

Notus School District No. 135

Year Ended June 30, 2021

Audited Financial Statements



NOTUS SCHOOL DISTRICT NO. 135

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Independent Auditor's Report

Board of Trustees
Notus School District No. 135

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 Notus School District No. 135 (the School) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities

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

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2021, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of employer’s share of net pension liability, and schedule of employer contributions listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not included the management’s discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
October 27, 2021

NOTUS SCHOOL DISTRICT NO. 135

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash & Investments	\$1,865,704
Receivables:	
Local Sources	234,907
State Sources	62,686
Federal Sources	295,508
Total Current Assets	<u>2,458,805</u>
Noncurrent Assets	
Nondepreciable Capital Assets	10,000
Depreciable Net Capital Assets	5,434,662
Total Noncurrent Assets	<u>5,444,662</u>
Total Assets	<u><u>7,903,467</u></u>
Deferred Outflows of Resources	
Pension Deferred Outflows	565,621
Total Deferred Outflows of Resources	<u>565,621</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$8,469,088</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	
Salaries & Benefits Payable	\$375,499
Unspent Grant Allocation	183,414
Accrued Interest	35,987
Long-Term Debt, Current	224,573
Total Current Liabilities	<u>819,473</u>
Noncurrent Liabilities	
Long-Term Debt, Noncurrent	3,904,029
Net Pension Liability	1,432,310
Total Noncurrent Liabilities	<u>5,336,339</u>
Total Liabilities	<u><u>6,155,812</u></u>
Deferred Inflows of Resources	
Pension Deferred Inflows	46,768
Total Deferred Inflows of Resources	<u>46,768</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>6,202,580</u></u>
Net Position	
Net Investment in Capital Assets	1,280,073
Restricted:	
Special Programs	282,247
Debt Service	380,589
Capital Projects	382,543
Unrestricted	(58,944)
Total Net Position	<u>2,266,508</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u><u>\$8,469,088</u></u>

See Accompanying Notes

NOTUS SCHOOL DISTRICT NO. 135

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities					Governmental Activities
Instructional Programs					
Elementary School	\$907,222		\$356,426		(\$550,796)
Secondary School	1,023,255	\$3,675	156,181		(863,399)
Special Education	310,694				(310,694)
Special Education Preschool	18,816		11,550		(7,266)
Interscholastic	44		6,783		6,739
School Activity	71,128				(71,128)
Summer School	0				0
Support Service Programs					
Attendance - Guidance - Health	159,148				(159,148)
Instruction Improvement	107,252		94,048		(13,204)
Board of Education	22,200				(22,200)
District Administration	380,930				(380,930)
School Administration	140,967				(140,967)
Business Operation	88,988				(88,988)
Buildings - Care	229,739				(229,739)
Maintenance - Student Occupied	351,548				(351,548)
Pupil-To-School Transportation	137,380				(137,380)
Pupil-Activity Transportation	3,724				(3,724)
Non-Instructional Programs					
Child Nutrition	208,914	7,333	210,618		9,037
Community Services	82,052	63,770			(18,282)
Capital Assets - Student Occupied	178,593				(178,593)
Capital Assets - Non-Student Occupied	0				0
Debt Service - Principal	0				0
Debt Service - Interest	124,660				(124,660)
Total	<u>\$4,547,254</u>	<u>\$74,778</u>	<u>\$835,606</u>	<u>\$0</u>	<u>(3,636,870)</u>
General Revenues					
Local Taxes					835,212
Other Local Revenues					59,368
State Revenues					3,166,839
Federal Revenues					0
Pension Revenue (Expense)					(529,047)
Total					<u>3,532,372</u>
Change in Net Position					(104,498)
Net Position - Beginning - As Previously Stated					2,252,532
Restatement - See Note J					118,474
Net Position - Beginning - As Restated					<u>2,371,006</u>
Net Position - Ending					<u>\$2,266,508</u>

