337
	-	-	-	934,907	1,711,455
	<u>1,032,292</u>	<u>357,689</u>	<u>211,287</u>	<u>1,310,375</u>	<u>17,356,023</u>
	-	-	-	1,134,986	9,334,237
	-	-	-	42,087	767,584
	-	-	-	146,552	664,873
	-	-	-	51,426	434,343
	-	-	-	-	913,361
	-	-	-	-	240,804
	-	-	-	30,858	30,858
	-	-	-	74,760	1,238,685
	-	-	-	-	555,028
	-	283,258	103,409	-	1,312,453
	780,000	-	-	-	780,000
	288,875	-	-	-	288,875
	400	-	-	-	400
	-	190,655	157,323	-	371,090
	<u>1,069,275</u>	<u>473,913</u>	<u>260,732</u>	<u>1,480,669</u>	<u>16,932,591</u>
	(36,983)	(116,224)	(49,445)	(170,294)	423,432
	-	177,260	-	165,149	365,841
	-	(102,333)	-	-	(365,841)
	(36,983)	(41,297)	(49,445)	(5,145)	423,432
	<u>1,290,319</u>	<u>360,180</u>	<u>495,453</u>	<u>375,265</u>	<u>4,207,320</u>
\$	<u>1,253,336</u>	\$ <u>318,883</u>	\$ <u>446,008</u>	\$ <u>370,120</u>	\$ <u>4,630,752</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020

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

Net Change in Fund Balance - Governmental Funds	\$	423,432
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 depreciation exceeded capital outlay in the current period.		(692,830)
Property tax revenues received prior to the year for which they are levied are reported as unavailable revenues in the governmental funds. The change however is recorded as an adjustment to revenues in the statement of activities.		163,155
Compensated absences (a long-term liability) is not due and payable in the current period and therefore is not reported as an expenditure in the governmental funds.		29,254
The governmental funds report repayment of bond principal and related accrued interest as an expenditure. These payments are shown as a reduction to long-term debt in the government-wide statements.		802,599
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 from the previous year to the current year.		3,480
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.		26,044
Governmental funds report bond premiums as revenue, while the premium is amortized over the term of the bond as a decrease in interest expense in the government-wide statements.		121,060
Change in Net Position of Governmental Activities	\$	<u>876,194</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Statement of Fiduciary Net Position – Agency Funds
June 30, 2020

Assets	Agency Funds
Cash and Investments	\$ 248,594
Total Assets	<u>\$ 248,594</u>
 Liabilities	
Due to Student Groups	\$ 248,594
Total Liabilities	<u>\$ 248,594</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements
June 30, 2020

1. Summary of Significant Accounting Policies

The financial statements of the Shelley Joint School District 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 Shelley Joint School District No. 60. 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 activities) report information on all of the non-fiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

1. Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements and the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment 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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

1. Summary of Significant Accounting Policies (continued)

- The *capital projects fund* accounts for resources accumulated and payments made for capital projects of the District.
- The *plant facility fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund types:

- The *student activities agency fund (a fiduciary fund)* accounts for assets held on behalf student groups.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide statements. Balances between funds included in the governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities.

Budgetary Policy

The District prepares budgets for all the governmental fund types. 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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

1. Summary of Significant Accounting Policies (continued)

The following is a reconciliation of revenues and expenditures as reported under generally accepted accounting standards and the amounts reported in comparison with budget reported on page 56:

	<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	\$ 976,109	\$ (80,972)	\$ 895,137
Total expenditures	\$ 948,898	\$ (80,972)	\$ 867,926

Under Idaho law, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Under certain unusual circumstances, the District is allowed to reopen and amend its budget. 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.

Inventories

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

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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 and an estimated useful life in excess of one year. 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.....	20-30 yrs
Equipment.....	5-20 yrs
Vehicles.....	3-16 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. These amounts relate to the District's allocable share of the effect of changes of assumptions during the year on the valuation of the net pension liability, the OPEB net liability (asset) and the net difference between projected and actual investment earnings on the plan investments. These amounts are reported only in the government-wide financial statements.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

1. Summary of Significant Accounting Policies (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 effect on the calculation of the net pension liability and the OPEB net liability (asset) of the difference between projected and actual investment earnings on the plans.

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.

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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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 are 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.

The District's cash and cash equivalents are defined as cash on hand, demand deposits, and short-term investments with original maturities of three months or less.

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 one of the 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) up to \$250,000 per depository.

