

**MACKAY SCHOOL DISTRICT #182**

**Report on Audit of Basic Financial Statements,  
Required Supplemental Information,  
And Supplemental Information**

**For The Year Ended June 30, 2020**

**MACKAY SCHOOL DISTRICT #182**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Mackay School District #182  
Mackay, Idaho

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mackay School District #182 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Mackay School District #182's basic financial statements as listed in the table of contents.

### Management's Responsibility of 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 the 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 the purpose of expressing an opinion of 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 opinion.

### Opinion

In our opinion, except for the effects of not implementing GASB #45 as discussed in the "Other Matters" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governments activities, each major fund, and the aggregate remaining fund information of Mackay School District #182, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension related information on pages 26-31 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 the 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 of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis (MD&A) which is management's analysis of the District's financial activities based on currently known facts, decisions, or conditions, that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of Mackay School District #182's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of changes in student activity funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of changes in student activity funds are the responsibility of management and were derived from and relate directly to the underlying account and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

As discussed in Note 16 to the financial statements, management of the District has not implemented the requirements of GASB Statement No. 45 and has not determined the District's annual other postemployment benefit (OPEB) obligation cost and net OPEB obligation. Accounting principles generally accepted in the United States of America require that such costs and obligations, which would increase the liabilities and change the expenditures in the Statement of Net Position and the Statement of Activities, respectively. The amount by which this departure would affect the liabilities and expenditures of the District's Government-wide Financial Statement is not reasonably determinable.

**Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2020 on our consideration of the 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 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* and should be considered in assessing the results of our audit.

*Jensen Poulsen & Company, PLLC*

**JENSEN POULSEN & COMPANY, PLLC**  
Certified Public Accountants

Idaho Falls, ID  
September 9, 2020

**MACKAY SCHOOL DISTRICT #182**  
**STATEMENT OF NET POSITION**  
June 30, 2020

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Cash	\$ 3,711,890
State and federal receivables (net)	181,257
Property taxes receivable	54,393
Capital assets, net of depreciation	3,440,794
<b>Total assets</b>	<b>\$ 7,388,334</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferred outflows	\$ 320,816
Unspent grant allocation	46,422
<b>Total deferred outflows of resources</b>	<b>\$ 367,238</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 7,755,572</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 22,838
Salaries and benefits payable	208,149
Compensated absences	684
Net pension liability	183,753
<b>Total liabilities</b>	<b>\$ 415,424</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferred inflows	\$ 185,355
Unspent grant allocation	46,422
<b>Total deferred inflows of resources</b>	<b>\$ 231,777</b>
<b>NET POSITION</b>	
Investment in capital assets	\$ 3,440,794
Restricted for:	
Special programs	2,186,747
Capital projects	833,186
Unrestricted	647,644
<b>Total net position</b>	<b>\$ 7,108,371</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 7,755,572</b>

The notes to the financial statements are an integral part of this statement.

**MACKAY SCHOOL DISTRICT #182**  
**STATEMENT OF ACTIVITIES**  
For Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<i>Governmental activities:</i>				
Instructions:				
Elementary programs	580,099		\$ 265,059	\$ (315,040)
Secondary/alternative programs	589,234		111,776	(477,458)
Exceptional/preschool programs	144,951		54,225	(90,726)
Other instructional programs	27,988		1,500	(26,488)
Support services:				
Student services	20,519			(20,519)
Educational media	41,666			(41,666)
School administration	526,432			(526,432)
Administration	134,785			(134,785)
Plant services	358,638		23,892	(334,746)
Pupil transportation	231,645		-	(231,645)
Food services	70,259	12,750	47,620	(9,889)
 Total Governmental Activities	 \$ 2,726,216	 \$ 12,750	 \$ 504,072	 \$ - (2,209,394)
 <b>General revenues:</b>				
Taxes:				
Property taxes, levied for general purposes				92,557
Property taxes, levied for capital projects				128,237
State revenue in lieu of taxes				9,618
Grants and contributions not restricted to specific programs				
Foundation program				1,905,363
Federal forest lands				139,186
Other state revenue				49,530
Interest and investment earnings				23,476
Miscellaneous revenue				499,379
Net pension revenue(expense)				(381,201)
<b>Total general revenues and special items</b>				<u>2,466,145</u>
<b>Changes in net position</b>				<u>256,751</u>
Net position - beginning				6,851,620
<b>Net position - ending</b>				<u>\$ 7,108,371</u>

The notes to the financial statements are an integral part of this statement.



**MACKAY SCHOOL DISTRICT #182**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2020

		Food	Plant	Federal	Non Major	Total
	General	Service	Facilities	Forest	Funds	Governmental
ASSETS				Reserve		Funds
Cash.....	\$ 797,775	\$ 4,807	\$ 800,330	\$ 1,459,482	\$ 649,496	\$ 3,711,890
Tax receivable.....	21,537	-	32,856	-	-	54,393
Other receivable.....	117,548	-	-	-	63,709	181,257
Interfund receivable.....	2,859	-	-	-	-	2,859
Total assets.....	<u>\$ 939,719</u>	<u>\$ 4,807</u>	<u>\$ 833,186</u>	<u>\$ 1,459,482</u>	<u>\$ 713,205</u>	<u>\$ 3,950,399</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable.....	\$ 22,838	\$ -	\$ -	\$ -	\$ -	\$ 22,838
Salaries payable.....	164,317	-	-	-	3,250	167,567
Benefits payable.....	39,770	-	-	-	812	40,582
Interfund payable.....	-	-	-	-	2,859	2,859
Deferred tax revenues.....	4,094	-	6,192	-	-	10,286
Total liabilities.....	<u>\$ 231,019</u>	<u>\$ -</u>	<u>\$ 6,192</u>	<u>\$ -</u>	<u>\$ 6,921</u>	<u>\$ 244,132</u>
<b>FUND BALANCE</b>						
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	16,174	4,807	826,994	1,459,482	706,284	3,013,741
Committed.....	-	-	-	-	-	-
Assigned.....	-	-	-	-	-	-
Unassigned.....	692,526	-	-	-	-	692,526
Total fund balance.....	<u>\$ 708,700</u>	<u>\$ 4,807</u>	<u>\$ 826,994</u>	<u>\$ 1,459,482</u>	<u>\$ 706,284</u>	<u>\$ 3,706,267</u>
Total liabilities and fund balance.....	<u>\$ 939,719</u>	<u>\$ 4,807</u>	<u>\$ 833,186</u>	<u>\$ 1,459,482</u>	<u>\$ 713,205</u>	<u>\$ 3,950,399</u>

The notes to the financial statements are an integral part of this statement.