NOTUS SCHOOL DISTRICT NO. 135

Balance Sheet - Governmental Funds

June 30, 2021

	General Fund	Child Nutrition Fund	Bond R & I Fund	Plant Facilities Fund
Assets				
Cash & Investments	\$960,161	\$63,287	\$330,496	\$235,274
Receivables:				
Local Sources	47,182		61,543	126,182
State Sources	59,536			
Federal Sources				
Due From Other Funds	99,304			
Total Assets	<u>\$1,166,183</u>	<u>\$63,287</u>	<u>\$392,039</u>	<u>\$361,456</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable	\$345,676	\$12,281		
Unspent Grant Allocation				
Total Liabilities	<u>345,676</u>	<u>12,281</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	8,557		11,450	22,556
Total Deferred Inflows of Resources	<u>8,557</u>	<u>0</u>	<u>11,450</u>	<u>22,556</u>
Fund Balances				
Restricted:				
Special Programs		51,006		
Debt Service			380,589	
Capital Projects				338,900
Unassigned	811,950			
Total Fund Balances	<u>811,950</u>	<u>51,006</u>	<u>380,589</u>	<u>338,900</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$1,166,183</u>	<u>\$63,287</u>	<u>\$392,039</u>	<u>\$361,456</u>

NOTUS SCHOOL DISTRICT NO. 135

Balance Sheet - Governmental Funds

June 30, 2021

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash & Investments	\$276,486	\$1,865,704
Receivables:		
Local Sources	0	234,907
State Sources	3,150	62,686
Federal Sources	295,508	295,508
Due From Other Funds	0	99,304
Total Assets	\$575,144	\$2,558,109
Liabilities		
Accounts Payable	\$0	\$0
Due To Other Funds	99,304	99,304
Salaries & Benefits Payable	17,542	375,499
Unspent Grant Allocation	183,414	183,414
Total Liabilities	300,260	658,217
Deferred Inflows of Resources		
Unavailable Tax Revenues	0	42,563
Total Deferred Inflows of Resources	0	42,563
Fund Balances		
Restricted:		
Special Programs	231,241	282,247
Debt Service	0	380,589
Capital Projects	43,643	382,543
Unassigned	0	811,950
Total Fund Balances	274,884	1,857,329
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$575,144	\$2,558,109

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

Total Governmental Fund Balances	\$1,857,329
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,444,662
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Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	42,563
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Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(4,164,589)
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Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds.	(913,457)
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Net Position of Governmental Activities	<u><u>\$2,266,508</u></u>
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NOTUS SCHOOL DISTRICT NO. 135

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2021

	General Fund	Child Nutrition Fund	Bond R & I Fund	Plant Facilities Fund
Revenues				
Local Taxes	\$178,971		\$224,612	\$459,213
Other Local Revenue	45,044	\$7,333	3,317	10,887
State Revenue	3,003,109		110,949	52,781
Federal Revenue	129,353	210,618		
Total Revenues	<u>3,356,477</u>	<u>217,951</u>	<u>338,878</u>	<u>522,881</u>
Expenditures				
Instructional Programs				
Elementary School	671,740			
Secondary School	1,130,770			
Special Education	310,694			
Special Education Preschool				
Interscholastic				
School Activity	71,128			
Summer School				
Support Service Programs				
Attendance - Guidance - Health	159,148			
Instruction Improvement				
Board of Education	22,200			
District Administration	380,930			
School Administration	140,967			
Business Operation	88,988			
Buildings - Care	229,739			
Maintenance - Student Occupied				351,548
Pupil-To-School Transportation	130,068			
Pupil-Activity Transportation	3,724			
Non-Instructional Programs				
Child Nutrition	5,887	203,027		
Community Services				
Capital Assets - Student Occupied				23,323
Capital Assets - Non-Student Occupied				
Debt Service - Principal			210,000	
Debt Service - Interest			125,885	
Total Expenditures	<u>3,345,983</u>	<u>203,027</u>	<u>335,885</u>	<u>374,871</u>
Excess (Deficiency) of Revenues Over Expenditures	10,494	14,924	2,993	148,010
Other Financing Sources (Uses)				
Transfers In				
Transfers Out	(16,885)			
Total Other Financing Sources (Uses)	<u>(16,885)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(6,391)	14,924	2,993	148,010
Fund Balances - Beginning - As Prev. Stated	818,341	36,082	377,596	190,890
Restatement - See Note J				
Fund Balances - Beginning - As Restated	<u>818,341</u>	<u>36,082</u>	<u>377,596</u>	<u>190,890</u>
Fund Balances - Ending	<u>\$811,950</u>	<u>\$51,006</u>	<u>\$380,589</u>	<u>\$338,900</u>