1. Deposits – At June 30, 2020, the carrying amount of the District's deposits was \$4,267,720 and the respective bank balances totaled \$4,329,610. Of the bank balances, \$500,000 were insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.
2. Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2020, \$3,829,610 of the District's total deposits were not covered by federal depository insurance and thus were exposed to credit risk.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

2. Cash and Investments

3. Investments – As of June 30, 2020, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State Investment Pool	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -

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. Because the State Investment Pool as of June 30, 2020, had a weighted average maturity of 177 days, it was presented as an investment with a maturity of less than one year.
6. 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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

2. Cash and Investments

Reconciliation of deposits categorization:

Cash and investments reported on the statement of net position	
Cash and investments reported on the statement of	\$ 5,019,126
fiduciary net position	<u>248,594</u>
	\$ <u>5,267,720</u>
Investments categorized	\$ 1,000,000
Deposits categorized	<u>4,267,720</u>
	\$ <u>5,267,720</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 Bingham County and Bonneville County and are remitted to the District primarily in January of the fiscal year and the July following. Accordingly, the tax revenues for the fiscal year ended June 30, 2020, are generally based on the assessed values and tax levies established in 2019.

The District defers recognition of revenues relating to property taxes assessed but not collected within 60 days of the fiscal year-end. Such amounts will be recognized as revenues in the fiscal year they become available.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

4. Capital Assets

Capital asset activity for the year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 402,635	\$ -	\$ -	\$ 402,635
	<u>402,635</u>	<u>-</u>	<u>-</u>	<u>402,635</u>
Total Capital Assets, Not Being Depreciated	\$ 402,635	\$ -	\$ -	\$ 402,635
	<u>402,635</u>	<u>-</u>	<u>-</u>	<u>402,635</u>
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 30,872,021	\$ 64,616	\$ -	\$ 30,936,637
Furniture and equipment	1,041,638	92,707	-	1,134,345
Vehicles	2,078,121	213,767	-	2,291,888
	<u>33,991,780</u>	<u>371,090</u>	<u>-</u>	<u>34,362,870</u>
Total Capital Assets, Being Depreciated	33,991,780	371,090	-	34,362,870
	<u>33,991,780</u>	<u>371,090</u>	<u>-</u>	<u>34,362,870</u>
Accumulated Depreciation for				
Buildings and improvements	(18,313,447)	(887,657)	-	(19,201,104)
Equipment	(810,162)	(45,187)	-	(855,349)
Vehicles	(1,443,751)	(131,076)	-	(1,574,827)
	<u>(20,567,360)</u>	<u>(1,063,920)</u>	<u>-</u>	<u>(21,631,280)</u>
Total Accumulated Depreciation	(20,567,360)	(1,063,920)	-	(21,631,280)
	<u>(20,567,360)</u>	<u>(1,063,920)</u>	<u>-</u>	<u>(21,631,280)</u>
Total Capital Assets, Being Depreciated, Net	\$ 13,424,420	\$ (692,830)	\$ -	\$ 12,731,590
	<u>13,424,420</u>	<u>(692,830)</u>	<u>-</u>	<u>12,731,590</u>

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

5. General Obligation Bonds Payable

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

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
General Obligation Refunding Bonds, Series 2015 (Original amount--\$7,580,000)	4.00%	2021 to 2028	\$ 7,520,000

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.

The annual requirements to amortize the above bond issues are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 815,000	\$ 253,075	\$ 1,068,075
2022	850,000	219,775	1,069,775
2023	885,000	185,075	1,070,075
2024	920,000	148,975	1,068,975
2025	960,000	111,375	1,071,375
Thereafter	3,090,000	124,962	3,214,962
	<u>\$ 7,520,000</u>	<u>\$ 1,043,237</u>	<u>\$ 8,563,237</u>

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

6. Changes in Long-term Debt

The following is a summary of the District's long-term transactions for the year ended June 30, 2020:

	2007 G.O. Bonds	2015 G.O. Bonds	Compensated Absences Payable	Net Pension Liability	OPEB Liability	Total
Long-term Obligations June 30, 2019	\$ 780,000	\$ 7,520,000	\$ 29,254	\$ 4,142,693	\$ 835,465	\$ 13,307,412
Obligations Incurred	-	-	-	-	-	-
Obligations Paid	(780,000)	-	(29,254)	(929,555)	-	(1,738,809)
Long-term Obligations June 30, 2020	\$ -	\$ 7,520,000	\$ -	\$ 3,213,138	\$ 835,465	\$ 11,568,603
Due within one year	\$ -	\$ 815,000	\$ -	\$ -	\$ -	\$ 815,000

7. Non-monetary Transactions

The District received commodities from the U.S. Government valued at \$80,972. The value was determined by confirmation with the State of Idaho Department of Education.

