

LINCOLN COUNTY SCHOOL DISTRICT
REPORT ON FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020

**LINCOLN COUNTY SCHOOL DISTRICT
 REPORT ON FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020
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**LINCOLN COUNTY SCHOOL DISTRICT
ORGANIZATION**

Board of School Trustees at June 30, 2020

| | |
|----------------|-------------------|
| Wade Poulsen | President |
| Peggy Rowe | President Pro-tem |
| Carol Hansen | Clerk |
| April Bradshaw | Trustee |
| Patrick Kelley | Trustee |

Superintendent – Pam Teel

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Trustees
Lincoln County School District
Panaca, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County School District (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 the District, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Special Education Fund, and Federal Grants 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 on pages 5-12, Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 54, Schedule of the District's Contributions to the Public Employees' Retirement System of the State of Nevada on Page 55, and Schedule of the District's Proportionate Share of the Net Pension Liability Public Employees' Retirement System of the State of Nevada on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Prior Year Comparative Information

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated October 31, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2019, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020 on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Michelle M. Staudt", is written over the text of the paragraph.

Las Vegas, Nevada
October 27, 2020

**LINCOLN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

As management of the Lincoln County School District, we offer readers of the Lincoln County School District's financial statements this narrative overview and analysis of the financial activities of the Lincoln County School District for the fiscal year ended June 30, 2020. The Management's Discussion and Analysis ("MD&A") introduces the financial reports for the Lincoln County School District ("District") and is designed to give the reader an easy-to-understand overview of the District's financial position and results of operations for the year. The MD&A is separated into Financial Highlights, an Overview of the Financial Statements, Government-Wide Financial Analysis, and Major Fund Financial Statement comments.

FINANCIAL HIGHLIGHTS

The following is an analysis of the financial activities of the District for the fiscal year 2020 that had a significant effect on its financial position or operating results.

Government-Wide Statements

The assets and deferred outflows of resources of the District were less than its liabilities and deferred inflows of resources at the close of the 2020 fiscal year by \$(5,375,589) (net position). Total net position represents approximately \$12,603,034 in capital assets, net of related debt, \$626,175 in assets restricted for debt services, \$264,363 in assets restricted for capital projects, and \$33,558 in assets restricted for unemployment compensation. The remaining (\$18,902,719) unrestricted net position is a deficit, due primarily to reporting the District's share of net pension liability and other post-employment benefits.

The District's total net position decreased \$159,643 due to increases in general administration and operating maintenance expenses.

Fund Financial Statements

At the close of fiscal year 2020, the District's governmental funds reported combined fund balances of \$2,408,736, a decrease of \$164,489 when compared to the previous year. Approximately 17.16% of this amount, \$413,380, is available for use within the District's policies (unassigned fund balance).

As of June 30, 2020, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$413,380, or approximately 3.72% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to introduce the District's basic financial statements. The District's basic financial statements are comprised of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**LINCOLN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the District's financial position, in a manner similar to a private-sector entity. These statements are structured around the primary government, not including fiduciary funds.

The Statement of Net Position combines and consolidates all of the District's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting. Net position is segregated into three components: invested in capital assets, net of related debt; restricted; and unrestricted net position. Net position is an indicator of the overall financial position of the District and the change in net position from year to year is an indicator of the financial position improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. All expenditures are reported by related function as prescribed by the Nevada Common Elements for Accounting and Reporting K-12 Educational Finances.

Fund Financial Statements

The District uses fund financial statements to provide detailed information about its most significant funds. All of the Lincoln County School District funds are classified into three categories:

Governmental Funds – A fund is a grouping of accounts that is used to maintain control over resources that are designated for a specific purpose within the government. Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements described above. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting, which focuses 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. To provide a better understanding of the relationship between the fund financial statements and government-wide statements, a reconciliation is provided for a more comprehensive picture of the District's financial position.

Proprietary Funds – Funds that focus on the determination of operating income, changes in net position (or costs recovery), financial position, and cash flows are reported in the proprietary funds. The District reports one proprietary fund, the Unemployment Compensation Internal Service Fund. This fund reports activities that provide goods and services to the other departments/funds of the District.

Fiduciary Funds – Funds that are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The District currently holds assets related to student activities of various schools in its single fiduciary fund, the Student Activity Agency Fund.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on pages 30-53 of this report.

**LINCOLN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide statements are structured to report financial information on the District as a whole, excluding fiduciary funds. Condensed financial information with comparative amounts from the prior year is presented along with an accompanying analysis.

The following table illustrates the changes in net position in the fiscal years ending June 30, 2020 and 2019.

| | Governmental Activities | |
|--|--------------------------------|-----------------|
| | 2020 | 2019 |
| Current assets | \$ 4,608,125 | \$ 4,541,319 |
| Capital asset, net | 16,245,017 | 16,158,693 |
| Total assets | 20,853,142 | 20,700,012 |
| | | |
| Total deferred outflows of resources | 2,983,804 | 3,137,659 |
| | | |
| Current liabilities | 2,175,603 | 1,937,247 |
| Long-term liabilities | 24,460,680 | 25,172,888 |
| Total liabilities | 26,636,283 | 27,110,135 |
| | | |
| Total deferred inflows of resources | 2,576,252 | 1,943,482 |
| | | |
| Net position: | | |
| Invested in capital assets, net of related debt | 12,603,034 | 12,248,860 |
| Restricted for: | | |
| Debt service | 626,175 | 558,126 |
| Capital projects | 264,363 | 252,455 |
| Unemployment | 33,558 | 43,008 |
| Unrestricted | (18,902,719) | (18,318,395) |
| Total net position | \$ (5,375,589) | \$ (5,215,946) |

The District's total net position in governmental activities of (\$5,375,589) includes unrestricted negative net position totaling (\$18,902,719). The negative unrestricted net position change from the prior year is due primarily to changes in net pension liability, OPEB liability, and related deferred pension inflows and outflows. Portions of total net position are subject to external restrictions as to how they may be used. In the current fiscal year, there were restricted assets of \$924,096.

The largest portion of the District's net position, \$12,603,034, reflects its investment in capital assets, less any related debt outstanding used to acquire those assets. The District uses 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 the debt.

**LINCOLN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

| | Governmental Activities | |
|--|--------------------------------|-----------------------|
| | 2020 | 2019 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for services | \$ 59,481 | \$ 82,952 |
| Operating grants and contributions | 2,343,474 | 2,472,512 |
| Capital grants and contributions | 74,822 | 120,342 |
| Total program revenues | <u>2,477,777</u> | <u>2,675,806</u> |
| General Revenues: | | |
| Property taxes levied for general purposes | 1,749,998 | 1,718,282 |
| Property taxes levied for debt services | 521,061 | 512,157 |
| Local school support tax | 549,474 | 514,129 |
| Governmental services tax | 488,137 | 496,542 |
| State aid not restricted for specific purposes | 10,963,573 | 10,761,107 |
| Federal aid not restricted for specific purposes | 93,248 | 124,310 |
| Investment income | 16,027 | 12,765 |
| Other sources | 19,272 | 45,369 |
| Total general revenues | <u>14,400,790</u> | <u>14,184,661</u> |
| Total revenues | <u>16,878,567</u> | <u>16,860,467</u> |
| Expenses: | | |
| Instruction expenses | 9,797,270 | 9,682,858 |
| Support services expenses: | | |
| Student support | 269,550 | 192,122 |
| Instructional staff support | 435,105 | 605,748 |
| Food service | 342,335 | 324,774 |
| General administration | 1,951,241 | 1,733,325 |
| School administration | 2,013,628 | 2,053,079 |
| Operating maintenance/plant | 1,557,489 | 1,345,537 |
| Student transportation | 504,930 | 615,112 |
| Interest on long term debt | 166,662 | 176,042 |
| Total expenses | <u>17,038,210</u> | <u>16,728,597</u> |
| Change in net position | (159,643) | 131,870 |
| Net position - beginning | <u>(5,215,946)</u> | <u>(5,347,816)</u> |
| Net position - ending | <u>\$ (5,375,589)</u> | <u>\$ (5,215,946)</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Fund: The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$413,380, with \$473,644 assigned to the subsequent year.

Local revenue sources increased by \$28,995, or 1.13%. The primary reason for the increase was an increase in ad valorem taxes of \$31,565, or 1.84%, a decrease in governmental service tax of \$6,480, or 1.70%, and an increase in local school support taxes of \$27,364, or 6.34%.

State revenue sources increased by \$108,103, or 1.15%. Distributive education support increased per student by \$1,221 while student count decreased. However, the District was held harmless causing support payments to be based on prior year student counts.

Federal revenue sources decreased \$31,909, or 34.41%. National forest and e-rate federal revenue decreased.

Expenditures in total increased compared to the prior year by \$663,844, or 6.35%. Regular programs expenses increased \$111,559, or 2.47%, due to an increase in benefits, supplies and property. Student support expenses increased \$121,574, or 98.27%, due to an increase in school counselor costs. General administration expenses increased \$224,125, or 15.18%, due to an increase in salaries, benefits, purchased services and property. Student transportation expenses increased \$191,845, or 33.00%, due to an increase in property due to the purchase of 2 vehicles and a bus.

Special Education Fund: Revenues increased by \$94,363, or 9.12%, compared to the prior year primarily due to an increase in the distributive school revenue. Expenditures decreased \$10,594, or 0.82%, due to a decrease in purchased services.

Federal Grants Fund: Revenues and expenditures decreased by \$226,644, or 22.76%, compared to the prior year primarily due to a decrease in the amount of federal grants revenue including Title I Part A and D and IDEA Special Projects.

Debt Service Fund: The fund balance of the debt service fund increased \$68,049 to a year-end balance of \$626,175. This increase is due to higher revenues from property taxes than needed to cover annual debt service payments.

**LINCOLN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets:

At June 30, 2020, the District had \$16,245,017 (net) invested in a broad range of capital assets, including land and improvements, construction in progress, buildings and improvements, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of \$86,324 from the previous year.

The District uses capital assets to provide educational services to the students of Lincoln County and consequently these assets are not available for future spending.

This table reflects additions and disposals to capital assets for the governmental activities.

Governmental Activities:

| | Balance <u>June 30, 2019</u> | <u>Additions</u> | <u>Transfer</u> | Balance <u>June 30, 2020</u> |
|--|---------------------------------|------------------|-------------------|---------------------------------|
| Non-depreciable capital assets: | | | | |
| Land | \$ 141,198 | \$ 76,959 | \$ 0 | \$ 218,157 |
| Construction in progress | <u>197,483</u> | <u>60,049</u> | <u>(247,532)</u> | <u>10,000</u> |
| Total non-depreciable capital assets | <u>338,681</u> | <u>137,008</u> | <u>(247,532)</u> | <u>228,157</u> |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 23,870,999 | 270,467 | 247,532 | 24,388,998 |
| Equipment | <u>4,518,588</u> | <u>490,625</u> | <u>0</u> | <u>5,009,213</u> |
| Total depreciable capital assets | 28,389,587 | 761,092 | 247,532 | 29,398,211 |
| Less: Accumulated Depreciation | <u>12,569,575</u> | <u>811,776</u> | <u>0</u> | <u>13,381,351</u> |
| Depreciable capital assets (net) | <u>15,820,012</u> | <u>(50,684)</u> | <u>247,532</u> | <u>16,016,860</u> |
| Total governmental activities capital assets (net) | <u>\$ 16,158,693</u> | <u>\$ 86,324</u> | <u>\$ 0</u> | <u>\$ 16,245,017</u> |

Buildings and improvements increased due to the various projects include the bleacher project, various building projects, and flooring projects.

Equipment additions included vehicles, technology, and vocational equipment.

Construction in progress include the Findlay Family Gymnasium.

Land was purchased for future expansion.

Capital purchases in excess of \$3,000 are capitalized and included in the capital assets of the district.

Additional information on the District's capital assets can be found in note D3 of this report.

**LINCOLN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Long-term Debt Obligations:

As of June 30, 2020, the District had \$24,460,680 in total long-term debt. The obligations consisted of:

| | Balance July 1, 2019 | Net Additions | Net Reductions | Balance June 30, 2020 | Due Within One Year |
|-----------------------------|-------------------------|-------------------|-------------------|--------------------------|------------------------|
| General obligation debt | \$ 3,914,800 | \$ 0 | \$ 331,400 | \$ 3,583,400 | \$ 342,600 |
| Plus premiums | 6,458 | 0 | 761 | 5,697 | 0 |
| Less discounts | (4,000) | 0 | (400) | (3,600) | 0 |
| Total bonds payable | 3,917,258 | 0 | 331,761 | 3,585,497 | 342,600 |
| Capital lease | 0 | 94,629 | 31,543 | 63,086 | 31,543 |
| Compensated absences | 885,605 | 86,160 | 0 | 971,765 | 281,812 |
| Net pension obligation | 15,976,555 | 0 | 598,221 | 15,378,334 | 0 |
| OPEB obligation | 4,393,470 | 68,528 | 0 | 4,461,998 | 0 |
| Total long-term liabilities | <u>\$ 25,172,888</u> | <u>\$ 249,317</u> | <u>\$ 961,525</u> | <u>\$ 24,460,680</u> | <u>\$ 655,955</u> |

Additional information on the District's long-term debt can be found in note D5 of this report.

Per Nevada Revised Statute Chapter 387.400, the debt limitation for the District is equal to 15 percent of the assessed valuation of property, excluding motor vehicles. The debt limitation currently applicable at June 30, 2020, was \$43,608,920. The District has no credit rating.

BUDGETARY HIGHLIGHTS

Nevada Statutes and District regulations require that School Districts legally adopt budgets for all funds. Budgets are prepared in accordance with generally accepted accounting principles. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year. The final appropriated budget is prepared by fund, program, and function. All appropriations lapse at year-end and encumbrances are re-appropriated in the ensuing fiscal year.

The Original Budget reflected in the General Fund was approved May 29, 2019. Budgeted appropriations were developed with certain major determinants remaining unknown, most important of which are the final certified enrollment and the prior year's ending fund balance. For this reason, the "Original" budget is approved and submitted based on future resolution of these unknown issues.

On December 11, 2019, the Board adopted the 2019-2020 Amended Budget making changes to the budget based on changes to the average daily enrollment. These changes reflect a distributive education per pupil support increase of three dollars and a hold harmless adjustment due to the drop in student count; allowing the district to receive distributive education funds based on the prior year student count.

On June 30, 2020, the board adopted budget changes to reflect administration's best estimates and includes all transfers, additions, and deletions that have been approved through June 30, 2020.

Total actual expenditures for the General Fund during fiscal year 2020 were approximately \$55,476 less than budgeted.

The actual General Fund balance of \$887,024 was \$413,380 higher than anticipated to begin the 2020-2021 year. This is reflected in the General Fund as unassigned fund balance.

**LINCOLN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District approved the budget for the 2020-2021 year on May 20, 2020. Factors presently known that will impact the 2020-2021 budget are as follows:

- Student enrollment is projected to increase 0.47%.
- Basic support per pupil is anticipated to remain unchanged.
- The property tax rates for the General Fund and Debt Service Fund remained unchanged.
- Property taxes revenues are anticipated to increase 0.24%.

The District, in planning for the budget year ending June 30, 2021, considered the implications of the Coronavirus (COVID-19) on District operations. Adjustments were made to the budget based on information known at the time of budget approval. The District will monitor the effects of the Coronavirus as the budget year progresses and make any needed changes to the budget through board action.