NOTUS SCHOOL DISTRICT NO. 135

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2021

	Other Governmental Funds	Total Governmental Funds
Revenues		
Local Taxes	\$0	\$862,796
Other Local Revenue	87,615	154,196
State Revenue	123,256	3,290,095
Federal Revenue	352,329	692,300
Total Revenues	<u>563,200</u>	<u>4,999,387</u>
Expenditures		
Instructional Programs		
Elementary School	360,169	1,031,909
Secondary School	33,119	1,163,889
Special Education	0	310,694
Special Education Preschool	18,816	18,816
Interscholastic	44	44
School Activity	0	71,128
Summer School	0	0
Support Service Programs		
Attendance - Guidance - Health	0	159,148
Instruction Improvement	107,252	107,252
Board of Education	0	22,200
District Administration	0	380,930
School Administration	0	140,967
Business Operation	0	88,988
Buildings - Care	0	229,739
Maintenance - Student Occupied	0	351,548
Pupil-To-School Transportation	0	130,068
Pupil-Activity Transportation	0	3,724
Non-Instructional Programs		
Child Nutrition	0	208,914
Community Services	82,052	82,052
Capital Assets - Student Occupied	0	23,323
Capital Assets - Non-Student Occupied	0	0
Debt Service - Principal	0	210,000
Debt Service - Interest	0	125,885
Total Expenditures	<u>601,452</u>	<u>4,861,218</u>
Excess (Deficiency) of Revenues Over Expenditures	(38,252)	138,169
Other Financing Sources (Uses)		
Transfers In	16,885	16,885
Transfers Out	0	(16,885)
Total Other Financing Sources (Uses)	<u>16,885</u>	<u>0</u>
Net Change in Fund Balances	(21,367)	138,169
Fund Balances - Beginning - As Prev. Stated	177,777	1,600,686
Restatement - See Note J	118,474	118,474
Fund Balances - Beginning - As Restated	<u>296,251</u>	<u>1,719,160</u>
Fund Balances - Ending	<u>\$274,884</u>	<u>\$1,857,329</u>

NOTUS SCHOOL DISTRICT NO. 135
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2021

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

Net Change in Fund Balances - Total Governmental Funds \$138,169

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. (172,155)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (27,584)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. Bond premium is amortized against interest expense over the term of the bond. 219,573

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 1,225

Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. (263,726)

Change in Net Position of Governmental Activities (\$104,498)

NOTUS SCHOOL DISTRICT NO. 135
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Notus School District No. 135 (the School) provides public school educational services as authorized by Section 33 of Idaho Code. The School's boundaries for taxing and school enrollment purposes are located within Canyon County.

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

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

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

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

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

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

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

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

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

NOTUS SCHOOL DISTRICT NO. 135

Notes to Financial Statements

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

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

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

Debt Service Funds – Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on long term debt. Major debt service funds include the bond redemption and interest fund, which accounts for accumulation of funds for the periodic payment of principal and interest on long term debt.

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

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

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

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

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

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

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

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition

NOTUS SCHOOL DISTRICT NO. 135

Notes to Financial Statements

value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method, except for certain transportation vehicles which use the declining balance method.

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

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

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

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

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

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity’s governing body. Assigned portions represent amounts that are constrained by the government’s intent to be used for

NOTUS SCHOOL DISTRICT NO. 135

Notes to Financial Statements

a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

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

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

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

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

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

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

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

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

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Notes to Financial Statements

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

Cash - Deposits	\$282,530
Investments - Local Gov't Investment Pool	1,583,174
Total	\$1,865,704

Deposits – At year end, the carrying amounts of the School's deposits were \$282,530 and the bank balances were \$384,791. Of the bank balances, \$250,111 was insured and the remainder was uninsured and uncollateralized.