**MACKAY SCHOOL DISTRICT #182**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

<b>Total fund balances - governmental funds</b>		\$ 3,706,267
<p>The cost of capital assets (land, buildings, furniture, and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in government funds.</p>		
Cost of capital assets	\$ 8,044,786	
Depreciation expense to date	<u>(4,603,992)</u>	3,440,794
<p>Property taxes received that are not available to pay for current period expenditures are deferred in the funds.</p>		
		10,286
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Compensated absences - 2020		(684)
<p>GASB 68 requires the accrual of net pension assets and liabilities and the deferred inflows and outflows of resources related thereto.</p>		
Deferred outflows of resources	320,816	
Deferred inflows of resources	(185,355)	
Current change in net pension liability	<u>(183,753)</u>	<u>(48,292)</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$ 7,108,371</u></u>

The notes to the financial statements are an integral part of this statement.

**MACKAY SCHOOL DISTRICT #182**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**For Year Ended June 30, 2020**

	Governmental Fund Types					
	General	Food Service	Plant Facilities	Federal Forest Reserve	Non Major Funds	Total Gov't Funds
<b>REVENUES:</b>						
Local revenues:						
Property taxes.....	\$ 93,166	\$ -	\$ 129,039	\$ -	\$ -	\$ 222,205
Earnings on investments.....	3,793	-	2,940	15,876	-	22,609
Other.....	35,400	12,750	23,892	-	543,333	615,375
State revenue.....	2,021,667	-	31,530	-	89,902	2,143,099
Federal revenue.....	19,793	47,620	-	139,186	155,692	362,291
Total revenue.....	2,173,819	60,370	187,401	155,062	788,927	3,365,579
<b>EXPENDITURES:</b>						
Instructional:						
Elementary school program.....	499,386	-	-	-	110,220	609,606
Secondary school program.....	543,116	-	-	-	116,071	659,187
Exceptional school program.....	80,664	-	-	-	-	80,664
Preschool school program.....	27,746	-	-	-	-	27,746
School activity program.....	27,988	-	-	-	-	27,988
Total instructional.....	1,178,900	-	-	-	226,291	1,405,191
Support Services:						
Attendance and guidance.....	19,700	-	-	-	-	19,700
Educational media program.....	20,686	-	-	-	-	20,686
School administration program.....	172,455	-	-	-	-	172,455
Administration.....	116,234	-	-	-	6,926	123,160
Maintenance and improvements:						
buildings, grounds, and equipment.....	402,571	-	51,895	-	-	454,466
Pupil transportation.....	190,254	-	-	-	-	190,254
Total support services.....	921,900	-	51,895	-	6,926	980,721
Food service program.....	5,504	64,755	-	-	-	70,259
Community Services Program.....	-	-	-	-	334,514	334,514
Capital assets.....	-	-	116,626	-	51,489	168,115
Total expenditures.....	2,106,304	64,755	168,521	-	284,706	2,958,800
Excess (deficiency) of revenues over (under) expenditures.....	67,515	(4,385)	18,880	155,062	504,221	406,779
<b>OTHER FINANCING SOURCES (USES):</b>						
Net transfer in (out).....	(234,076)	9,192	41,354	-	183,530	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses).....	(166,561)	4,807	60,234	155,062	687,751	406,779
<b>FUND BALANCE:</b>						
Beginning balance.....	875,261	-	766,760	1,304,420	353,047	3,299,488
Ending balance.....	\$ 708,700	\$ 4,807	\$ 826,994	\$ 1,459,482	\$ 1,040,798	\$ 3,706,267

The notes to the financial statements are an integral part of this statement.

**MACKAY SCHOOL DISTRICT #182**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>406,779</b>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capitalized assets	291,231	
Depreciation expense	<u>(197,264)</u>	93,967

Property tax revenues are deferred and not recognized in the funds until they are available to pay for current period expenditures. In the statement of activities, however, they are recognized when levied.

This is the difference between the amount deferred at the beginning and end of the current period.

Deferred revenue - 2020	10,286	
Deferred revenue - 2019	<u>(11,697)</u>	(1,411)

Change in long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

(171)

GASB 68 requires the calculation of net pension revenue/(expense), and the deferral of current contributions

Current contributions (measurement deferral)	138,788	
Net pension income (expense)	<u>(381,201)</u>	<u>(242,413)</u>

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>256,751</u></b>
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The notes to the financial statements are an integral part of this statement.



## MACKAY SCHOOL DISTRICT #182

### Notes to the Basic Financial Statements For the Year Ended June 30, 2020

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Mackay School District #182 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to school districts. The significant accounting policies of the District are described below.

##### A. Reporting Entity

Mackay School District #182 provides public school educational services as authorized by Section 33 of the Idaho Code. The District's boundaries for taxing and school enrollment purposes are located within Butte and Custer Counties.

Factors used in defining the reporting entity are as follows: Mackay School District #182 was established under the laws of the State of Idaho which designates the Board of Trustees as the governing authority. Members of the Board of Trustees are elected by the public. The Board of Trustees has control over the superintendent and management, and also has the authority to purchase equipment and other capital assets, and to levy taxes. The Board of Trustees has the power to establish annual budgets subject to public input from patrons, is responsible for funding deficits and operating deficiencies, and has the authority to borrow funds or issue bonded indebtedness.

The conclusion formed based on the above criteria is that Mackay School District #182 is an independent school district in the State of Idaho, operating under an autonomous Board of Trustees constituting a Local Educational Agency form of government.

In the evaluation of how to define the District for the financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made using criteria set forth in the accounting principles generally accepted in the United States of America. All funds and activities of Mackay School District #182 are included in the basic financial statements. Using the above criteria, the District has no component units.

