

**BOX ELDER
SCHOOL DISTRICT**

Brigham City, Utah

**ANNUAL FINANCIAL
REPORT**

**For the Fiscal Year Ended
June 30, 2020**



BOX ELDER SCHOOL DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

**BOX ELDER SCHOOL DISTRICT
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020**

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October 22, 2020

To: President Cronin, Members of the Board of Education, and the Patrons of the Box Elder School District:

State law requires that school districts publish, within five months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed Certified Public Accountants in accordance with auditing standards generally accepted in the United States of America. Pursuant to that requirement, we hereby issue the annual financial report of the Box Elder School District (District) for the fiscal year ended June 30, 2020.

These statements are designed to meet the needs of a broad spectrum of readers of financial statements and are divided into three major sections:

- **Introductory section** – Introduces the reader to the report and includes this transmittal letter.
- **Financial section** – Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.
- **Single Audit section** – Consists of the auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance, the schedule of expenditures of federal awards (SEFA), notes to the SEFA, and the schedule of findings and questioned costs.

Internal controls This report consists of management's representations concerning the finance related internal controls of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent audits Wiggins & Co. P.C., a firm of licensed Certified Public Accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2020 are free

of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the District's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's Single Audit Section of this report.

Management's discussion and analysis GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

District profile The District was created by a resolution of the Box Elder County Commissioners on June 20, 1907. The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education consisting of seven members. The Board of Education is responsible, among other things, for developing and adopting policy, adopting the budget, levying taxes, incurring bonded debt, supervising committees, and hiring both the superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide public education for those who reside within the boundaries of the District, which are congruent with boundaries of Box Elder County. To accomplish this purpose, as of Fall 2018, the District operates two traditional high schools (grades 10-12), two middle schools (grades 8-9), two intermediate schools (grades 6-7), and 10 elementary schools (grades K-5). The District also operates three schools in the far western area of the county, which are designated as Necessarily Existent Small Schools (NESS). These schools have enrollments of 5 to 40 students and provide instruction for classes ranging from kindergarten through tenth grade. These receive extra funds from the State for operations. In addition, the District operates an alternative high school, Dale Young Community High School, and a post high school program for handicap students, Independent Living Skills Center. As of October 1, 2020, the District had an enrollment of 11,850 students.

Budgetary control The District adopts an annual budget for its funds. This budget acts as the financial operating plan for the entire year. Revisions may be implemented during the year authorizing a larger appropriation of available resources through a public hearing and approval from the Board.

All annual appropriations lapse at fiscal year-end with the exception of those indicated as committed or assigned against the fund balance. During May of each year, the superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Also included is the final budget for the fiscal year ending June 30th.

If the district does not propose to exceed the certified tax rate, a public hearing is held prior to June 22nd at which the budget is formally adopted by resolution of the Board after public input. If the District proposes to exceed the certified tax rate, the budget is formally adopted in August when data is available to set the rates.

The District’s fiscal 2019 balances along with anticipated revenues are sufficient to meet the fiscal 2020 budget as presented to the public on June 12, 2019.

Economic condition and outlook The economic prospect for the District is largely dependent on state aid, which is 68% of general fund revenues. The Box Elder School District Board of Education received a 4% WPU increase. The funds provided for a 3.4% COLA adjustment for the upcoming school year.

The Certified Tax Rate Valuation for Box Elder County has increased by 50% over five years from 2015 to 2020 (Utah State Tax Commission) Total non-farm payroll is \$869 million in 2019 15% growth over last year. (Utah division of Workforce Services) Median household income increased to \$62,689 (3.5 % increase) over last year. (Utah division of Workforce Services)

These numbers do not reflect changes due to the Covid 19 pandemic.

Student enrollment Student enrollment has been increasing since 2003 at a growth rate of about 1%. The student count in October 2020 was 11,850, which is 64 students less than the October count in 2019. This is a result of the Covid 19 pandemic.

The state school finance program for fiscal 2020 provided every Utah school district with a basic operation program of \$3,532 per weighted pupil unit (WPU), plus added amounts for other special programs and grants. Below is a historical review of WPU values for the past five years.

Fiscal Year	WPU Value	Dollar Change	Percent Change
2015-16	\$3,092	\$120	4.04%
2016-17	\$3,184	\$92	2.98%
2017-18	\$3,311	\$127	3.83%
2018-19	\$3,395	\$84	2.54%
2019-20	\$3,532	\$137	4.03%

Cash management and investments The District utilizes the Utah Public Treasurer’s Investment Fund (UPTIF) as a cash and investment pool as well as a Zions Bank Liquid Asset Management (LAM)

account, both of which are available for use by all funds. The UPTIF is an external deposit and investment pool shared by various governmental entities in the State in which monies are pooled to improve investment efficiency and yield. These funds are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The LAM account invests in similar state money management council approved investments.

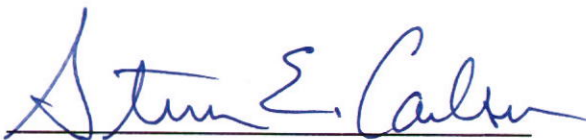
Both investments comply with the provisions of the Utah Money Management Act. This law requires the depositing of funds in a "qualified depository" which is defined as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the District and the conditions for making investment transactions. The District considers the actions of the Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

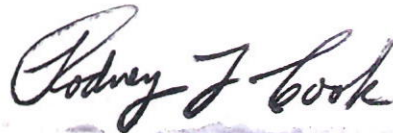
Risk management The District participates with an equity position in the Utah School Boards Risk Management Mutual Insurance Association to cover its workers compensation risks. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District also participates in the State Risk Management system for property and liability insurance. This is a pooled arrangement where the participating entity's annual premiums are designed to pay claims and build sufficient reserves to allow the system to protect participants with its own capital. The pool reinsures excess loss to preserve the capital base.

Acknowledgements We express our appreciation to everyone in the business department and the Superintendent's office who assisted in the preparation of this report. We also thank the members of the Board of Education for their interest and support in conducting the financial affairs of the District in a responsible and progressive manner.

Respectfully submitted,



Steven E. Carlsen
Superintendent



Rodney L. Cook
Business Administrator



INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Box Elder School District
Brigham City, Utah 84302

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Box Elder School District, Utah (the "District"), 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Box Elder School District as of June 30, 2020, and, the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund-Student Activities Fund, 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, the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)-Utah Retirement Systems, the Schedule of the District's Contributions-Utah Retirement Systems, and the related notes to the required supplementary information 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Box Elder School District's financial statements. The introductory section, budget to actual statements for the Debt Service Fund and the Capital Projects Fund and 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*, and is also not a required part of the basic financial statements.

The budget to actual statements for the Debt Service Fund and the Capital Projects Fund, the combining and individual nonmajor fund financial statements 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 budget to actual for the Debt Service Fund and Capital Projects Fund, 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that section.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued a report dated November 25, 2020, on our consideration of Box Elder School District'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 on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wiggins & Co., PC

Brigham City, Utah

November 25, 2020

INTRODUCTION

As the management of the Box Elder School District (District), 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 ended June 30, 2020. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 to 4 of this report.

HIGHLIGHTS

The District categorizes its revenues in three groups by source - federal, state, and local. Federal revenues include categorical funding for special programs, grants, and other specifically designated purposes. State revenues include categorical funding as described above, enrollment-based funding using weighted pupil units (WPU), and other funding which is distributed by various formulas designed to assure an equitable allocation among all districts in the state. Local revenues are derived from property tax, tuition, other fees and charges, and interest income.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the District's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information in addition to the basic financial statements.

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 and deferred outflows and liabilities and deferred inflows of the District, with the difference between the two 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The Government-wide financial statements can be found on pages 15 and 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: government 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 the 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 seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Student Activities Fund, the Debt Service Fund and the Capital Projects Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 – 22 of this report.

The proprietary fund to account for the activities of the Municipal Building Authority, has been blended into the Capital Projects Fund as of June 30, 2020.

Fiduciary funds - 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 a custodial fund to account for resources held for other groups. The basic fiduciary fund financial statement can be found on page 23 of this report.

Component unit - A Component Unit is a distinct legal entity separate from the District, the resource of which is dedicated to furthering the interests of the District. These funds are reflected in the government-wide financial statements because the resources of those funds are available at the District’s discretion. However, since those resources are dedicated to furthering the interests of the District the financial statements of the Box Elder School District School District Foundation and Municipal Building Authority are presented as blended component units.

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 – 45 of this report.

Other information - The combining statements referred to in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 51 - 57 of this report

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government’s financial position over time. The District assets and deferred outflows exceeded liabilities and deferred inflows by \$141,074,404 at the close of the most recent fiscal year

Box Elder School District’s Net Position

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Cash and other assets	\$ 107,550,646	\$ 101,691,029
Capital assets	146,958,966	144,591,991
Total assets	<u>254,509,612</u>	<u>246,283,020</u>
Deferred Outflows of Resources:		
Refunded Bonds deferred outflow of resources	2,400,337	2,640,370
Pension related deferred outflow of resources	10,393,079	20,824,391
Total deferred outflows of resources	<u>12,793,416</u>	<u>23,464,761</u>
Total assets and deferred outflows of resources	<u>267,303,028</u>	<u>269,747,781</u>
Liabilities and Deferred Inflows of Resources:		
Other Liabilities	11,968,739	12,483,184
Long-term liabilities outstanding	34,047,069	34,506,114
Net pension liability	33,995,377	50,620,283
Total liabilities	<u>80,011,185</u>	<u>97,609,581</u>
Deferred Inflows of Resources:		
Deferred Inflows (Pension related)	11,137,616	863,434
Deferred Inflows (Unearned Property Taxes)	35,079,823	33,284,328
	<u>46,217,439</u>	<u>34,147,762</u>
Total Liabilities and Deferred Inflows	<u>126,228,624</u>	<u>131,757,343</u>
Net position:		
Invested in capital assets, net of related debt	119,555,966	114,659,991
Restricted	55,246,791	34,298,562
Unrestricted	(33,728,353)	(10,968,115)
Total net position	<u>\$ 141,074,404</u>	<u>\$ 137,990,438</u>

Box Elder School District’s Change in Net Position

	2020	2019
Program Revenues:		
Charges for services	\$ 7,673,172	\$ 7,605,923
Operating grants and contributions	41,146,731	38,410,042
Capital grants and contributions	182,621	207,975
General Revenues:		
Property taxes	44,160,704	41,106,160
Federal and state grants	34,229,064	32,879,026
Earnings on investments	1,864,990	2,099,139
Gain (loss) on sale of assets	28,869	79,399
Total revenues	<u>129,286,151</u>	<u>122,387,664</u>
Expenses:		
Instructional services	74,603,605	68,012,456
Supporting services:		
Students	4,767,612	3,462,889
Instructional staff	2,081,373	2,255,747
District administration	1,102,540	924,411
School administration	6,347,599	5,889,231
Business/Personnel	1,147,104	941,520
Operation and Maintenance of facilities	11,017,485	11,419,735
Transportation	4,950,978	5,280,985
Community services	826,837	908,392
Student activities	3,489,210	4,172,748
School food services	5,857,249	5,622,540
Facilities acquisition/operation	4,632,434	370,798
Payments to pass-through entities	3,945,954	3,509,577
Scholarships	162,544	25,000
Interest and fiscal charges	1,269,661	1,334,467
Total expenses	<u>126,202,185</u>	<u>114,130,496</u>
Change in net position	3,083,966	8,257,168
Net position-beginning of year	137,990,438	129,733,270
Net position-end of year	<u>\$ 141,074,404</u>	<u>\$ 137,990,438</u>

The largest portion of the District’s net position (85%) reflects its investment in capital assets (e.g. land, water stock, buildings and improvements, furniture and equipment), less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are **not** available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remainder of the District’s net position represents resources that are subject to external or internal restrictions on how they may be used.