8. Pension Plan

Plan Description

The District contributes to the Public Employee Retirement System of Idaho Base Plan (Base Plan), which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

8. Pension Plan (continued)

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board Employee membership data related to the PERSI Base Plan, as of June 30, 2019, was as follows:

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

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointment officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

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

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

8. Pension Plan (continued)

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2019, the employee contribution rate was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The District's contributions required and paid were \$1,089,993, 1,082,119, and \$1,047,974, for the years ended June 30, 2020, 2019, and 2018, respectively.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2019, the District's proportion was 0.281 percent.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

8. Pension Plan (continued)

For the year ended June 30, 2020, the District recognized pension expense (revenue) of \$(3,480). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 298,612	\$ 378,684
Changes in assumptions or other inputs	178,733	-
Net difference between projected and actual earnings on pension plan investments	-	1,094,623
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	5,058
Employer contributions subsequent to the measurement date	<u>1,089,993</u>	<u>-</u>
Total	<u>\$ 1,567,338</u>	<u>\$ 1,478,365</u>

\$1,089,993 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, 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, 2019, is 4.8 and 4.9 for the measurement period ended June 30, 2018.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

8. Pension Plan (continued)

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

<u>Fiscal Year</u>		
2021	.....	\$ (117,453)
2022	.....	(497,452)
2023	.....	(243,215)
2024	.....	(144,478)
2025	.....	1,578

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 July 1, 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%

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

8. Pension Plan (continued)

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

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

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

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

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

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

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

8. Pension Plan (continued)

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

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

8. Pension Plan (continued)

Discount Rate

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

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

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

	<u>1% Decrease</u> <u>(6.05%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.05%)</u>	<u>1% Increase</u> <u>(8.05%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 9,704,915	\$ 3,213,138	\$ (2,155,354)

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

9. PERSI Sick Leave Insurance Reserve Fund

Plan Description

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

OPEB Benefits

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

Employer Contributions

The contribution rate for employers are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. In the current fiscal year, the Board declared a sick leave rate holiday for 18 months beginning on January 1, 2020. The District's contributions were \$53,481 for the year ended June 30, 2020.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

9. PERSI Sick Leave Insurance Reserve Fund (continued)

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

At June 30, 2020, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2019, the District's proportion was 0.666 percent.

For the year ended June 30, 2020 the District recognized OPEB expense (expense offset) of \$(34,476). \$53,481 reported as deferred outflows of resources related to OPEBs resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2021.

Actuarial Assumptions

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

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

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

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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

9. PERSI Sick Leave Insurance Reserve Fund (continued)

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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

9. PERSI Sick Leave Insurance Reserve Fund (continued)

Capital Market Assumptions

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

*Expected arithmetic return net of fees and expenses

Actuarial Assumptions:

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	<u>0.35%</u>
Long-Term Expected Geometric Rate of Return, Net Investment Expenses	<u><u>7.05%</u></u>

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

9. PERSI Sick Leave Insurance Reserve Fund (continued)

Discount Rate

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

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

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

	1% Decrease	Current	1% Increase
	(6.05%)	Discount Rate	(8.05%)
	<u> </u>	<u> </u>	<u> </u>
Employer's proportionate share of the net OPEB liability (asset)	\$ (561,660)	\$ (637,848)	\$ (710,310)

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.

10. 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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

10. Fair Value Measurements (continued)

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

	<u>Fair Value Measurements at Reporting Date Using</u>			
<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
State investment pool	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -
Total	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>

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.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

11. Interfund Balances and Transfers

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 141,850	\$ -
Non-major Funds		
Medicaid Fund	-	4,742
Title I-A ESEA Basic Fund	-	53,913
Coronavirus Relief Fund	-	23,719
Title I-C ESEA Migrant Fund	-	6,266
IDEA Part B School Age Fund	-	2,935
IDEA Part B Preschool Fund	-	5,076
Title III ESEA LEP Fund	-	2,363
Title II-A ESEA Improving Fund	-	42,836
	<u>\$ 141,850</u>	<u>\$ 141,850</u>

Balances result from the time lag between the dates that the reimbursable expenditures occur and payments between funds are made. All balances are expected to be eliminated during the next fiscal year.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

11. Interfund Balances and Transfers (continued)

A summary of interfund transfers by fund is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds		
General Fund	\$ -	\$ 263,508
Child Nutrition Fund	23,432	-
Plant Facility Fund	177,260	102,333
Non Major Funds		
Medicaid Fund	164,815	-
IDEA Part B School Age Fund	334	-
	<u>\$ 365,841</u>	<u>\$ 365,841</u>

Transfers were made to cover deficits and to cover costs of salaries, benefits and operating costs of special revenue funds.