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

Interest rate risk:

Investment Type	Investment Maturity Schedule (In Years)	
	Less Than 1	Total
Local Gov't Invest Pool	\$1,583,174	\$1,583,174
Total	\$1,583,174	\$1,583,174

Credit rate risk:

Investment Type	Investment Rating Schedule	
	Not Rated	Total
Local Gov't Invest Pool	\$1,583,174	\$1,583,174
Total	\$1,583,174	\$1,583,174

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

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

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Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Local Sources					
Local Taxes	\$47,182		\$61,543	\$126,182	\$234,907
Total	<u>\$47,182</u>		<u>\$61,543</u>	<u>\$126,182</u>	<u>\$234,907</u>
State Sources					
Foundation Program	\$59,536				\$59,536
Special Programs		\$3,150			3,150
Total	<u>\$59,536</u>	<u>\$3,150</u>			<u>\$62,686</u>
Federal Sources					
Special Programs		\$295,508			\$295,508
Total		<u>\$295,508</u>			<u>\$295,508</u>

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Notes to Financial Statements

D. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$10,000			\$10,000
Total	<u>10,000</u>	<u>\$0</u>	<u>\$0</u>	<u>10,000</u>
Depreciable Capital Assets				
Buildings	7,763,484			7,763,484
Equipment	567,258			567,258
Transportation	673,785			673,785
Subtotal	<u>9,004,527</u>	<u>0</u>	<u>0</u>	<u>9,004,527</u>
Accumulated Depreciation				
Buildings	2,296,776	155,270		2,452,046
Equipment	567,258			567,258
Transportation	533,676	16,885		550,561
Subtotal	<u>3,397,710</u>	<u>172,155</u>	<u>0</u>	<u>3,569,865</u>
Total	<u>5,606,817</u>	<u>(172,155)</u>	<u>0</u>	<u>5,434,662</u>
Net Capital Assets	<u>\$5,616,817</u>	<u>(\$172,155)</u>	<u>\$0</u>	<u>\$5,444,662</u>

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	\$155,270
Pupil-To-School Transportation	16,885
Total	<u>\$172,155</u>

E. LONG-TERM DEBT

Bonded Debt – At year end, the School’s bonded debt was as follows:

	<u>Outstanding</u>
2015 - \$4,705,000 - general obligation bonds for capital improvements due in annual principal installments and semiannual interest payments with interest at 2.00% - 3.30% through 2035/36, secured by future taxes, paid through the bond redemption and interest fund	\$3,985,000
Total	<u>\$3,985,000</u>

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Maturities on the bonds are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
6/30/22	\$215,000	\$120,160
6/30/23	220,000	113,635
6/30/24	225,000	106,960
6/30/25	235,000	100,060
6/30/26	240,000	92,935
6/30/27-31	1,320,000	349,925
6/30/32-36	1,530,000	127,588
Total	<u><u>\$3,985,000</u></u>	<u><u>\$1,011,263</u></u>

Changes in long-term debt are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2015 G.O. Bonds	\$4,195,000		\$210,000	\$3,985,000	\$215,000
Bond Premium	153,175		9,573	143,602	9,573
Total	<u><u>\$4,348,175</u></u>	<u><u>\$0</u></u>	<u><u>\$219,573</u></u>	<u><u>\$4,128,602</u></u>	<u><u>\$224,573</u></u>

Interest and related costs during the year amounted to \$124,660 and was charged to the debt service – interest program.

F. PENSION PLAN

Plan Description

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

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

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for

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Notes to Financial Statements

their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The School's contributions were \$265,321 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020, the School's proportion was 0.0616808 percent.

For the year ended June 30, 2021, the School recognized pension revenue (expense) of (\$529,047). At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$111,907	\$46,768
Changes in assumptions or other inputs	24,223	
Net difference between projected and actual earnings on pension plan investments	164,170	
Employer contributions subsequent to the measurement date	265,321	
Total	<u>\$565,621</u>	<u>\$46,768</u>

\$265,321 reported as deferred outflows of resources related to pensions resulting from School contributions

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Notes to Financial Statements

made subsequent to the measurement date will be recognized as an addition to the pension expense or reduction of the pension revenue in the year ending June 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2019 the beginning of the measurement period ended June 30, 2019 is 4.8 and 4.8 for the measurement period June 30, 2020.

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

Year Ended	
6/30/22	(\$4,626)
6/30/23	(60,335)
6/30/24	(81,888)
6/30/25	<u>(106,684)</u>
Total	<u><u>(\$253,533)</u></u>

Actuarial Assumptions

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

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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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 2020.