The total net position of the District increased by \$3,083,966 the fiscal year.

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.

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 fund balance is divided between non-spendable, restricted, committed, assigned and unassigned balances. The District has portions of the assigned fund balance to set resources aside for certain government-wide liabilities that are not recognized in the governmental funds. State law allows for assigned balances in the General Fund to be appropriated in the following year’s budget. Fund balances of capital projects and other governmental funds are set aside by state law to be spent for the purpose of the fund and are not available for spending at the District’s discretion.

The General Fund is the chief operating fund of the District. At the end of the fiscal year, the unassigned fund balance was \$1,809,180 a decrease of \$83,151. The assigned balance in the general fund has a combined balance of \$20,023,967. This includes the Undistributed Reserve, or ‘Rainy Day’ fund established and reserved by Board action in the amount of \$3,900,000. The total fund balance was \$23,407,870 a decrease of \$973,334 from the previous year balance.

Expenditures for general District purposes totaled \$97,449,097 Instructional services represent 68.8% of general fund expenditures.

The General Fund balances have been set aside, assigned or restricted for the following purposes:

- Included in the assigned fund balance in the General Fund are funds set aside by the board of \$3,900,000 or 4.2% of General Fund Revenues. (Referred to as the rainy day fund.) As allowed by state law, the District has established reserves within the General Fund, which are set aside for contingencies or possible reductions in state funding. These funds are not to be used in negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District’s bond rating. State law limits such reserves to 5% of general fund budgeted revenues.
- Restricted and assignment for programs of \$21,598,689. Fund balance within the General Fund is restricted or set aside to pay for assigned purposes, commitments and program activities at June 30, 2020 that will be re-appropriated and honored during the subsequent year.

General Fund salaries totaled \$59,576,973 while the associated fringe benefits of retirement, social security, unemployment, worker’s compensation, and health and accident insurance added \$25,162,270 in wage related expense, which taken together accounts for 86.9 % of General Fund expenditures.

The Capital Projects Fund has a total fund balance of \$23,836,109 all of which is reserved for acquisition of capital assets and purchase of construction supplies and related expenditures. These funds will also be used for some of the expense related to the ongoing major construction projects and other major capital maintenance.

The School Lunch Special Revenue Fund balance of \$1,223,393 includes \$284,696 for inventories. The entire balance is to be used for the school lunch program. This is an increase of \$321,338.

The Box Elder County School District Foundation received income in the form of grants, contributions, and earnings on investments of \$180,142 which is an increase of \$53,369 from the previous year.

General Fund Budgetary Highlights

The amount expended was \$2,057,056 less than the final budget or 2.1% of total general fund expenditures. Final revenues were lower than final budgetary estimates by \$2,741,395 or 2.8%.

Capital Asset and Debt Administration

Capital Assets - The capital projects fund is 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.

The District operates schools in twenty-three locations with administrative and maintenance facilities at three separate sites. These buildings total more than 2,253,333 square feet and are spread across an area of 5,723 square miles, which is more than any of the three smallest states. These structures and their additions have construction dates ranging from 1912 to 2020.

Additional information on the District’s capital assets can be found in Note 4 to the basic financial statements.

Debt Administration - The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District, which was \$6,976,621,421. Therefore, the legal debt limit at June 30, 2020 is \$279,064,857. General obligation debt at June 30, 2020 was \$26,115,000 resulting in a legal debt margin of \$252,949,857. The district bond rating from Moody’s Investor Service was upgraded from Aa3 to Aa2 on June 14, 2019.

The District also had \$1,288,000 in outstanding school qualified construction bonds under the Build America Bond Program of the United States Government’s ARRA interest subsidy program, which was issued in 2011. Under this program, the federal government subsidizes about 94% of the interest costs of the bond.

Additional information on the District’s long-term debt can be found in Note 6 to the basic financial statements.

Changing Enrollment within the District

The components of changing enrollment are migration and the kindergarten-to-grade-12 (K-12) differential. The K-12 differential is the variance in the number of kindergarten students entering and the number of grade 12 students leaving the District in a given year.

Enrollment in the District declined since 1993, from a high of 11,320 down to 10,506 in 2003 then back up to the present level of 11,850, as compared to last year’s enrollment of 11,914. The decrease can be attributed to the COVID-19 pandemic, where parents have gone to home schooling because of safety concerns. With the current birth and migration trends the student population is increasing at a rate of a

little less than 1% per year. Any increase in student population will also increase basic funding from the state.

Requests for Information

This financial report is designed to provide a general overview of the Box Elder School District’s finances for all those with an interest in such matters. Questions concerning any of the information provided in this report or requests for additional financial information or copies of the separately issued Foundation report should be addressed to the Office of the Business Administrator, Box Elder School District, 960 South Main, Brigham City, Utah 84302-3162.

BASIC FINANCIAL STATEMENTS

BOX ELDER SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets and Deferred Outflows of Resources:	
Cash and cash equivalents	\$ 34,025,118
Investments	27,961,665
Receivables:	
Taxes	39,125,961
Accounts	492,833
Intergovernmental	2,231,431
Deposits	70,000
Inventories	284,696
Restricted cash and cash equivalents	3,358,942
Capital assets:	
Land, construction in progress, and water stock	19,794,012
Other capital assets, net of depreciation	127,164,954
Total assets	<u>254,509,612</u>
Deferred Outflows of Resources:	
Refunded bonds deferred outflow of resources	2,400,337
Pension related deferred outflow of resources	10,393,079
Total deferred outflows of resources	<u>12,793,416</u>
Total assets and deferred outflows of resources	<u>267,303,028</u>
Liabilities and Deferred Inflows of Resources:	
Accounts payable	2,051,171
Contracts & retainage payable	370,455
Deposits payable	5,390
Accrued interest	434,592
Accrued salaries and benefits	6,555,221
Due to clubs	2,551,910
Noncurrent liabilities:	
Bonds payable - due within one year	2,559,000
Bonds payable - due in more than one year	24,844,000
Bond premium	1,817,202
Compensated absences	277,305
Termination benefits	4,549,562
Net pension liability	33,995,377
Total liabilities	<u>80,011,185</u>
Deferred Inflows of Resources:	
Pension related deferred inflows of resources	11,137,616
Property taxes levied for future year	35,079,823
Total deferred inflows of resources	<u>46,217,439</u>
Total liabilities and deferred inflows of resources	<u>126,228,624</u>
Net Position:	
Invested in capital assets, net of related debt	119,555,966
Restricted for:	
Non-expendable amounts:	
School food services inventory	284,696
Expendable amounts:	
State and other programs	1,574,722
School food services	938,698
Debt service	7,167,630
Capital projects	23,836,109
Committed for:	
Student activities	851,935
Foundation	569,034
Assigned for:	
Other purposes	20,023,967
Unrestricted	(33,728,353)
Total net position	<u>\$ 141,074,404</u>

BOX ELDER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instructional services	\$ 74,603,605	\$ 2,076,076	\$ 29,674,273	\$ -	\$ (42,853,256)
Supporting services:					
Students	4,767,612	597,052	2,437,899	-	(1,732,661)
Instructional staff	2,081,373	-	-	-	(2,081,373)
District administration	1,102,540	-	-	-	(1,102,540)
School administration	6,347,599	-	-	-	(6,347,599)
Business	1,147,104	-	-	-	(1,147,104)
Operation and maintenance of facilities	11,017,485	-	-	-	(11,017,485)
Transportation	4,950,978	27,080	4,294,885	-	(629,013)
Community services	826,837	313,767	-	-	(513,070)
Student activities	3,489,210	3,539,857	-	-	50,647
School food services	5,857,249	1,045,209	4,559,531	-	(252,509)
Facilities acquisition/construction/operation	4,632,434	-	-	182,621	(4,449,813)
Payments to pass-through tax entities	3,945,954	74,131	-	-	(3,871,823)
Scholarships & program enhancement	162,544	-	180,143	-	17,599
Interest and fiscal charges on long-term liabilities	1,269,661	-	-	-	(1,269,661)
Total governmental activities	<u>126,202,185</u>	<u>7,673,172</u>	<u>41,146,731</u>	<u>182,621</u>	<u>(77,199,661)</u>
Total primary government	<u>\$ 126,202,185</u>	<u>\$ 7,673,172</u>	<u>\$ 41,146,731</u>	<u>\$ 182,621</u>	<u>(77,199,661)</u>
General revenues:					
Property taxes levied for:					
Basic rate					8,448,950
Voted leeway					2,756,972
Board local leeway					11,099,102
Debt service					2,538,246
Capital projects					11,490,775
Pass-through tax entities					3,945,954
Delinquent taxes					3,880,705
Federal and state aid not restricted to specific purposes					34,229,064
Earnings on investments					1,864,990
Gain (loss) on sale of assets					28,869
Total general revenues					<u>80,283,627</u>
Change in net position					3,083,966
Net position - beginning of year, as restated					<u>137,990,438</u>
Net position - end of year					<u>\$ 141,074,404</u>