12. Other Required Individual Fund Disclosures

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

Fund	<u>Amount Exceeded</u>
Child Nutrition Fund.....	\$ 65,576

Deficits in Individual Funds

There were no funds that had deficits as of June 30, 2020.

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

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.

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.

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Plant Facility Fund</u>	<u>Total</u>
Fund Balances:						
Restricted for:						
Child Nutrition	\$ -	\$ 204,038	\$ -	\$ -	\$ -	\$ 204,038
Debt Service	-	-	1,253,336	-	-	1,253,336
Capital Projects	-	-	-	318,883	-	318,883
Plant Facility	-	2,628	-	-	446,008	448,636
Driver Education	-	21,349	-	-	-	21,349
Common Core	-	1,515	-	-	-	1,515
Professional Dev	-	22,848	-	-	-	22,848
Technology	-	268,456	-	-	-	268,456
Substance Abuse	-	53,324	-	-	-	53,324
Unassigned:	<u>2,038,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,038,367</u>
Total						
Fund Balances	<u>\$ 2,038,367</u>	<u>\$ 574,158</u>	<u>\$ 1,253,336</u>	<u>\$ 318,883</u>	<u>\$ 446,008</u>	<u>\$ 4,630,752</u>

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Notes to Financial Statements (continued)
June 30, 2020

14. Prior Period Adjustment

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

	<u>Previously Reported</u>	<u>Change</u>	<u>Restated</u>
Bond issuance costs, net of amortization	\$ 490,665	\$ (490,665)	\$ -
Net position	6,335,151	(490,665)	5,844,486

In accordance with GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the government-wide financial statements have been restated to exclude unamortized bond issuance costs. These costs are now required to be reported as expenditures in the year in which the bonds are issued. The bond premium has also been reclassified to be included in deferred inflows of resources as required by GASB Statement No. 63 instead of being included in long-term liabilities on the government-wide financial statements.

Required Supplementary Information

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 601,500	\$ 571,147	\$ (30,353)
Earnings on investments	18,000	18,967	967
Other	74,000	60,262	(13,738)
State sources			
State apportionment	12,220,444	12,130,057	(90,387)
Other	717,285	687,838	(29,447)
Total Revenues	13,631,229	13,468,271	(162,958)
Expenditures			
Current			
Instructional	8,631,572	8,199,251	432,321
Pupil support	786,985	725,497	61,488
Staff support	591,075	518,321	72,754
General administration	422,022	382,917	39,105
School administration	971,325	913,361	57,964
Business operations	249,480	240,804	8,676
Operation	1,293,731	1,163,925	129,806
Transportation	655,743	555,028	100,715
Contingency	50,000	-	50,000
Total Expenditures	13,651,933	12,699,104	952,829
Excess (Deficiency) of			
Revenues over Expenditures	(20,704)	769,167	789,871
Other Financing Sources (Uses)			
Transfers (out)	(105,077)	(263,508)	(158,431)
Net Change in Fund Balances	(125,781)	505,659	631,440
Fund Balance, Beginning of Year	125,781	1,532,708	1,406,927
Fund Balance, End of Year	\$ -	\$ 2,038,367	\$ 2,038,367

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Child Nutrition Fund
Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Earnings on investments	\$ -	\$ 447	\$ 447
Lunch sales	233,200	199,114	(34,086)
Federal sources			
Educational programs and other	510,000	695,576	185,576
Total Revenues	<u>743,200</u>	<u>895,137</u>	<u>151,937</u>
Expenditures			
Current			
Non-instructional	802,350	844,814	(42,464)
Capital outlay	<u>-</u>	<u>23,112</u>	<u>(23,112)</u>
Total Expenditures	<u>802,350</u>	<u>867,926</u>	<u>(65,576)</u>
Excess (Deficiency) of			
Revenues over Expenditures	(59,150)	27,211	86,361
Other Financing Sources (Uses)			
Transfers in	<u>30,150</u>	<u>23,432</u>	<u>(6,718)</u>
Net Change in Fund Balances	(29,000)	50,643	79,643
Fund Balance, Beginning of Year	<u>29,000</u>	<u>153,395</u>	<u>124,395</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 204,038</u>	<u>\$ 204,038</u>

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Debt Service Fund
Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 850,000	\$ 768,524	\$ (81,476)
Other	3,500	3,878	378
State sources			
Other	215,875	259,890	44,015
Total Revenues	<u>1,069,375</u>	<u>1,032,292</u>	<u>(37,083)</u>
Expenditures			
Debt service			
Principal	780,000	780,000	-
Interest	288,875	288,875	-
Other debt service costs	500	400	100
Total Expenditures	<u>1,069,375</u>	<u>1,069,275</u>	<u>100</u>
Net Change in Fund Balances	-	(36,983)	(36,983)
Fund Balance, Beginning of Year	-	1,290,319	1,290,319
Fund Balance, End of Year	\$ -	\$ 1,253,336	\$ 1,253,336