Capital Market Assumptions from Callen 2020

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return*		5.85%	3.49%

Investment Policy Assumptions from PERSI November 2019

Portfolio Long-Term Expected Real Rate of Return*	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2018

Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return*	4.05%
Assumed Inflation	3.00%
Long-Term Expected Geometric Rate of Return*	7.05%

*Net of Investment Expenses

NOTUS SCHOOL DISTRICT NO. 135
Notes to Financial Statements

Discount Rate

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

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

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

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
School's proportionate share of the net pension liability (asset)	\$2,937,275	\$1,432,310	\$187,949

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Impacts on the School's net position

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

NOTUS SCHOOL DISTRICT NO. 135
Notes to Financial Statements

G. INTERFUND BALANCES

Interfund balances at year end consist of the following:

	Due From Fund	
Due To Fund	Nonmajor Governmental	Total
General	\$99,304	\$99,304
Total	\$99,304	\$99,304

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

Interfund transfers during the year consist of the following:

Fund	Transfer In	Transfer Out	Purpose
General		\$16,885	Depreciation
Nonmajor Governmental	\$16,885		Depreciation
Total	\$16,885	\$16,885	

H. CANYON OWYHEE SCHOOL SERVICE AGENCY

The School is involved in a cooperative effort with the Homedale, Marsing, Parma, and Wilder School Districts to provide special and vocational education to the School's students through the Canyon Owyhee School Service Agency (COSSA). During the year, the School paid COSSA \$392,210 for instruction of School students served by COSSA.

I. TAX ABATEMENTS

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

J. PRIOR PERIOD ADJUSTMENT

During the year, the School implemented GASB No. 84 *Fiduciary Activities*. As required by GASB 84, the School's net position and student activities fund balances were restated by \$118,474 to reflect the implementation of this new standard which requires that certain previously reported fiduciary funds now be classified as governmental funds.

NOTUS SCHOOL DISTRICT NO. 135
Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2021

General Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			Amounts
	Original	Final		Positive
				(Negative)
Revenues				
Local Taxes	\$199,804	\$199,804	\$178,971	(\$20,833)
Other Local Revenue	42,000	42,000	45,044	3,044
State Revenue	3,145,728	3,145,728	3,003,109	(142,619)
Federal Revenue	0	0	129,353	129,353
Total Revenues	3,387,532	3,387,532	3,356,477	(31,055)
Expenditures				
Instructional Programs				
Elementary School	738,972	738,972	671,740	67,232
Secondary School	1,125,156	1,125,156	1,130,770	(5,614)
Special Education	300,966	300,966	310,694	(9,728)
Special Education Preschool	0	0	0	0
Interscholastic	0	0	0	0
School Activity	81,315	81,315	71,128	10,187
Summer School	0	0	0	0
Support Service Programs				
Attendance - Guidance - Health	164,286	164,286	159,148	5,138
Instruction Improvement	0	0	0	0
Board of Education	67,250	67,250	22,200	45,050
District Administration	226,664	226,664	380,930	(154,266)
School Administration	158,013	158,013	140,967	17,046
Business Operation	77,640	77,640	88,988	(11,348)
Buildings - Care	291,765	291,765	229,739	62,026
Maintenance - Student Occupied	0	0	0	0
Pupil-To-School Transportation	140,233	140,233	130,068	10,165
Pupil-Activity Transportation	9,825	9,825	3,724	6,101
Non-Instructional Programs				
Child Nutrition	5,447	5,447	5,887	(440)
Community Services	0	0	0	0
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	3,387,532	3,387,532	3,345,983	41,549 *
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	10,494	10,494
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	(16,885)	(16,885) *
Total Other Financing Sources (Uses)	0	0	(16,885)	(16,885)
Net Change in Fund Balances	0	0	(6,391)	(6,391)
Fund Balances - Beginning	0	0	818,341	818,341
Fund Balances - Ending	\$0	\$0	\$811,950	\$811,950

**Total expenditures (over) under appropriations are: \$24,664*

NOTUS SCHOOL DISTRICT NO. 135
 Budgetary Comparison Schedule -
 General and Major Special Revenue Funds
 Year Ended June 30, 2021