##### B. Basis of Presentation, Basis of Accounting

###### **Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the school district. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double-counting of internal balances and transfers. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. All of the districts activities are classified as governmental activities. No fiduciary funds are included in the *government-wide statements*.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.



MACKAY SCHOOL DISTRICT #182

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Basis of Accounting, continued

**Basis of Presentation, continued**

Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Programs revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental* and *fiduciary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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

The district reports the following major governmental funds:

*General Fund*

The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Thus, it is always considered a major governmental fund.

*Food Service Fund*

The Food Service Fund accounts for all revenues and expenditures related to child nutrition within the district.

*Plant Facilities Fund*

The Plant Facilities Fund accounts for capital acquisitions and improvements to the School District. It is always considered a major governmental fund.

*Federal Forest Fund*

The Federal Forest Fund accounts for all federal forest revenues and any expenditures made out of this fund.

**MACKAY SCHOOL DISTRICT #182**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Presentation, Basis of Accounting, continued**

**Basis of Presentation, continued**

*School Maintenance Fund*

The School Maintenance Fund accounts for all state assistance and expenditures related to the building and maintaining of school properties.

The District reports the following fund types:

*Agency Funds*

These funds account for the monies held on behalf of student groups and organizations.

**Measurement Focus, Basis of Accounting**

*Government-wide and Fiduciary Fund Financial Statements.* The government-wide and fiduciary fund financial statements are reported using the economic resources management focus. The government-wide fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Property taxes, sales tax, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs, followed by general revenues.

## MACKAY SCHOOL DISTRICT #182

### Notes to the Basic Financial Statements For the Year Ended June 30, 2020

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### B. Basis of Presentation, Basis of Accounting, continued

###### Measurement Focus, Basis of Accounting, continued

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the revenue is recognized. Additionally, for both government-wide and fund financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are thus reported as deferred revenue.

All governmental, business-type, and enterprise funds of the Mackay School District #182 follow FASB Statements and Interpretations issued on or after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The District does not maintain an encumbrance system, but exercises control, in lieu of encumbrance, through the administration of the budget process.

##### C. Cash and Investments

The District pools cash of all governmental fund types into a common bank account. The accounting records of each fund reflect the equity in pooled cash. The District considers cash and cash equivalents to be all checking and savings accounts held in their name.

##### D. Property Taxes

In accordance with Idaho law, ad valorem property taxes are levied in September for each calendar year. Levies are made on or before the 2<sup>nd</sup> Monday of September. One-half of the property taxes are due on or before the 20<sup>th</sup> of December. The remaining one-half is due on or before June 20<sup>th</sup> of the following year. A lien is filed on real property three years from the date of delinquency. Butte and Custer Counties bill and collect property taxes for the District.

##### E. Inventories

The District normally has unused janitorial and food service supplies including food stock on hand at year end. The remaining janitorial supplies, food service supplies, and food stock are deemed immaterial in dollar amount and therefore are not valued or accounted for in the financial statements.



## MACKAY SCHOOL DISTRICT #182

### Notes to the Basic Financial Statements For the Year Ended June 30, 2020

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### F. Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$3,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Mackay School District # 182 is a Phase III government meaning that they are not required to report infrastructure. Depreciation on all assets (exclusive of land) is provided on the straight-line (SL) method over the following estimated useful lives:

Computer equipment (SL method)	5 years
Equipment, furniture and fixtures (SL method)	10-20 years
Buildings (SL method)	50-99 years

##### G. Net Position

Net position is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition and construction of improvements of those assets. Net assets are reported as restricted when there are legal limitations that are imposed on their use by the District, or external restrictions by other governments, creditors, grantors or enabling legislation. In Mackay School District there are restrictions of \$833,186 in the capital projects fund and \$2,186,747 in the Other Special Program funds. When expenses are incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

##### H. Fund Balance Reserves

The five categories of fund balance are nonspendable, restricted, committed, assigned, and unassigned. For the year ended June 30, 2020, the District had fund balances which were restricted and unassigned of \$3,013,741 and \$692,526 respectively. Restricted funds are those which are constrained to being used for a specific purpose by external parties, constitutional provisions, or enabling legislation. Unassigned funds are those which are available for any purpose.

##### I. Teachers Contracts

Contracts for teachers' salaries are payable in twelve monthly installments beginning in September. At June 30, the liability for the remaining two months of the current contracts and associated contracted benefits is accrued.

##### J. Nonmonetary Transactions

Items received via federal Food Commodities Program are recognized at their stated fair market value of \$7,294.



# MACKAY SCHOOL DISTRICT #182

## Notes to the Basic Financial Statements For the Year Ended June 30, 2020

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### K. Risk Management

The district is exposed to a considerable number of risks of loss including but not limited to a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) workers compensation, i.e. employee injuries and f) medical insurance costs of its employees. Commercial insurance policies transferring the risk of loss, but for a relatively small deductible amount, are purchased for property and content damage, employee's torts and professional liabilities. Settlement claims resulting from these risks have not exceeded the insurance deductible provided for in the last three years.

#### L. Estimates

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

#### M. Pensions

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

### NOTE 2 CASH AND INVESTMENTS

Cash and investments for all funds consist of the following at year end:

<u>Financial Institution</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>FDIC/NCUA Insured</u>	<u>Uninsured</u>
<b>Ireland Bank</b>				
Checking	\$ 157,415	\$ 602	\$ -	\$ 157,415
Savings	2,784,151	2,784,151	250,000	2,534,151
High School	73,804	66,073	-	73,804
Mackay Elementary School	15,030	15,018	-	15,030
Mackay Surplus Property Savings	2,615	2,615	-	2,615
Mackay Surplus Property Checking	34,270	32,178	-	34,270
Mackay Surplus Property CD	5,621	5,621	-	5,621
<b>Total Ireland Bank</b>	<b>\$ 3,072,906</b>	<b>\$ 2,906,258</b>	<b>\$ 250,000</b>	<b>\$ 2,822,906</b>
<b>US Bank:</b>				
CD's	\$ 362,968	\$ 362,968	\$ 250,000	\$ 112,968
<b>Mountain America Credit Union</b>				
CD's	\$ 442,414	\$ 442,414	\$ 250,000	\$ 192,414
Petty Cash	-	250	-	250
<b>Grand Total</b>	<b>\$ 3,878,288</b>	<b>\$ 3,711,890</b>	<b>\$ 750,000</b>	<b>\$ 3,128,538</b>

**MACKAY SCHOOL DISTRICT #182**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020**

**NOTE 2 CASH AND INVESTMENTS, continued**

Custodial credit risk is the risk that, in the event of a bank failure, the district's deposits may not be returned to it. The district does not have a deposit policy for custodial credit risk. As of June 30, 2020, \$3,128,538 of the district's bank balance of \$3,878,288 was exposed to custodial credit risk.