REQUESTS FOR INFORMATION

This financial report is designed to provide its users with a general overview of the Lincoln County School District's finances and to show the District's accountability for the money it receives. Any questions, comments, or requests for additional financial information should be addressed to:

Lincoln County School District -
Accounting Department
PO Box 118
Panaca, NV 89042

LINCOLN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

| | 2020 |
|---|----------------|
| <u>ASSETS</u> | |
| Pooled cash and investments | \$ 3,788,373 |
| Taxes receivable | 30,294 |
| Due from other governments | 789,458 |
| Capital assets net of accumulated depreciation | 16,245,017 |
| Total assets | 20,853,142 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Deferred charge on refunding bonds | 6,600 |
| Deferred charge on OPEB | 256,780 |
| Deferred charge on pensions | 2,720,424 |
| Total deferred outflows of resources | 2,983,804 |
| <u>LIABILITIES</u> | |
| Accounts payable | 497,758 |
| Accrued payroll | 1,546,957 |
| Unearned revenue | 94,636 |
| Interest payable | 36,252 |
| Noncurrent liabilities: | |
| Due within one year | 655,955 |
| Due in more than one year | 23,804,725 |
| Total liabilities | 26,636,283 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Deferred charge on OPEB | 340,722 |
| Deferred charge on pensions | 2,235,530 |
| Total deferred inflows of resources | 2,576,252 |
| <u>NET POSITION</u> | |
| Invested in capital assets, net of related debt | 12,603,034 |
| Restricted for: | |
| Debt service | 626,175 |
| Capital projects | 264,363 |
| Unemployment | 33,558 |
| Unrestricted | (18,902,719) |
| Total net position | \$ (5,375,589) |

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

**LINCOLN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| Functions/Programs | Expenses | Program Revenues | | | Net(Expense) |
|--|------------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| | | | | | Total Governmental Activities |
| Governmental Activities: | | | | | |
| Instruction: | | | | | |
| Regular instruction | \$ (6,548,857) | \$ - | \$ 711,648 | \$ 53,972 | \$ (5,783,237) |
| Special instruction | (1,549,443) | - | 176,885 | - | (1,372,558) |
| Vocational instruction | (1,124,664) | - | 32,771 | - | (1,091,893) |
| Adult instruction | (330,455) | - | 300,590 | - | (29,865) |
| Other instructional | (25,142) | - | - | - | (25,142) |
| Co-curricular and extra-curricular | (218,709) | - | - | - | (218,709) |
| Total instruction | <u>(9,797,270)</u> | <u>-</u> | <u>1,221,894</u> | <u>53,972</u> | <u>(8,521,404)</u> |
| Support services: | | | | | |
| Student support | (269,550) | - | 6,400 | - | (263,150) |
| Instructional staff support | (435,105) | - | 431,309 | - | (3,796) |
| Food service | (342,335) | 59,481 | 233,330 | 20,850 | (28,674) |
| General administration | (1,951,241) | - | 204,529 | - | (1,746,712) |
| School administration | (2,013,628) | - | - | - | (2,013,628) |
| Operating maintenance/plant | (1,557,489) | - | 246,012 | - | (1,311,477) |
| Student transportation | (504,930) | - | - | - | (504,930) |
| Interest on long-term debt | (166,662) | - | - | - | (166,662) |
| Total support services | <u>(7,240,940)</u> | <u>59,481</u> | <u>1,121,580</u> | <u>20,850</u> | <u>(6,039,029)</u> |
| Total governmental activities | <u>\$ (17,038,210)</u> | <u>\$ 59,481</u> | <u>\$ 2,343,474</u> | <u>\$ 74,822</u> | <u>(14,560,433)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes levied for general purposes | | | | | 1,749,998 |
| Property taxes levied for debt services | | | | | 521,061 |
| Local school support tax | | | | | 549,474 |
| Governmental services tax | | | | | 488,137 |
| State aid not restricted for specific purposes | | | | | 10,963,573 |
| Federal aid not restricted for specific purposes | | | | | 93,248 |
| Investment income | | | | | 16,027 |
| Other local sources | | | | | 19,272 |
| Total general revenues | | | | | <u>14,400,790</u> |
| Changes in net position | | | | | (159,643) |
| Net position - beginning | | | | | <u>(5,215,946)</u> |
| Net position - ending | | | | | <u>\$ (5,375,589)</u> |

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

**LINCOLN COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

Major Funds

| | General Fund | Special Education | Federal Grants | Debt Service | Total Nonmajor Funds | Total Governmental Funds |
|---|---------------------|----------------------|-------------------|-------------------|----------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | | |
| Pooled cash and investments | \$ 1,869,846 | \$ 558,634 | \$ - | \$ 610,097 | \$ 716,238 | \$ 3,754,815 |
| Taxes receivable | 23,348 | - | - | 6,946 | - | 30,294 |
| Due from other governments | 167,037 | - | 254,632 | 15,203 | 352,586 | 789,458 |
| Due from other funds | <u>223,197</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>223,197</u> |
| Total assets | <u>\$ 2,283,428</u> | <u>\$ 558,634</u> | <u>\$ 254,632</u> | <u>\$ 632,246</u> | <u>\$ 1,068,824</u> | <u>\$ 4,797,764</u> |
| <u>LIABILITIES</u> | | | | | | |
| Accounts payable | \$ 370,052 | \$ - | \$ 33,759 | \$ - | \$ 93,947 | \$ 497,758 |
| Accrued payroll | 1,005,943 | 218,248 | 67,641 | - | 255,125 | 1,546,957 |
| Unearned revenue | - | - | 3,737 | - | 90,899 | 94,636 |
| Due to other funds | <u>-</u> | <u>-</u> | <u>149,495</u> | <u>-</u> | <u>73,702</u> | <u>223,197</u> |
| Total liabilities | <u>1,375,995</u> | <u>218,248</u> | <u>254,632</u> | <u>-</u> | <u>513,673</u> | <u>2,362,548</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Unavailable revenue-property taxes | <u>20,409</u> | <u>-</u> | <u>-</u> | <u>6,071</u> | <u>-</u> | <u>26,480</u> |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted for: | | | | | | |
| Debt service | - | - | - | 626,175 | - | 626,175 |
| Capital projects | - | - | - | - | 264,363 | 264,363 |
| Committed for: | | | | | | |
| COB High School | - | - | - | - | 223,078 | 223,078 |
| Special education | - | 340,386 | - | - | - | 340,386 |
| Food service | - | - | - | - | 67,710 | 67,710 |
| Assigned for: | | | | | | |
| Subsequent year | 473,644 | - | - | - | - | 473,644 |
| Unassigned | <u>413,380</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>413,380</u> |
| Total fund balance | <u>887,024</u> | <u>340,386</u> | <u>-</u> | <u>626,175</u> | <u>555,151</u> | <u>2,408,736</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,283,428</u> | <u>\$ 558,634</u> | <u>\$ 254,632</u> | <u>\$ 632,246</u> | <u>\$ 1,068,824</u> | <u>\$ 4,797,764</u> |

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

**LINCOLN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

| | |
|--|-----------------------|
| Total fund balance - governmental funds | \$ 2,408,736 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets, net of the related depreciation, are not reported in the governmental funds financial statements because they are not current financial resources, but they are reported in the Statement of Net Position. | 16,245,017 |
| Other long-term assets which are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 26,480 |
| Certain liabilities (such as bonds payable and capital leases payable) are not reported in the Governmental Funds financial statements because they are not due and payable, but they are presented as liabilities in the Statement of Net Position. | (4,656,600) |
| Deferred outflows and inflows of resources related to deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds. | 6,600 |
| Assets and liabilities of the District's Unemployment Internal Service Fund are not reported in the Governmental Funds financial statements because they are presented on a different accounting basis, but they are presented as assets and liabilities in the statement of net position. | 33,558 |
| The District's other post-employment benefits liabilities as well as other post-employment benefits-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include: | |
| Deferred outflows from other post-employment benefits. | 256,780 |
| Total other post-employment benefits liability. | (4,461,998) |
| Deferred inflows from pension activity. | (340,722) |
| The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include: | |
| Deferred outflows from pension activity. | 2,720,424 |
| Net pension liability. | (15,378,334) |
| Deferred inflows from pension activity. | (2,235,530) |
| Total net position - governmental activities | \$ (5,375,589) |

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

**LINCOLN COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

| | Major Funds | | | | Total Nonmajor Funds | Total Governmental Funds |
|--|--------------------|----------------------|-------------------|-------------------|----------------------------|--------------------------------|
| | General Fund | Special Education | Federal Grants | Debt Service | | |
| Revenues: | | | | | | |
| Local sources | \$ 2,604,272 | \$ - | \$ - | \$ 535,612 | \$ 654,905 | \$ 3,794,789 |
| State sources | 9,513,170 | 1,128,643 | - | - | 1,350,951 | 11,992,764 |
| Federal sources | 60,827 | - | 769,051 | 32,421 | 228,712 | 1,091,011 |
| Total revenues | <u>12,178,269</u> | <u>1,128,643</u> | <u>769,051</u> | <u>568,033</u> | <u>2,234,568</u> | <u>16,878,564</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Regular programs | 4,631,346 | - | 368,536 | - | 1,159,734 | 6,159,616 |
| Special programs | - | 1,277,814 | 176,885 | - | - | 1,454,699 |
| Vocational programs | 718,156 | - | 32,771 | - | 294,270 | 1,045,197 |
| Adult instruction | - | - | - | - | 300,590 | 300,590 |
| Co-curricular activities | 187,646 | - | - | - | 31,063 | 218,709 |
| Undistributed expenditures | 5,554,525 | - | 190,859 | - | 1,344,786 | 7,090,170 |
| Capital outlay | - | - | - | - | 337,174 | 337,174 |
| Debt service: | | | | | | |
| Principal | 31,543 | - | - | 331,400 | - | 362,943 |
| Interest | - | - | - | 168,584 | - | 168,584 |
| Total expenditures | <u>11,123,216</u> | <u>1,277,814</u> | <u>769,051</u> | <u>499,984</u> | <u>3,467,617</u> | <u>17,137,682</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,055,053</u> | <u>(149,171)</u> | <u>-</u> | <u>68,049</u> | <u>(1,233,049)</u> | <u>(259,118)</u> |
| Other financing sources (uses): | | | | | | |
| Capital lease proceeds | 94,629 | - | - | - | - | 94,629 |
| Operating transfers in | 100,000 | 330,000 | - | - | 1,312,000 | 1,742,000 |
| Operating transfers out | <u>(1,642,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(100,000)</u> | <u>(1,742,000)</u> |
| Total other financing sources (uses) | <u>(1,447,371)</u> | <u>330,000</u> | <u>-</u> | <u>-</u> | <u>1,212,000</u> | <u>94,629</u> |
| Net changes in fund balances | (392,318) | 180,829 | - | 68,049 | (21,049) | (164,489) |
| Fund balances (deficit): | | | | | | |
| Beginning of year | <u>1,279,342</u> | <u>159,557</u> | <u>-</u> | <u>558,126</u> | <u>576,200</u> | <u>2,573,225</u> |
| End of year | <u>\$ 887,024</u> | <u>\$ 340,386</u> | <u>\$ -</u> | <u>\$ 626,175</u> | <u>\$ 555,151</u> | <u>\$ 2,408,736</u> |

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

**LINCOLN COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| | |
|--|----------------------------|
| Net Change in Fund Balances - Governmental Funds | \$ (164,489) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Capital outlays to purchase or build capital assets are reported in governmental funds financial statements as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expenses in the Statement of Activities. | 86,324 |
| Property taxes that are collected in the time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that related to prior periods that first become available in the current period should not be reported as revenue in the Statement of Activities. | 3 |
| The issuance of long-term debt (e.g. bonds) 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 issuance costs, premiums, discounts, and other 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 in long-term debt and related items. | 267,850 |
| The net income of the District's Unemployment Internal Service Fund is not reported in this fund financial statement because they are presented on a different accounting basis (in the proprietary fund financial statements), but they are presented in the Statement of Activities. | (9,450) |
| Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the Statement of Activities when incurred. | (83,774) |
| Net differences between other post-employment benefits contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities: | |
| Other post-employment benefits contributions made after measurement date (2020 contributions). | 228,244 |
| Net other post-employment benefit expense. | (186,923) |
| Net differences between pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities: | |
| Pension contributions made after measurement date (2020 contributions). | 1,172,145 |
| Net pension expense. | <u>(1,469,573)</u> |
| Change in net position of governmental activities | <u>\$ (159,643)</u> |

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

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual | Variance-With |
|-------------------------------------|-------------------|-------------------|-------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Local sources: | | | | |
| Ad valorem taxes | \$ 1,788,838 | \$ 1,788,838 | \$ 1,749,996 | \$ (38,842) |
| Local school support taxes | 463,302 | 463,302 | 459,059 | (4,243) |
| Governmental service tax | 352,981 | 352,981 | 375,475 | 22,494 |
| Investment income | 100 | 100 | 470 | 370 |
| Rent | 100 | 100 | - | (100) |
| Other income | 10,000 | 10,000 | 19,272 | 9,272 |
| Total local sources | <u>2,615,321</u> | <u>2,615,321</u> | <u>2,604,272</u> | <u>(11,049)</u> |
| State sources: | | | | |
| Distributive school | 8,820,001 | 9,331,834 | 9,513,170 | 181,336 |
| Distributive share-counseling grant | 50,000 | 50,000 | - | (50,000) |
| Total state sources | <u>8,870,001</u> | <u>9,381,834</u> | <u>9,513,170</u> | <u>131,336</u> |
| Federal sources: | | | | |
| National forest | - | - | 14,947 | 14,947 |
| E-Rate | 80,000 | 80,000 | 44,239 | (35,761) |
| National fish and wildlife | - | - | 1,641 | 1,641 |
| Total federal sources | <u>80,000</u> | <u>80,000</u> | <u>60,827</u> | <u>(19,173)</u> |
| Total revenues | <u>11,565,322</u> | <u>12,077,155</u> | <u>12,178,269</u> | <u>101,114</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Regular programs: | | | | |
| Instruction: | | | | |
| Salaries | 3,225,568 | 3,114,346 | 3,073,911 | 40,435 |
| Benefits | 1,509,567 | 1,437,465 | 1,398,528 | 38,937 |
| Purchased services | 3,123 | 15,000 | 11,363 | 3,637 |
| Supplies | 106,063 | 155,000 | 136,552 | 18,448 |
| Property | 41,181 | 14,259 | 10,992 | 3,267 |
| Total regular programs | <u>4,885,502</u> | <u>4,736,070</u> | <u>4,631,346</u> | <u>104,724</u> |

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

LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual | Variance-With Final Budget Positive (Negative) |
|--|------------------|----------------|----------------|---|
| | Original | Final | | |
| Expenditures (continued): | | | | |
| Vocational programs: | | | | |
| Instruction: | | | | |
| Salaries | \$ 420,627 | \$ 489,900 | \$ 487,957 | \$ 1,943 |
| Benefits | 217,256 | 216,594 | 213,109 | 3,485 |
| Purchased services | 2,689 | 2,259 | 569 | 1,690 |
| Supplies | 16,007 | 17,494 | 16,521 | 973 |
| Total vocational programs | <u>656,579</u> | <u>726,247</u> | <u>718,156</u> | <u>8,091</u> |
| | | | | |
| Co-curricular and extra curricular activities: | | | | |
| Co-curricular activities: | | | | |
| Instruction: | | | | |
| Purchased services | 877 | - | - | - |
| Supplies | 129 | 135 | 135 | - |
| Total co-curricular activities | <u>1,006</u> | <u>135</u> | <u>135</u> | <u>-</u> |
| | | | | |
| Athletics: | | | | |
| Instruction: | | | | |
| Salaries | 159,551 | 76,200 | 76,132 | 68 |
| Benefits | 6,148 | 9,165 | 8,092 | 1,073 |
| Purchased services | 98,803 | 70,000 | 68,951 | 1,049 |
| Supplies | 23,883 | 31,715 | 31,698 | 17 |
| Other | 2,888 | 2,638 | 2,638 | - |
| Total athletics | <u>291,273</u> | <u>189,718</u> | <u>187,511</u> | <u>2,207</u> |
| | | | | |
| Total co-curricular and extra curricular activities | <u>292,279</u> | <u>189,853</u> | <u>187,646</u> | <u>2,207</u> |

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

LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual | Variance-With |
|------------------------------------|------------------|------------------|------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Expenditures (continued): | | | | |
| Undistributed expenditures: | | | | |
| Student support: | | | | |
| Salaries | \$ - | \$ 204,500 | \$ 154,459 | \$ 50,041 |
| Benefits | - | 91,351 | 89,881 | 1,470 |
| Purchased services | 180 | 200 | - | 200 |
| Supplies | 508 | 1,060 | 949 | 111 |
| Total student support | <u>688</u> | <u>297,111</u> | <u>245,289</u> | <u>51,822</u> |
| Instruction staff support: | | | | |
| Supplies | <u>3,384</u> | <u>5,043</u> | <u>3,769</u> | <u>1,274</u> |
| General administration: | | | | |
| Salaries | 435,885 | 429,527 | 429,527 | - |
| Benefits | 192,311 | 311,859 | 295,714 | 16,145 |
| Purchased services | 581,711 | 669,850 | 673,601 | (3,751) |
| Supplies | 216,603 | 207,956 | 200,109 | 7,847 |
| Property | 17,618 | 71,703 | 77,114 | (5,411) |
| Other | 15,056 | 25,681 | 24,681 | 1,000 |
| Total general administration | <u>1,459,184</u> | <u>1,716,576</u> | <u>1,700,746</u> | <u>15,830</u> |
| School administration: | | | | |
| Salaries | 952,003 | 1,075,682 | 1,074,308 | 1,374 |
| Benefits | 450,847 | 496,000 | 487,921 | 8,079 |
| Purchased services | 43,529 | 50,752 | 44,162 | 6,590 |
| Supplies | 56,659 | 55,886 | 42,761 | 13,125 |
| Property | - | 1,000 | 1,000 | - |
| Other | 1,872 | 1,172 | 487 | 685 |
| Total school administration | <u>1,504,910</u> | <u>1,680,492</u> | <u>1,650,639</u> | <u>29,853</u> |
| Operating/maintenance: | | | | |
| Salaries | 478,287 | 502,242 | 502,242 | - |
| Benefits | 264,952 | 244,201 | 240,703 | 3,498 |
| Purchased services | 114,688 | 141,408 | 128,924 | 12,484 |
| Supplies | 239,817 | 331,609 | 292,198 | 39,411 |
| Property | 141,697 | 19,636 | 16,862 | 2,774 |
| Total operating/maintenance | <u>1,239,441</u> | <u>1,239,096</u> | <u>1,180,929</u> | <u>58,167</u> |

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

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual | Variance-With Final Budget Positive (Negative) |
|--|-----------------------|-----------------------|-----------------------|---|
| | Original | Final | | |
| Expenditures (continued): | | | | |
| Undistributed expenditures (continued): | | | | |
| Student transportation: | | | | |
| Salaries | \$ 222,044 | \$ 193,550 | \$ 193,550 | \$ - |
| Benefits | 102,014 | 106,308 | 104,934 | 1,374 |
| Purchased services | 36,622 | 25,871 | 20,580 | 5,291 |
| Supplies | 36,622 | 140,000 | 127,970 | 12,030 |
| Property | - | 97,475 | 326,119 | (228,644) |
| Total student transportation | <u>397,302</u> | <u>563,204</u> | <u>773,153</u> | <u>(209,949)</u> |
| Total undistributed expenditures | <u>4,604,909</u> | <u>5,501,522</u> | <u>5,554,525</u> | <u>(53,003)</u> |
| Debt service: | | | | |
| Principal | <u>-</u> | <u>-</u> | <u>31,543</u> | <u>(31,543)</u> |
| Contingency | <u>25,000</u> | <u>25,000</u> | <u>-</u> | <u>25,000</u> |
| Total expenditures | <u>10,464,269</u> | <u>11,178,692</u> | <u>11,123,216</u> | <u>55,476</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,101,053</u> | <u>898,463</u> | <u>1,055,053</u> | <u>156,590</u> |
| Other financing sources (uses): | | | | |
| Capital lease proceeds | - | - | 94,629 | 94,629 |
| Operating transfers in | 100,000 | 100,000 | 100,000 | - |
| Operating transfers out | <u>(1,512,000)</u> | <u>(1,672,000)</u> | <u>(1,642,000)</u> | <u>30,000</u> |
| Total other financing sources (uses) | <u>(1,412,000)</u> | <u>(1,572,000)</u> | <u>(1,447,371)</u> | <u>124,629</u> |
| Net change in fund balance | (310,947) | (673,537) | (392,318) | 281,219 |
| Fund balance: | | | | |
| Beginning of year | <u>735,399</u> | <u>1,279,342</u> | <u>1,279,342</u> | <u>-</u> |
| End of year | <u>\$ 424,452</u> | <u>\$ 605,805</u> | <u>\$ 887,024</u> | <u>\$ 281,219</u> |