BOX ELDER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	Major Funds					Total Governmental Funds
	General	Special	Debt Service	Capital Projects	Nonmajor Governmental Funds	
		Revenue Fund- Student Activities				
Assets:						
Cash and cash equivalents	\$ 19,668,332	\$ 3,425,112	\$ 4,318,701	\$ 7,085,203	\$ 893,475	\$ 35,390,823
Investments	9,739,629	-	-	18,222,036	-	27,961,665
Receivables:						
Taxes	22,856,259	-	2,829,665	9,212,263	347,069	35,245,256
Account	492,774	-	-	-	59	492,833
Intergovernmental	1,887,249	-	-	-	344,182	2,231,431
Restricted cash and cash equivalents	-	-	2,819,264	-	539,678	3,358,942
Deposits	70,000	-	-	-	-	70,000
Inventory	-	-	-	-	284,696	284,696
Total Assets	\$ 54,714,243	\$ 3,425,112	\$ 9,967,630	\$ 34,519,502	\$ 2,409,159	\$ 105,035,646
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ 622,863	\$ 21,267	\$ -	\$ 1,236,443	\$ 170,598	\$ 2,051,171
Contracts and retainage payable	-	-	-	370,455	-	370,455
Deposits payable	1,371,095	-	-	-	-	1,371,095
Due to clubs	-	2,551,910	-	-	-	2,551,910
Accrued salaries and benefits	6,456,157	-	-	-	99,064	6,555,221
Total Liabilities	8,450,115	2,573,177	-	1,606,898	269,662	12,899,852
Deferred Inflows of Resources:						
Property taxes levied for future year	22,856,259	-	2,800,000	9,076,495	347,069	35,079,823
Total Liabilities and Deferred Inflows of Resources	31,306,374	2,573,177	2,800,000	10,683,393	616,731	47,979,675
Fund Balances:						
Non-spendable:						
Inventories	-	-	-	-	284,696	284,696
Restricted:						
State programs	1,574,722	-	-	-	-	1,574,722
Debt service	-	-	7,167,630	-	-	7,167,630
Capital outlay	-	-	-	23,836,109	-	23,836,109
School food services	-	-	-	-	938,698	938,698
Committed:						
Student activities	-	851,935	-	-	-	851,935
Foundation	-	-	-	-	569,034	569,034
Assigned:						
Other purposes	20,023,967	-	-	-	-	20,023,967
Unassigned	1,809,180	-	-	-	-	1,809,180
Total Fund Balance	23,407,869	851,935	7,167,630	23,836,109	1,792,428	57,055,971
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 54,714,243	\$ 3,425,112	\$ 9,967,630	\$ 34,519,502	\$ 2,409,159	\$ 105,035,646

BOX ELDER SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
 JUNE 30, 2020

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

Total fund balance - governmental funds \$ 57,055,971

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$239,701,522 and the accumulated depreciation is \$(92,742,556). 146,958,966

Cash and deposits payable are offset in the government wide financial statements but reported in the fund financial statements because the transactions are between two different funds. \$1,365,705 was eliminated from cash and cash equivalents and deposits payable for the government wide financial statements because the Student Activities Fund reported the investment held by the District as cash and cash equivalents in the fund financial statements and the General Fund reported a corresponding deposits payable. -

Some amounts for deferred outflows/inflows of resources and debt related assets and liabilities are not due or payable in the current period and therefore are not reported in the funds. Those liabilities consist of :

Bonds payable	\$ (27,403,000)	
Bond premium	(1,817,202)	
Deferred outflow of resources-funds with escrow agent	2,400,337	
Termination benefits	(4,549,562)	
Compensated absences	(277,305)	
Unfunded pension costs payable	(33,995,377)	
Deferred pension related outflow of resources	10,393,079	
Deferred pension related inflow of resources	(11,137,616)	
Accrued interest on bonds	<u>(434,592)</u>	
		<u>(66,821,238)</u>

Some of the District's property taxes will not be collected in the current year, and are not available soon enough to pay for the current period's expenditures and are not reported in the fund statements. 3,880,705

Total net position - governmental activities \$ 141,074,404

BOX ELDER SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Major Funds					Total Governmental Funds
	General	Special Revenue Fund- Student Activities Fund	Debt Service	Capital Projects	Other Governmental Funds	
Revenues:						
Property taxes and fee in lieu	\$ 22,305,024	\$ -	\$ 2,538,246	\$ 11,490,775	\$ 3,945,954	\$ 40,279,999
Charges for services	2,207,425	3,539,857	-	74,131	1,045,209	6,866,622
Grants and Contributions	209,499	-	-	-	179,219	388,718
Earnings on investments	581,592	-	120,635	612,447	14,973	1,329,647
State aid	65,646,170	-	-	112,629	1,049,598	66,808,397
Federal aid	5,526,002	-	-	69,992	3,130,279	8,726,273
Total revenues	<u>96,475,712</u>	<u>3,539,857</u>	<u>2,658,881</u>	<u>12,359,974</u>	<u>9,365,232</u>	<u>124,399,656</u>
Expenditures:						
Current:						
Instructional services	67,135,429	-	-	-	-	67,135,429
Supporting services:						
Students	4,395,154	-	-	-	-	4,395,154
Instructional staff	2,110,374	-	-	-	-	2,110,374
General administration	919,380	-	-	-	-	919,380
School administration	5,583,341	-	-	-	-	5,583,341
Business	973,314	-	-	-	-	973,314
Operation and maintenance of facilities	10,049,892	-	-	-	-	10,049,892
Student transportation	5,481,551	-	-	6,814	-	5,488,365
Student activities	-	3,489,210	-	-	-	3,489,210
Scholarships and program enhancement	-	-	-	-	162,544	162,544
Community services	800,612	-	-	-	-	800,612
School food services	-	-	-	-	4,917,796	4,917,796
Payments to pass-through tax entities	-	-	-	-	3,945,954	3,945,954
Facilities acquisition/construction	-	-	-	12,752,502	-	12,752,502
Debt service:						
Principal retirement	-	-	2,315,000	214,000	-	2,529,000
Interest and fiscal charges	-	-	971,350	74,499	-	1,045,849
Bond issuance costs	-	-	-	-	-	-
Other	-	-	5,000	-	-	5,000
Total expenditures	<u>97,449,047</u>	<u>3,489,210</u>	<u>3,291,350</u>	<u>13,047,815</u>	<u>9,026,294</u>	<u>126,303,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(973,335)</u>	<u>50,647</u>	<u>(632,469)</u>	<u>(687,841)</u>	<u>338,938</u>	<u>(1,904,060)</u>
Other financing sources (uses):						
Sale of fixed assets	-	-	-	35,968	-	35,968
Total other financing sources (uses)	-	-	-	35,968	-	35,968
Net change in fund balances	<u>(973,335)</u>	<u>50,647</u>	<u>(632,469)</u>	<u>(651,873)</u>	<u>338,938</u>	<u>(1,868,092)</u>
Fund balances - beginning	<u>24,381,204</u>	<u>801,288</u>	<u>7,800,099</u>	<u>24,487,982</u>	<u>1,453,490</u>	<u>58,924,063</u>
Fund balances - ending	<u>\$ 23,407,869</u>	<u>\$ 851,935</u>	<u>\$ 7,167,630</u>	<u>\$ 23,836,109</u>	<u>\$ 1,792,428</u>	<u>\$ 57,055,971</u>

BOX ELDER SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2020

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

Net change in fund balances-total governmental funds \$ (1,868,092)

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. Also, in the Governmental funds proceeds from sale of capital assets is recorded as revenue, whereas in the statement of activities, capital asset sale proceeds are netted against the cost of the capital assets and the accumulated depreciation. Below are the changes for 2020:

Capital outlays	\$ 9,548,566	
Depreciation expense	(7,188,464)	
Gain on sale of capital assets	28,572	
Proceeds from sale of capital assets	<u>(35,966)</u>	
		2,352,708

Property tax revenues in the statement of activities that do not provide current financial resources are not recorded in the fund statements. 3,880,705

In the statement of activities, commodities received are recognized as revenue and commodities used as an expense. The amount received and expensed during 2020 was \$369,654 -

Accrued interest on long-term debt reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds. This is the current year change in the liability, reported as a decrease in interest expense in the statement of activities. 21,221

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. During 2020, they consist of the following:

Bond principal payments	\$ 2,529,000	
Amortization of bond premium	546,267	
Amortization of funds deposited with bond escrow agent	<u>(240,033)</u>	
		2,835,234

changes in deferred outflows/inflows of resources related to pension expenses are measured by the amount incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During 2020, the changes in these accounts are as follows:

Change in unfunded pension liability	16,624,906	
Change in deferred outflows of resources-pension	(10,431,312)	
Change in deferred inflows of resources-pension	<u>(10,274,182)</u>	
		(4,080,588)

benefits, are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During 2020, compensated absences payable increased by \$(36,779) and termination benefits payable increased by \$(20,443). (57,222)

Changes in net position of governmental activities \$ 3,083,966

BOX ELDER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes and fee in lieu	\$ 23,275,309	\$ 22,279,801	\$ 22,305,024	\$ 25,223
Charges for services	2,344,999	2,423,306	2,207,425	(215,881)
Earnings on investments	825,000	825,000	581,592	(243,408)
Grants and Contributions	1,903,271	-	209,499	209,499
State aid	67,432,862	69,225,000	65,646,170	(3,578,830)
Federal aid	3,440,000	4,525,000	5,526,002	1,001,002
Total revenues	<u>99,221,441</u>	<u>99,278,107</u>	<u>96,475,712</u>	<u>(2,802,395)</u>
Expenditures:				
Current:				
Instructional services	69,139,025	67,810,698	67,135,429	675,269
Supporting services:				
Students	4,411,222	4,585,522	4,395,154	190,368
Instructional staff	2,236,845	2,236,845	2,110,374	126,471
General administration	971,812	987,047	919,380	67,667
School administration	5,598,790	5,598,791	5,583,341	15,450
Business	1,170,327	1,121,354	973,314	148,040
Operation and maintenance of facilities	10,304,448	10,331,628	10,049,892	281,736
Student transportation	4,714,280	5,940,295	5,481,551	458,744
Community services	1,431,528	954,923	800,612	154,311
Other	-	-	-	-
Total expenditures	<u>99,978,277</u>	<u>99,567,103</u>	<u>97,449,047</u>	<u>2,118,056</u>
Excess of revenues over expenditures	<u>(756,836)</u>	<u>(288,996)</u>	<u>(973,335)</u>	<u>(684,339)</u>
Other financing sources (uses):				
Sale of fixed assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(756,836)	(288,996)	(973,335)	(684,339)
Fund balances - beginning	<u>24,381,204</u>	<u>24,381,204</u>	<u>24,381,204</u>	<u>-</u>
Fund balances - ending	<u>\$ 23,624,368</u>	<u>\$ 24,092,208</u>	<u>\$ 23,407,869</u>	<u>\$ (684,339)</u>