**Investments**

Idaho statutes authorize school districts to invest in obligations of the United States Treasury, agencies and instrumentalities of the United States, repurchase agreements, interest-bearing bonds of any city, county, school district or municipality in Idaho, tax anticipation notes, time deposit accounts in state depositories, accounts in financial institutions, and the State of Idaho's Local Government Investment Pool. The District's investment policy complies with state statutes.

The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U. S. government securities. The certificates of deposits are federally insured. The U. S. government securities and the collateral for the repurchase agreement are held in trust by a safekeeping bank. Interest income earned on pooled investments is allocated to the various funds of the District in proportion to each fund's respective investment balances. At June 30, 2020, the District did not hold any funds at the Local Government Investment Pool.

Statement 40 of the Government Accounting Standards Board requires government entities to disclose the level of credit risk, concentration of credit risk, interest rate risk, and foreign currency risk assumed on deposit and investment balances. All of the District's deposits were held in checking and savings accounts at banking institutions. They had no investments which require disclosure under GASB No. 40.

**NOTE 3 RECEIVABLES**

Receivables at year end consist of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Plant Facilities Fund</u>
<b>Local Sources</b>			
Local Taxes	\$ 21,537		\$ 32,856
<b>State Sources</b>			
Foundation Program	\$ 115,461	\$ -	
Special Programs	2,087	59,538	
Total State	<u>\$ 117,548</u>	<u>\$ 59,538</u>	

# MACKAY SCHOOL DISTRICT #182

## Notes to the Basic Financial Statements For the Year Ended June 30, 2020

### NOTE 4 INTERFUND TRANSACTIONS

#### Interfund Receivables/Payables

There were the following interfund receivable and payable balances at the fiscal year end:

Major Funds	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	2,859	
Non Major Funds		2,859

The interfund receivables and payables are the result of individual fund cash overdrafts.

#### Interfund Transfers

The District has the following interfund operating transfers at June 30, 2020:

Funds:	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 234,076
Grant Funds	6,000	-
School Bldg Maintenance-Student Occupied Fund	177,530	-
Food Service	9,192	-
Plant Facilities Fund	41,354	-
Total	<u>\$ 234,076</u>	<u>\$ 234,076</u>

### NOTE 5 CAPITAL ASSETS

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

	<u>Balance 7-1-19</u>	<u>Capital Acquisitions</u>	<u>Sales &amp; Other Dispositions</u>	<u>Balance 06-30-20</u>
<b>Non-depreciable Assets</b>				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
<b>Depreciable Assets</b>				
Buildings/Sites	5,174,349	139,459	-	5,313,808
Equip, Furniture, & Fixtures	1,808,922	49,908	-	1,858,830
Transportation Equipment	769,284	101,864	-	871,148
<b>Total depreciable assets</b>	<u>\$ 7,753,555</u>	<u>\$ 291,231</u>	<u>\$ -</u>	<u>\$ 8,044,786</u>
<b>Accumulated Depreciation</b>				
Buildings/Sites	\$ 2,285,009	\$ 91,521	-	\$ 2,376,530
Equip, Furniture, & Fixtures	1,524,495	59,551	-	1,584,046
Transportation Equipment	597,224	46,192	-	643,416
<b>Total</b>	<u>4,406,728</u>	<u>197,264</u>	<u>-</u>	<u>4,603,992</u>
<b>Net Capital Assets</b>	<u>\$ 3,346,827</u>	<u>\$ 93,967</u>	<u>\$ -</u>	<u>\$ 3,440,794</u>



## MACKAY SCHOOL DISTRICT #182

### Notes to the Basic Financial Statements For the Year Ended June 30, 2020

#### NOTE 5 CAPITAL ASSETS, continued

Depreciation expense was charged to functions as follows:

Elementary	\$ 60,429
Secondary	60,429
Plant Services	15,107
Transportation	15,107
School Administration	46,192
Total	<u>\$197,264</u>

#### NOTE 6 PENSION PLAN

##### *Plan Description*

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

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

##### *Pension Benefits*

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

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



# MACKAY SCHOOL DISTRICT #182

## Notes to the Basic Financial Statements For the Year Ended June 30, 2020

### NOTE 6 PENSION PLAN (continued)

#### *Member and Employer Contributions*

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

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2019 it was 6.79% (8.36%). The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% (11.66%). The Mackay School District's contributions were \$138,788 for the year ended June 30, 2020.

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

At June 30, 2020, the Mackay School District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Mackay School District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2019, the District's proportion was .0354140%.

For the year ended June 30, 2020, the Mackay School District recognized pension expense of \$381,161. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,658	\$ 47,642
Changes in assumptions or other inputs	22,486	-
Net difference between projected and actual earnings on pension plan investments	-	137,713
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Contributions subsequent to the measurement date	<u>138,788</u>	<u>-</u>
TOTAL	\$ 198,932	\$ 185,355

\$138,788 reported as deferred outflows of resources related to pensions resulting from Mackay School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2018 the beginning of the measurement period ended June 30, 2019 is 4.9 years.