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

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR-SPECIAL EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual | Variance-With Final Budget Positive (Negative) |
|--|------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| State sources: | | | | |
| Other | \$ 943,828 | \$ 1,128,642 | \$ 1,128,643 | \$ 1 |
| Expenditures: | | | | |
| Current: | | | | |
| Special programs: | | | | |
| Instruction: | | | | |
| Salaries | 769,050 | 769,050 | 769,050 | - |
| Benefits | 407,000 | 407,000 | 400,765 | 6,235 |
| Purchased services | 100,000 | 100,000 | 99,999 | 1 |
| Supplies | 8,000 | 8,000 | 5,343 | 2,657 |
| Property | - | - | 2,657 | (2,657) |
| Total expenditures | <u>1,284,050</u> | <u>1,284,050</u> | <u>1,277,814</u> | <u>6,236</u> |
| Excess (deficiency) of revenues over expenditures | (340,222) | (155,408) | (149,171) | 6,237 |
| Other financing sources (uses): | | | | |
| Operating transfers in | <u>330,000</u> | <u>330,000</u> | <u>330,000</u> | <u>-</u> |
| Net change in fund balances | (10,222) | 174,592 | 180,829 | 6,237 |
| Fund balance: | | | | |
| Beginning of year | <u>10,463</u> | <u>159,557</u> | <u>159,557</u> | <u>-</u> |
| End of year | <u>\$ 241</u> | <u>\$ 334,149</u> | <u>\$ 340,386</u> | <u>\$ 6,237</u> |

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

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR SPECIAL REVENUE FUND-FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual | Variance-With |
|-----------------------------|------------------|----------------|----------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Federal sources: | | | | |
| Other | \$ 700,000 | \$ 1,035,195 | \$ 769,051 | \$ (266,144) |
| Expenditures: | | | | |
| Current: | | | | |
| Regular programs: | | | | |
| Instruction: | | | | |
| Salaries | 240,000 | 310,764 | 218,768 | 91,996 |
| Benefits | 105,000 | 89,133 | 71,240 | 17,893 |
| Purchased services | 250,575 | 15,438 | 5,783 | 9,655 |
| Supplies | 89,346 | 106,922 | 72,745 | 34,177 |
| Property | 6,154 | 34,484 | - | 34,484 |
| Total regular programs | <u>691,075</u> | <u>556,741</u> | <u>368,536</u> | <u>188,205</u> |
| Special programs: | | | | |
| Instruction: | | | | |
| Salaries | - | 123,250 | 117,959 | 5,291 |
| Benefits | - | 64,754 | 58,926 | 5,828 |
| Purchased services | - | 1,500 | - | 1,500 |
| Supplies | - | 5,918 | - | 5,918 |
| Total special programs | <u>-</u> | <u>195,422</u> | <u>176,885</u> | <u>18,537</u> |
| Vocational programs: | | | | |
| Instruction: | | | | |
| Purchased services | 1,700 | 5,940 | 918 | 5,022 |
| Supplies | 3,025 | 31,758 | 31,853 | (95) |
| Property | 4,200 | - | - | - |
| Total vocational programs | <u>8,925</u> | <u>37,698</u> | <u>32,771</u> | <u>4,927</u> |

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

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR SPECIAL REVENUE FUND-FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual | Variance-With Final Budget Positive (Negative) |
|--|------------------|-----------|----------|---|
| | Original | Final | | |
| Expenditures (continued): | | | | |
| Undistributed expenditures: | | | | |
| Food service: | | | | |
| Supplies | \$ - | \$ 4,569 | \$ 3,733 | \$ 836 |
| Property | - | 20,851 | 20,850 | 1 |
| Total food service | - | 25,420 | 24,583 | 837 |
| Student support: | | | | |
| Purchased services | - | 5,500 | 5,355 | 145 |
| Supplies | - | 1,000 | 1,045 | (45) |
| Total student support | - | 6,500 | 6,400 | 100 |
| Instruction staff support: | | | | |
| Benefits | - | 1,335 | 510 | 825 |
| Purchased services | - | 202,449 | 159,366 | 43,083 |
| Supplies | - | 8,130 | - | 8,130 |
| Total instructional staff support | - | 211,914 | 159,876 | 52,038 |
| Community service operations: | | | | |
| Supplies | - | 1,500 | - | 1,500 |
| Total undistributed expenditures | - | 245,334 | 190,859 | 54,475 |
| Total expenditures | 700,000 | 1,035,195 | 769,051 | 266,144 |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Fund balance: | | | | |
| Beginning of year | - | - | - | - |
| End of year | \$ - | \$ - | \$ - | \$ - |

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

**LINCOLN COUNTY SCHOOL DISTRICT
PROPRIETARY FUND
INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020**

2020

ASSETS

| | |
|-----------------------------|-----------|
| Pooled cash and investments | \$ 33,558 |
|-----------------------------|-----------|

LIABILITIES

| | |
|------------------|----------------------------|
| Accounts payable | <u> -</u> |
|------------------|----------------------------|

NET POSITION

| | |
|------------|-------------------------|
| Restricted | <u><u>\$ 33,558</u></u> |
|------------|-------------------------|

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

**LINCOLN COUNTY SCHOOL DISTRICT
 PROPRIETARY FUND
 INTERNAL SERVICE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

| | 2020 |
|----------------------------|-------------------------|
| Operating revenues: | |
| Insurance premiums | \$ - |
| Operating expenses: | |
| Benefits | <u>9,450</u> |
| Operating income | (9,450) |
| Net position: | |
| Beginning of year | <u>43,008</u> |
| End of year | <u><u>\$ 33,558</u></u> |

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

**LINCOLN COUNTY SCHOOL DISTRICT
PROPRIETARY FUND
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

2020

Cash flows from operating activities:

Cash paid for benefits \$ (11,700)

Cash flows from non-capital financing activities:

Transfer in _____ -

Net increase cash and cash equivalents (11,700)

Cash and cash equivalents:

Beginning of year _____ 45,258

End of year \$ 33,558

Reconciliation of operating (loss) to net cash (used) by operating activities:

Operating income \$ (9,450)

Adjustments to reconcile operating (loss) to net cash (used) by operating activities:

Increase (decrease) in accounts payable _____ (2,250)

Net cash (used) by operating activities \$ (11,700)

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

LINCOLN COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

Student
Activity Agency
Fund

ASSETS

| | |
|-----------------------------|-------------------|
| Pooled cash and investments | \$ <u>434,524</u> |
|-----------------------------|-------------------|

LIABILITIES

| | |
|-----------------------|-------------------|
| Due to student groups | \$ <u>434,524</u> |
|-----------------------|-------------------|

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

**LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the Lincoln County School District (“District”). The District is governed by an elected, five member, Board of School Trustees (“Board”). The Board is legally separate and fiscally independent from other governing bodies; therefore, the District is a primary government and the District is not reported as a component unit by any other governmental unit. The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

A summary of the District’s significant accounting policies follows.

2. Basic Financial Statements

The District’s basic financial statements consist of the government-wide statements and the fund financial statements. The government-wide statements include a statement of net position and a statement of activities and the fund financial statements include financial information for the three fund types: governmental, proprietary, and fiduciary. Reconciliations between the fund statements, the statement of net position, and the statement of activities are also included along with statements of revenues, expenditures and changes in fund balances that show an original to final budget comparison for the District’s General Fund and its major special revenue funds, Federal Grants Fund and Special Education Fund.

3. Government-Wide Financial Statements

The government-wide financial statements are made up of the statement of net position and the statement of activities. These statements include the aggregated financial information of the District as a whole, except for fiduciary activity. 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 and charges for support. As a general rule, the effect of interfund activity has been removed from these statements.

The statement of net position presents the consolidated financial position of the District at year-end.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are specifically associated with a program or service and are, therefore, clearly identifiable to a particular function. Program revenues include operating grants and contributions and investment earnings legally restricted to support a specific program. Taxes and other revenues not included among program revenues are reported instead as general revenues. This statement provides a net cost or net revenue of specific programs and functions within the District. Those functions with a net cost are generally dependent on general-purpose tax revenues, such as property tax, to remain operational.

4. Fund Financial Statements

The financial accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, deferred outflows and inflows, fund equity, revenues, and expenditures or expenses, as appropriate. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

The presentation emphasis in the fund financial statements is on major funds, for both governmental and enterprise funds. Major funds are determined based on minimum criteria set forth in Governmental Accounting Standards Board Statement Number 34. Major individual governmental funds and major individual enterprise funds are required to be reported in separate columns on the fund financial statements. However, currently the District has no enterprise funds. The District may also display other funds as major funds if it believes the presentation will provide useful information to the users of the financial statements.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus, Basis of Accounting, and Basis of Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Gross receipts and sales taxes are considered “measurable” when in the hands of intermediary collecting governments and are then recognized as revenue. The government considers revenues to be “available” if they are collected within 60 days of the end of the current fiscal period. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable, and the payment seems certain. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences and claims and judgments, are recorded when payment is due.

In addition, the District’s agency fund is reported under the accrual basis of accounting.

The major revenue sources of the District include state distributive fund revenues, local school support taxes, governmental services tax, and ad valorem taxes (property taxes).

All of the District’s major funds are governmental funds. The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all resources and cost of operations traditionally associated with governments, which are not required to be accounted for in other funds.

Special Education Fund - The Special Education Fund is used to account for the cost of education of children with needs.

Federal Grant Special Revenue Fund - The Federal Grant Fund is used to account for grant revenues received from Federal Sources and related expenditures.

Debt Service Fund - The Debt Service Fund is used to account for the collection of revenues, payment of principal and interest, and the cost of operations associated with debt service for general obligation debt.

Additionally, the District reports the following fund types:

Proprietary Fund

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the District on a cost reimbursement basis. Currently, there is one Internal Service Fund.

Unemployment Compensation Fund - The Unemployment Compensation Fund is used to account for the unemployment claims paid by the District.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Proprietary Fund (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Unemployment Compensation Fund are insurance premiums. Operating expenses for the Internal Service Fund include claims and administrative costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

Agency Fund - Agency Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs; all assets reported in an agency fund are offset by a liability to the party on whose behalf they are held.

Student Activity Agency Fund - The District's Student Activity Agency Fund reports assets held in an agency capacity for student groups and organizations.

6. Pooled Cash and Investments

Cash includes cash deposited in interest-bearing accounts at banks and cash in custody of fiscal agents. Investments consist of an investment in the State of Nevada Investment Pool. Investments are stated at fair value on the balance sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. All investments of the District are reported at fair value as of June 30, 2020. Changes in the fair value of District investments are part of investment income that is included in revenues from local sources. **(See Note D 1).**

Nevada Revised Statutes authorize the District to invest in:

- a. Obligations of the U.S. Treasury and U.S. Agencies in which the maturity dates do not extend more than 10 years from the date of purchase.
- b. Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations (those over \$250,000 must be fully collateralized).
- c. Negotiable notes or short-term negotiable bonds issued by local governments within Nevada.
- d. Eligible bankers' acceptances that do not exceed 180 days maturity and do not exceed 20 percent of the investment portfolio.
- e. Commercial paper with a rating of A-1 or P-1 that does not exceed 270 days maturity and does not exceed 20 percent of the portfolio.
- f. The State of Nevada's Local Government Investment Pool.
- g. Repurchase agreements that are collateralized at 102 percent at the repurchase price and do not exceed 90 days maturity. Securities used for collateral must meet the criteria listed above.
- h. Money market mutual funds which are rated as "AAA" or its equivalent and invest only in securities issued by the Federal Government, U.S. Agencies, or repurchase agreements fully collateralized by such securities.

7. Cash and Cash Equivalents

The District's cash and cash equivalents in both governmental and proprietary fund types are considered to be cash on hand, demand deposits, non-negotiable certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Property Taxes Receivable

Taxes on real property are levied in July of each year and are due in July. They can be paid in quarterly installments in August, October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties, and costs, together with interest at the rate of 10 percent per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien.

Article X, Section 2, of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any County to an amount not to exceed \$5 per \$100 of assessed valuation of the property being taxed. The Nevada Legislature enacted provisions whereby the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed valuation. (See Note D2 and D8)

9. Inventories and Prepaids

The costs of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed. The government-wide financial statements record inventory items as an expense when consumed. There were no material inventories at June 30, 2020.

Payments to vendors that will benefit periods beyond June 30, 2020, are recorded as expenditures in the fund financial statements. They are recorded as prepaid expenses in the government-wide financial statements. There were no material prepaids at June 30, 2020.

10. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. If purchased or constructed, all capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets are valued at their estimated fair value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

| <u>Capital Asset</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings | 50 |
| Building/Land Improvements | 20-30 |
| Vehicles/Buses | 5-10 |
| Equipment | 5-20 |

11. Accrued Salaries and Benefits

District salaries earned but not paid by June 30, 2020, have been accrued as liabilities and shown as expenditures for the year ending June 30, 2020.

12. Early Retirement Benefits

It was the Board policy to purchase two (2) years of retirement for administrators who have successfully completed 10+ years of full time administrative service with Lincoln County School District or 20 or more years of full time service as a combined teacher or administrator in the District. This policy was eliminated for years ending after June 30, 2020.

It was the Board policy to purchase two (2) years of retirement for employees who have successfully completed twenty plus (20+) years of service with the District. No purchased years shall apply to any year beyond thirty (30) years. This policy was eliminated for years ending after June 30, 2020.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net position. Bond premiums and discounts as well as deferred losses and gains, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures during the current period. Deferred charges related to the refunding of debt are reported as a deferred outflow of resources. They are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an "other financing source." Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

14. Compensated Absences

Teachers and certain hourly employees do not receive vacation leave. For other District employees, vacation leave is earned at rates dependent on length of employment and can be accumulated to a contractually specified maximum number of days. Employees are allowed to accumulate sick leave for future use. The District pays limited accumulated sick leave to certain employees upon termination.

Vacation leave and sick leave included in accrued salaries and benefits and recorded as expenditures in governmental fund types is the amount normally liquidated from "available spendable resources."

In governmental funds, the current portion of compensated absences is recorded as a payroll expenditure. The estimated long-term liability for compensated absences is accounted for in the government-wide financial statements.

15. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has an item that qualifies for reporting in this category, deferred charges on refunding is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of this item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the total other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public Employees' Benefit Plan of Nevada (PEBP) and additions to/deductions from PEBP's fiduciary net position have been determined on the same basis as they are reported by PEBP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. Governmental Fund Balances

(1) Nonspendable

These items are legally or contractually required to be maintained intact and are not in a spendable form, such as inventories and prepaids.

(2) Restricted

These amounts are constrained to being used for specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

(3) Committed

These amounts can only be used for specific purposes as set forth by the Board of Trustees. The Board must take formal action (vote approval by the majority), in order to establish an ending fund balance commitment for any specific purpose. Formal Board action is also required to modify or rescind an established commitment. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

(4) Assigned

Assignments are neither restrictions nor commitments and represent the District's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the District's ending fund balance. Intent can be expressed by the Board of Trustees or by an official to which the Board of Trustees delegates the authority.

(5) Unassigned

The residual classification for the General Fund that is available to spend. The District has not adopted a formal policy setting forth minimum fund balances.

17. Net Position

The government-wide statements, net position on the Statement of Net Position includes the following:

(1) Invested in Capital Assets, Net of Related Debt

This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

(2) Restricted Net Position

This is the component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation.

| | | | |
|-----|--------------|--------------------|------------|
| (a) | NRS 350.020 | Debt Service | \$ 626,175 |
| (b) | NRS 387.328 | Capital Projects | \$ 174,061 |
| (c) | NRS 387.177 | Building and Sites | \$ 49,946 |
| (d) | NRS 354.6113 | Bond | \$ 40,356 |
| (e) | | Unemployment | \$ 33,558 |

(3) Unrestricted

This is the component of net position that is the difference between the assets and liabilities not reported in invested in capital assets, net of related debt and restricted assets.

(4) Negative Net Position

Governmental Account Standards require employers to record their proportionate share of the fiduciary net pension liability on the District's Statement of Net Assets. The effect of this results in negative unrestricted net position. The District makes contributions to the Public Employees' Retirement System on behalf of its employees. Statute indicates the District has no requirement to pay for the District's share of the unfunded liability.

18. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Board's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Board's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

19. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

20. Comparative Data

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations.

21. Revenue Line Item Titles

Local sources are monies generated from local school support (sales tax), ad valorem (property taxes), governmental services tax, tuition, investment income and other local sources.

State sources are revenues paid by the State of Nevada (through the Distributive School Account) to the District and state grants.

Federal sources are grants received from the Federal Government mostly for specific educational programs.

Other sources are monies including proceeds from the sale of capital assets and other miscellaneous income.

22. Expenditure Line Item Titles

Programs:

The statements of revenues, expenditures, and changes in fund balances characterize expenditure data by major program classifications pursuant to the provisions of the Nevada Common Elements for Accounting and Reporting K-12 Educational Finances established by the Nevada Department of Education. Below is a brief description of these program classifications.