BOX ELDER SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 MAJOR SPECIAL REVENUE FUND-STUDENT ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 4,400,000	\$ 4,300,000	\$ 3,539,857	\$ (760,143)
Other programs and grants	-	-	-	-
Earnings on investments	-	-	-	-
Contributions	-	-	-	-
Total revenues	<u>4,400,000</u>	<u>4,300,000</u>	<u>3,539,857</u>	<u>(760,143)</u>
Expenditures:				
Current:				
Student activities	<u>4,400,000</u>	<u>4,300,000</u>	<u>3,489,210</u>	<u>810,790</u>
Total expenditures	<u>4,400,000</u>	<u>4,300,000</u>	<u>3,489,210</u>	<u>810,790</u>
Excess of revenues over expenditures	-	-	50,647	50,647
Other financing sources (uses):				
Proceeds from capital lease	-	-	-	-
Sale of fixed assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	50,647	50,647
Fund balances - beginning	<u>801,288</u>	<u>801,288</u>	<u>801,288</u>	<u>-</u>
Fund balances - ending	<u>\$ 801,288</u>	<u>\$ 801,288</u>	<u>\$ 851,935</u>	<u>\$ 50,647</u>

BOX ELDER SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

Assets

Cash and cash equivalents	\$	66,897
Receivables-intergovernmental		-
Receivables-accounts		462
Total assets	\$	<u>67,359</u>

Liabilities

Accounts payable	\$	12,000
Due to other funds		-
Intergovernmental payable		55,359
Total liabilities	\$	<u>67,359</u>

Box Elder School District
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Box Elder School District is located in the north-central and north-western portion of the State of Utah. It was organized by State Statute and serves the citizens of Box Elder County. The District provides educational and related services.

The financial statements of Box Elder School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to 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 of the District's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements include the School District, which is a political subdivision with corporate powers created under Utah State law, and its blended component units, the Municipal Building Authority of Box Elder School District and the Box Elder School District Foundation, collectively referred to as the financial reporting entity. As required by generally accepted accounting principles (GAAP), these financial statements present Box Elder School District (referred to as the "primary government" for reporting purposes) and its' "component units" (separate legal entities for which the District is considered to be financially accountable).

The Municipal Building Authority of Box Elder School District is governed by a seven-member board which is the Board of Education. Its sole purpose is to finance and construct some of the District's public facilities.

Box Elder School District Foundation is a separate but affiliated, self-sustaining, not-for-profit organization. The Foundation was established to provide support for the Box Elder School District, its faculty and students, and to promote, sponsor and carry out educational, scientific, charitable and related activities and objectives within the Box Elder School District. It is governed by a board of directors of up to 15 individuals. The Foundation is considered to be a component unit of the District because the purpose of the Foundation is to exclusively, or almost exclusively, benefit the District by soliciting contributions and managing the funds. The Foundation has an audit performed annually, separate from the District. A copy of that audit report can be obtained by writing to the Box Elder School District Foundation, 960 South Main, Brigham City, Utah 84302.

B. Government-wide and Fund Financial Statements

Government-wide 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported

separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the function program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the district function activity. Program revenues include 1) charges for services that report fees, tuition, rent, and other charges to users of the District's services; 2) operating grants and contributions that finance annual operating activities; and 3) capital grants and contributions that fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program users. Taxes and other revenue sources not properly included with program revenues are reported as general revenues. Administrative overhead charges are included in direct expenses.

Fund Financial Statements. 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 in separate columns in the fund financial statements. The remaining governmental funds are combined into a single column and reported as other nonmajor funds.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

Governmental Fund Financial Statements. 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. "Measurable" means that amounts can be reasonably determined within the current period. 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.

Property taxes are recorded when levied. Property taxes which have not been collected within 60 days, and therefore do not meet the “available” criterion, are reported as a receivable and as a deferred inflow-taxes levied for future year. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable, and their validity seems certain.

Minimum school program revenues and other revenues from the Utah State Office of Education are considered “measurable” and recognized as revenue when available and remitted to the District in time to be used to pay current obligations. Federal and other grant revenue is recognized when qualified expenditures are incurred, and a contractual claim exists with the grantor agency. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include principal and interest on long-term debt as well as expenditures related to compensated absences, termination benefits and arbitrage rebates which are recognized only when payment is due.

The District reports the following major governmental funds:

General Fund – This fund accounts for all activities not accounted for by other funds of the District and is the principal fund. The main sources of revenue for this fund are property taxes and minimum school programs funded by the Utah State office of Education.

Student Activities Fund – This fund is a special revenue fund and is used to account for financial resources and uses for student activities, organizations and other custodial type transactions within the schools throughout the District.

Debt Service Fund – The Debt Service Fund is used to account for specific revenue sources that are legally restricted to debt service expenditures for specific purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or maintenance of major capital projects.

The District’s nonmajor governmental funds include three special revenue funds. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary Fund Financial Statements. The District has one fiduciary fund – Custodial Fund. Custodial Funds are used to account for assets held by the District as an agent for other governments, private organizations, or individuals. Custodial Funds are accounted for using the accrual basis of accounting, but due to their custodial nature (assets equal liabilities) do not present results of operations or have a measurement focus.

D. Budgets

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for funds. All annual appropriations lapse at fiscal yearend. Budgets are presented on the modified accrual basis of accounting for governmental funds.

The district operates within the budget requirements as specified by State law. The financial reports reflect the following budgetary standards.

1. In May of each year, the District management submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. A final budget for the current year, ending June 30th, is also included.
2. The tentative budget is made available for public inspection at least ten days prior to a public hearing on adoption of the final budget.
3. If the budget does not propose to exceed the certified tax rate, a public hearing for taxpayer input is held prior to June 22nd of each year. The budget is then legally adopted by resolution of the Board. If the budget proposes a tax rate that exceeds the certified tax rate, the budget is formally adopted in August, when data is available to set new rates.
4. Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board, but increased appropriations in the governmental funds require a public hearing prior to amending the budget. Budgets may be increased provided that notice of such action is published seven days before the meeting. The budgetary information presented includes the original budget and the final amended budget.
5. Minor interim adjustments in estimated revenue and appropriations during the year, have been included in the final budget approved by the Board, as presented in the financial statements.
6. Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end lapse and are re-appropriated in the new year and do not constitute expenditures or liabilities.
7. As determined by State law, the level for which expenditures may not legally exceed appropriations is the total budget of a given fund.
8. Negative variances in total revenues and positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on fund balance. Budgets generally assume expenditure of all available resources. Therefore, when the budget is prepared, it is assumed that these funds will not have a carryover or revenue to a subsequent year. Some program revenues received, but not spent, are restricted and used to fund expenditures in the subsequent fiscal year.

E. Deposits and Investments

Unrestricted cash balances of all funds are combined to form a pool of cash and investments which is managed by the Business Administrator in accordance with the Utah Money Management Act. Income from the investment of pooled cash is allocated based upon each fund's portion of the pool. Restricted cash consists of that portion of pooled cash that is restricted for a specific use due to constraints imposed by external parties, or enabling legislation, or is cash held in trust in compliance with bond covenants, terms, and conditions. Restricted cash is held in the capital project account because the funds are restricted for the purpose of building or remodeling instructional facilities. When both restricted and unrestricted sources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Investments are recorded at fair value based upon quoted market prices at year-end (Level 1 inputs) and other significant observable inputs (Level 2), except where there is no material difference between cost and fair value. The difference between the purchase price and fair value, when material, is recorded as interest income.

The District considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Utah Public Treasurer's Investment Fund (PTIF) to be cash and cash equivalents.

F. Interfund Transactions

Interfund transactions represent transactions between different funds within the District. In general, interfund activity has been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenses resulting from such transactions.

G. Capital Assets

Capital assets include land, buildings, improvements other than buildings, leasehold improvements, furniture, fixtures and equipment, vehicles, and construction in progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Position under governmental activities. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000; real property thresholds vary by type of asset but are generally established at the same amount. Assets purchased, or, constructed are generally recorded at cost. If precise cost is not available, the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

When constructing capital assets, interest expense incurred relating to governmental activities is expensed.

Land, water stock, and construction in progress are not depreciated. Depreciation of all exhaustible capital assets is charged to the various functional expenses in the government-

wide Statement of Activities. Accumulated depreciation is reported on the government-wide Statement of Net Position. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	10-40 years
Improvements	5-40 years
Equipment	5-20 years
Vehicles	5-10 years

H. Compensated Absences

It is the District's policy to permit employees to accumulate earned-but-not-used vacation benefits in accordance with negotiated agreements. The District has placed a cap on the amount of accumulated vacation benefits that will be compensated. The cap depends on employee classification and is limited to 10 days for classified employees, 15 days for administrators working under 229-day contracts and 20 days for administrators working 243-days and over contracts. An estimate of vacation pay plus related payroll taxes is accrued when incurred in government-wide financial statements and reported as a liability. A liability for these amounts is reported in the governmental funds only if benefits have matured as a result of employee resignations and retirements.

I. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, defeasance costs, (the difference between the carrying amount of the defeased debt and its reacquisition price in bond refunding), are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs are expensed as incurred as directed in GASB 65.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Net Position/Fund Balances

The difference between assets and liabilities is "Net Position" on the government-wide and "Fund Balance" on the governmental fund financial statements. Net position is divided into invested in capital assets (net of related debt), restricted non-spendable, restricted expendable, and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financials are as follows.

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified only school food service inventory as non-spendable.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the School Board. These amounts cannot be used for any other purposes unless the School Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the School Board or the District Business Administrator. No other body or official has the authority to constrain such amounts. This classification also includes funds set aside for specific purposes or programs.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance for any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

K. Inventories

Inventories for the School Food Services Special Revenue Fund are valued at average cost utilizing the weighted average method.

L. Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters. To help manage these risks, the District participates in the Utah State Risk Management Fund, a public entity that operates like an insurance carrier. The District also participates in the Utah School Boards Risk Management Mutual Insurance Association to cover its workers compensation risks.

M. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from those estimates

NOTE 2. PROPERTY TAX

The property tax revenue of the District is collected and distributed by the Box Elder County Treasurer as an agent for the District. Utah statutes establish the process by which taxes are levied and collected. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due November 30. Property tax revenue received by the District includes uncollected taxes (including delinquencies and accrued interest and penalties). It is expected that delinquent property taxes will be collected within a five-year period, after which time, the County Treasurer may force sale of property to collect the delinquent portion. These property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. The property taxes levied on January 1, 2020, and due November 30, 2020, have been included in the property tax receivable and deferred inflow of resources-property taxes levied for future year in the government-wide financial statements. This accrual includes a current year receivable of \$165,433. The remaining accrued amount of \$38,960,528, of which \$35,079,823 unearned and deferred to the future period. The remaining \$3,880,705 is for delinquent property taxes for taxes assessed for calendar year 2019 and prior that remains uncollected

An annual uniform fee based on the age of motor vehicles is levied in lieu of ad valorem tax (property tax) on motor vehicles that is due each time a vehicle is registered. Revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the motor vehicle is located in the same proportion in which revenue from ad valorem property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected by the county.