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Capital Projects Fund
Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local sources			
Property taxes	\$ 390,000	\$ 355,850	(34,150)
Other	2,000	1,839	(161)
Total Revenues	<u>392,000</u>	<u>357,689</u>	<u>(34,311)</u>
Expenditures			
Current			
Non-instructional	-	283,258	(283,258)
Capital outlay	<u>566,927</u>	<u>190,655</u>	<u>376,272</u>
Total Expenditures	<u>566,927</u>	<u>473,913</u>	<u>93,014</u>
Excess (Deficiency) of Revenues over Expenditures	(174,927)	(116,224)	58,703
Other Financing Sources (Uses)			
Transfers in	177,260	177,260	-
Transfers out	<u>(102,333)</u>	<u>(102,333)</u>	<u>-</u>
Net Change in Fund Balances	(100,000)	(41,297)	58,703
Fund Balance, Beginning of Year	<u>100,000</u>	<u>360,180</u>	<u>260,180</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 318,883</u>	<u>\$ 318,883</u>

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Plant Facility Fund
Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
State sources			
Other	\$ 202,000	\$ 211,287	\$ 9,287
Total Revenues	202,000	211,287	9,287
Expenditures			
Current			
Non-instructional	-	103,409	(103,409)
Capital outlay	302,000	157,323	144,677
Total Expenditures	302,000	260,732	41,268
Net Change in Fund Balances	(100,000)	(49,445)	50,555
Fund Balance, Beginning of Year	100,000	495,453	395,453
Fund Balance, End of Year	\$ -	\$ 446,008	\$ 446,008

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Schedule of Employer's Share of Net Pension Liability
Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's portion of the net pension liability	0.281%	0.281%	0.278%
Employer's proportionate share of the net pension liability	\$ 3,213,138	\$ 4,142,693	\$ 4,367,452
Employer's covered payroll	\$ 9,117,776	\$ 9,257,727	\$ 8,665,714
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	35.24%	44.75%	50.40%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%	91.38%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.280%	0.282%	0.287%
Employer's proportionate share of the net pension liability	\$ 5,676,973	\$ 3,710,079	\$ 2,111,271
Employer's covered payroll	\$ 8,194,628	\$ 7,891,503	\$ 7,769,695
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	69.28%	47.01%	27.17%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	91.38%	94.95%

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

Data reported is measured as of June 30, 2019 (measurement date).

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Schedule of Employer Contributions – PERSI
Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,077,097	\$ 1,082,120	\$ 1,047,975
Contributions in relation to the statutorily required contribution	1,089,993	1,082,119	1,047,974
Contribution (deficiency) excess	12,896	(1)	(1)
Employer's covered payroll	\$ 9,117,776	\$ 9,559,355	\$ 9,257,727
Contributions as a percentage of covered payroll	11.95%	11.32%	11.32%

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 980,960	\$ 927,632	\$ 893,318
Contributions in relation to the statutorily required contribution	980,960	927,632	891,937
Contribution (deficiency) excess	-	-	(1,381)
Employer's covered payroll	\$ 8,665,714	\$ 8,194,628	\$ 7,891,503
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%

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

Data is measured as of June 30, 2020.

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Schedule of Employer's Share of Net OPEB Asset – PERSI OPEB Plan
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's portion of the net OPEB asset	0.666%	0.672%	0.678%
Employer's proportionate share of the net OPEB asset	\$ 637,848	\$ 557,449	\$ 520,092
Employer's covered - employee payroll	\$ 9,117,776	\$ 9,123,019	\$ 8,665,714
Employer's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	7.00%	6.11%	6.00%
Plan fiduciary net position as a percentage of the total OPEB asset	138.51%	135.69%	136.78%

* GASB Statement NO. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2019 (measurement date).

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Schedule of Employer's Contributions – PERSI OPEB Plan
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 62,533	\$ 109,236	\$ 105,827
Contributions in relation to			
the statutorily required contribution	53,481	109,262	105,852
Contribution (deficiency) excess	(9,052)	26	25
Employer's covered - employee payroll	9,117,776	9,416,863	9,123,019
Contributions as a percentage of			
covered-employee payroll	0.59%	1.16%	1.16%

* GASB Statement NO. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2020.