## MACKAY SCHOOL DISTRICT #182

### Notes to the Basic Financial Statements For the Year Ended June 30, 2020

#### NOTE 6 PENSION PLAN (continued)

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

##### Year ended June 30, 2020:

2020	\$ (14,556)
2021	\$ (62,363)
2022	\$ (30,378)
2023	\$ (18,003)

##### *Actuarial Assumptions*

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

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

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

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

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

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

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

# MACKAY SCHOOL DISTRICT #182

## Notes to the Basic Financial Statements For the Year Ended June 30, 2019

### NOTE 6 PENSION PLAN (continued)

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

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

Asset Class		Target Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	3.05%	0.80%
Broad US Equities	Wilshire 5000/ Russell 3000	55.00%	8.30%	6.05%
Developed Foreign Equities	MSCI EAFE/World ex US	15.00%	8.45%	6.20%
Assumed Inflation -Mean			2.25%	2.25%
Assumed Inflation – Standard Deviation			1.50%	1.50%
Portfolio Arithmetic Mean Return			6.75%	4.50%
Portfolio Standard Deviation			12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return			6.13%	3.77%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.19%
Portfolio Standard Deviation				14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>				
Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.05%
Assumed Inflation				3.00%
Long-Term Expected Nominal Rate of Return, Net of Investment Expenses				7.05%

#### Discount Rate

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



MACKAY SCHOOL DISTRICT #182

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

**NOTE 6 PENSION PLAN (continued)**

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

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

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Proportionate share of the net pension liability (asset)	1,220,963	404,241	(271,162)

*Pension plan fiduciary net position*

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

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

**NOTE 7 COMPENSATED ABSENCES**

The District provides personal and sick leave to its employees, as well as paid vacations depending on job classifications, lengths of service, and other factors. The estimated amount of compensation for future amounts totaled \$684 and has been recorded as a liability in the Statement of Net Position.

**NOTE 8 DEFERRED REVENUES – FUND FINANCIAL STATEMENTS**

Revenues are recognized when they become available to the District. Taxes and other receivables not received soon enough after year end to pay current liabilities do not represent available expendable resources and recognition of revenue is deferred until collection. Deferred revenues at year end consist of the following:

Property taxes – General Fund	\$ 4,094
Property taxes – Plant Facilities	<u>6,192</u>
Total Deferred Revenue	<u>\$ 10,286</u>



## **MACKAY SCHOOL DISTRICT #182**

### **Notes to the Basic Financial Statements For the Year Ended June 30, 2020**

#### **NOTE 9 CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial.

#### **NOTE 10 SUBSEQUENT EVENTS**

Subsequent events were reviewed through the date of the report, September 9, 2020. As of the date of the report there are no known subsequent events that will have a material effect on the operation of the District.

#### **NOTE 11 RELATED PARTY TRANSACTIONS**

The District has not been involved in any related party transactions that would violate the Idaho Code or applicable federal regulations.

#### **NOTE 12 LEASE—PURCHASE COMMITMENTS**

The District has not entered into any lease-purchase commitments.

#### **NOTE 13 DEFICIT FUND BALANCES**

The District has the following negative fund balances:

Drivers Education	\$ 1,365
Title VI-A Student Support	1,494

#### **NOTE 14 ECONOMIC DEPENDENCY**

The District is economically dependent on the State of Idaho from which it receives approximately 80% of its revenues.

#### **NOTE 15 POST RETIREMENT BENEFITS**

Mackay School District #182 funds post-retirement benefits through PERSI. During the school year ended June 30, 2020, the district paid 1.16% of the wages covered by PERSI to the State of Idaho. Upon retirement, one-half of the employee's accumulated sick leave is transferred from the sick leave pool established by PERSI to the individual employee's retirement account. These funds are used to pay post-retirement health insurance premiums.

**MACKAY SCHOOL DISTRICT #182**

**Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020**

**NOTE 16      RETIREMENT HEALTHCARE PLAN**

GASB Statement 45, is an accounting and financial reporting requirement for employers to measure and report the cost and liabilities associated with other (than pension) postemployment benefits (OPEB).

Mackay School District #182's Employee Group Benefits Plan is a single-employer defined benefit healthcare plan administered by Blue Cross of Idaho. Blue Cross provides medical, prescription drug insurance and dental benefits to eligible retirees and their eligible dependents.

A retiree who retires with the Public Employee Retirements System of Idaho (PERSI) is eligible to keep the District's health insurance as a retiree until age 65, or until the retiree is eligible for coverage under Medicare. Retirement eligibility is determined based on a minimum of reaching age 55 with at least five years of membership with a PERSI employer. The retiree is on the same medical plan as the District's active employees. The District's required contribution is based on projected pay-as-you-go financing requirements.

The District has not implemented the requirements of GASB Statement 45 and as a result has not determined in annual OPEB cost and net OPEB obligation. The District's plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis.

**REQUIRED SUPPLEMENTAL INFORMATION**



**MACKAY SCHOOL DISTRICT #182**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For Year Ended June 30, 2020**

<b>GENERAL M &amp; O FUND</b>	<b>Budget Amount Original</b>	<b>Budget Amount Final</b>	<b>Actual Amounts</b>	<b>Final Budget Variance - Positive (Negative)</b>
<b>REVENUES:</b>				
Local revenues:				
Property taxes.....	\$ 89,787	\$ 90,761	\$ 93,166	\$ 2,405
Earnings on investments.....	1,100	2,000	3,793	1,793
Other.....	23,500	23,587	35,400	11,813
State revenue.....	1,785,751	1,960,627	2,021,667	61,040
Federal revenue.....	10,842	16,092	19,793	3,701
Total revenue.....	1,910,980	2,093,067	2,173,819	80,752
<b>EXPENDITURES:</b>				
Instructional:				
Elementary school program.....	513,981	549,401	499,386	50,015
Secondary school program.....	612,446	680,772	543,116	137,656
Exceptional school program.....	113,293	80,363	80,664	(301)
Preschool school program.....	24,406	32,301	27,746	4,555
School activity program.....	32,677	37,751	27,988	9,763
Total instructional.....	1,296,803	1,380,588	1,178,900	201,688
Support Services:				
Attendance and guidance.....	10,360	30,180	19,700	10,480
Educational media program.....	9,273	20,631	20,686	(55)
School administration program.....	169,959	183,308	172,455	10,853
Administration.....	132,972	147,603	116,234	31,369
Maintenance and improvements:				
buildings, grounds, and equipment.....	294,627	441,737	402,571	39,166
Pupil transportation.....	225,494	279,843	190,254	89,589
Total support services.....	842,685	1,103,302	921,900	181,402
Food service program.....	6,862	10,045	5,504	4,541
Capital assets.....	121,495	69,658	-	69,658
Total expenditures.....	2,267,845	2,563,593	2,106,304	457,289
Excess (deficiency) of revenues over (under) expenditures.....	(356,865)	(470,526)	67,515	538,041
<b>OTHER FINANCING SOURCES (USES):</b>				
Net transfer in (out).....	(40,000)	(67,354)	(234,076)	(166,722)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses).....	(396,865)	(537,880)	(166,561)	371,319
<b>FUND BALANCE:</b>				
Beginning balance.....	687,731	875,261	875,261	-
Ending balance.....	\$ 290,866	\$ 337,381	\$ 708,700	\$ 371,319