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance
	Original	Final		Positive (Negative)
Child Nutrition Fund				
Revenues				
Other Local Revenue	\$31,800	\$31,800	\$7,333	(\$24,467)
Federal Revenue	177,200	177,200	210,618	33,418
Total Revenues	<u>209,000</u>	<u>209,000</u>	<u>217,951</u>	<u>8,951</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	243,818	243,818	203,027	40,791
Total Expenditures	<u>243,818</u>	<u>243,818</u>	<u>203,027</u>	<u>40,791</u> *
Excess (Deficiency) of Revenues Over Expenditures	(34,818)	(34,818)	14,924	49,742
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(34,818)	(34,818)	14,924	49,742
Fund Balances - Beginning	34,818	34,818	36,082	1,264
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$51,006</u>	<u>\$51,006</u>
				<u>\$40,791</u>

**Total expenditures (over) under appropriations are:*

NOTUS SCHOOL DISTRICT NO. 135
Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
School's portion of the net pension liability	0.0616808%	0.0607834%	0.0624101%
School's proportionate share of the net pension liability	\$1,432,310	\$693,826	\$920,560
School's covered payroll	\$2,170,494	\$2,064,443	\$1,962,633
School's proportional share of the net pension liability as a percentage of its covered payroll	65.99%	33.61%	46.90%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%	91.69%
	<u>2018</u>	<u>2017</u>	<u>2016</u>
School's portion of the net pension liability	0.0631935%	0.0594870%	0.0569363%
School's proportionate share of the net pension liability	\$993,293	\$1,205,893	\$749,758
School's covered payroll	\$1,942,853	\$1,705,936	\$1,559,664
School's proportional share of the net pension liability as a percentage of its covered payroll	51.13%	70.69%	48.07%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%
	<u>2015</u>		
School's portion of the net pension liability	0.0573290%		
School's covered payroll	\$1,553,118		

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

Data reported is measured as of June 30, 2020.

NOTUS SCHOOL DISTRICT NO. 135

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$265,321	\$259,157	\$233,695
Contributions in relation to the statutorily required contribution	\$265,321	\$259,157	\$233,695
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$2,222,119	\$2,170,494	\$2,064,443
Contributions as a percentage of covered payroll	11.94%	11.94%	11.32%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$222,170	\$219,931	\$193,112	\$176,554
Contributions in relation to the statutorily required contribution	\$222,170	\$219,931	\$193,112	\$176,554
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$1,962,633	\$1,942,853	\$1,705,936	\$1,559,664
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%

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

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

NOTUS SCHOOL DISTRICT NO. 135
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds			
	Preschool Grant	Albertsons	Community Schools Grant	Student Activity
Assets				
Cash & Investments	\$30,527	\$43,390	\$6,257	\$100,192
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Total Assets	\$30,527	\$43,390	\$6,257	\$100,192
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				
Total Liabilities	\$0	\$0	\$0	\$0
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances				
Restricted:				
Special Programs	30,527	43,390	6,257	100,192
Debt Service				
Capital Projects				
Unassigned				
Total Fund Balances	30,527	43,390	6,257	100,192
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$30,527	\$43,390	\$6,257	\$100,192

NOTUS SCHOOL DISTRICT NO. 135
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Driver Education	Mastery Based System Development	Professional Technical	Technology
Assets				
Cash & Investments	\$3,222		\$4,227	\$26,723
Receivables:				
Local Sources				
State Sources	3,150			
Federal Sources				
Due From Other Funds				
Total Assets	<u>\$6,372</u>	<u>\$0</u>	<u>\$4,227</u>	<u>\$26,723</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable			\$4,227	
Unspent Grant Allocation				
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>4,227</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs	6,372			26,723
Debt Service				
Capital Projects				
Unassigned				
Total Fund Balances	<u>6,372</u>	<u>0</u>	<u>0</u>	<u>26,723</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$6,372</u>	<u>\$0</u>	<u>\$4,227</u>	<u>\$26,723</u>

NOTUS SCHOOL DISTRICT NO. 135
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds			
	Substance Abuse	Title I-A ESSA IBP	ESSER I	Title IV-A ESSA SS&AE
Assets				
Cash & Investments	\$17,780			
Receivables:				
Local Sources				
State Sources				
Federal Sources		\$16,471	\$74,056	\$25,816
Due From Other Funds				
Total Assets	<u>\$17,780</u>	<u>\$16,471</u>	<u>\$74,056</u>	<u>\$25,816</u>
Liabilities				
Accounts Payable				
Due To Other Funds		\$11,068	\$22,738	\$21,626
Salaries & Benefits Payable				4,190
Unspent Grant Allocation		5,403	51,318	
Total Liabilities	<u>\$0</u>	<u>16,471</u>	<u>74,056</u>	<u>25,816</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs	17,780			
Debt Service				
Capital Projects				
Unassigned				
Total Fund Balances	<u>17,780</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$17,780</u>	<u>\$16,471</u>	<u>\$74,056</u>	<u>\$25,816</u>