See Independent Auditors' Report

Supplementary Information

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

	Federal Forest Fund	Drivers Education Fund	Common Core Fund	Professional Technical Fund
Assets				
Cash and Investments	\$ 2,370	\$ 22,011	\$ 1,515	\$ 22,848
Receivables				
State of Idaho	-	8,030	-	-
Other	258	-	-	-
Total Assets	\$ 2,628	\$ 30,041	\$ 1,515	\$ 22,848
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Salary contracts payable	-	8,692	-	-
Total Liabilities	-	8,692	-	-
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Fund Balances				
Restricted	2,628	21,349	1,515	22,848
Total Fund Balances	2,628	21,349	1,515	22,848
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,628	\$ 30,041	\$ 1,515	\$ 22,848

See Independent Auditors' Report

State Technology Fund	State Substance Abuse Fund	Medicaid Fund	Title I-A Basic Fund	Coronavirus Relief Fund
\$ 269,658	\$ 53,324	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	43,906	95,022	24,603
<u>\$ 269,658</u>	<u>\$ 53,324</u>	<u>\$ 43,906</u>	<u>\$ 95,022</u>	<u>\$ 24,603</u>
\$ -	\$ -	\$ 4,742	\$ 53,913	\$ 23,719
-	-	-	-	-
1,202	-	39,164	41,109	884
<u>1,202</u>	<u>-</u>	<u>43,906</u>	<u>95,022</u>	<u>24,603</u>
-	-	-	-	-
268,456	53,324	-	-	-
<u>268,456</u>	<u>53,324</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 269,658	\$ 53,324	\$ 43,906	\$ 95,022	\$ 24,603

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Combining Balance Sheet – Nonmajor Governmental Funds (continued)
June 30, 2020

	Title I-C ESEA Migrant Fund	IDEA Part B School Age Fund	IDEA Part B Preschool Fund	Title IV-A Student Support Fund
Assets				
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Receivables				
State of Idaho	-	-	-	-
Other	10,482	78,308	8,630	-
Total Assets	<u>\$ 10,482</u>	<u>\$ 78,308</u>	<u>\$ 8,630</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ 6,266	\$ 2,935	\$ 5,076	\$ -
Accounts payable	-	-	-	-
Salary contracts payable	4,216	75,373	3,554	-
Total Liabilities	<u>10,482</u>	<u>78,308</u>	<u>8,630</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Fund Balances				
Restricted	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,482</u>	<u>\$ 78,308</u>	<u>\$ 8,630</u>	<u>\$ -</u>

See Independent Auditors' Report

Perkins III Professional Technical Fund	Title III ESEA LEP Fund	Title II-A ESEA Improving Fund	Total Nonmajor Governmental Funds
\$ 1,986	\$ -	\$ -	\$ 373,712
-	-	-	8,030
-	4,176	43,755	309,140
<u>\$ 1,986</u>	<u>\$ 4,176</u>	<u>\$ 43,755</u>	<u>\$ 690,882</u>
\$ -	\$ 2,363	\$ 42,836	\$ 141,850
-	-	-	-
203	1,813	919	177,129
<u>203</u>	<u>4,176</u>	<u>43,755</u>	<u>318,979</u>
1,783	-	-	1,783
-	-	-	370,120
-	-	-	370,120
<u>\$ 1,986</u>	<u>\$ 4,176</u>	<u>\$ 43,755</u>	<u>\$ 690,882</u>

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Federal Forest Fund	Drivers Education Fund	Common Core Fund	Professional Technical Fund
Revenues				
Local sources				
Other	\$ -	\$ 29,146	\$ -	\$ -
State sources				
Other	-	-	-	61,752
Federal sources				
Educational programs and other	498	-	-	-
Total Revenues	498	29,146	-	61,752
Expenditures				
Current				
Instructional	-	28,063	-	44,897
Pupil support	-	-	-	-
Staff support	-	-	-	-
General administration	-	-	-	-
Administrative technology	-	-	-	-
Operation	-	-	-	-
Total Expenditures	-	28,063	-	44,897
Excess (Deficiency) of Revenues over Expenditures	498	1,083	-	16,855
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Net Change in Fund Balances	498	1,083	-	16,855
Fund Balance, Beginning of Year	2,130	20,266	1,515	5,993
Fund Balance, End of Year	\$ 2,628	\$ 21,349	\$ 1,515	\$ 22,848