The notes to the financial statements are an integral part of this statement.

**MACKAY SCHOOL DISTRICT #182**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND**  
**For Year Ended June 30, 2020**

	Budget		Final Budget
	Amount	Actual	Variance -
<b><u>FOOD SERVICE FUND</u></b>	<b><u>Original/Final</u></b>	<b><u>Amounts</u></b>	<b><u>Positive</u></b>
<b>REVENUES:</b>			<b><u>(Negative)</u></b>
Other local revenue.....	\$ 17,550	\$ 12,750	\$ (4,800)
Federal revenue.....	40,600	47,620	7,020
Total revenue.....	58,150	60,370	2,220
<b>EXPENDITURES:</b>			
Non-Instructional Programs			
Food service program.....	73,150	64,755	8,395
Total expenditures.....	73,150	64,755	8,395
Excess (deficiency) of revenues over			
(under) expenditures.....	(15,000)	(4,385)	10,615
<b>OTHER FINANCING SOURCES (USES):</b>			
Net transfer in (out).....	15,000	9,192	(5,808)
<b>FUND BALANCE:</b>			
Beginning balance.....	-	-	-
Ending balance.....	\$ -	\$ 4,807	\$ 4,807

The notes to the financial statements are an integral part of this statement.

**MACKAY SCHOOL DISTRICT #182**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND**  
**For Year Ended June 30, 2020**

	Budget		Final Budget
	Amount	Actual	Variance -
<u>FEDERAL FOREST RESERVE</u>	Original/Final	Amounts	Positive (Negative)
<b>REVENUES:</b>			
Other local revenue.....	\$ 4,500	\$ 15,876	\$ 11,376
Federal revenue.....	139,186	139,186	-
Total revenue.....	143,686	155,062	11,376
<b>EXPENDITURES:</b>			
Instructional:			
Elementary school capital outlay.....	-	-	-
Secondary school capital outlay.....	-	-	-
Support Services:			
Administration.....	-	-	-
Maintenance and improvements:			
buildings, grounds, and equipment.....	-	-	-
Total expenditures.....	-	-	-
Excess (deficiency) of revenues over (under) expenditures.....	143,686	155,062	11,376
<b>OTHER FINANCING SOURCES (USES):</b>			
Net transfer in (out).....	-	-	-
<b>FUND BALANCE:</b>			
Beginning balance.....	1,304,420	1,304,420	-
Ending balance.....	\$ 1,448,106	\$ 1,459,482	\$ 11,376

The notes to the financial statements are an integral part of this statement.



**MACKAY SCHOOL DISTRICT #182**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND**  
**For Year Ended June 30, 2020**

	Budget		Final Budget
	Amount	Actual	Variance -
<u>PLANT FACILITIES</u>	Original/Final	Amounts	Positive
			(Negative)
<b>REVENUES:</b>			
Other local revenue.....	\$ 129,049	\$ 155,871	\$ 26,822
State revenue.....	21,471	31,530	-
Federal revenue.....	-	-	-
Total revenue.....	150,520	187,401	26,822
<b>EXPENDITURES:</b>			
Instructional:			
Elementary school program.....	-	-	-
Secondary school program.....	-	-	-
Other Instructional Programs.....	20,500	14,762	5,738
Support Services:			
Educational Media.....	-	-	-
Maintenance and improvements:			
buildings, grounds, and equipment.....	41,000	51,895	(10,895)
Transportation.....	105,000	101,864	3,136
Capital Assets.....	-	-	-
Total expenditures.....	166,500	168,521	(2,021)
Excess (deficiency) of revenues over			
(under) expenditures.....	(15,980)	18,880	34,860
<b>OTHER FINANCING SOURCES (USES):</b>			
Net transfer in (out).....	41,354	41,354	-
<b>FUND BALANCE:</b>			
Beginning balance.....	766,760	766,760	-
Ending balance.....	\$ 792,134	\$ 826,994	\$ 34,860

The notes to the financial statements are an integral part of this statement.

**MACKAY SCHOOL DISTRICT #182**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**  
**PERSI - Base Plan**  
**Last 10 Fiscal Years\***

	<b>2020</b>
Mackay School District's portion of the net pension liability	0.0354140%
Mackay School District's proportionate share of the net pension liability	\$ 404,241
Mackay School District's covered-employee payroll	\$ 1,164,571
Mackay School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	34.71%
Plan fiduciary net position as a percentage of the total pension liability	93.79%

- Data reported is measured as of July 1, 2019

	<b>2019</b>
Mackay School District's portion of the net pension liability	0.0338370%
Mackay School District's proportionate share of the net pension liability	\$ 449,102
Mackay School District's covered-employee payroll	\$ 1,203,225
Mackay School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	37.32%
Plan fiduciary net position as a percentage of the total pension liability	91.69%

- Data reported is measured as of July 1, 2018

	<b>2018</b>
Mackay School District's portion of the net pension liability	0.0351789%
Mackay School District's proportionate share of the net pension liability	\$ 552,952
Mackay School District's covered-employee payroll	\$ 1,091,903
Mackay School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	50.64%
Plan fiduciary net position as a percentage of the total pension liability	90.68%

- Data reported is measured as of July 1, 2017

	<b>2017</b>
Mackay School District's portion of the net pension liability	0.0346165%
Mackay School District's proportionate share of the net pension liability	\$ 701,730
Mackay School District's covered-employee payroll	\$ 1,095,077
Mackay School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	64.08%
Plan fiduciary net position as a percentage of the total pension liability	87.26%

- Data reported is measured as of July 1, 2016

	<b>2016</b>
Mackay School District's portion of the net pension liability	0.0354114%
Mackay School District's proportionate share of the net pension liability	\$ 466,311
Mackay School District's covered-employee payroll	\$ 1,057,863
Mackay School District's proportional share of the net pension liability as a percentage of its covered-employee payroll	44.08%
Plan fiduciary net position as a percentage of the total pension liability	91.38%

- Data reported is measured as of July 1, 2015

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

The notes to the financial statements are an integral part of this statement.