NOTUS SCHOOL DISTRICT NO. 135
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Title V-B ESSA REI	Title II-A ESSA SEI	Gear Up	CRF D/B Learning
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$86,024	\$11,787	\$20,400	
Due From Other Funds				
Total Assets	<u>\$86,024</u>	<u>\$11,787</u>	<u>\$20,400</u>	<u>\$0</u>
Liabilities				
Accounts Payable				
Due To Other Funds	\$32,806	\$7,239	\$3,827	
Salaries & Benefits Payable				
Unspent Grant Allocation	53,218	4,548	16,573	
Total Liabilities	<u>86,024</u>	<u>11,787</u>	<u>20,400</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				
Debt Service				
Capital Projects				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$86,024</u>	<u>\$11,787</u>	<u>\$20,400</u>	<u>\$0</u>

NOTUS SCHOOL DISTRICT NO. 135
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2021

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total</u>
	<u>CRF Technology</u>	<u>Title IV-B ESSA 21st CCLC</u>	<u>Bus Depreciation</u>	
Assets				
Cash & Investments		\$525	\$43,643	\$276,486
Receivables:				
Local Sources				0
State Sources				3,150
Federal Sources		60,954		295,508
Due From Other Funds				0
Total Assets	<u>\$0</u>	<u>\$61,479</u>	<u>\$43,643</u>	<u>\$575,144</u>
Liabilities				
Accounts Payable				\$0
Due To Other Funds				99,304
Salaries & Benefits Payable		\$9,125		17,542
Unspent Grant Allocation		52,354		183,414
Total Liabilities	<u>\$0</u>	<u>61,479</u>	<u>\$0</u>	<u>300,260</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted:				
Special Programs				231,241
Debt Service				0
Capital Projects			43,643	43,643
Unassigned				0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>43,643</u>	<u>274,884</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$0</u>	<u>\$61,479</u>	<u>\$43,643</u>	<u>\$575,144</u>

NOTUS SCHOOL DISTRICT NO. 135
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2021

	Special Revenue Funds			
	Preschool Grant	Albertsons	Community Schools Grant	Student Activity
Revenues				
Local Taxes				
Other Local Revenue	\$11,550		\$8,500	\$63,770
State Revenue				
Federal Revenue				
Total Revenues	<u>11,550</u>	<u>\$0</u>	<u>8,500</u>	<u>63,770</u>
Expenditures				
Instructional Programs				
Elementary School			12,243	
Secondary School				
Special Education				
Special Education Preschool	18,816			
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Instruction Improvement				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				82,052
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>18,816</u>	<u>0</u>	<u>12,243</u>	<u>82,052</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,266)</u>	<u>0</u>	<u>(3,743)</u>	<u>(18,282)</u>
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>(7,266)</u>	<u>0</u>	<u>(3,743)</u>	<u>(18,282)</u>
Fund Balances - Beginning - As Prev. Stated	37,793	43,390	10,000	0
Restatement - See Note J				118,474
Fund Balances - Beginning - As Restated	<u>37,793</u>	<u>43,390</u>	<u>10,000</u>	<u>118,474</u>
Fund Balances - Ending	<u>\$30,527</u>	<u>\$43,390</u>	<u>\$6,257</u>	<u>\$100,192</u>

NOTUS SCHOOL DISTRICT NO. 135
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2021

	Special Revenue Funds			
	Driver Education	Mastery Based System Development	Professional Technical	Technology
Revenues				
Local Taxes				
Other Local Revenue	\$3,675			\$120
State Revenue	2,475	\$32,610	\$19,950	61,438
Federal Revenue				
Total Revenues	<u>6,150</u>	<u>32,610</u>	<u>19,950</u>	<u>61,558</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School	8,766		19,950	
Special Education				
Special Education Preschool				
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Instruction Improvement		32,610		74,642
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>8,766</u>	<u>32,610</u>	<u>19,950</u>	<u>74,642</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,616)	0	0	(13,084)
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(2,616)	0	0	(13,084)
Fund Balances - Beginning - As Prev. Stated	8,988	0	0	39,807
Restatement - See Note J				
Fund Balances - Beginning - As Restated	<u>8,988</u>	<u>0</u>	<u>0</u>	<u>39,807</u>
Fund Balances - Ending	<u>\$6,372</u>	<u>\$0</u>	<u>\$0</u>	<u>\$26,723</u>