See Independent Auditors' Report

State Technology Fund	State Substance Abuse Fund	Medicaid Fund	Title I-A Basic Fund	Coronavirus Relief Fund
\$ -	\$ -	\$ -	\$ -	\$ -
254,459	30,111	-	-	-
-	-	118,892	260,123	24,603
<u>254,459</u>	<u>30,111</u>	<u>118,892</u>	<u>260,123</u>	<u>24,603</u>
76,983	3,601	252,945	246,997	-
-	-	-	-	-
121,949	-	-	-	24,603
-	-	30,762	13,126	-
30,858	-	-	-	-
54,660	20,100	-	-	-
<u>284,450</u>	<u>23,701</u>	<u>283,707</u>	<u>260,123</u>	<u>24,603</u>
(29,991)	6,410	(164,815)	-	-
-	-	164,815	-	-
(29,991)	6,410	-	-	-
<u>298,447</u>	<u>46,914</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 268,456</u>	<u>\$ 53,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
Year Ended June 30, 2020

	Title I-C ESEA Migrant Fund	IDEA Part B School Age Fund	IDEA Part B Preschool Fund	Title IV-A Student Support Fund
Revenues				
Local sources				
Other	\$ -	\$ -	\$ -	\$ -
State sources				
Other	-	-	-	-
Federal sources				
Educational programs and other	23,847	383,093	24,790	10,792
Total Revenues	<u>23,847</u>	<u>383,093</u>	<u>24,790</u>	<u>10,792</u>
Expenditures				
Current				
Instructional	23,847	349,441	16,689	10,792
Pupil support	-	33,652	8,435	-
Staff support	-	-	-	-
General administration	-	-	-	-
Administrative technology	-	-	-	-
Operation	-	-	-	-
Total Expenditures	<u>23,847</u>	<u>383,093</u>	<u>25,124</u>	<u>10,792</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	(334)	-
Other Financing Sources (Uses)				
Transfers in	-	-	334	-
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

Perkins III Professional Technical Fund	Title III ESEA LEP Fund	Title II-A ESEA Improving Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 29,146
-	-	-	346,322
24,172	15,093	49,004	934,907
24,172	15,093	49,004	1,310,375
24,172	15,093	41,466	1,134,986
-	-	-	42,087
-	-	-	146,552
-	-	7,538	51,426
-	-	-	30,858
-	-	-	74,760
24,172	15,093	49,004	1,480,669
-	-	-	(170,294)
-	-	-	165,149
-	-	-	(5,145)
-	-	-	375,265
\$ -	\$ -	\$ -	\$ 370,120

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Combining Statement of Changes in Assets and Liabilities
Student Activities – Agency Funds
Year Ended June 30, 2020

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>
Shelley High School				
Assets				
Cash	\$ 98,589	\$ 610,018	\$ 553,169	\$ 155,438
Liabilities				
Due to student groups	\$ 98,589	\$ 610,018	\$ 553,169	\$ 155,438
Ronald J. Hobbs Middle School				
Assets				
Cash	\$ 57,452	\$ 75,425	\$ 74,789	\$ 58,088
Liabilities				
Due to student groups	\$ 57,452	\$ 75,425	\$ 74,789	\$ 58,088
Riverview Elementary School				
Assets				
Cash	\$ 5,582	\$ 14,675	\$ 13,770	\$ 6,487
Liabilities				
Due to student groups	\$ 5,582	\$ 14,675	\$ 13,770	\$ 6,487
Sunrise Elementary School				
Assets				
Cash	\$ 7,782	\$ 16,994	\$ 14,701	\$ 10,075
Liabilities				
Due to student groups	\$ 7,782	\$ 16,994	\$ 14,701	\$ 10,075
Stuart Elementary School				
Assets				
Cash	\$ 15,202	\$ 11,465	\$ 8,161	\$ 18,506
Liabilities				
Due to student groups	\$ 15,202	\$ 11,465	\$ 8,161	\$ 18,506
Total - All School Activity Funds				
Assets				
Cash	\$ 184,607	\$ 728,577	\$ 664,590	\$ 248,594
Liabilities				
Due to student groups	\$ 184,607	\$ 728,577	\$ 664,590	\$ 248,594

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Activity in Taxes Receivable Accounts by Fund
Year Ended June 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Balance at June 30, 2019	\$ 220,440	\$ 307,148	\$ 142,384
Add - Taxes Assessed for 2019 (Net of Cancellations)	597,949	850,570	388,701
Less - Collections Received	<u>(601,954)</u>	<u>(852,155)</u>	<u>(390,888)</u>
Balance at June 30, 2020	<u>\$ 216,435</u>	<u>\$ 305,563</u>	<u>\$ 140,197</u>

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
General Bonded Debt – Future Principal and Interest Requirements
Year Ended June 30, 2020

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Amount	Interest Payment
General Obligation				
Refunding	4.000%	2021	\$ 815,000	\$ 253,075
School Bonds	4.000%	2022	850,000	219,775
Series 2015	4.000%	2023	885,000	185,075
	4.000%	2024	920,000	148,975
	4.000%	2025	960,000	111,375
	4.000%	2026	995,000	72,275
	4.000%	2027	1,035,000	39,437
	4.000%	2028	1,060,000	13,250
			<u>\$ 7,520,000</u>	<u>\$ 1,043,237</u>