**MACKAY SCHOOL DISTRICT #182**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PERSI - Base Plan**  
**Last 10 Fiscal Years\***

	<u>2020</u>
Statutorily required contribution	\$ 135,508
Contributions in relation to the statutorily required contribution	\$ 138,143
Contribution (deficiency) excess	\$ 2,635
Employer's covered-employee payroll	\$ 1,197,720
Contributions as a percentage of covered-employee payroll	11.53%

- Data reported is measured as of June 30, 2019

	<u>2019</u>
Statutorily required contribution	\$ 131,403
Contributions in relation to the statutorily required contribution	\$ 124,906
Contribution (deficiency) excess	\$ (6,498)
Employer's covered-employee payroll	\$ 1,082,918
Contributions as a percentage of covered-employee payroll	11.53%

- Data reported is measured as of June 30, 2018

	<u>2018</u>
Statutorily required contribution	\$ 118,628
Contributions in relation to the statutorily required contribution	\$ 125,366
Contribution (deficiency) excess	\$ 6,739
Employer's covered-employee payroll	\$ 1,086,872
Contributions as a percentage of covered-employee payroll	11.53%

- Data reported is measured as of June 30, 2017

	<u>2017</u>
Statutorily required contribution	\$ 102,902
Contributions in relation to the statutorily required contribution	\$ 115,631
Contribution (deficiency) excess	\$ 12,729
Employer's covered-employee payroll	\$ 1,002,297
Contributions as a percentage of covered-employee payroll	11.54%

- Data reported is measured as of June 30, 2016

	<u>2016</u>
Statutorily required contribution	\$ 115,831
Contributions in relation to the statutorily required contribution	\$ 118,844
Contribution (deficiency) excess	\$ 3,013
Employer's covered-employee payroll	\$ 988,371
Contributions as a percentage of covered-employee payroll	12.02%

- Data reported is measured as of June 30, 2015

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

The notes to the financial statements are an integral part of this statement.



## **MACKAY SCHOOL DISTRICT #182**

### **Notes to the Required Supplemental Information For the Year Ended June 30, 2020**

#### **NOTE 1        BUDGETS**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all governmental funds types.

#### **NOTE 2        LEGAL COMPLIANCE – BUDGETS**

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1.        The District annually prepares a budget by estimating the probable amount of money necessary for all purposes for which an appropriation is to be made (including interest and principal due on the bonded debt) and by itemizing and classifying the proposed expenditures as nearly as may be practicable. To support such proposed expenditures, the District prepares an estimate of the total revenue anticipated during the ensuing fiscal year for which a budget is being prepared and classifies such receipts by source as nearly as may be possible and practicable.
2.        The proposed budget is published.
3.        A public hearing is conducted to obtain citizen comments.
4.        The budget is formally adopted through approval by the board of trustees.
5.        The District may, after school starts and actual enrollment figures are known, amend the budget using the same procedures which were used in adopting the original budget. A budget may be amended downward in any instance. However, amendment to a greater amount than adopted can only happen if the District receives additional revenues in that fiscal year as a result of an increase in non-property tax related receipts. Once the change is justified, the process for formal adoption is as described above.
6.        Budgetary integration is employed as a management control device during the year for all funds. Legal budgetary control is established based upon total revenues and expenditures.
7.        The level of control (level at which expenditures may not exceed budget) is the fund.
8.        All annual appropriations lapse at fiscal year end.

**MACKAY SCHOOL DISTRICT #182**

**Notes to the Required Supplemental Information  
For the Year Ended June 30, 2020**

**NOTE 3      PENSION**

The Mackay School District contributes to a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions.

During the fiscal year ended June 30, 2020, there were no changes of benefit terms, neither was there any significant change in the composition of the population covered by the benefit terms. All assumptions used in actuarial calculations were not significantly different from those used in the past.

## SUPPLEMENTAL INFORMATION



MACKAY SCHOOL DISTRICT #182  
COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL (SPECIAL REVENUE) FUNDS  
For the Year Ended June 30, 2020

ASSETS	School Building		Grant Funds	Drivers Education-		Professional Technical-		Technology- State		Substance Abuse State		Student Activity Funds	
	Maintenance			State		State		State		State		Funds	
Cash.....	\$ 366,165	\$	155,411	\$ (1,500)	\$	1	\$	43,243	\$	9,407	\$	121,505	
Other Receivable.....	-	-	-	1,500	-	-	-	-	-	-	-	-	-
Total Assets.....	\$ 366,165	\$	155,411	\$ -	\$	1	\$	43,243	\$	9,407	\$	121,505	
<b>LIABILITIES AND FUND BALANCE</b>													
<b>LIABILITIES</b>													
Accounts Payable.....	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-	-
Interfund Payable.....	-	-	-	1,365	-	-	-	-	-	-	-	-	-
Salaries Payable.....	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefits Payable.....	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities .....	-	-	-	1,365	-	-	-	-	-	-	-	-	-
<b>FUND BALANCE</b>													
Restricted.....	366,165		155,411	(1,365)		1		43,243		9,407		121,505	
Total Liabilities and Fund Balance.....	\$ 366,165	\$	155,411	\$ -	\$	1	\$	43,243	\$	9,407	\$	121,505	

The notes to the financial statements are an integral part of this statement.