Regular programs are activities designed to provide elementary and secondary students with learning experiences to prepare them as citizens, family members, and non-vocational workers.

Special programs are activities designed primarily to serve students having special needs. Special programs include services for the gifted and talented, mentally challenged, physically handicapped, emotionally disturbed, culturally different, learning disabilities, bilingual, and special programs for other types of students at all levels.

Vocational programs are learning experiences that will provide individuals with the opportunity to develop the necessary knowledge, skills, and attitudes needed for occupational employment.

Adult education programs are learning experiences designed to develop knowledge and skills to meet intermediate and long-range educational objectives for adults, who, having incomplete or interrupted formal schooling, have accepted adult roles and responsibilities.

Other instructional programs are activities that provide elementary and secondary students with learning experiences in school-sponsored activities and summer school.

Co-curricular and extra-curricular activities are activities that add to a student's educational experience but are not related to educational activities. These activities typically include events and activities that take place outside the traditional classroom. Some examples of such activities are student government, athletics, band, choir, clubs, and honor societies.

Undistributed expenditures are charges not readily assignable to a specific program. Student and instructional staff support and overall general and administrative costs are classified as undistributed expenditures. Also included are costs of operating, maintaining, and constructing the physical facilities of the District.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

22. Expenditure Line Item Titles (Continued)

Functions:

Instruction includes all activities dealing directly with the interaction between teachers and students, including the activities of aides or classroom assistants which assist in the instructional process.

Student support includes activities designed to assess and improve the well-being of students and to supplement the teaching process.

Instructional staff support includes activities associated with assisting the instructional staff with the content and process of providing learning experiences for students.

General administration includes activities concerned with establishing and administering policy in connection with operating the District.

School administration includes activities concerned with overall administrative responsibility for a school. This includes principals, assistants, and clerical staff involved in the supervision of operations at a school.

Central service includes activities concerned with paying, transporting, exchanging, and maintaining goods and services for the District. Included are the fiscal and internal services necessary for operating the District.

Operation and maintenance of plant services includes activities concerned with keeping the physical schools and associated administrative building open, comfortable, and safe for use. This also includes keeping the grounds, buildings, and equipment in effective working condition and state of repair. Additional activities include maintaining safety in buildings, on the grounds, and in the vicinity of schools.

Student transportation includes activities concerned with the conveyance of students to and from school, as provided by state and federal law. It includes trips between home and school as well as trips to school activities.

Facilities acquisition and construction services are all activities concerned with the acquisition of land and buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment and improvements to sites.

Food service includes activities concerned with providing food to students and staff within the District. This includes the preparation and serving of regular and incidental meals, lunches, or snacks.

23. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental funds balance sheet includes reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of the reconciliation explains that "Certain liabilities (such as bonds payable, capital lease payable, compensated absences, net pension liability, and OPEB obligation) are not reported in the Governmental Funds financial statements because they are not due and payable, but they are presented as liabilities in the statement of net position." The details of this difference are as follows:

| | |
|---|-----------------------|
| Bond payable | \$(3,583,400) |
| Bond premium (net of amortization) | (5,697) |
| Bond discount (net of amortization) | 3,600 |
| Capital lease payable | (63,086) |
| Interest payable | (36,252) |
| Compensated absences | <u>(971,765)</u> |
| Net adjustment to reduce total fund balance - governmental funds to arrive at total net position - governmental activities | <u>\$(4,656,600)</u> |

2. Explanation of certain differences between the governmental funds statements of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between the net change in fund balances - governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Capital outlays to purchase or build capital assets are reported in the Governmental Funds financial statements as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities." The details of this difference are as follows:

| | |
|--|-------------------|
| Capital outlay | \$ 898,100 |
| Depreciation expense | <u>(811,776)</u> |
| Net adjustment to increase the net change in fund balances - governmental funds to arrive at the change in net position of governmental activities | <u>\$ 86,324</u> |

Another element of that reconciliation states that "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 issuance costs, premiums, discounts and other 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." The details of this difference are as follows:

| | |
|--|-------------------|
| Debt issued or incurred: | |
| General obligation debt principal payments | \$ 331,400 |
| Capital lease payments | 31,543 |
| Capital lease proceeds | (94,629) |
| Bond premiums (net of amortization) | 761 |
| Bond discounts (net of amortization) | (400) |
| Deferred charge on refunding bonds | <u>(825)</u> |
| Net adjustment to decrease the net change in fund balances - governmental funds to arrive at the change in net position of governmental activities | <u>\$ 267,850</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

2. Explanation of certain differences between the governmental funds statements of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)

Another element of that reconciliation states that “Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the Statement of Activities when incurred.” The details of this difference are as follows:

| | |
|--|---------------------|
| Change in accrued interest | \$ 2,386 |
| Change in compensated absences | <u>(86,160)</u> |
| Net adjustment to increase net change in fund balances - governmental funds to arrive at change in net position of governmental activities | <u>\$ (83,774)</u> |

NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary Information

Nevada Revised Statutes and District policies and regulations require that school districts legally adopt budgets for all funds except fiduciary funds. The budgets are filed as a matter of public record with the County Clerk and the State Departments of Taxation and Education. The District staff uses the following procedures to establish, modify and control the budgetary data reflected in the financial statements:

- a. The statutes provide for the following timetable in adoption of budgets:
 - (i) Before April 15, the Superintendent of Schools submits to the Board of School Trustees a tentative budget for the upcoming fiscal year. The tentative budget includes proposed expenditures and the means to finance them.
 - (ii) A public hearing must be held by the Board of Trustees no sooner than the third Monday in May and no later than the last day in May. Notice of the public hearing must be published once in the local newspaper not more than 14 nor less than 7 days before the hearing.
 - (iii) Before June 8, the Board of School Trustees must adopt a final budget.
- b. On or before January 1, the Board of School Trustees adopts an amended final budget reflecting any adjustments necessary as a result of the completed count of students.
- c. NRS 354.598005 (1) provides that the Board of School Trustees may augment the budget at any time by a majority vote of the Board providing the Board publishes notice of its intention to act in a newspaper of general circulation in the county at least three days before the date set for adoption of the resolution.
- d. NRS 354.598005(1) provides that the Board of School Trustees may augment the budget at any time by a majority vote of the Board providing the Board publishes notice of its intention to act in a newspaper of general circulation in the county at least three days before the date set for adoption of the resolution. In addition, the acceptance of a grant and the terms imposed by the granting agency constitutes an appropriation/augmentation for the specified purpose.

**LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

1. Budgetary Information (Continued)

- e. Budgeted appropriations may not be exceeded by actual expenditures of the various functions of the General Fund, Special Revenue Funds, and Capital Projects Funds. The sum of operating and nonoperating expenses in the Enterprise and Internal Service Funds may not exceed total appropriations. The funds augmented during the year included the following funds:
- General Fund
 - State Grants Special Revenue Fund
 - Federal Grants Special Revenue
 - Special Education Fund
 - Adult Education Special Revenue Fund
 - Food Service Special Revenue Fund
 - Class Size Reduction Special Revenue Fund
 - Gifts and Donations Special Revenue Fund
 - Capital Projects Fund
- f. Generally, budgets for all funds are adopted in accordance with generally accepted accounting principles. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year.
- g. All appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the ensuing fiscal year.

2. Compliance and Accountability

The District conformed to significant statutory requirements regarding financial administrations except as follows:

Per NRS 354.626, the District is required to report expenditures that exceeded budgeted appropriations at the function level for the General Fund, Special Revenue Funds, and Capital Project Funds. For the year ending June 30, 2020, the District had the following expenditures over appropriations that are required to be reported.

| | | |
|----------------------|--------------------------------|-----------|
| General Fund | Undistributed Support Services | \$ 53,003 |
| COB High School Fund | Regular Programs Instruction | \$ 60,422 |

The General Fund undistributed function expenditure in excess of appropriations was related to the purchase of a new bus and vehicles not previously budgeted during the fiscal year. The COB High School regular programs function expenditure related to a teacher paid previously by a grant that did not come through and the District did not properly augment the budget. Both funds had adequate funds to cover the costs.

NOTE D – DETAILED NOTES ON ALL FUNDS

1. Pooled Cash and Investments

The District maintains a cash and investment pool that is available for use by all funds. At June 30, 2020, this pool is displayed by the statement of net position and major and other governmental funds on the governmental funds balance sheet as “Pooled Cash and Investments.”

The following schedules summarize cash and investments for the District at June 30, 2020:

A reconciliation of pooled cash and investments for the District follows:

| | |
|--------------------------------------|---------------------|
| Cash held by County for debt service | \$ 610,097 |
| Carrying amount of deposits | 3,612,710 |
| Carrying amount of investments | 90 |
| Total | <u>\$ 4,222,897</u> |

A reconciliation of cash and investments for the District follows:

| | |
|---------------------------------------|---------------------|
| Cash on the statement of net position | \$ 3,788,373 |
| Fiduciary fund financial statement | <u>434,524</u> |
| Total | <u>\$ 4,222,897</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

1. Pooled Cash and Investments (Continued)

Investments are carried at fair value. The following is a listing of those investments as of June 30, 2020:

| Investment Type | Investment Maturities (in years) | | Fair Value Measurement | |
|--|----------------------------------|-------------|------------------------|---------|
| | Fair Value | Less than 1 | Level 1 | Level 2 |
| State of Nevada Local Government Investment Pool | \$ 90 | \$ 90 | \$ 22 | \$ 68 |

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets of those securities. Investments classified in Level 2 of the fair value hierarchy are valued using significant other observable inputs. The District does not have recurring fair value measurement as of June 30, 2020, that is valued using significant unobservable inputs (Level 3).

Except for financial reporting purposes, the cash balance in the Student Activity Fiduciary Fund is not normally considered part of the District’s pooled cash and investments. This amount represents cash held in a fiduciary capacity by the District for student groups and organizations and cannot be used in the District’s normal operations. The balance listed above for this fund is a consolidation of individual bank accounts held at the schools across the District as of June 30, 2020.

The District is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the State of Nevada Board of Finance. The District’s investment in the LGIP is equal to its original investments plus monthly allocations of investment income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. The District’s investment in the LGIP is reported at fair value. The fair value of the District’s investment in the LGIP was determined by multiplying the pool’s fair value per share factor times the District’s pool balance as of June 30, 2020.

The State of Nevada’s Local Government Investment Pool is an agency fund of the State administered by the State Treasurer. Any local government may deposit its money with the fund. The State Treasurer may invest the money in the fund in investments which have been authorized as investments for local governments by Nevada Revised Statutes and in time certificates of deposit.

At the end of each month, the State Treasurer computes the portion of the total deposits in the fund which were attributable during the month to each local government. That proportion is applied to the total amount of interest received during the month on invested money of the fund and credited to each participating local government, less the proportionate amounts of the assessments for the expenses of administration.

Investments in the State of Nevada’s Local Government Investment Pool are considered cash equivalents for financial reporting purposes.

As noted, Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments. The District has not adopted a formal investment policy that would further limit its investment choices.

Interest Rate Risk: Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. To limit exposure to interest rate risk, the Nevada Revised Statutes limits bankers’ acceptances to 180 days of maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. The approximate weighted average maturity of investments in the State of Nevada Local Government Investment Pool is 0.36 years.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. In accordance with the Nevada Revised Statutes, the District limits its investments instruments by their credit risk. The State of Nevada Local Government Investment Pool is an unrated external investment pool.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank or brokerage failure, the District’s deposits may not be returned. The District’s bank deposits are generally covered by FDIC insurance and are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

At year-end, the District’s carrying amount of deposits, not including the Debt Service Fund, for which deposits are controlled by the Lincoln County Treasurer, were \$3,612,710 and the bank balance was \$3,031,914. Of the bank balance, \$918,522 was covered by federal depository insurance. The remaining balance, \$2,113,392, was collateralized with securities held by the Office of the State Treasurer/Nevada Collateral Pool.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

2. Receivables

Receivables as of June 30, 2020, for the District’s individual major funds and nonmajor funds in the aggregate are as follows:

| | MAJOR FUNDS | | | | |
|-----------------------------|-------------|-------------------|--------------|------------|------------|
| | General | Federal Grants | Debt Service | Nonmajor | Total |
| Taxes receivable | \$ 23,348 | \$ - | \$ 6,946 | \$ - | \$ 30,294 |
| Due from other governments: | | | | | |
| <u>Local sources:</u> | | | | | |
| Ad valorem taxes | 21,196 | - | - | - | 21,196 |
| Governmental service tax | 55,341 | - | - | 16,605 | 71,946 |
| Local school support tax | 89,830 | - | - | 16,760 | 106,590 |
| Other | 670 | - | - | - | 670 |
| <u>State sources:</u> | | | | | |
| Distributive school | - | - | - | - | - |
| Grants and allotments | - | - | - | 319,221 | 319,221 |
| <u>Federal sources:</u> | | | | | |
| Grants and allotments | - | 254,632 | 15,203 | - | 269,835 |
| | \$ 190,385 | \$ 254,632 | \$ 22,149 | \$ 352,586 | \$ 819,752 |

3. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2020, follows:

Governmental Activities:

| | Balance June 30, 2019 | Additions | Transfer | Balance June 30, 2020 |
|--|--------------------------|-----------|-----------|--------------------------|
| Non-depreciable capital assets: | | | | |
| Land | \$ 141,198 | \$ 76,959 | \$ 0 | \$ 218,157 |
| Construction in progress | 197,483 | 60,049 | (247,532) | 10,000 |
| Total non-depreciable capital assets | 338,681 | 137,008 | (247,532) | 228,157 |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 23,870,999 | 270,467 | 247,532 | 24,388,998 |
| Equipment | 4,518,588 | 490,625 | 0 | 5,009,213 |
| Total depreciable capital assets | 28,389,587 | 761,092 | 247,532 | 29,398,211 |
| Less: Accumulated Depreciation | 12,569,575 | 811,776 | 0 | 13,381,351 |
| Depreciable capital assets (net) | 15,820,012 | (50,684) | 247,532 | 16,016,860 |
| Total governmental activities capital assets (net) | \$ 16,158,693 | \$ 86,324 | \$ 0 | \$ 16,245,017 |

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction:

| | |
|------------------------|----------------|
| Regular instruction | \$ 348,061 |
| Special instruction | 60,924 |
| Vocational instruction | 94,920 |
| Adult instruction | 17,478 |
| Other instruction | <u>25,638</u> |
| Total instruction | <u>547,021</u> |

Support services:

| | |
|---|-------------------|
| Student support | 10,420 |
| Food service | 14,027 |
| General administration | 51,557 |
| School administration | 87,895 |
| Operation and maintenance of plant services | 50,746 |
| Student transportation | <u>50,110</u> |
| Total support services | <u>264,755</u> |
| Total | <u>\$ 811,776</u> |

4. Construction and Other Significant Commitments

Construction commitments: The District has one active construction projects as of June 30, 2020 as follows:

| <u>Project</u> | <u>Spent-to-Date</u> | <u>Estimated Costs</u> |
|--------------------|----------------------|------------------------|
| Findlay Family Gym | <u>\$ 10,000</u> | <u>\$ 100,000</u> |

5. Interfund Balances

In the fund financial statements, activity between funds that are representative of borrowing agreements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Interfund receivable and payable amounts at June 30, 2020, are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | |
|------------------------|-------------------------------------|-------------------|
| General Fund | Federal Grants Special Revenue Fund | \$ 149,495 |
| | State Grants Special Revenue Fund | <u>73,702</u> |
| | | <u>\$ 223,197</u> |

The \$223,197 payable to the General Fund is due to expenditures related to these funds that were covered by the General Fund due to grant revenues received after June 30, 2020. These amounts are expected to be paid with current resources.

6. Long-Term Debt

General Obligation Bonds: The District issued general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general District activities. In addition, refunding general obligation bonds have been issued to refund general obligation bonds.

**LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-Term Debt

General obligation bonds currently outstanding are as follows:

| <u>General Obligation Bonds</u> | <u>Sale Date</u> | <u>Original Borrowing</u> | <u>Interest Rates to Maturity</u> | <u>Final Maturity</u> | <u>Outstanding June 30, 2020</u> |
|---------------------------------|------------------|---------------------------|-----------------------------------|-----------------------|----------------------------------|
| School Building Bond | 2009 | \$2,025,000 | 5.15% | 2029 | \$ 1,435,000 |
| School Building Bond (QSCB) | 2010 | 650,000 | 7.45 | 2027 | 625,000 |
| Refunding Bonds | 2012 | 3,084,300 | 2.53 | 2028 | <u>1,523,400</u> |
| | | | | | <u>\$ 3,583,400</u> |

Annual debt service requirements to maturity for general obligation bonds are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Annual Debt Service</u> | <u>Interest Subsidy</u> | <u>Net Annual Debt Service</u> |
|-----------------------------|---------------------|-------------------|----------------------------|-------------------------|--------------------------------|
| 2021 | \$ 342,600 | \$ 155,937 | \$ 498,537 | \$(33,062) | \$ 465,475 |
| 2022 | 337,800 | 145,216 | 483,016 | (33,062) | 449,954 |
| 2023 | 350,100 | 132,909 | 483,009 | (33,062) | 449,947 |
| 2024 | 362,800 | 120,220 | 483,020 | (33,062) | 449,958 |
| 2025 | 376,100 | 106,874 | 482,974 | (33,062) | 449,912 |
| 2026-2029 | <u>1,814,000</u> | <u>207,027</u> | <u>2,021,027</u> | <u>(66,124)</u> | <u>1,954,903</u> |
| | <u>\$ 3,583,400</u> | <u>\$ 868,183</u> | <u>\$4,451,583</u> | <u>\$(231,434)</u> | <u>\$4,220,149</u> |

Capital Lease Payable: The District entered into lease agreements for financing the acquisition of two vehicles valued at \$94,629 in March of 2020. The leases have been classified as a capital leases according to generally accepted accounting principles. The leases contain non-funding clauses whereby the leases are terminated without penalty should the District fail in a budget year to appropriate money for the payment. The leases are payable over a three year period at an interest rate of 0% payable through March 1, 2022. The vehicles have a five year estimated useful life. This year, \$6,309 is included in accumulated depreciation.