Pass-through tax for other entities is property tax levied by the District but paid by the County directly to these entities, as they are collected, for Charter School levy and for redevelopment, economic, and community development agencies in accordance with the Utah Neighborhood Development Act (Utah Code 17A-2- 1200) and Community Development and Renewal Agencies Act (Utah Code 17C- 1). The taxes are forwarded by the County to these entities as they are collected.

NOTE 3. RECEIVABLES

Receivables at June 30, 2020, consist of the following:

	<u>Taxes</u>	<u>Accounts</u>	<u>Intergovernmental</u>	<u>Total</u>
Governmental funds:				
General Fund	\$ 22,856,259	\$ 492,774	\$ 1,887,249	\$ 25,236,282
Debt Service Fund	2,829,665	-	-	2,829,665
Capital Projects Fund	9,212,263	-	-	9,212,263
Nonmajor Funds	347,069	59	344,182	691,310
Total receivables	<u>\$ 35,245,256</u>	<u>\$ 492,833</u>	<u>\$ 2,231,431</u>	<u>\$ 37,969,520</u>

No allowance for uncollectible accounts has been provided because the District believes that all accounts receivable are collectible.

NOTE 4. CAPITAL ASSET

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

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets not being					
Land	\$ 13,337,282	\$ -	\$ -	\$ -	\$ 13,337,282
Construction in progress	1,023,269	6,381,730	(1,023,269)	-	6,381,730
Water stock	75,000	-	-	-	75,000
Total capital assets not being	14,435,551	6,381,730	(1,023,269)	-	19,794,012
Capital assets being depreciated:					
Buildings and improvements	195,306,162	2,753,252	(64,828)	-	197,994,586
Furniture, machinery and equipment	21,338,430	1,436,853	(862,359)	-	21,912,924
Total capital assets being	216,644,592	4,190,105	(927,187)	-	219,907,510
Less accumulated depreciation					
Buildings and improvements	(72,392,668)	(5,645,148)	64,828	-	(77,972,988)
Furniture, machinery and equipment	(14,081,217)	(1,543,316)	854,965	-	(14,769,568)
Total accumulated depreciation	(86,473,885)	(7,188,464)	919,793	-	(92,742,556)
Total capital assets being	130,170,707	(2,998,359)	(7,394)	-	127,164,954
Governmental activity capital	\$ 144,606,258	\$ 3,383,371	\$ (1,030,663)	\$ -	\$ 146,958,966

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 4,888,156
Support services:	
Students	71,885
Instructional staff	71,885
General administration	71,885
School administration	503,192
Business	71,885
Operations/Maintenance of plant	646,960
Student transportation	431,308
School food services	431,308
Total depreciation expense - governmental activities	\$ 7,188,464

The District has construction commitments for capital assets at June 30, 2020. Construction began or was committed to on several building projects for which the District has set aside fund balance in the Capital Project Fund. This committed fund balance totaled \$7,000,000 at June 30, 2020.

NOTE 5. RETIREMENT PLANS**General information about the Pension Plan**

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) and Public Employees Contributory Retirement System (Contributory System) are multiple employer, cost sharing, public employees, retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employees, retirement system.

The Tier 2 Public Employees Contributory Retirement System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (URS) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Summary of Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	COLA **
Noncontributory System	Highest 3 Years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 Years	30 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.50% per year all years	Up to 2.5%

* Actuarial reductions are applied.

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2020 are as follows:

	Employee	Employer	Employer 401(k)
Contributory System			
12 State School Div - Tier 1	6.00	17.70	N/A
112 State School Div - Tier 2	N/A	18.99	1.03
Noncontributory System			
16 State School Div - Tier 1	N/A	22.19	1.50
Tier 2 DC Only			
212 State and School	N/A	10.02	10.00

***Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended December 31, 2019, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 8,563,111	N/A
Contributory System	19,366	6,564
Tier 2 Public Employees System	2,478,757	-
Tier 2 DC Only System	328,277	N/A
Total Contributions	\$ 11,389,511	\$ 6,564

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, we reported a net pension asset of \$ 0 and a net pension liability of \$ 33,995,377.

Measurement Date: December 31, 2019

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	1.3418377%	\$ -	\$ 49,923,302
Contributory System	0.4864303%	-	345,369
Tier 2 Public Employees System	0.8209890%	-	351,612
Total Net Pension Asset/Liability		\$ -	\$ 50,620,283

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2020, we recognized pension expense of \$ 15,466,707.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

Net difference between projected and actual earnings on pension plan investments	8,534,222	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,569,645	(83,966)
Contributions subsequent to the measurement date	5,286,116	-
Total	\$20,824,391	\$ (83,434)

\$ 5,673,973 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

2020	\$	2,755,259
2021	\$	1,313,902
2022	\$	4,046,363
2023	\$	10,766
Thereafter	\$	70,716

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$ 14,241,768.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 524,413	\$ 206,938
Changes in assumptions	\$ 1,955,332	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 10,443,332
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 1,943,130	\$ -
Contributions subsequent to the measurement date	\$ 4,248,822	\$ -
Total	\$ 8,671,697	\$ 10,650,270

\$ 4,248,822 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2020	\$ (575,194)
2021	\$ (2,080,093)
2022	\$ 422,909
2023	\$ (3,995,017)

2024	\$	-
Thereafter	\$	-

Contributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$ 115,575.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 262,382
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 9,707	\$ -
Total	\$ 9,707	\$ 262,382

\$ 9,707 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2020	\$ (87,561)
2021	\$ (74,024)
2022	\$ (11,532)
2023	\$ (89,265)
2024	\$ -
Thereafter	\$ -

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$ 1,109,364.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,174	\$ 67,688
Changes in assumptions	\$ 84,216	\$ 5,668
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 151,608
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 156,841	\$ -
Contributions subsequent to the measurement date	\$ 1,415,443	\$ -

Total

\$ 1,711,674

\$ 224,964

\$ 1,415,443 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	\$ (20,489)
2021	\$ (17,538)
2022	\$ 8,365
2023	\$ (40,226)
2024	\$ 20,430
Thereafter	\$ 120,725

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 – 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables based on gender, occupation and age as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method, 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 and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Return Arithmetic Basis	
		Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40 %	6.15 %	2.46 %
Debt securities	20 %	0.40 %	0.08 %
Real assets	15 %	5.75 %	0.86 %

Private equity	9 %	9.95 %	0.89 %
Absolute return	16 %	2.85 %	0.46 %
Cash and cash equivalents	0 %	0.00 %	0.00 %
Totals	100 %		4.75 %
	Inflation		2.50 %
	Expected arithmetic nominal return		7.25 %

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, and a real return of 4.45% that is net of investment expense.

Discount Rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95) percent) or 1-percentagepoint higher (7.95 percent) than the current rate:

	(5.95%)	(6.95%)	(7.95%)
Proportionate share of			
Noncontributory System	\$ 89,735,193	\$ 49,923,302	\$ 16,615,684
Contributory System	723,769	345,369	22,471
Tier 2 Public Employees System	1,408,625	351,612	(464,138)

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

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Box Elder School District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems: 401(k) Plan, 457(b) Plan, Roth IRA Plan, Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30th were as follows:

	2020	2019	2018
401(k) Plan			
Employer Contributions	\$1,526,510	\$1,509,339	\$1,735,438
Employee Contributions	\$ 712,945	\$ 594,822	\$ 573,351
457(b) Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 11,932	\$ 18,282	\$ 11,290
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 129,041	\$ 108,222	\$ 109,031
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 3,525	\$ 2,850	\$ 2,000

NOTE 6. LONG-TERM OBLIGATIONS

The District had the following long-term obligations at June 30, 2020:

On February 24, 2015, the District issued \$28,950,000 in general obligation refunding bonds with interest rates ranging between 1.5% and 5%. The District issued the bonds to advance refund \$13,075,000 of the outstanding series 2008 bonds with interest ranging between 2.5% and 5% and \$15,225,000 of the outstanding series 2009 bonds with interest rates ranging between 2% and 5%. The refunded bonds were amounts from the series 2008, which mature on July 15, 2019 through July 15, 2028, and series 2009, which mature on July 15, 2019 through July 15, 2029. The District placed the net proceeds along with bond premium proceeds in escrow to provide for all future debt service on the refunded portion of the 2008 and 2009 bonds. As a result, that portion of the 2008 and 2009 bonds are considered defeased, and the District has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$25,985,000, at June 30, 2020. The annual debt service over the life of the refunding bonds is as follows.

2015 General Obligation Refunding Bonds:

Years	Principal	Interest	Total	Interest Rate
2021	2,345,000	924,750	3,269,750	2.00%
2022	2,390,000	877,400	3,267,400	2.00%
2023	2,460,000	792,000	3,252,000	5.00%
2024	2,585,000	665,875	3,250,875	5.00%
2025-2029	14,740,000	1,489,100	16,229,100	3.00%-5.00%
2030	1,595,000	23,925	1,618,925	3.00%
	<u>\$ 26,115,000</u>	<u>\$ 4,773,050</u>	<u>\$ 30,888,050</u>	

The advance refunding reduced total debt service approximately \$1,981,000. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,783,091.

The Municipal Building Authority of Box Elder School District (MBA), a blended component unit of Box Elder School District, entered into agreements to issue Qualified School Construction Bonds, under the Build America Bond program, in the amount of \$3,000,000, for the construction of a new school. The bonds were issued on June 2, 2011, and are payable through May 15, 2026. The bond interest rate is 4.96% for the length of the bond. However, most of the annual interest amount will

be subsidized by the U.S. Government under the Build America Bond Program, resulting in a small annual cost to the District.