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Revenues Cash Basis</u>
U.S. Department of Agriculture			
Passed Through State Department of Education:			
* Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 74,761	\$ 74,761
National School Lunch Program	10.555	345,355	345,355
Special Milk Program for Children	10.556	210	210
Summer Food Service Program for Children	10.559	<u>365,961</u>	<u>365,961</u>
Total Child Nutrition Cluster		786,287	786,287
Child Nutrition Discretionary Grants	10.579	<u>6,655</u>	<u>6,655</u>
Total Department of Agriculture		<u>792,942</u>	<u>792,942</u>
U.S. Department of Education			
Passed Through State Department of Education:			
Title I-Basic	84.010	260,123	249,149
Title I-C Migrant	84.011	23,847	28,736
Special Education Cluster			
IDEA Part B School Age	84.027	383,093	406,582
IDEA Part B - Preschool	84.173	<u>24,790</u>	<u>22,780</u>
Total Special Education Cluster		407,883	429,362
Career and Technical Education	84.048	24,172	47,896
English Language Acquisition Grant	84.365	15,093	15,097
Improving Teacher Quality	84.367	49,004	47,444
Student Support and Academic Enrichment	84.424	10,792	10,792
Elementary and Secondary School Relief Fund (ESSERF)	84.425D	<u>24,603</u>	<u>-</u>
Total Department of Education		<u>815,517</u>	<u>828,476</u>
Total Federal Assistance		<u>\$ 1,608,459</u>	<u>\$ 1,621,418</u>

* Major Federal Program

See Independent Auditors' Report

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Note to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Shelley Joint School District No. 60 under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Shelley Joint School District No. 60, 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
Shelley Joint School District No. 60
Shelley, 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 Shelley Joint School District No. 60 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Shelley Joint School District No. 60's basic financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shelley Joint School District No. 60'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 Shelley Joint School District No. 60's internal control. Accordingly, we do not express an opinion on the effectiveness of Shelley Joint School District No. 60's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

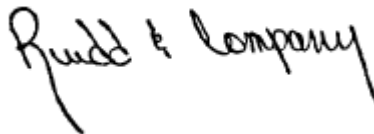
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shelley Joint School District No. 60's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Idaho Falls, Idaho
October 15, 2020



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

Board of Trustees
Shelley Joint School District No. 60
Shelley, Idaho

Report on Compliance for Each Major Federal Program

We have audited Shelley Joint School District No. 60's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Shelley Joint School District No. 60's major federal programs for the year ended June 30, 2020. Shelley Joint School District No. 60's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Shelley Joint School District No. 60's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Shelley Joint School District No. 60's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Shelley Joint School District No. 60's compliance.

Opinion on Each Major Federal Program

In our opinion, Shelley Joint School District No. 60, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Shelley Joint School District No. 60 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Shelley Joint School District No. 60's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Shelley Joint School District No. 60's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rudd & Company

Idaho Falls, Idaho
October 15, 2020

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

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

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditors' Results (continued)

Identification of major programs:

CFDA Number(s)	Name of Federal Program
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	School Lunch Program
10.556	Special Milk Program for Children
10.559	Summer Food Service 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

SHELLEY JOINT SCHOOL DISTRICT NO. 60
Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2020

Finding 2019-001 Controls of School-level transactions (Significant Deficiency)

Condition: During the prior fiscal year, instances of lacking controls, weak controls, or overridden controls noted in the school agency accounts. Examples include signature stamps, single signature checks, checks signed by the payee, pre-signed checks, reconciliations not reviewed and/or completed by one of the check signers, receipting procedures, and other areas.

Recommendation: The auditor recommended that the District review the internal control processes at all schools, speaking to all levels of management and administration to provide the training and information necessary for them to understand their fiscal responsibility. The auditor recommended the District implement oversight on the schools to enhance the reliability of the reporting process.

Current Status: The recommendations were adopted and implemented. No similar findings were noted during the 2020 audit.

Finding 2019-002 Other Postemployment Benefits (Significant Deficiency)

Condition: During the prior year, the District did not have an actuarial valuation performed to determine its OPEB liability and related expenses as of June 30, 2019.

Recommendation: The auditor recommended that the District engage an actuarial firm to get the study updated every two years to remain in compliance.

Current Status: The recommendations were discussed and due to the cost benefit of the actuarial study, it has been decided to not obtain the study at this time and continue with a qualification of the opinion.