The future minimum lease obligations as of June 30, 2020, were as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> |
|-----------------------------|------------------|
| 2021 | \$ 31,543 |
| 2022 | <u>31,543</u> |
| | <u>\$ 63,086</u> |

Changes in long-term liabilities: During the year ended June 30, 2020, the following changes occurred:

| | <u>Balance July 1, 2019</u> | <u>Net Additions</u> | <u>Net Reductions</u> | <u>Balance June 30, 2020</u> | <u>Due Within One Year</u> |
|-----------------------------|-----------------------------|----------------------|-----------------------|------------------------------|----------------------------|
| General obligation debt | \$ 3,914,800 | \$ 0 | \$ 331,400 | \$ 3,583,400 | \$ 342,600 |
| Plus premiums | 6,458 | 0 | 761 | 5,697 | 0 |
| Less discounts | (4,000) | 0 | (400) | (3,600) | 0 |
| Total bonds payable | 3,917,258 | 0 | 331,761 | 3,585,497 | 342,600 |
| Capital lease | 0 | 94,629 | 31,543 | 63,086 | 31,543 |
| Compensated absences | 885,605 | 86,160 | 0 | 971,765 | 281,812 |
| Net pension obligation | 15,976,555 | 0 | 598,221 | 15,378,334 | 0 |
| OPEB obligation | 4,393,470 | 68,528 | 0 | 4,461,998 | 0 |
| Total long-term liabilities | <u>\$ 25,172,888</u> | <u>\$ 249,317</u> | <u>\$ 961,525</u> | <u>\$ 24,460,680</u> | <u>\$ 655,955</u> |

Compensated absences will be liquidated by the General Fund and general obligation debt paid by the Debt Service Fund.

Nevada Revised Statute 350.020 requires that the Board establish a reserve account within its debt service fund for payment of the outstanding bonds of the District. Currently, the account must be established and maintained in an amount at least equal to the lesser of 50% the amount of principal and interest payments due on all of the outstanding bonds of the District in the next fiscal year or 10% of the outstanding principal amount of the outstanding bonds of the District. The amounts on deposit in the reserve account are not directly pledged to pay debt service on the debt and, if permitted, may be used for other purposes. As of June 30, 2020, the amount required to fund the reserve account was \$249,269 which was fully funded by the District in the Debt Service Fund in the amount of \$626,175. Per Nevada Revised Statute Chapter 387.400, the debt limitation for the District is equal to 15 percent of the assessed valuation of property, excluding motor vehicles. The debt limitation currently applicable at June 30, 2020, was \$43,608,920.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE D – DETAILED NOTES ON ALL FUNDS (Continued)

7. Interfund Transfers

In the fund financial statements, interfund transfers are shown as other financing sources or uses. Transfers between funds during the year ended June 30, 2020, are as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> | |
|-----------------------------|---------------------|----------------------|------------------------|
| | | <u>General Fund</u> | <u>COB High School</u> |
| General Fund | \$ 100,000 | \$ 0 | \$ 100,000 |
| Special Education | 330,000 | 330,000 | 0 |
| Nonmajor Governmental Funds | <u>1,312,000</u> | <u>1,312,000</u> | <u>0</u> |
| | <u>\$ 1,742,000</u> | <u>\$ 1,642,000</u> | <u>\$ 100,000</u> |

Significant interfund transfers made during the year: included \$1,642,000 was transferred from the General Fund which represents the Distributive Education revenue received by the District for COB High School Fund (\$1,097,000), general revenue to supplement special education expenses in the Special Education Fund (\$330,000), Food Service fund supplement of (\$70,000), and Capital Projects supplement of (\$145,000). COB High School Fund transferred \$100,000 to the General Fund to pay for administration of the school.

8. Unearned Revenues

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and also in connection with the resources that have been received but not yet earned. A summary of unearned revenue for the governmental funds in the aggregate at June 30, 2020, follows:

| | <u>Federal Grants</u> | <u>Nonmajor Funds</u> |
|------------------|---------------------------|---------------------------|
| Local programs | \$ 0 | \$ 8,511 |
| State programs | 0 | 82,388 |
| Federal programs | <u>3,737</u> | <u>0</u> |
| Total | <u>\$ 3,737</u> | <u>\$ 90,899</u> |

Local, State, and Federal programs unearned revenue consist primarily of grant funds received in advance of expenditures.

9. Unavailable Revenue

Delinquent taxes receivable not collected within sixty days after year-end are recorded as deferred inflows of resources as they are not available to pay liabilities of the current period. Unavailable tax revenue in the General Fund was \$20,409 and in the Debt Service Fund was \$6,071 at June 30, 2020.

NOTE E - OTHER INFORMATION

1. Risk Management

Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters as are all entities. The District has joined together with similar public agencies throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (NPAIP) is a public entity risk pool currently operating as a common risk management and insurance program for members. The District pays an annual premium and specific deductibles, as necessary, to NPAIP for its general insurance coverage. NPAIP is considered a self-sustaining risk pool that will provide liability coverage for its members up to \$10,000,000 per event and a \$10,000,000 general aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sub-limits established for earthquake, flood, equipment breakdown and money and securities. The maintenance deductible is \$2,000 for each insured event.

The District purchases insurance through a commercial carrier for all other risks of loss, including specific risks of loss not covered by NPAIP or PACT.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE E - OTHER INFORMATION (Continued)

1. Risk Management (Continued)

Insurance (Continued)

The District has also joined together with similar public agencies to create a pool under the Nevada Interlocal Cooperation Act for workers compensation insurance. The Public Agency Compensation Trust (PACT) is an intergovernmental self-insurance association for workers compensation insurance. The District pays premiums based upon payroll costs to the PACT. The PACT is considered a self-sustaining pool that will provide coverage based upon statutory limits.

The District is self-funded for unemployment claims. The self-funded Unemployment Compensation Fund is accounted for in an Internal Service Fund. Premiums charged are based on estimates of the amounts needed to pay actual and projected claims, to support self-insurance operational costs, and to establish a self-insured reserve for incurred losses. The reserve in the fund was \$33,558 at June 30, 2020, and is reported as net position for the Unemployment Compensation Internal Service Fund. Unemployment compensation claims payable at June 30, 2020 were \$0.

2. Contingent Liabilities

Litigation and Claims

Counsel for the School District has indicated there is no pending or threatened litigation against the District.

Grants

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

Construction Commitments

The District has no significant construction commitments as of June 30, 2020.

Coronavirus (COVID-19)

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic. The President of the United States declared the outbreak of coronavirus a national emergency on March 13, 2020. The related health crisis has adversely affected the global economy, including disruptions to domestic and international travel and the hospitality industry in the State of Nevada.

In response to the Coronavirus pandemic, the Governor of Nevada issued several declarations of emergency to mitigate the health impact of the pandemic. Directives included the closure of gaming establishments, non-essential businesses and onsite dining at restaurants and food establishments. The directives also ordered the closure of onsite education for kindergarten through 12th grade schools through the end of the 2019-2020 school year.

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and the State to Nevada to address it will continue to impact national and local economies. The full impact on the State of Nevada and the District's financial condition is not expected to be known for some time. The impact on the District's future operations as a result of the Coronavirus is difficult to predict due to uncertainties relating to its duration and severity, as well as additional actions that may be taken by governmental and other health care authorities to contain or mitigate the effects of the virus. The possible reemergence of the virus later in the year could have an adverse financial effect on the District. The District is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and meet its obligations. Given the level of uncertainty, management cannot reasonably estimate the actual impact on the District's future financial position at this time.

**LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE E - OTHER INFORMATION (Continued)

3. Pension Plan

Plan Description. All half time and greater District employees are provided pension benefits through the Public Employees' Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer, defined benefit plan administered by the Public Employees' Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. NRS Chapter 286 establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees' Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS that can be obtained at www.nvpers.org under Quick Links — Publications.

Benefits Provided. Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months. Vested members are entitled to a life-time monthly retirement benefit equal to the service time multiplier (STM) percentages listed below times the member's years of service to a maximum of 30 years. The schedule of Eligibility for Monthly Unreduced Retirement Benefits for regular members and police/fire members are as follows:

Eligibility for Regular Members:

| Years of Service | Hired prior to 07/01/01 | | Hired between 07/01/01-12/31/09 | | Hired Between 01/01/10-07/01/15 | | Hired After 7/1/15 | |
|------------------|-------------------------|-------|---------------------------------|-------|---------------------------------|-------|--------------------|-------|
| | Age | STM% | Age | STM% | Age | STM% | Age | STM% |
| 5 years | 65 | 2.50% | 65 | 2.67% | 65 | 2.50% | 65 | 2.25% |
| 10 years | 60 | 2.50% | 60 | 2.67% | 62 | 2.50% | 62 | 2.25% |
| 30 years | Any | 2.50% | Any | 2.67% | Any | 2.50% | 55 | 2.25% |
| 33 1/3 years | | | | | | | Any | 2.25% |

Eligibility for Police and Fire Members:

| Years of Service | Hired prior to 07/01/01 | | Hired between 07/01/01-12/31/09 | | Hired Between 01/01/10-07/01/15 | | Hired After 7/1/15 | |
|------------------|-------------------------|-------|---------------------------------|-------|---------------------------------|-------|--------------------|-------|
| | Age | STM% | Age | STM% | Age | STM% | Age | STM% |
| 5 years | 65 | 2.50% | 65 | 2.67% | 65 | 2.50% | 65 | 2.50% |
| 10 years | 55 | 2.50% | 55 | 2.67% | 60 | 2.50% | 60 | 2.50% |
| 20 years | 50 | 2.50% | 50 | 2.67% | 50 | 2.50% | 50 | 2.50% |
| 25 years | Any | 2.50% | Any | 2.67% | | | | |
| 30 years | | | | | Any | 2.50% | Any | 2.50% |

* Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions: Benefits for plan members are funded under the employer pay contribution plan. The District is required to contribute all amounts due under the plan. PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The District's required contribution rate for the year ending June 30, 2020, was 29.25% shared equally by employer and employee. The District has fully funded the amounts due for the year ending June 30, 2020.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE E - OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

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

At June 30, 2020, the District reported a liability of \$15,378,334 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2019. The District's proportionate share of the net pension liability decreased from 0.11715 percent at June 30, 2018 to 0.11278 percent at June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$1,469,573. 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 results | \$ 576,670 | \$ 443,568 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 765,017 |
| Changes of assumptions | 625,835 | 0 |
| Changes in proportion | 345,774 | 1,026,945 |
| District Contributions subsequent to measurement date | 1,172,145 | 0 |
| Total | \$ 2,720,424 | \$ 2,235,530 |

\$1,172,145 was reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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 June 30: | |
|---------------------|-------------|
| 2021 | \$(44,567) |
| 2022 | (421,146) |
| 2023 | (61,937) |
| 2024 | (92,462) |
| 2025 | (57,093) |
| 2026 | (10,046) |
| | \$(687,251) |

**LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE E - OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

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

Actuarial Assumptions: The System's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|---|
| Inflation rate | 2.75% |
| Payroll Growth | Regular: 5.50% Police/Fire: 6.50% |
| Investment Rate of Return | 7.50%, including inflation |
| Productivity pay increase | 0.50% |
| Projected Salary increases | Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases |
| Other assumptions | Same as those used in the June 30, 2019 funding actuarial valuation |

Mortality rates were based on the following:

| | |
|----------------|--|
| Healthy: | Headcount-Weighted RP-2014 Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. |
| Disabled: | Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. |
| Pre-Retirement | Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016 |

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience study for the period of July 1, 2012 through June 30, 2016. The System's policies which determine the investment portfolio target asset allocation are established by the Public Employees' Retirement Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the Board adopted policy target asset allocation as of June 30, 2019:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Geometric Expected Real Rate of Return*</u> |
|---------------------|--------------------------|--|
| U.S. Stock | 42% | 5.50% |
| International Stock | 18% | 5.50% |
| U.S. Bonds | 28% | 0.75% |
| Private Markets | 12% | 6.65% |

*As of June 30, 2019, PERS' long-term inflation assumption was 2.75%

Discount Rate. The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2019, 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 as of June 30, 2019.

**LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE E - OTHER INFORMATION (Continued)

3. Pension Plan (Continued)

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

Sensitivity of the District's proportionate share of the net pension liability to change in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 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 percent higher or lower than the current rate.

| | 1.0% Decrease (6.50%) | Discount Rate (7.50%) | 1.0% Increase (8.50%) |
|---|----------------------------------|----------------------------------|----------------------------------|
| District's proportionate share of the net pension liability | \$ 23,811,962 | \$ 15,378,334 | \$ 8,368,409 |

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Pension contributions payable. At June 30, 2020, the District reported payables to the defined benefit pension plan of \$193,288 for legally required employer contributions which had not yet been remitted to PERS.

4. Post-employment Healthcare Plan

Plan Descriptions: The District administers a single-employer defined benefit health care plan, the Lincoln County School District Health Care Plan (LCHCP). Additionally, the District contributes to an agent multiple-employer defined benefit postemployment health care plan, the Public Employees' Benefit Plan (PEBP). Each plan provides medical, vision, dental, and life insurance benefits to eligible retired District employees and beneficiaries. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Public Employee Benefit Plan (PEBP).

The District subsidizes eligible retirees' contributions to the Public Employees' Benefits Plan (PEBP), an agent multiple-employer defined benefit postemployment health care plan administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. The plan is now closed to current LCSD retirees. However, district employees who previously met the eligibility requirement for retirement within the Nevada Public Employees' Retirement System had the option upon retirement to enroll in coverage under the PEBP and the subsidy provided by the District was determined by their number of years of service. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV 89701, by calling (775) 684-7000, or by accessing the website at <https://pebp.state.nv.us> under Resources – Fiscal & Utilization Reports.

Employees covered by benefit terms. At June 30, 2020, the following employees were covered by the benefit terms:

| | |
|--|----|
| Inactive employees or beneficiaries currently receiving benefit payments | 49 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Active employees | 0 |
| | 49 |

**LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE E - OTHER INFORMATION (Continued)

4. Post-employment Healthcare Plan (Continued)

Public Employee Benefit Plan (PEBP) (Continued).

Funding Policy NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired district employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. Effective July 2015, the subsidy provided to pre-Medicare retirees varies based on the type of plan selected (PPO or HMO) and by the level of coverage taken (e.g., single, two party, family, etc.). The chart below shows our understanding of monthly amounts currently payable for those with 15 years of PERS service.

| Coverage Level | PPO CDHP | | Statewide EPO/HMO | |
|----------------------|---------------------|----------------|-------------------|----------------|
| | Base Subsidy | SB 552 Subsidy | Base Subsidy | SB 552 Subsidy |
| | 15 Years of Service | | | |
| Retiree Only | \$ 813.80 | \$163.65 | \$ 398.00 | \$ (11.66) |
| Retiree + Spouse | 1,389.86 | 419.51 | 630.93 | (28.22) |
| Retiree + Child(ren) | 1,212.52 | 384.79 | 527.69 | (5.39) |
| Retiree + Family | 1,788.58 | 640.65 | 760.62 | (21.95) |

All Medicare eligible retirees participate in a Medicare Exchange with PEBP providing a service related contribution to a Health Reimbursement Arrangement (HRA) equal to \$13 per month, per year of service (maximum \$260 per month). The contribution requirements of plan members and the District are established and amended by the PEBP board of trustees. As a participating employer, the District is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it.

For fiscal year 2020, the District contributed \$179,964 to the plan for current premiums. The District did not prefund any future benefits.

Lincoln County School District Health Care Plan (LCHCP).

Benefit provisions for LCHCP are established pursuant to NRS 287.023 and amended through negotiations between the District and the respective employee associations. NRS 288.150 assigns the authority to establish benefit provisions to the Lincoln County School District Board of Trustees. The plan provides health care insurance for eligible retirees through the District's group health insurance plan, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby benefitting from an implicit subsidy. The District does not contribute toward the plan premium costs. Retired employees pay the monthly premium. LCHCP does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees covered by benefit terms. At June 30, 2020, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 101 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Active employees | <u>144</u> |
| | <u>245</u> |

Funding Policy Contribution requirements of the plan members and the District are established and may be amended through negotiations between the District and the various employee associations. The District does not contribute money for eligible retired employees toward the cost of the health care premium in retirement; the cost is paid by the retiree and coverage ends at age 65. The pay-as-you-go premiums are based on a blended rate that blends active participants and retirees. The District's contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates and is determined in actuarial studies contracted for by the District. The implicit subsidy as determined by the actuary is \$48,280.

Important Dates used in the Valuation:

| | |
|---------------------|--------------------------------|
| Valuation Date: | June 30, 2018 |
| Measurement Date: | June 30, 2019 |
| Measurement Period: | June 30, 2018 to June 30, 2019 |
| Fiscal Year End: | June 30, 2020 |

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

E. OTHER INFORMATION (Continued)

10. Post-employment Healthcare Plan (Continued)

Significant Results and Differences from the Prior Valuation:

The assumptions used to develop the information in this report are the same assumptions used for the June 30, 2018 valuation. No assumptions were changed other than to update the discount rate to reflect the bond index rate.