The following is the debt service schedule of the bonds

2011 Municipal Building Authority Qualified School Construction Bonds:

Years	Principal	Interest	Subsidized interest	Total	Interest Rate
2021	214,000	63,885	59,924	\$ 337,809	4.96%
2022	214,000	52,270	49,029	\$ 315,299	4.96%
2023	215,000	42,656	40,011	\$ 297,667	4.96%
2024	215,000	31,992	30,008	\$ 277,000	4.96%
2025-2026	430,000	31,992	30,008	\$ 492,000	4.96%
	<u>\$ 1,288,000</u>	<u>\$ 222,795</u>	<u>\$ 208,980</u>	<u>\$ 1,719,775</u>	

Termination Benefits

Effective July 1, 2006, the Board approved a termination benefit plan, which, upon termination, provides for the payout of sick leave benefits and a retirement bonus. During the year ended June 30, 2020, \$1,331,618 was expended on these benefit plans. The plan is financed on a pay-as-you-go basis. The District has a potential for termination benefits for 161 eligible employees. For 2020, the District has recorded a liability of \$4,549,562, which is calculated at the net present value of the estimated liability using a discount rate of 2.5%, which is the District's average interest earning rate.

Sick Leave Benefit:

Employees are eligible after they have completed 15 years of contracted service with the District – employees receive 2% of their unused, accumulated sick leave for each year of service in the District, plus 1% per year for each year of experience granted by the District upon employment, to a maximum of 60%.

Retirement Bonus:

Employees are eligible after they qualify for School District Retirement, as defined in Policy 3306, 3-3-1 –employees receive a retirement bonus generated at 30% of full-time contracted employment in the District, multiplied by the value of the weighted pupil unit, adjusted annually for the change in the Consumer Price Index, for the year of retirement with an amount not to exceed nine times the value of the measurement unit for the year of retirement. For classified employees who are eligible and less than full-time employees, the percentages are lower.

Compensated Absences

Classified and Administrative employees are eligible for vacation benefits. Classified employees may carry over a maximum of 20 days vacation to the following year but upon termination will only be compensated for up to 10 days at the rate in effect at the time of termination. Administrative employees who are under contract for 229 working days may be compensated for up to 15 days and administrative employees under contract for 243 or more working days may be compensated for up to 20 days.

Insurance Deposits

At retirement, the District allowed retirees to deposit after tax funds with the District for the purpose of purchasing health insurance. These deposits are funded entirely by the retirees and they are allowed to purchase couple or single health insurance coverage from the District

insurance provider until they turn 65. When they reach age 65, any funds remaining on deposit with the District are refunded. At June 30, 2020, the District had \$5,390 on deposit for one retired employee's health insurance premiums. This deposit will be used over the next two years and the District has discontinued this program for any future retirees.

Transactions affecting long-term debt are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
G.O. bonds payable	\$ 28,430,000	\$ -	\$ (2,315,000)	\$ 26,115,000	\$ 2,345,000
G.O. bond premium	2,057,236	-	(240,034)	1,817,202	-
MBA bonds payable	1,502,000	-	(214,000)	1,288,000	214,000
Compensated absences	240,526	387,524	(350,745)	277,305	-
Accrued termination benefits	4,529,119	1,352,061	(1,331,618)	4,549,562	-
Total Governmental	<u>\$ 36,758,881</u>	<u>\$ 1,739,585</u>	<u>\$ (4,451,397)</u>	<u>\$ 34,047,069</u>	<u>\$ 2,559,000</u>

NOTE 7. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended June 30, 2020, the Box Elder School District Foundation Fund had expenditures in excess of budget of \$27,544.

No funds had deficit fund balances at June 30, 2020.

NOTE 8. CASH AND INVESTMENTS

The District maintains a Deposit and Investment Pool that is available for use by all funds of the District. Each fund type's portion of this pool is disclosed on the governmental funds balance sheet as "cash and cash equivalents".

The District complies with the Utah Money Management Act (Utah Code Section 51, Chapter 7) and related Rules of the Money Management Council (Council) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined in the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, US Treasury obligations, US agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market funds and obligations of governmental agencies within the State of Utah. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the rules of the Council to be necessary and sufficiently adequate protection of its uninsured bank deposits.

Deposits

At June 30, 2020, the carrying amount of the District deposits was \$2,326,668 and the bank balance was \$9,356,154. Deposits are not collateralized nor are they required to be by state statute. However, the State Commissioner of Financial Institutions monitors financial institutions and establishes limits for deposit of public money at individual financial institutions, and the District follows these recommendations.

Investments

At June 30, 2020, the District's investment balances were as follows:

Investment Type	Fair Value	Maturity	Rated
Corporate Bonds	\$27,961,665	1-5 years	BAA3 to AAA
Utah Public Treasurer's Investment Fund	\$29,586,298	Less than 1 year	Not rated
Total	\$57,547,963		

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2020:

Corporate Bonds-\$27,691,665-Level 2-using matrix pricing model.

Utah Public Treasurer's Investment Fund (PTIF)-\$29,586,298-Level 2-using the District's published fair value factor obtained from the PTIF.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments do not exceed the period of availability of the funds invested. The Act further limits the remaining term to maturity on all investments in commercial paper to 270 days or less and fixed-income securities to 365 days or less. The District has no investment policy that would further limit its interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing exposure to credit risk is to comply with the Act and other related rules. The Act and other related rules limit investments in commercial paper to a first-tier rating of investments in fixed-income to a rating of A or higher as rated by Moody's Investor Service or by Standard and Poor's Corporation. The District has no investment policy that would further limit its investment choices. All of the District's investments in corporate bonds and commercial paper meet this requirement with ratings of, at least, A. The investments that exceed 5% of the total investment pool are Utah Public Treasurer's Investment Fund and Federal Home Loan Mortgage Corporation bonds.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer. At June 30, 2019, the District had 11% of its investments in Federal Home Loan Mortgage Corporation bonds and 56% in the Utah Public Treasurer's Investment Fund. The District places no other limits on the amount it may invest in any one issuer.

Custodial Credit Risk. For an investment, the custodial 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 investments that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. All of the District's investments in corporate bonds and commercial paper are uninsured and uncollateralized and held by the agent in the District's name.

NOTE 9. RECONCILING OF INTERFUND BALANCES AND TRANSFERS

There were no interfund due to/due from balances and no interfund transfers during 2020. \$1,365,704 in school funds reported in the Other Governmental Funds column as cash and cash equivalents and as deposits payable in the General Fund, have been eliminated in the reporting of the government wide statements.

NOTE 10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports 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 (expenditure/expense) until then. The District currently has two items that fall within this category. Funds placed in escrow to refund outstanding debt issues, of \$3,600,502, which will be amortized to interest expense over the life of the refunding bonds and deferred pension cost payments after the measurement date but before the District's fiscal year end. For 2020, the amortization on the amounts placed in escrow was \$240,033. This was recorded in the Statement of Activities and reduced the balance to \$2,400,337. The second deferred outflow of resources amount is pension related and is presented in note 5.

In addition to liabilities, the statement of financial position reports 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports two of these items. Unearned property taxes are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied as presented in Note 2. Pension related amounts are presented in Note 5. These amounts also are reported on the government-wide statement of net position.

NOTE 11. PASS-THROUGH TAX ENTITIES

The District is subject to tax abatements granted by other local governments within the County through the establishment of Redevelopment Agencies (RDAs), Community Development Agencies (CDAs) and Economic Development Agencies (EDAs). These tax abatement programs are governed by the Utah Neighborhood Development Act (Utah Code 17A-2-1200) and Community Development and Renewal Agencies Act (Utah Code 17C-1). These entities have the stated purpose of increasing business activity and employment within the County. The abatement agreements stipulate that 40%-100% of the increased property tax generated by the increase in value within the RDA, CDA or EDA be returned to the RDA, CDA or EDA for incentive payments to the companies making the improvements for periods up to 20 years. The District also levies property tax for the State Charter School Levy. The pass-through tax entities paid during 2020 are as follows:

Pass-Through Entities Tax Payments	Amount passed through during 2020
Box Elder County RDA	\$2,468,918
Brigham City RDA	\$999,904
Tremonton RDA	\$86,556
State of Utah – Charter School Levy	\$390,576
Total	\$3,945,954

NOTE 12. MEMBERSHIP CHANGES

The District receives funding from the Utah State Office of Education (USOE) based on formulas calculated using the District’s membership figures. As District membership increases or decreases, corresponding funding from the USOE has the potential to increase or decrease. The amount of any potential change is not available

NOTE 13. RISK MANAGEMENT

The District maintains insurance coverage for general liability, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also ensures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible, automobile physical damage is insured to actual value with a \$750 deductible, other liability is limited to the lesser of \$10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund. The Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants pay experience related annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

There are several lawsuits pending in which the District is involved. The District’s counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the District.

The District maintains workers compensation insurance through the Utah School Boards Risk Management Mutual Insurance Association (Association). Annual premiums are charged to users by the Association to enable the payment of claims and to accumulate reserves for any unforeseen issues. Independent coverage is obtained to ensure sufficient reserves and funds are available when needed. This is a pooled arrangement where the participants pay experience rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities. Periodic billing premiums are received to cover any unanticipated changes from the facts and circumstances used to calculate the annual premium.

NOTE 14. RESTRICTED/ASSIGNED FUND BALANCE DETAIL

The detail of the aggregated amounts in the Balance Sheet is as follows at June 30, 2020

Fund balances - governmental funds:

Restricted State Programs:

General Fund:

Adult ed	\$	11,076
Advanced placement		3,532
Concurrent enrollment		226,273
CTE programs		119,389
Driver ed		49,883
Dual immersion		49,069
Gifted/talented		174,914
Early literacy		124,575
Library books		4,693
STEM		32,000
Trust lands		128,194
TSSA		448,512
Youth in custody		202,612
Total General Fund - Restricted	\$	<u>1,574,722</u>

Total Restricted State Programs: \$ 1,574,722

Fund balances - governmental funds:

Assigned - other purposes:

General Fund:

Board approved contingency	\$	3,900,000
Budget shortfalls		2,862,744
Classified professional development		14,819
EDGENUITY (credit recovery)		113,028
Professional development		2,597,822
PTIF - FMV Adjustment		72,441
Safety		354,043
School fees		750,000
Teacher incentives		1,102,291
Termination benefits		4,000,000
Textbooks		1,425,855
Wellness		2,776,574
Youth in custody (private)		54,350
Total General Fund - Assigned	\$	<u>20,023,967</u>

**UTAH STATE RETIREMENT SYSTEMS REQUIRED
SUPPLEMENTARY INFORMATION**

BOX ELDER SCHOOL DISTRICT
 STATEMENT OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 UTAH RETIREMENT SYSTEMS
 FOR THE YEAR ENDED JUNE 30, 2020

Last 10 Fiscal Year*

The net pension asset, liability, covered payroll and related ratios were measured at December 31, which is the fiscal year of the URS.