MACKAY SCHOOL DISTRICT #182  
COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL (SPECIAL REVENUE) FUNDS  
For the Year Ended June 30, 2020

ASSETS	School Building Maintenance	Grant Funds	Drivers Education- State	Professional Technical- State	Technology- State	Substance Abuse State	Student Activity Funds
Cash.....	\$ 382,339	\$ 155,411	\$ (1,500)	\$ 1	\$ 43,243	\$ 9,407	\$ 121,505
Other Receivable.....	-	-	1,500	-	-	-	-
Total Assets.....	\$ 382,339	\$ 155,411	\$ -	\$ 1	\$ 43,243	\$ 9,407	\$ 121,505
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts Payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payable.....	-	-	1,365	-	-	-	-
Salaries Payable.....	-	-	-	-	-	-	-
Benefits Payable.....	-	-	-	-	-	-	-
Total Liabilities .....	-	-	1,365	-	-	-	-
FUND BALANCE							
Restricted.....	382,339	155,411	(1,365)	1	43,243	9,407	121,505
Total Liabilities and Fund Balance.....	\$ 382,339	\$ 155,411	\$ -	\$ 1	\$ 43,243	\$ 9,407	\$ 121,505

The notes to the financial statements are an integral part of this statement.

**MACKAY SCHOOL DISTRICT #182**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NON MAJOR GOVERNMENTAL (SPECIAL REVENUE) FUNDS**  
**For the Year Ended June 30, 2020**

	School Building Maintenance	Grant Funds	Drivers Education- State	Professional Technical- State	Technology- State	Substance Abuse- State	Student Activity Funds
<b>REVENUES:</b>							
Other local revenues.....	\$ 867	\$ 169,582	\$ 1,500	\$ -	\$ -	\$ -	\$ 371,384
State sources.....	-	-	2,563	25,000	57,746	4,593	-
Federal sources.....	-	-	-	-	-	-	-
Total Revenues.....	\$ 867	\$ 169,582	\$ 4,063	\$ 25,000	\$ 57,746	\$ 4,593	\$ 371,384
<b>EXPENDITURES:</b>							
Elementary.....	-	4,114	-	-	14,168	4,990	-
Secondary.....	-	4,572	2,855	25,017	31,153	665	-
Administration - district.....	-	-	-	-	-	-	-
Administration - school.....	-	-	-	-	-	-	-
Community Services Program.....	-	-	-	-	-	-	334,514
Capital outlay.....	-	51,489	-	-	-	-	-
Total Expenditures.....	\$ -	\$ 60,175	\$ 2,855	\$ 25,017	\$ 45,321	\$ 5,655	\$ 334,514
Excess Revenues over Expenditures.....	867	109,407	1,208	(17)	12,425	(1,062)	36,870
<b>OTHER FINANCING SOURCES (USES):</b>							
Net transfer in (out).....	177,530	6,000	-	-	-	(60)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses).....	178,397	115,407	1,208	(17)	12,425	(1,122)	36,870
<b>FUND BALANCE:</b>							
Beginning Balance.....	187,768	40,004	(2,573)	18	30,818	10,529	84,635
Ending Balance.....	\$ 366,165	\$ 155,411	\$ (1,365)	\$ 1	\$ 43,243	\$ 9,407	\$ 121,505

The notes to the financial statements are an integral part of this statement.

Title I-A Basic Programs	Title VI-B IDEA School-Age	Title VI-B IDEA Pre-school	State Based Medicaid	Title VI-A Student Support & Academic Enrich	Title II-A Imp. Teacher Quality	Title IV-A Safe & Drug Free School	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 543,333
-	-	-	-	-	-	-	89,902
28,851	67,216	4,873	38,618	10,734	5,400	-	155,692
\$ 28,851	\$ 67,216	\$ 4,873	\$ 38,618	\$ 10,734	\$ 5,400	\$ -	\$ 788,927
25,154	13,991	4,873	30,026	10,734	2,170	-	110,220
-	51,809	-	-	-	-	-	116,071
3,697	-	-	-	-	3,229	-	6,926
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	334,514
-	-	-	-	-	-	-	51,489
\$ 28,851	\$ 65,800	\$ 4,873	\$ 30,026	\$ 10,734	\$ 5,399	\$ -	\$ 619,220
-	1,416	-	8,592	-	1	-	169,707
-	-	-	-	-	-	60	183,530
-	1,416	-	8,592	-	1	60	353,237
-	(1,355)	1	4,756	(1,494)	-	(60)	353,047
\$ -	\$ 61	\$ 1	\$ 13,348	\$ (1,494)	\$ 1	\$ -	\$ 706,284

The notes to the financial statements are an integral part of this statement.



**MACKAY SCHOOL DISTRICT #182**  
**SUMMARY OF SCHEDULE OF CHANGES IN STUDENT ACTIVITY FUNDS**  
**For the Year Ended June 30, 2020**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Distributions</u>	<u>Ending Balance</u>
High school & Jr. High.....	\$ 41,790	\$ 149,706	\$ 125,423	\$ 66,073
Elementary school.....	16,640	4,889	6,511	15,018
<b>Surplus Property Accounts:</b>				
Ireland Bank - Mackay Surplus Property.....	<u>26,205</u>	<u>216,789</u>	<u>202,580</u>	<u>40,414</u>
Total student accounts.....	<u>\$ 84,635</u>	<u>\$ 371,384</u>	<u>\$ 334,514</u>	<u>\$ 121,505</u>

The notes to the financial statements are an integral part of this statement.

# JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Mackay School District #182  
Mackay, ID 83251

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governments Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major funds, and the aggregate remaining fund information of Mackay School District #182, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Mackay School District #182's basic financial statements and have issued our report thereon dated September 9, 2020.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered Mackay School District #182's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mackay School District #182's internal control. Accordingly, we do not express an opinion on the effectiveness of Mackay School District #182's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mackay School District #182's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Jensen Poulsen & Company, PLLC*

**JENSEN POULSEN & COMPANY, PLLC**  
Certified Public Accountants

Idaho Falls, ID  
September 9, 2020

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