Total Other Post-Employment Benefits (OPEB) Liability

The District's OPEB liability of \$4,461,998 was measured as of June 30, 2019 and determined by actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

| | <u>LCHCP</u> | <u>PEBP</u> |
|--|--|--|
| Inflation rate | 2.75% | 2.75% |
| Salary Increase | 4.00% per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years. | Not applicable; there are no active employees in this plan. |
| Discount Rate | 2.79% | 2.79% |
| Healthcare Cost Trend Rates | 6.00% decreasing 0.5% per year to an ultimate rate of 5.00% for 2024 and later years. | Pre-Medicare: 6.00% decreasing 0.5% per year to an ultimate rate of 5.00% for 2024 and later years. After Medicare: 4.50% per year. |
| Retirees' share of benefit-related costs | 100% | 0% |

The discount rate was based on the S & P General Obligation Municipal Bond 20-year High Grade Index.

Mortality rates were based on the RPH-2014 Healthy Annuitant, as appropriate, with adjustments for mortality improvements based on the MacLeod Watts Scale 2017.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period of June 30, 2018, to June 30, 2019.

Changes in the Total OPEB Liability

| | <u>LCHCP</u> | <u>PEBP</u> | <u>Totals</u> |
|--|---------------------|---------------------|---------------------|
| Service cost | \$ 60,269 | \$ 0 | \$ 60,269 |
| Interest | 41,646 | 87,785 | 129,431 |
| Changes of benefit terms | 0 | 0 | 0 |
| Differences between expected and actual experience | 0 | 0 | 0 |
| Changes in assumptions or other inputs | 33,587 | 66,067 | 99,654 |
| Benefit payments | <u>(53,837)</u> | <u>(166,989)</u> | <u>(220,826)</u> |
| Net changes | <u>81,665</u> | <u>(13,137)</u> | <u>68,528</u> |
| Net OPEB obligation - beginning of the year | <u>1,364,175</u> | <u>3,029,295</u> | <u>4,393,470</u> |
| Net OPEB obligation - end of year | <u>\$ 1,445,840</u> | <u>\$ 3,016,158</u> | <u>\$ 4,461,998</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.98% as of June 30, 2018, to 2.79% as of June 30, 2019.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

E. OTHER INFORMATION (Continued)

4. Post-employment Healthcare Plan (Continued)

Sensitivity of the District's total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percent higher or lower than the current rate.

| | 1.0% Decrease | Discount Rate | 1.0% Increase |
|----------------------|----------------------|----------------------|----------------------|
| | (1.79%) | (2.79%) | (3.79%) |
| LCHCP | \$ 1,643,829 | \$ 1,445,840 | \$ 1,281,620 |
| PEBP | 3,405,743 | 3,016,158 | 2,693,234 |
| Total OPEB Liability | \$ 5,049,572 | \$ 4,461,998 | \$ 3,974,854 |

Sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percent higher or lower than the current healthcare cost trend rates:

| | 1.0% Decrease | Discount Rate | 1.0% Increase |
|----------------------|----------------------|----------------------|----------------------|
| LCHCP | \$ 1,363,706 | \$ 1,445,840 | \$ 1,561,174 |
| PEBP | 2,704,944 | 3,016,158 | 3,383,882 |
| Total OPEB Liability | \$ 4,068,650 | \$ 4,461,998 | \$ 4,945,056 |

OPEB Expense and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$186,923. 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 | \$ 0 | \$ 115,748 |
| Changes of assumptions or other inputs | 28,536 | 224,974 |
| District Contributions subsequent to measurement date | 228,244 | 0 |
| Total | \$ 256,780 | \$ 340,722 |

\$228,244 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | LCHCP | PEBP | Total Liability |
|---------------------|--------------|-------------|------------------------|
| Year ended June 30: | | | |
| 2021 | \$(68,844) | \$ 0 | \$(68,844) |
| 2022 | (68,844) | 0 | (68,844) |
| 2023 | (68,844) | 0 | (68,844) |
| 2024 | (68,844) | 0 | (68,844) |
| 2025 | (40,091) | 0 | (40,091) |
| Thereafter | 3,281 | 0 | (45,142) |
| | \$(312,186) | \$ 0 | \$(312,186) |

5. Tax Abatement

For the year ended June 30, 2020, the amount of tax abatements are \$120,002. The tax revenues abated were property tax revenues under agreements with the State of Nevada.

**LINCOLN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2020**

| | 6/30/2020 | | 6/30/2019 | | 6/30/2018 | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | PEBP | LCHCP | PEBP | LCHCP | PEBP | LCHCP |
| Total OPEB Liability | | | | | | |
| Service cost | \$ - | \$ 60,269 | \$ - | \$ 92,914 | \$ - | \$ 97,478 |
| Interest | 87,785 | 41,646 | 86,936 | 54,866 | 80,468 | 47,121 |
| Changes of benefit terms | - | - | - | - | - | - |
| Differences between expected and actual experience | - | - | (9,225) | (165,496) | - | - |
| Changes of assumptions or other inputs | 66,067 | 33,587 | 255,869 | (246,911) | (145,202) | (88,015) |
| Benefit Payments | <u>(166,989)</u> | <u>(53,837)</u> | <u>(163,573)</u> | <u>(62,410)</u> | <u>(157,003)</u> | <u>(52,284)</u> |
| Net Change in total OPEB liability | (13,137) | 81,665 | 170,007 | (327,037) | (221,737) | 4,300 |
| Total OPEB liability - beginning | <u>3,029,295</u> | <u>1,364,175</u> | <u>2,859,288</u> | <u>1,691,212</u> | <u>3,081,025</u> | <u>1,686,912</u> |
| Total OPEB liability - ending | <u>\$ 3,016,158</u> | <u>\$ 1,445,840</u> | <u>\$ 3,029,295</u> | <u>\$ 1,364,175</u> | <u>\$ 2,859,288</u> | <u>\$ 1,691,212</u> |
| Covered-employee payroll | \$ - | \$ 7,625,500 | \$ - | \$ 7,345,114 | \$ - | \$ 7,767,571 |
| | | | | | | |
| Total OPEB liability as a percentage of covered-employee payroll | N/A | 18.96% | N/A | 18.57% | N/A | 21.77% |

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

| | |
|-----------|------|
| 6/30/2020 | 2.79 |
| 6/30/2019 | 2.98 |
| 6/30/2018 | 3.13 |
| 6/30/2017 | 2.68 |

**Fiscal year 2018 was the first year of implementation. Therefore, only three years are shown.*

See accompanying notes to required supplementary information.

**LINCOLN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2020**

| Year Ended June 30 | Contractually Determined Contributions | Contributions in Relation to the Actuarially Determined Contributions | Contribution Deficiency (Excess) | Covered Employee Payroll | Contributions as a Percentage of Covered Employee Payroll |
|-----------------------|--|---|--|--------------------------------|---|
| 2013 | \$ 1,588,567 | \$ 1,588,567 | \$ - | \$ 6,688,703 | 23.75% |
| 2014 | 1,781,744 | 1,781,744 | - | 6,919,394 | 25.75% |
| 2015 | 1,777,321 | 1,777,321 | - | 6,902,217 | 25.75% |
| 2016 | 2,061,091 | 2,061,091 | - | 7,361,039 | 28.00% |
| 2017 | 2,193,069 | 2,193,069 | - | 7,832,389 | 28.00% |
| 2018 | 1,079,942 | 1,079,942 | - | 7,713,871 | 14.00% |
| 2019 | 1,084,788 | 1,084,788 | - | 7,748,486 | 14.00% |
| 2020 | 1,157,758 | 1,157,758 | - | 7,916,290 | 14.63% |

**Information previous to 2013 is not available.*

Beginning with the fiscal year-ended 2018, all contributions shown reflect employer-paid contributions only, and employer-paid member contributions are excluded. Actuarially Determined Contributions above are based on actuarially determined contribution rates (employer portion only) from the most recent rate-setting year prior to the year shown, applied to covered payroll for years shown.

See accompanying notes to required supplementary information.

**LINCOLN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF NEVADA
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2020**

| Reporting Year Ended June 30: | District's proportion of the net pension liability | District's proportionate share of the net pension liability | District's covered- employee payroll | District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total pension liability |
|-------------------------------------|---|--|---|---|--|
| 2015 | 0.11840% | 12,339,279 | 6,919,394 | 178.33% | 76.31% |
| 2016 | 0.11533% | 13,216,671 | 6,902,217 | 191.48% | 75.10% |
| 2017 | 0.12177% | 16,386,271 | 7,361,039 | 222.61% | 72.20% |
| 2018 | 0.12216% | 16,246,739 | 7,832,389 | 207.43% | 74.40% |
| 2019 | 0.11715% | 15,976,555 | 7,713,871 | 207.11% | 75.20% |
| 2020 | 0.11278% | 15,378,334 | 7,748,486 | 198.47% | 76.50% |

**Fiscal year 2015 was the first year of implementation. Therefore, only six years are shown.*

The District's proportionate share of the net pension liability is based upon the measurement taken on June 30th of the prior year.

See accompanying notes to required supplementary information.

LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Note 1 – Net Pension Liability

Changes in benefit terms. There have been no changes in benefit terms since the last valuation.

Changes in assumptions. There have been no changes in assumptions.

Note 2 – Other Post-Employment Benefits Liability

Changes in benefit terms. There have been no changes in benefit terms since the last valuation.

Changes in assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|---|-------------------------|-------------------------|
| <u>ASSETS</u> | | |
| Pooled cash and investments | \$ 1,869,846 | \$ 1,527,424 |
| Taxes receivable | 23,348 | 25,724 |
| Due from other governments | 167,037 | 389,545 |
| Due from other funds | <u>223,197</u> | <u>535,175</u> |
| Total assets | <u>\$ 2,283,428</u> | <u>\$ 2,477,868</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ 370,052 | \$ 226,270 |
| Accrued payroll | <u>1,005,943</u> | <u>951,849</u> |
| Total liabilities | <u>1,375,995</u> | <u>1,178,119</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Unavailable revenue - property taxes | <u>20,409</u> | <u>20,407</u> |
| <u>FUND BALANCE</u> | | |
| Assigned | 473,644 | 735,399 |
| Unassigned | <u>413,380</u> | <u>543,943</u> |
| Total fund balance | <u>887,024</u> | <u>1,279,342</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,283,428</u> | <u>\$ 2,477,868</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- | 2019 |
|-------------------------------------|-----------------------|-----------------------|------------------------|-----------------------|
| | Budget | Actual | Positive (Negative) | Actual |
| Revenues: | | | | |
| Local sources: | | | | |
| Ad valorem taxes | \$ 1,788,838 | \$ 1,749,996 | \$ (38,842) | \$ 1,718,431 |
| Local school support taxes | 463,302 | 459,059 | (4,243) | 431,695 |
| Governmental service tax | 352,981 | 375,475 | 22,494 | 381,955 |
| Investment income | 100 | 470 | 370 | 420 |
| Rent | 100 | - | (100) | 94 |
| Other income | <u>10,000</u> | <u>19,272</u> | <u>9,272</u> | <u>42,682</u> |
| Total local sources | <u>2,615,321</u> | <u>2,604,272</u> | <u>(11,049)</u> | <u>2,575,277</u> |
| State sources: | | | | |
| Distributive school | 9,331,834 | 9,513,170 | 181,336 | 9,405,067 |
| Distributive share-counseling grant | <u>50,000</u> | <u>-</u> | <u>(50,000)</u> | <u>-</u> |
| Total state sources | <u>9,381,834</u> | <u>9,513,170</u> | <u>131,336</u> | <u>9,405,067</u> |
| Federal sources: | | | | |
| National forest | - | 14,947 | 14,947 | 17,028 |
| E-Rate | 80,000 | 44,239 | (35,761) | 75,708 |
| National fish and wildlife | <u>-</u> | <u>1,641</u> | <u>1,641</u> | <u>-</u> |
| Total federal sources | <u>80,000</u> | <u>60,827</u> | <u>(19,173)</u> | <u>92,736</u> |
| Total revenues | <u>12,077,155</u> | <u>12,178,269</u> | <u>101,114</u> | <u>12,073,080</u> |

LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

| | 2020 | | Variance- | |
|---|------------------|------------------|------------------------|------------------|
| | Budget | Actual | Positive (Negative) | 2019 Actual |
| Expenditures: | | | | |
| Current: | | | | |
| Regular programs: | | | | |
| Instruction: | | | | |
| Salaries | \$ 3,114,346 | \$ 3,073,911 | \$ 40,435 | \$ 3,089,983 |
| Benefits | 1,437,465 | 1,398,528 | 38,937 | 1,318,877 |
| Purchased services | 15,000 | 11,363 | 3,637 | 3,500 |
| Supplies | 155,000 | 136,552 | 18,448 | 107,427 |
| Property | <u>14,259</u> | <u>10,992</u> | <u>3,267</u> | <u>-</u> |
| Total regular programs | <u>4,736,070</u> | <u>4,631,346</u> | <u>104,724</u> | <u>4,519,787</u> |
| Vocational programs: | | | | |
| Instruction: | | | | |
| Salaries | 489,900 | 487,957 | 1,943 | 459,468 |
| Benefits | 216,594 | 213,109 | 3,485 | 200,127 |
| Purchased services | 2,259 | 569 | 1,690 | 822 |
| Supplies | <u>17,494</u> | <u>16,521</u> | <u>973</u> | <u>14,746</u> |
| Total vocational programs | <u>726,247</u> | <u>718,156</u> | <u>8,091</u> | <u>675,163</u> |
| Co-curricular and extra curricular activities: | | | | |
| Co-curricular activities: | | | | |
| Instruction: | | | | |
| Purchased services | - | - | - | 257 |
| Supplies | <u>135</u> | <u>135</u> | <u>-</u> | <u>177</u> |
| Total co-curricular activities | <u>135</u> | <u>135</u> | <u>-</u> | <u>434</u> |
| Athletics: | | | | |
| Instruction: | | | | |
| Salaries | 76,200 | 76,132 | 68 | 72,733 |
| Benefits | 9,165 | 8,092 | 1,073 | 7,549 |
| Purchased services | 70,000 | 68,951 | 1,049 | 82,152 |
| Supplies | 31,715 | 31,698 | 17 | 30,449 |
| Other | <u>2,638</u> | <u>2,638</u> | <u>-</u> | <u>2,555</u> |
| Total athletics | <u>189,718</u> | <u>187,511</u> | <u>2,207</u> | <u>195,438</u> |
| Total co-curricular and extra curricular activities | <u>189,853</u> | <u>187,646</u> | <u>2,207</u> | <u>195,872</u> |

LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

| | 2020 | | Variance- | 2019 |
|------------------------------------|------------------|------------------|------------------------|------------------|
| | Budget | Actual | Positive (Negative) | Actual |
| Expenditures (continued): | | | | |
| Undistributed expenditures: | | | | |
| Student support: | | | | |
| Salaries | \$ 204,500 | \$ 154,459 | \$ 50,041 | \$ 84,128 |
| Benefits | 91,351 | 89,881 | 1,470 | 39,391 |
| Purchased services | 200 | - | 200 | - |
| Supplies | <u>1,060</u> | <u>949</u> | <u>111</u> | <u>196</u> |
| Total student support | <u>297,111</u> | <u>245,289</u> | <u>51,822</u> | <u>123,715</u> |
| Instruction staff support: | | | | |
| Supplies | <u>5,043</u> | <u>3,769</u> | <u>1,274</u> | <u>4,297</u> |
| General administration: | | | | |
| Salaries | 429,527 | 429,527 | - | 402,800 |
| Benefits | 311,859 | 295,714 | 16,145 | 184,221 |
| Purchased services | 669,850 | 673,601 | (3,751) | 656,397 |
| Supplies | 207,956 | 200,109 | 7,847 | 211,551 |
| Property | 71,703 | 77,114 | (5,411) | - |
| Other | <u>25,681</u> | <u>24,681</u> | <u>1,000</u> | <u>21,652</u> |
| Total general administration | <u>1,716,576</u> | <u>1,700,746</u> | <u>15,830</u> | <u>1,476,621</u> |
| School administration: | | | | |
| Salaries | 1,075,682 | 1,074,308 | 1,374 | 1,124,178 |
| Benefits | 496,000 | 487,921 | 8,079 | 479,644 |
| Purchased services | 50,752 | 44,162 | 6,590 | 43,311 |
| Supplies | 55,886 | 42,761 | 13,125 | 59,248 |
| Property | 1,000 | 1,000 | - | - |
| Other | <u>1,172</u> | <u>487</u> | <u>685</u> | <u>180</u> |
| Total school administration | <u>1,680,492</u> | <u>1,650,639</u> | <u>29,853</u> | <u>1,706,561</u> |
| Operating/maintenance: | | | | |
| Salaries | 502,242 | 502,242 | - | 475,675 |
| Benefits | 244,201 | 240,703 | 3,498 | 226,955 |
| Purchased services | 141,408 | 128,924 | 12,484 | 121,956 |
| Supplies | 331,609 | 292,198 | 39,411 | 327,907 |
| Property | <u>19,636</u> | <u>16,862</u> | <u>2,774</u> | <u>8,430</u> |
| Total operating/maintenance | <u>1,239,096</u> | <u>1,180,929</u> | <u>58,167</u> | <u>1,160,923</u> |

LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

| | 2020 | | Variance- | 2019 |
|--|--------------------|--------------------|------------------------|---------------------|
| | Budget | Actual | Positive (Negative) | Actual |
| Expenditures (continued): | | | | |
| Undistributed expenditures (continued): | | | | |
| Student transportation: | | | | |
| Salaries | \$ 193,550 | \$ 193,550 | \$ - | \$ 207,942 |
| Benefits | 106,308 | 104,934 | 1,374 | 97,056 |
| Purchased services | 25,871 | 20,580 | 5,291 | 28,813 |
| Supplies | 140,000 | 127,970 | 12,030 | 180,428 |
| Property | 97,475 | 326,119 | (228,644) | 67,069 |
| Total student transportation | <u>563,204</u> | <u>773,153</u> | <u>(209,949)</u> | <u>581,308</u> |
| Total undistributed expenditures | <u>5,501,522</u> | <u>5,554,525</u> | <u>(53,003)</u> | <u>5,053,425</u> |
| Debt Service: | | | | |
| Principal | <u>-</u> | <u>31,543</u> | <u>(31,543)</u> | <u>15,125</u> |
| Contingency | <u>25,000</u> | <u>-</u> | <u>25,000</u> | <u>-</u> |
| Total expenditures | <u>11,178,692</u> | <u>11,123,216</u> | <u>55,476</u> | <u>10,459,372</u> |
| Excess (deficiency) of revenues over expenditures | <u>898,463</u> | <u>1,055,053</u> | <u>156,590</u> | <u>1,613,708</u> |
| Other financing sources (uses): | | | | |
| Capital lease proceeds | - | 94,629 | 94,629 | - |
| Operating transfers in | 100,000 | 100,000 | - | 100,000 |
| Operating transfers out | <u>(1,672,000)</u> | <u>(1,642,000)</u> | <u>30,000</u> | <u>(1,459,640)</u> |
| Total other financing sources (uses) | <u>(1,572,000)</u> | <u>(1,447,371)</u> | <u>124,629</u> | <u>(1,359,640)</u> |
| Net change in fund balance | (673,537) | (392,318) | 281,219 | 254,068 |
| Fund balance: | | | | |
| Beginning of year | <u>1,279,342</u> | <u>1,279,342</u> | <u>-</u> | <u>1,025,274</u> |
| End of year | <u>\$ 605,805</u> | <u>\$ 887,024</u> | <u>\$ 281,219</u> | <u>\$ 1,279,342</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR SPECIAL REVENUE FUND-SPECIAL EDUCATION FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|------------------------------------|------------|------------|
| <u>ASSETS</u> | | |
| Pooled cash and investments | \$ 558,634 | \$ 359,590 |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ - | \$ 129 |
| Accrued payroll | 218,248 | 199,904 |
| Total liabilities | 218,248 | 200,033 |
| <u>FUND BALANCE</u> | | |
| Committed for special education | 340,386 | 159,557 |
| Total liabilities and fund balance | \$ 558,634 | \$ 359,590 |

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR SPECIAL REVENUE FUND-SPECIAL EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- | |
|--|-------------------|-------------------|------------------------|-------------------|
| | Budget | Actual | Positive (Negative) | 2019 Actual |
| Revenues: | | | | |
| State sources: | | | | |
| Distributive school | \$ 1,128,642 | \$ 1,128,643 | \$ 1 | \$ 1,034,280 |
| Expenditures: | | | | |
| Current: | | | | |
| Special programs: | | | | |
| Instruction: | | | | |
| Salaries | 769,050 | 769,050 | - | 765,694 |
| Benefits | 407,000 | 400,765 | 6,235 | 401,458 |
| Purchased services | 100,000 | 99,999 | 1 | 113,373 |
| Supplies | 8,000 | 5,343 | 2,657 | 7,883 |
| Property | - | 2,657 | (2,657) | - |
| Total expenditures | <u>1,284,050</u> | <u>1,277,814</u> | <u>6,236</u> | <u>1,288,408</u> |
| Excess (deficiency) of revenues over expenditures | (155,408) | (149,171) | 6,237 | (254,128) |
| Other financing sources (uses): | | | | |
| Operating transfers in | <u>330,000</u> | <u>330,000</u> | <u>-</u> | <u>230,000</u> |
| Net change in fund balances | 174,592 | 180,829 | 6,237 | (24,128) |
| Fund balance: | | | | |
| Beginning of year | <u>159,557</u> | <u>159,557</u> | <u>-</u> | <u>183,685</u> |
| End of year | <u>\$ 334,149</u> | <u>\$ 340,386</u> | <u>\$ 6,237</u> | <u>\$ 159,557</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR SPECIAL REVENUE FUND-FEDERAL GRANTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|------------------------------------|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Due from other governments | \$ <u>254,632</u> | \$ <u>280,449</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ 33,759 | \$ 59,984 |
| Accrued payroll | 67,641 | 85,657 |
| Unearned revenue | 3,737 | 3,116 |
| Due to other funds | <u>149,495</u> | <u>131,692</u> |
| Total liabilities | 254,632 | 280,449 |
| <u>FUND BALANCE</u> | | |
| Committed | <u>-</u> | <u>-</u> |
| Total liabilities and fund balance | \$ <u>254,632</u> | \$ <u>280,449</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR SPECIAL REVENUE FUND-FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- Positive (Negative) | 2019 Actual |
|-----------------------------|----------------|----------------|-------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Federal sources: | | | | |
| Other | \$ 1,035,195 | \$ 769,051 | \$ (266,144) | \$ 995,695 |
| Expenditures: | | | | |
| Current: | | | | |
| Regular programs: | | | | |
| Instruction: | | | | |
| Salaries | 310,764 | 218,768 | 91,996 | 253,655 |
| Benefits | 89,133 | 71,240 | 17,893 | 110,407 |
| Purchased services | 15,438 | 5,783 | 9,655 | 9,321 |
| Supplies | 106,922 | 72,745 | 34,177 | 51,566 |
| Property | 34,484 | - | 34,484 | - |
| Total regular programs | <u>556,741</u> | <u>368,536</u> | <u>188,205</u> | <u>424,949</u> |
| Special programs: | | | | |
| Instruction: | | | | |
| Salaries | 123,250 | 117,959 | 5,291 | 125,456 |
| Benefits | 64,754 | 58,926 | 5,828 | 61,677 |
| Purchased services | 1,500 | - | 1,500 | 190 |
| Supplies | 5,918 | - | 5,918 | 1,258 |
| Total special programs | <u>195,422</u> | <u>176,885</u> | <u>18,537</u> | <u>188,581</u> |
| Vocational programs: | | | | |
| Instruction: | | | | |
| Purchased services | 5,940 | 918 | 5,022 | 12,421 |
| Supplies | 31,758 | 31,853 | (95) | 4,327 |
| Property | - | - | - | 16,305 |
| Total vocational programs | <u>37,698</u> | <u>32,771</u> | <u>4,927</u> | <u>33,053</u> |

LINCOLN COUNTY SCHOOL DISTRICT
MAJOR SPECIAL REVENUE FUND-FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

| | 2020 | | Variance- | 2019 |
|--|------------------|----------------|------------------------|----------------|
| | Budget | Actual | Positive (Negative) | Actual |
| Expenditures (continued): | | | | |
| Undistributed expenditures: | | | | |
| Food service: | | | | |
| Supplies | \$ 4,569 | \$ 3,733 | \$ 836 | \$ 2,946 |
| Property | 20,851 | 20,850 | 1 | 4,608 |
| Total food service | <u>25,420</u> | <u>24,583</u> | <u>837</u> | <u>7,554</u> |
| Student support: | | | | |
| Purchased services | 5,500 | 5,355 | 145 | 7,713 |
| Supplies | 1,000 | 1,045 | (45) | 381 |
| Total student support | <u>6,500</u> | <u>6,400</u> | <u>100</u> | <u>8,094</u> |
| Instruction staff support: | | | | |
| Salaries | - | - | - | 22,620 |
| Benefits | 1,335 | 510 | 825 | 1,845 |
| Purchased services | 202,449 | 159,366 | 43,083 | 308,999 |
| Supplies | 8,130 | - | 8,130 | - |
| Total instructional staff support | <u>211,914</u> | <u>159,876</u> | <u>52,038</u> | <u>333,464</u> |
| Community service operations: | | | | |
| Supplies | 1,500 | - | 1,500 | - |
| Total undistributed expenditures | <u>245,334</u> | <u>190,859</u> | <u>54,475</u> | <u>349,112</u> |
| Total expenditures | <u>1,035,195</u> | <u>769,051</u> | <u>266,144</u> | <u>995,695</u> |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Fund balance: | | | | |
| Beginning of year | - | - | - | - |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|---|-----------------------|-----------------------|
| <u>ASSETS</u> | | |
| Pooled cash and investments | \$ 610,097 | \$ 556,546 |
| Taxes receivable | 6,946 | 7,650 |
| Due from other governments | <u>15,203</u> | <u>-</u> |
| Total assets | <u>\$ 632,246</u> | <u>\$ 564,196</u> |
| <u>LIABILITIES</u> | | |
| Due to other funds | \$ - | \$ - |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Unavailable revenue - property taxes | 6,071 | 6,070 |
| <u>FUND BALANCE</u> | | |
| Restricted | <u>626,175</u> | <u>558,126</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 632,246</u> | <u>\$ 564,196</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
MAJOR FUND-DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- Positive (Negative) | 2019 Actual |
|--|-------------------|-------------------|-------------------------------------|-------------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Local sources: | | | | |
| Property tax | \$ 532,119 | \$ 521,060 | \$ (11,059) | \$ 512,202 |
| Investment income | 100 | 14,552 | 14,452 | 10,509 |
| Total local sources | <u>532,219</u> | <u>535,612</u> | <u>3,393</u> | <u>522,711</u> |
| Federal sources: | | | | |
| Interest subsidy | 32,000 | 31,933 | (67) | 31,012 |
| Fish and game in-lieu tax | 500 | 488 | (12) | 562 |
| Total federal sources | <u>32,500</u> | <u>32,421</u> | <u>(79)</u> | <u>31,574</u> |
| Total revenues | <u>564,719</u> | <u>568,033</u> | <u>3,314</u> | <u>554,285</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 331,400 | 331,400 | - | 320,600 |
| Interest and fiscal costs | 167,084 | 168,584 | (1,500) | 177,952 |
| Total expenditures | <u>498,484</u> | <u>499,984</u> | <u>(1,500)</u> | <u>498,552</u> |
| Excess (deficiency) of revenues over expenditures | 66,235 | 68,049 | 1,814 | 55,733 |
| Fund balance: | | | | |
| Beginning of year | <u>558,126</u> | <u>558,126</u> | <u>-</u> | <u>502,393</u> |
| End of year | <u>\$ 624,361</u> | <u>\$ 626,175</u> | <u>\$ 1,814</u> | <u>\$ 558,126</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020
(With Comparative Totals for June 30, 2019)**

| | Nonmajor Special Revenue Funds | Nonmajor Capital Project Funds | Totals | |
|---|--------------------------------------|--------------------------------------|---------------------|---------------------|
| | | | 2020 | 2019 |
| <u>ASSETS</u> | | | | |
| Pooled cash and investments | \$ 482,309 | \$ 233,929 | \$ 716,238 | \$ 735,072 |
| Due from other governments | <u>319,220</u> | <u>33,366</u> | <u>352,586</u> | <u>366,654</u> |
| Total assets | <u>\$ 801,529</u> | <u>\$ 267,295</u> | <u>\$ 1,068,824</u> | <u>\$ 1,101,726</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 91,015 | \$ 2,932 | \$ 93,947 | \$ 128,881 |
| Accrued payroll | 255,125 | - | 255,125 | 233,466 |
| Unearned revenue | 90,899 | - | 90,899 | 90,939 |
| Due to other funds | <u>73,702</u> | <u>-</u> | <u>73,702</u> | <u>72,240</u> |
| Total liabilities | <u>510,741</u> | <u>2,932</u> | <u>513,673</u> | <u>525,526</u> |
| <u>FUND BALANCE</u> | | | | |
| Restricted for capital projects | - | 264,363 | 264,363 | 252,455 |
| Committed for COB High School | 223,078 | - | 223,078 | 272,751 |
| Committed for food service | <u>67,710</u> | <u>-</u> | <u>67,710</u> | <u>50,994</u> |
| Total fund balance | <u>290,788</u> | <u>264,363</u> | <u>555,151</u> | <u>576,200</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 801,529</u> | <u>\$ 267,295</u> | <u>\$ 1,068,824</u> | <u>\$ 1,101,726</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

(With Comparative Actual Amounts for the Year Ended June 30, 2019)

| | Nonmajor | Nonmajor | Totals | |
|--|--------------------------|--------------------------|--------------------|--------------------|
| | Special Revenue Funds | Capital Projects Fund | 2020 | 2019 |
| Revenues: | | | | |
| Local sources | \$ 450,823 | \$ 204,082 | \$ 654,905 | \$ 625,239 |
| State sources | 1,350,951 | - | 1,350,951 | 1,405,439 |
| Federal sources | 228,712 | - | 228,712 | 172,643 |
| Total revenues | <u>2,030,486</u> | <u>204,082</u> | <u>2,234,568</u> | <u>2,203,321</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Regular programs | 1,159,734 | - | 1,159,734 | 1,036,603 |
| Vocational programs | 294,270 | - | 294,270 | 388,779 |
| Co-curricular activities | 31,063 | - | 31,063 | 35,141 |
| Adult education | 300,590 | - | 300,590 | 323,014 |
| Undistributed expenditures | 1,344,786 | - | 1,344,786 | 1,119,496 |
| Capital outlay | - | 337,174 | 337,174 | 378,627 |
| Total expenditures | <u>3,130,443</u> | <u>337,174</u> | <u>3,467,617</u> | <u>3,281,660</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,099,957)</u> | <u>(133,092)</u> | <u>(1,233,049)</u> | <u>(1,078,339)</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in | 1,167,000 | 145,000 | 1,312,000 | 1,229,640 |
| Operating transfers out | <u>(100,000)</u> | - | <u>(100,000)</u> | <u>(100,000)</u> |
| Total other financing sources (uses) | <u>1,067,000</u> | <u>145,000</u> | <u>1,212,000</u> | <u>1,129,640</u> |
| Net change in fund balances | (32,957) | 11,908 | (21,049) | 51,301 |
| Fund balance: | | | | |
| Beginning of year | <u>323,745</u> | <u>252,455</u> | <u>576,200</u> | <u>524,899</u> |
| End of year | <u>\$ 290,788</u> | <u>\$ 264,363</u> | <u>\$ 555,151</u> | <u>\$ 576,200</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2020
(With Comparative Totals for June 30, 2019)**

| | State Grants | COB High School | Adult Education | Food Service |
|--|-----------------------|-----------------------|----------------------|----------------------|
| <u>ASSETS</u> | | | | |
| Pooled cash and investments | \$ - | \$ 383,754 | \$ - | \$ 82,809 |
| Due from other governments | <u>225,352</u> | <u>-</u> | <u>92,983</u> | <u>885</u> |
| Total assets | <u>\$ 225,352</u> | <u>\$ 383,754</u> | <u>\$ 92,983</u> | <u>\$ 83,694</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 76,223 | \$ 7,535 | \$ 15 | \$ 7 |
| Accrued payroll | 56,232 | 153,141 | 29,775 | 15,977 |
| Unearned revenue | 40,174 | - | 42,214 | - |
| Due to other funds | <u>52,723</u> | <u>-</u> | <u>20,979</u> | <u>-</u> |
| Total liabilities | <u>225,352</u> | <u>160,676</u> | <u>92,983</u> | <u>15,984</u> |
| <u>FUND BALANCE</u> | | | | |
| Committed for COB High School | - | 223,078 | - | - |
| Committed for special education | - | - | - | - |
| Committed for food service | <u>-</u> | <u>-</u> | <u>-</u> | <u>67,710</u> |
| Total fund balance | <u>-</u> | <u>223,078</u> | <u>-</u> | <u>67,710</u> |
| Total liabilities and fund balance | <u>\$ 225,352</u> | <u>\$ 383,754</u> | <u>\$ 92,983</u> | <u>\$ 83,694</u> |

| Gifts and Donations | Total | |
|------------------------|-------------------|-------------------|
| | 2020 | 2019 |
| \$ 15,746 | \$ 482,309 | \$ 490,929 |
| - | 319,220 | 337,738 |
| <u>\$ 15,746</u> | <u>\$ 801,529</u> | <u>\$ 828,667</u> |
| | | |
| \$ 7,235 | \$ 91,015 | \$ 108,277 |
| - | 255,125 | 233,466 |
| 8,511 | 90,899 | 90,939 |
| - | 73,702 | 72,240 |
| <u>15,746</u> | <u>510,741</u> | <u>504,922</u> |
| | | |
| - | 223,078 | 272,751 |
| - | - | - |
| - | 67,710 | 50,994 |
| <u>-</u> | <u>290,788</u> | <u>323,745</u> |
| | | |
| <u>\$ 15,746</u> | <u>\$ 801,529</u> | <u>\$ 828,667</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