	2014	2015	2016	2017	2018	2019
Noncontributory System						
Proportion of the net pension liability (asset)	1.2591214%	1.2340989%	1.2523865%	1.2885468%	1.3418377%	1.5183087%
Proportionate share of the net pension liability (asset)	\$ 31,635,786	\$ 38,766,581	\$ 40,588,806	\$ 31,509,636	\$ 49,923,302	\$ 33,732,292
Covered employee payroll	\$ 34,856,456	\$ 33,506,050	\$ 34,046,589	\$ 34,424,731	\$ 36,032,098	\$ 38,120,109
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	90.76%	115.70%	119.22%	91.53%	138.55%	88.49%
Plan fiduciary net position as a percentage of the total pension liability	87.20%	84.50%	84.90%	89.20%	84.10%	90.10%
Contributory Retirement System						
Proportion of the net pension liability (asset)	0.8712488%	0.6845906%	0.3310938%	0.3669324%	0.4864327%	0.9539238%
Proportionate share of the net pension liability (asset)	\$ 95,531	\$ 429,000	\$ 181,425	\$ 24,146	\$ 345,369	\$ 65,857
Covered employee payroll	\$ 320,187	\$ 216,863	\$ 88,755	\$ 83,487	\$ 94,404	\$ 106,424
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	29.84%	197.82%	204.41%	28.92%	365.84%	61.88%
Plan fiduciary net position as a percentage of the total pension liability	98.70%	92.40%	93.40%	99.20%	91.40%	98.90%
Tier 2 Public Employees System						
Proportion of the net pension liability (asset)	0.6081591%	0.6166209%	0.6541755%	0.7411140%	0.8209890%	0.8769273%
Proportionate share of the net pension liability (asset)	\$ (18,430)	\$ (1,346)	\$ 72,973	\$ 65,342	\$ 351,612	\$ 197,228
Covered employee payroll	\$ 2,976,735	\$ 3,981,680	\$ 5,364,766	\$ 7,277,392	\$ 9,651,183	\$ 12,213,751
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-0.62%	-0.03%	1.36%	0.90%	3.64%	1.61%
Plan fiduciary net position as a percentage of the total pension liability	103.50%	100.20%	95.10%	97.40%	90.80%	96.50%

*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI, when 10 years information is available. The schedule above is only for the current year and prior four years.

BOX ELDER SCHOOL DISTRICT
 SCHEDULE OF CONTRIBUTIONS
 UTAH RETIREMENT SYSTEMS
 JUNE 30, 2020

Last 10 Fiscal Years*

	As of fiscal year ended June 30	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2015	7,434,531	7,434,531	-	34,166,196	21.76%
	2016	7,463,884	7,463,884	-	33,855,607	22.05%
	2017	7,465,135	7,465,135	-	33,845,059	22.06%
	2018	7,731,622	7,731,622	-	35,044,987	22.06%
	2019	8,163,716	8,163,716	-	37,144,440	21.98%
	2020	8,563,111	8,563,111	-	38,881,960	22.02%
Contributory System	2015	50,793	50,793	-	292,083	17.39%
	2016	22,257	22,257	-	125,746	17.70%
	2017	14,174	14,174	-	80,078	17.70%
	2018	15,285	15,285	-	86,356	17.70%
	2019	18,245	18,245	-	103,080	17.70%
	2020	19,366	19,366	-	109,415	17.70%
Tier 2 Public Employee System*	2015	673,537	673,537	-	3,733,499	18.04%
	2016	877,944	877,944	-	4,810,085	18.25%
	2017	1,113,579	1,113,579	-	6,104,760	18.24%
	2018	1,546,643	1,546,643	-	8,408,932	18.39%
	2019	2,088,830	2,088,830	-	11,106,821	18.81%
	2020	2,478,757	2,478,757	-	13,066,205	18.97%
Tier 2 Public Employees DC Only System*	2015	93,012	93,012	-	889,399	10.46%
	2016	127,439	127,439	-	1,271,365	10.02%
	2017	183,810	183,810	-	1,828,051	10.05%
	2018	206,885	206,885	-	2,064,714	10.02%
	2019	250,095	250,095	-	2,495,872	10.02%
	2020	328,277	328,277	-	3,276,180	10.02%

*Amounts presented were determined as of calendar year January 1-December 31. Employers will be required to prospectively develop this table in future years to show 10 years of information. The schedule above is only for the current year and the prior five years.

** Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

Box Elder School District
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

NOTE A. CHANGES IN ASSUMPTIONS-UTAH RETIREMENT SYSTEMS

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid

System have been modified to be the same as the assumption used to model the retirement pattern in the Tier I Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

OTHER SUPPLEMENTARY INFORMATION

BOX ELDER SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
 MAJOR DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes and fee in lieu	\$ 4,410,875	\$ 2,965,363	\$ 2,538,246	\$ (427,117)
Earnings on investments	5,001	5,001	120,635	115,634
Other	-	-	-	-
Total revenues	<u>4,415,876</u>	<u>2,970,364</u>	<u>2,658,881</u>	<u>(311,483)</u>
Expenditures:				
Debt service:				
Principal retirement	2,700,000	2,700,000	2,315,000	385,000
Interest and fiscal charges	1,200,000	1,200,000	971,350	228,650
Other	177,162	(53,500)	5,000	(58,500)
Total expenditures	<u>4,077,162</u>	<u>3,846,500</u>	<u>3,291,350</u>	<u>555,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>338,714</u>	<u>(876,136)</u>	<u>(632,469)</u>	<u>243,667</u>
Other financing sources (uses):				
Proceeds from bond premium	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	338,714	(876,136)	(632,469)	243,667
Fund balance - beginning	<u>7,800,099</u>	<u>7,800,099</u>	<u>7,800,099</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,138,813</u>	<u>\$ 6,923,963</u>	<u>\$ 7,167,630</u>	<u>\$ 243,667</u>

BOX ELDER SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
 MAJOR CAPITAL PROJECT FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	* Original	Final		
Revenues:				
Local sources:				
Property taxes and fee in lieu	\$ 12,165,510	\$ 12,102,460	\$ 11,490,775	\$ (611,685)
Charges for services	110,000	168,000	74,131	(93,869)
Contributions	-	-	-	-
Earnings on investments	600,000	600,000	612,447	12,447
Total local sources	<u>12,875,510</u>	<u>12,870,460</u>	<u>12,177,353</u>	<u>(693,107)</u>
State sources:				
Restricted grants in aid	76,795	76,795	112,629	35,834
Total state sources	<u>76,795</u>	<u>76,795</u>	<u>112,629</u>	<u>35,834</u>
Federal sources:				
Restricted grants in aid	80,000	80,000	69,992	(10,008)
Total federal sources	<u>80,000</u>	<u>80,000</u>	<u>69,992</u>	<u>(10,008)</u>
Total revenues	<u>13,032,305</u>	<u>13,027,255</u>	<u>12,359,974</u>	<u>(667,281)</u>
Expenditures:				
Support services:				
General district administration	-	-	-	-
Operation and maintenance	-	-	-	-
Transportation	-	-	6,814	(6,814)
Food Service	-	-	-	-
Facilities acquisition/construction	14,591,580	13,219,002	12,752,502	466,500
Debt service:				
Principal retirement	214,000	214,000	214,000	-
Interest and fiscal charges	10,000	10,000	74,499	(64,499)
Total expenditures	<u>14,815,580</u>	<u>13,443,002</u>	<u>13,047,815</u>	<u>395,187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,783,275)</u>	<u>(415,747)</u>	<u>(687,841)</u>	<u>(272,094)</u>
Other Financing Sources (Uses):				
Sale of fixed assets	-	249,000	35,968	(213,032)
Total other financing sources (uses)	<u>-</u>	<u>249,000</u>	<u>35,968</u>	<u>(213,032)</u>
Net change in fund balances	<u>(1,783,275)</u>	<u>(166,747)</u>	<u>(651,873)</u>	<u>(485,126)</u>
Fund balance - beginning	<u>24,487,982</u>	<u>24,487,982</u>	<u>24,487,982</u>	<u>-</u>
Fund balance - ending	<u>\$ 22,704,707</u>	<u>\$ 24,321,235</u>	<u>\$ 23,836,109</u>	<u>\$ (485,126)</u>

BOX ELDER SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Pass-through Tax Entities Fund	Foundation	School Food Service Fund	
	Fund	Foundation	Service Fund	
Assets:				
Cash and cash equivalents	\$ -	\$ 134,627	\$ 758,848	\$ 893,475
Receivables:				
Taxes	347,069	-	-	347,069
Accounts	-	59	-	59
Intergovernmental	-	-	344,182	344,182
Restricted cash and cash equivalents	-	539,678	-	539,678
Inventory	-	-	284,696	284,696
Total assets	<u>\$ 347,069</u>	<u>\$ 674,364</u>	<u>\$ 1,387,726</u>	<u>\$ 2,409,159</u>
Liabilities and Deferred Inflows of Resources				
Accounts payable	\$ -	\$ 105,330	\$ 65,268	\$ 170,598
Due to clubs	-	-	-	-
Accrued salaries and benefits	-	-	99,064	99,064
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>105,330</u>	<u>164,332</u>	<u>269,662</u>
Deferred Inflows of Resources				
Property taxes levied for future years	<u>347,069</u>	<u>-</u>	<u>-</u>	<u>347,069</u>
Fund balances:				
Non-spendable:				
Inventory	-	-	284,696	284,696
Assigned:				
Foundation	-	569,034	-	569,034
School Food Service	-	-	938,698	938,698
Total fund balances	<u>-</u>	<u>569,034</u>	<u>1,223,394</u>	<u>1,792,428</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 347,069</u>	<u>\$ 674,364</u>	<u>\$ 1,387,726</u>	<u>\$ 2,409,159</u>

BOX ELDER SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Pass-through Entities Tax	Foundation	School Food	
	Fund		Service Fund	
Revenues:				
Property tax	\$ 3,945,954	\$ -	\$ -	\$ 3,945,954
Charges for services	-	-	1,045,209	1,045,209
Other grants and contributions	-	180,143	10,000	190,143
Earnings on investments	-	-	4,049	4,049
State aid	-	-	1,049,598	1,049,598
Federal aid	-	-	3,130,279	3,130,279
Total revenues	<u>3,945,954</u>	<u>180,143</u>	<u>5,239,135</u>	<u>9,365,232</u>
Expenditures:				
Scholarships & program enhancement	-	162,544	-	162,544
Student activities	-	-	-	-
Payments to pass-through entities	3,945,954	-	-	3,945,954
School food services	-	-	4,917,796	4,917,796
Total expenditures	<u>3,945,954</u>	<u>162,544</u>	<u>4,917,796</u>	<u>9,026,294</u>
Excess of revenues over expenditures	<u>-</u>	<u>17,599</u>	<u>321,339</u>	<u>338,938</u>
Net change in fund balances	-	17,599	321,339	338,938
Fund balances - beginning	-	551,435	902,055	1,453,490
Fund balances - ending	<u>\$ -</u>	<u>\$ 569,034</u>	<u>\$ 1,223,394</u>	<u>\$ 1,792,428</u>