NOTUS SCHOOL DISTRICT NO. 135
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2021

	Special Revenue Funds			
	Substance Abuse	Title I-A ESSA IBP	ESSER I	
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue	\$6,783			
Federal Revenue		\$76,864	\$22,738	\$10,000
Total Revenues	<u>6,783</u>	<u>76,864</u>	<u>22,738</u>	<u>10,000</u>
Expenditures				
Instructional Programs				
Elementary School		76,864	22,738	10,000
Secondary School				
Special Education				
Special Education Preschool				
Interscholastic	44			
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Instruction Improvement				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>44</u>	<u>76,864</u>	<u>22,738</u>	<u>10,000</u>
Excess (Deficiency) of Revenues Over Expenditures	6,739	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	6,739	0	0	0
Fund Balances - Beginning - As Prev. Stated	11,041	0	0	0
Restatement - See Note J				
Fund Balances - Beginning - As Restated	<u>11,041</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$17,780</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NOTUS SCHOOL DISTRICT NO. 135
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2021

	Special Revenue Funds			
	Title V-B ESSA REI	Title II-A ESSA SEI	Gear Up	CRF D/B Learning
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$8,606	\$7,223	\$4,403	\$119,372
Total Revenues	<u>8,606</u>	<u>7,223</u>	<u>4,403</u>	<u>119,372</u>
Expenditures				
Instructional Programs				
Elementary School	8,606	7,223		119,372
Secondary School			4,403	
Special Education				
Special Education Preschool				
Interscholastic				
School Activity				
Summer School				
Support Service Programs				
Attendance - Guidance - Health				
Instruction Improvement				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>8,606</u>	<u>7,223</u>	<u>4,403</u>	<u>119,372</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning - As Prev. Stated	0	0	0	0
Restatement - See Note J				
Fund Balances - Beginning - As Restated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NOTUS SCHOOL DISTRICT NO. 135
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2021

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Total</u>
	<u>CRF Technology</u>	<u>Title IV-B ESSA 21st CCLC</u>	<u>Bus Depreciation</u>	
Revenues				
Local Taxes				\$0
Other Local Revenue				87,615
State Revenue				123,256
Federal Revenue	\$10,000	\$93,123		352,329
Total Revenues	<u>10,000</u>	<u>93,123</u>	<u>\$0</u>	<u>563,200</u>
Expenditures				
Instructional Programs				
Elementary School	10,000	93,123		360,169
Secondary School				33,119
Special Education				0
Special Education Preschool				18,816
Interscholastic				44
School Activity				0
Summer School				0
Support Service Programs				
Attendance - Guidance - Health				0
Instruction Improvement				107,252
Board of Education				0
District Administration				0
School Administration				0
Business Operation				0
Buildings - Care				0
Maintenance - Student Occupied				0
Pupil-To-School Transportation				0
Pupil-Activity Transportation				0
Non-Instructional Programs				
Child Nutrition				0
Community Services				82,052
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
Debt Service - Principal				0
Debt Service - Interest				0
Total Expenditures	<u>10,000</u>	<u>93,123</u>	<u>0</u>	<u>601,452</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	(38,252)
Other Financing Sources (Uses)				
Transfers In			16,885	16,885
Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>16,885</u>	<u>16,885</u>
Net Change in Fund Balances	0	0	16,885	(21,367)
Fund Balances - Beginning - As Prev. Stated	0	0	26,758	177,777
Restatement - See Note J				118,474
Fund Balances - Beginning - As Restated	<u>0</u>	<u>0</u>	<u>26,758</u>	<u>296,251</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$43,643</u>	<u>\$274,884</u>



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

Board of Trustees
Notus School District No. 135

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Notus School District No. 135 (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated October 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Quest CPAs PLLC

Payette, Idaho
October 27, 2021