BOX ELDER SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
 PASS-THROUGH TAX FUND
 NONMAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Property taxes and fee in lieu	\$ 4,522,405	\$ 4,522,405	\$ 3,945,954	\$ (576,451)
Charges for services	-	-	-	-
Earnings on investments	-	-	-	-
Total local sources	<u>4,522,405</u>	<u>4,522,405</u>	<u>3,945,954</u>	<u>(576,451)</u>
Total revenues	<u>4,522,405</u>	<u>4,522,405</u>	<u>3,945,954</u>	<u>(576,451)</u>
Expenditures:				
Payments to pass-through entities	<u>4,522,405</u>	<u>4,522,405</u>	<u>3,945,954</u>	<u>576,451</u>
Total expenditures	<u>4,522,405</u>	<u>4,522,405</u>	<u>3,945,954</u>	<u>576,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOX ELDER SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
 SCHOOL FOOD SERVICES
 NONMAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Lunch sales	\$ 1,392,892	\$ 1,313,000	\$ 1,045,209	\$ (267,791)
Earnings on investments	7,175	-	4,049	4,049
Other Grants	21,294	-	10,000	10,000
Total local sources	<u>1,421,361</u>	<u>1,313,000</u>	<u>1,059,258</u>	<u>(253,742)</u>
State sources:				
State lunch program	645,311	945,000	1,049,598	104,598
Total state sources	<u>645,311</u>	<u>945,000</u>	<u>1,049,598</u>	<u>104,598</u>
Federal sources:				
National school lunch program	3,197,994	3,245,100	395,772	(2,849,328)
National school lunch free and reduced	-	-	1,793,843	1,793,843
School breakfast	-	-	879,350	879,350
Fresh fruit and vegetable program	-	-	26,014	26,014
Head Start Program	-	-	35,300	35,300
Total federal sources	<u>3,197,994</u>	<u>3,245,100</u>	<u>3,130,279</u>	<u>(114,821)</u>
Total revenues	<u>5,264,666</u>	<u>5,503,100</u>	<u>5,239,135</u>	<u>(263,965)</u>
Expenditures:				
School food services:				
Salaries	1,891,463	1,823,493	1,806,721	16,772
Employee benefits	637,175	621,066	581,672	39,394
Purchased services	-	65,500	57,355	8,145
Supplies and materials	2,443,436	2,199,500	2,164,840	34,660
Equipment	100,000	797,497	13,864	783,633
Other objects	250,000	280,000	293,344	(13,344)
Total expenditures	<u>5,322,074</u>	<u>5,787,056</u>	<u>4,917,796</u>	<u>869,260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,408)</u>	<u>(283,956)</u>	<u>321,339</u>	<u>605,295</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(57,408)	(283,956)	321,339	605,295
Fund balances - beginning	902,055	902,055	902,055	-
Fund balances - ending	<u>\$ 844,647</u>	<u>\$ 618,099</u>	<u>\$ 1,223,394</u>	<u>\$ 605,295</u>

BOX ELDER SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
 FOUNDATION
 NONMAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Contributions/grants	80,000	104,803	169,219	64,416
Earnings on investments	-	(24,803)	10,924	35,727
Total local sources	<u>80,000</u>	<u>80,000</u>	<u>180,143</u>	<u>100,143</u>
State sources:				
Teacher materials & supplies	-	-	-	-
Other state revenue	-	-	-	-
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>180,143</u>	<u>100,143</u>
Expenditures:				
Scholarships & program enhancement	<u>80,000</u>	<u>135,000</u>	<u>162,544</u>	<u>(27,544)</u>
Total expenditures	<u>80,000</u>	<u>135,000</u>	<u>162,544</u>	<u>(27,544)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(55,000)</u>	<u>17,599</u>	<u>(72,599)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	-	(55,000)	17,599	(72,599)
Fund balances - beginning	<u>551,435</u>	<u>551,435</u>	<u>551,435</u>	<u>-</u>
Fund balances - ending	<u>\$ 551,435</u>	<u>\$ 496,435</u>	<u>\$ 569,034</u>	<u>\$ (72,599)</u>

**REPORTS AND SCHEDULES
REQUIRED BY
OMB CIRCULAR A-133**



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

To the Board of Education
Box Elder School District
Brigham City, UT 84302

Report on Compliance for Each Major Federal Program

We have audited Box Elder School District'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 Box Elder School District's major federal programs for the year ended June 30, 2020. Box Elder School District'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 Box Elder School District'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 Box Elder School District'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 Box Elder School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Box Elder School District 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 Box Elder School District 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 Box Elder School District'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 Box Elder School District'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 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.

The 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.

Wiggins + Co., P.C.

Brigham City, Utah

November 25, 2020

BOX ELDER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Pass - Thru Grantor/ Program Title	Federal CFDA Number	Expenditures	
U.S. Department of Agriculture			
<u>Passed through Utah State Office of Education:</u>			
<u>National School Lunch Program Cluster:</u>			
School Breakfast Program	10.553	\$ 879,350	
National School Lunch Program	10.555	2,189,615	
Food Distribution-Commodities	10.555	369,654	
Total National School Lunch Program Cluster		<u>3,438,619</u>	
Fresh Fruits & Vegetables	10.582	26,014	
<u>Passed through State of Utah:</u>			
Secure Payments for States and Counties Containing Federal Lands	10.665	43,782	
Total U.S. Department of Agriculture		<u>3,508,415</u>	
U.S. Department of Education			
<u>Passed through Utah State Office of Education:</u>			
<u>Special Education Cluster:</u>			
Special Education-Grants to States (IDEA, Part B)	84.027	2,227,095	X
Special Education-Preschool Grants (IDEA Preschool)	84.173	122,459	X
Total Special Education Cluster		<u>2,349,554</u>	
Title I Grant to Local Education Agencies	84.010	1,032,883	
Migrant Education-State Grant Program	84.011	37,343	
Career and Technical Education-Basic Grants to States	84.048	764,087	X
English Language Acquisition Grants	84.365	31,969	
Supporting Effective Instruction State Grants	84.367	213,060	
School Improvement Grant	84.377A	31,744	
Student Support and Academic Enrichment Grants	84.424	133,015	
Elementary and Secondary School Emergency Relief-Cares Act	84.425D	319,789	X
Total U.S. Department of Education		<u>4,913,444</u>	
Corporation for National and Community Service			
<u>Passed through Ogden City School District:</u>			
Utah Americorp Literacy Initiative	94.006	32,725	
Total Corporation for National and Community Service		<u>32,725</u>	
Total Expenditures of Federal Awards		<u>\$ 8,454,584</u>	

X=Major Programs

The accompanying notes are an integral part of this schedule.

BOX ELDER SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1. PURPOSE OF SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards is a supplementary schedule to the District's financial statements and is presented for purposes of additional analysis. Because the schedule presents only a selected portion of the activities of the District, it is not intended to, and does not, present either the financial position, changes in fund balances or other current funds revenue, expenditures and other changes of the District. The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Box Elder School District (District). All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other government agencies are included in the schedule. Of the federal awards presented in the Schedule, the District provided no federal awards to subrecipients.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the schedule is presented in accordance with Uniform Guidance.

Pursuant to the Single Audit Act of 1984 (Public Law 98-502), the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, would be included in federal awards, if applicable, and therefore, would be reported on the schedule. Federal awards do not include direct federal cash assistance to individuals. Solicited contracts between the State and Federal government for which the Federal Government procedures tangible goods or services are not considered to be federal awards.

The Uniform Guidance establishes the levels of expenditures or expenses to be used in defining Type A and Type B federal award programs. Type A programs, for the District, are those programs, which exceed \$750,000 in federal expenditures, distributions or issuances for the year ended June 30, 2020.

BOX ELDER SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity

The reporting entity is fully described in Note 1 of the District's financial statements. The schedule includes all federal award programs administered by the District for the year ended June 30, 2020.

Basis of Accounting

The expenditures in the schedule are recognized as incurred based on the modified accrual basis of accounting, which is the same basis of accounting used by the District's governmental funds as described in Note 1 to the District's basic financial statements, and the cost accounting principles contained in Uniform Guidance. Under these cost principles certain types of expenditures are not allowable or are limited as to reimbursement.

The schedule does not include matching expenditures.

Some of the District's federal awards are received directly from the granting federal agency (i.e., the District is the primary recipient). However, the majority of federal awards, as identified on the schedule, are passed through a separate entity prior to receipt by the District (i.e., the District is a sub-recipient).

The District did not elect to use the 10% de minimus indirect cost rate as allowed. The indirect cost rates are set by the Utah State Board of Education and are as negotiated with the U.S. Department of Education.

BOX ELDER SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3. RECONCILIATION OF AMOUNTS REPORTED ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE DISTRICT'S FINANCIAL REPORT

The following is a reconciliation of the amounts reported in the Schedule of Expenditures of Federal Awards with the amounts reported in the District's fund financial statements.

Federal funds reported in the General Fund	\$ 5,526,002
Federal funds reported in the Capital Projects Fund	69,992
Federal funds reported in the School Food Services Fund	3,130,278
	8,726,272
Plus:	
Amount recorded on Schedule for Food Distribution not recorded on the fund financial statements.	369,654
Less:	
Amount received from Internal Revenue Service on Build America Bonds for interest subsidy	(69,992)
Headstart lunch sales recorded as federal funding but are charges for services	(35,299)
Medicaid funds recorded as federal funding but are charges for services	(536,051)
	(536,051)
Expenditures of Federal Awards	\$ 8,454,584

BOX ELDER SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2020

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified not yes X none reported

Noncompliance material to financial statements yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified not yes X none reported

Type of Auditor's report on compliance for major Unmodified

Any audit findings disclosed that are required to be yes X no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.027

Special Education Cluster:

IDEA Special Education Grants to States

84.173

IDEA Special Education-Preschool Grants

84.048

Career and Technical Education Basic Grants to States

84.425D

Elementary and Secondary School Emergency Relief-Cares Act

Dollar threshold used to distinguish between Type A \$750,000

Auditee qualified as low-risk auditee? X yes no

BOX ELDER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section II – Financial Statement findings

There were no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*. Accordingly, no such matters are reported.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs noted during our audit that are required to be reported in accordance with Uniform Guidance. Accordingly, no such matters are reported.