(With Comparative Actual Amounts for the Year Ended June 30, 2019)

| | State Grants | COB High School | Adult Education | Food Service |
|--|-----------------|--------------------|--------------------|------------------|
| Revenues: | | | | |
| Local sources | \$ - | \$ 336,302 | \$ - | \$ 59,481 |
| State sources | 992,307 | - | 300,590 | 885 |
| Federal sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>228,712</u> |
| Total revenues | <u>992,307</u> | <u>336,302</u> | <u>300,590</u> | <u>289,078</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Regular programs | 284,875 | 762,650 | - | - |
| Vocational programs | - | 294,270 | - | - |
| Co-curricular activities | - | 31,063 | - | - |
| Adult education | - | - | 300,590 | - |
| Undistributed expenditures | <u>707,432</u> | <u>294,992</u> | <u>-</u> | <u>342,362</u> |
| Total expenditures | <u>992,307</u> | <u>1,382,975</u> | <u>300,590</u> | <u>342,362</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(1,046,673)</u> | <u>-</u> | <u>(53,284)</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in | - | 1,097,000 | - | 70,000 |
| Operating transfers out | <u>-</u> | <u>(100,000)</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>997,000</u> | <u>-</u> | <u>70,000</u> |
| Net change in fund balances | - | (49,673) | - | 16,716 |
| Fund balance: | | | | |
| Beginning of year | <u>-</u> | <u>272,751</u> | <u>-</u> | <u>50,994</u> |
| End of year | <u>\$ -</u> | <u>\$ 223,078</u> | <u>\$ -</u> | <u>\$ 67,710</u> |

| Class Size Reduction | Gifts and Donations | Totals | |
|-------------------------|------------------------|-------------------|-------------------|
| | | 2020 | 2019 |
| \$ - | \$ 55,040 | \$ 450,823 | \$ 426,382 |
| 57,169 | - | 1,350,951 | 1,405,439 |
| - | - | 228,712 | 172,643 |
| <u>57,169</u> | <u>55,040</u> | <u>2,030,486</u> | <u>2,004,464</u> |
| 57,169 | 55,040 | 1,159,734 | 1,036,603 |
| - | - | 294,270 | 388,779 |
| - | - | 31,063 | 35,141 |
| - | - | 300,590 | 323,014 |
| - | - | 1,344,786 | 1,119,496 |
| <u>57,169</u> | <u>55,040</u> | <u>3,130,443</u> | <u>2,903,033</u> |
| - | - | (1,099,957) | (898,569) |
| - | - | 1,167,000 | 1,204,640 |
| - | - | (100,000) | (100,000) |
| - | - | 1,067,000 | 1,104,640 |
| - | - | (32,957) | 206,071 |
| - | - | 323,745 | 117,674 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 290,788</u> | <u>\$ 323,745</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND - STATE GRANTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|------------------------------------|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Due from other governments | \$ <u>225,352</u> | \$ <u>472,759</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ 76,223 | \$ 26,211 |
| Accrued payroll | 56,232 | 59,672 |
| Unearned revenue | 40,174 | 2,910 |
| Due to other funds | <u>52,723</u> | <u>383,966</u> |
| Total liabilities | 225,352 | 472,759 |
| <u>FUND BALANCE</u> | | |
| Committed | <u>-</u> | <u>-</u> |
| Total liabilities and fund balance | \$ <u>225,352</u> | \$ <u>472,759</u> |

LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND - STATE GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

| | 2020 | | Variance- | |
|---|------------------|----------------|----------------|------------------|
| | Budget | Actual | Positive | 2019 |
| | | | (Negative) | Actual |
| Revenues: | | | | |
| State sources: | | | | |
| Other | \$ 1,296,575 | \$ 992,307 | \$ (304,268) | \$ 1,033,217 |
| Expenditures: | | | | |
| Current: | | | | |
| Regular programs: | | | | |
| Instruction: | | | | |
| Salaries | 64,252 | 52,772 | 11,480 | 218,840 |
| Benefits | 7,864 | 7,409 | 455 | 64,856 |
| Purchased services | 133,511 | 99,157 | 34,354 | 27,374 |
| Supplies | 150,344 | 125,537 | 24,807 | 147,842 |
| Property | - | - | - | 81,212 |
| Total regular programs | <u>355,971</u> | <u>284,875</u> | <u>71,096</u> | <u>540,124</u> |
| Undistributed expenditures: | | | | |
| Student support: | | | | |
| Salaries | - | - | - | 34,384 |
| Benefits | - | - | - | 15,616 |
| Total student support | <u>-</u> | <u>-</u> | <u>-</u> | <u>50,000</u> |
| Instruction staff support: | | | | |
| Salaries | 192,000 | 191,981 | 19 | 143,859 |
| Benefits | 64,350 | 64,340 | 10 | 59,360 |
| Purchased services | 55,600 | 15,112 | 40,488 | 64,768 |
| Total instruction staff support | <u>311,950</u> | <u>271,433</u> | <u>40,517</u> | <u>267,987</u> |
| General administration: | | | | |
| Salaries | 27,779 | 27,779 | - | 26,184 |
| Benefits | 13,201 | 13,201 | - | 12,476 |
| Purchased services | 144,546 | 144,546 | - | 133,439 |
| Supplies | 4,461 | 4,461 | - | 3,007 |
| Total general administration | <u>189,987</u> | <u>189,987</u> | <u>-</u> | <u>175,106</u> |
| Operating/maintenance: | | | | |
| Purchased services | 423,956 | 230,717 | 193,239 | - |
| Other | 14,711 | 15,295 | (584) | - |
| Total operating/maintenance | <u>438,667</u> | <u>246,012</u> | <u>192,655</u> | <u>-</u> |
| Total undistributed expenditures | <u>940,604</u> | <u>707,432</u> | <u>233,172</u> | <u>493,093</u> |
| Total expenditures | <u>1,296,575</u> | <u>992,307</u> | <u>304,268</u> | <u>1,033,217</u> |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Fund balance: | | | | |
| Beginning of year | - | - | - | - |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND-COB HIGH SCHOOL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|------------------------------------|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Pooled cash and investments | <u>\$ 383,754</u> | <u>\$ 416,556</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ 7,535 | \$ 10,570 |
| Accrued payroll | <u>153,141</u> | <u>133,235</u> |
| Total liabilities | 160,676 | 143,805 |
| <u>FUND BALANCE</u> | | |
| Committed | <u>223,078</u> | <u>272,751</u> |
| Total liabilities and fund balance | <u>\$ 383,754</u> | <u>\$ 416,556</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND-COB HIGH SCHOOL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- | |
|---|----------------|----------------|------------------------|----------------|
| | Budget | Actual | Positive (Negative) | 2019 Actual |
| Revenues: | | | | |
| Local Sources: | | | | |
| Tuition | \$ 321,760 | \$ 321,760 | \$ - | \$ 321,760 |
| Other - grant | <u>14,542</u> | <u>14,542</u> | <u>-</u> | <u>2,593</u> |
| Total revenues | <u>336,302</u> | <u>336,302</u> | <u>-</u> | <u>324,353</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Regular programs: | | | | |
| Instruction: | | | | |
| Salaries | 463,668 | 507,725 | (44,057) | 266,677 |
| Benefits | 210,560 | 233,050 | (22,490) | 110,092 |
| Purchased services | 2,000 | 346 | 1,654 | 250 |
| Supplies | 26,000 | 21,529 | 4,471 | 41,458 |
| Property | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,357</u> |
| Total regular programs | <u>702,228</u> | <u>762,650</u> | <u>(60,422)</u> | <u>428,834</u> |
| Vocational programs: | | | | |
| Instruction: | | | | |
| Salaries | 204,417 | 195,145 | 9,272 | 239,468 |
| Benefits | 101,999 | 89,853 | 12,146 | 107,351 |
| Supplies | 10,000 | 9,272 | 728 | 19,625 |
| Property | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,335</u> |
| Total vocational programs | <u>316,416</u> | <u>294,270</u> | <u>22,146</u> | <u>388,779</u> |
| Co-curricular and extra curricular activities: | | | | |
| Athletics: | | | | |
| Instruction: | | | | |
| Salaries | 28,909 | 28,909 | - | 29,305 |
| Benefits | 2,362 | 2,154 | 208 | 1,711 |
| Supplies | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,125</u> |
| Total co-curricular and extra curricular activities | <u>31,271</u> | <u>31,063</u> | <u>208</u> | <u>35,141</u> |

LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND-COB HIGH SCHOOL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

| | 2020 | | Variance- | |
|--|--------------------|--------------------|------------------------|-------------------|
| | Budget | Actual | Positive (Negative) | 2019 Actual |
| Expenditures (continued): | | | | |
| Undistributed expenditures: | | | | |
| Instruction staff support: | | | | |
| Supplies | \$ 30 | \$ 27 | \$ 3 | \$ - |
| General administration: | | | | |
| Purchased services | 2,900 | 2,851 | 49 | - |
| Supplies | 11,642 | 11,097 | 545 | 3,302 |
| Total general administration | <u>14,542</u> | <u>13,948</u> | <u>594</u> | <u>3,302</u> |
| School administration: | | | | |
| Salaries | 139,035 | 139,035 | - | 100,014 |
| Benefits | 57,004 | 55,286 | 1,718 | 39,263 |
| Purchased services | 18,000 | 8,878 | 9,122 | 15,257 |
| Supplies | 13,000 | 11,692 | 1,308 | 56,764 |
| Property | - | - | - | 9,339 |
| Total school administration | <u>227,039</u> | <u>214,891</u> | <u>12,148</u> | <u>220,637</u> |
| Operating/maintenance: | | | | |
| Plant service: | | | | |
| Salaries | 42,457 | 42,457 | - | 40,458 |
| Benefits | 22,055 | 21,759 | 296 | 21,277 |
| Supplies | 2,200 | 1,910 | 290 | 16,021 |
| Property | - | - | - | 18,384 |
| Total operating/maintenance | <u>66,712</u> | <u>66,126</u> | <u>586</u> | <u>96,140</u> |
| Total undistributed expenditures | <u>308,323</u> | <u>294,992</u> | <u>13,331</u> | <u>320,079</u> |
| Total expenditures | <u>1,358,238</u> | <u>1,382,975</u> | <u>(24,737)</u> | <u>1,172,833</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,021,936)</u> | <u>(1,046,673)</u> | <u>(24,737)</u> | <u>(848,480)</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in | 1,097,000 | 1,097,000 | - | 1,134,640 |
| Operating transfers out | (100,000) | (100,000) | - | (100,000) |
| Total other financing sources | <u>997,000</u> | <u>997,000</u> | <u>-</u> | <u>1,034,640</u> |
| Net change in fund balances | (24,936) | (49,673) | (24,737) | 186,160 |
| Fund balance: | | | | |
| Beginning of year | 272,751 | 272,751 | - | 86,591 |
| End of year | <u>\$ 247,815</u> | <u>\$ 223,078</u> | <u>\$ (24,737)</u> | <u>\$ 272,751</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUND-ADULT EDUCATION FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|------------------------------------|------------------|-------------------|
| <u>ASSETS</u> | | |
| Due from other governments | \$ <u>92,983</u> | \$ <u>111,746</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ 15 | \$ 21,477 |
| Accrued payroll | 29,775 | 28,538 |
| Unearned revenue | 42,214 | 42,214 |
| Due to other funds | <u>20,979</u> | <u>19,517</u> |
| Total liabilities | 92,983 | 111,746 |
| <u>FUND BALANCE</u> | | |
| Committed | <u>-</u> | <u>-</u> |
| Total liabilities and fund balance | <u>\$ 92,983</u> | <u>\$ 111,746</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUND-ADULT EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- | 2019 |
|--|----------------|----------------|------------------------|----------------|
| | Budget | Actual | Positive (Negative) | Actual |
| Revenues: | | | | |
| State sources: | | | | |
| Other | \$ 325,230 | \$ 300,590 | \$ (24,640) | \$ 323,014 |
| Expenditures: | | | | |
| Current: | | | | |
| Adult education: | | | | |
| Instruction: | | | | |
| Salaries | 181,403 | 184,574 | (3,171) | 183,866 |
| Benefits | 84,622 | 84,640 | (18) | 79,218 |
| Purchased services | 9,125 | 3,158 | 5,967 | 6,445 |
| Supplies | 29,632 | 11,399 | 18,233 | 35,032 |
| Staff Support: | | | | |
| Salaries | 18,598 | 15,332 | 3,266 | 16,828 |
| Benefits | 1,850 | 1,487 | 363 | 1,625 |
| Total expenditures | <u>325,230</u> | <u>300,590</u> | <u>24,640</u> | <u>323,014</u> |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Fund balance: | | | | |
| Beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUND-FOOD SERVICE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|------------------------------------|------------------|------------------|
| <u>ASSETS</u> | | |
| Pooled cash and investments | \$ 82,809 | \$ 65,822 |
| Due from other governments | <u>885</u> | <u>640</u> |
| Total assets | <u>\$ 83,694</u> | <u>\$ 66,462</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ 7 | \$ 7 |
| Accrued payroll | <u>15,977</u> | <u>15,461</u> |
| Total liabilities | 15,984 | 15,468 |
| <u>FUND BALANCE</u> | | |
| Committed for food service | <u>67,710</u> | <u>50,994</u> |
| Total liabilities and fund balance | <u>\$ 83,694</u> | <u>\$ 66,462</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUND-FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- Positive (Negative) | 2019 Actual |
|--|-----------|-----------|-------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Local sources: | | | | |
| Food service daily sales - lunch | \$ 70,000 | \$ 59,481 | \$ (10,519) | \$ 82,952 |
| State sources: | | | | |
| Grant match | 600 | 885 | 285 | 640 |
| Federal sources: | | | | |
| School feeding programs (free and reduced) | 100,000 | 117,555 | 17,555 | 104,387 |
| School breakfast program | 42,000 | 69,741 | 27,741 | 49,904 |
| School feeding program - commodities | 41,416 | 41,416 | - | 18,352 |
| Total federal sources | 183,416 | 228,712 | 45,296 | 172,643 |
| Total revenues | 254,016 | 289,078 | 35,062 | 256,235 |
| Expenditures: | | | | |
| Current: | | | | |
| Undistributed expenditures: | | | | |
| Food service: | | | | |
| Salaries | 82,755 | 82,752 | 3 | 77,034 |
| Benefits | 39,786 | 39,182 | 604 | 37,512 |
| Purchased services | 1,611 | 1,559 | 52 | 1,551 |
| Supplies | 199,678 | 203,883 | (4,205) | 189,811 |
| Property | 18,586 | 14,986 | 3,600 | 416 |
| Total expenditures | 342,416 | 342,362 | 54 | 306,324 |
| Excess (deficiency) of revenues over expenditures | (88,400) | (53,284) | 35,116 | (50,089) |
| Other financing sources (uses): | | | | |
| Operating transfers in | 70,000 | 70,000 | - | 70,000 |
| Net change in fund balances | (18,400) | 16,716 | 35,116 | 19,911 |
| Fund balance: | | | | |
| Beginning of year | 50,994 | 50,994 | - | 31,083 |
| End of year | \$ 32,594 | \$ 67,710 | \$ 35,116 | \$ 50,994 |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUND-CLASS SIZE REDUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- Positive (Negative) | 2019 Actual |
|--|-----------|-----------|-------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| State sources: | | | | |
| Other | \$ 57,169 | \$ 57,169 | \$ - | \$ 48,568 |
| Expenditures: | | | | |
| Current: | | | | |
| Regular programs: | | | | |
| Instruction: | | | | |
| Salaries | 40,000 | 40,000 | - | 37,238 |
| Benefits | 17,169 | 17,169 | - | 11,330 |
| Total expenditures | 57,169 | 57,169 | - | 48,568 |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Fund balance: | | | | |
| Beginning of year | - | - | - | - |
| End of year | \$ - | \$ - | \$ - | \$ - |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUND-GIFTS AND DONATIONS
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|------------------------------------|-----------|----------|
| <u>ASSETS</u> | | |
| Pooled cash and investments | \$ 15,746 | \$ 8,551 |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ 7,235 | \$ - |
| Unearned revenue | 8,511 | 8,551 |
| Total liabilities | 15,746 | 8,551 |
| <u>FUND BALANCE</u> | | |
| Committed | - | - |
| Total liabilities and fund balance | \$ 15,746 | \$ 8,551 |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUND-GIFTS AND DONATIONS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- Positive (Negative) | |
|--|-----------|-----------|-------------------------------------|-----------|
| | Budget | Actual | | 2019 |
| Revenues: | | | | |
| Local sources: | | | | |
| Grant | \$ 55,040 | \$ 55,040 | \$ - | \$ 19,077 |
| Expenditures: | | | | |
| Current: | | | | |
| Regular programs: | | | | |
| Instruction: | | | | |
| Supplies | - | 1,068 | (1,068) | 860 |
| Property | 55,040 | 53,972 | 1,068 | 18,217 |
| Total expenditures | 55,040 | 55,040 | - | 19,077 |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Fund balance: | | | | |
| Beginning of year | - | - | - | - |
| End of year | \$ - | \$ - | \$ - | \$ - |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020
(With Comparative Totals for June 30, 2019)**

| | Capital Projects | Bond | Building and Sites | Total | |
|------------------------------------|---------------------|-------------------|-----------------------|-------------------|-------------------|
| | | | | 2020 | 2019 |
| <u>ASSETS</u> | | | | | |
| Pooled cash and investments | \$ 143,627 | \$ 40,356 | \$ 49,946 | \$ 233,929 | \$ 244,143 |
| Due from other governments | 33,366 | - | - | 33,366 | 28,916 |
| Due from other funds | - | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 176,993</u> | <u>\$ 40,356</u> | <u>\$ 49,946</u> | <u>\$ 267,295</u> | <u>\$ 273,059</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable | \$ 2,932 | \$ - | \$ - | \$ 2,932 | \$ 20,604 |
| <u>FUND BALANCE</u> | | | | | |
| Restricted for capital projects | <u>174,061</u> | <u>40,356</u> | <u>49,946</u> | <u>264,363</u> | <u>252,455</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balance | <u>\$ 176,993</u> | <u>\$ 40,356</u> | <u>\$ 49,946</u> | <u>\$ 267,295</u> | <u>\$ 273,059</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | Capital Projects | Bond | Building and Sites | Totals | |
|--|---------------------|------------------|-----------------------|-------------------|-------------------|
| | | | | 2020 | 2019 |
| Revenues: | | | | | |
| Local sources | \$ 204,082 | \$ - | \$ - | \$ 204,082 | \$ 198,857 |
| Expenditures: | | | | | |
| Capital outlay | <u>315,593</u> | <u>-</u> | <u>21,581</u> | <u>337,174</u> | <u>378,627</u> |
| Excess (deficiency) of revenues over expenditures | (111,511) | - | (21,581) | (133,092) | (179,770) |
| Other financing sources (uses): | | | | | |
| Operating transfers in | <u>145,000</u> | <u>-</u> | <u>-</u> | <u>145,000</u> | <u>25,000</u> |
| Net change in fund balances | 33,489 | - | (21,581) | 11,908 | (154,770) |
| Fund balance: | | | | | |
| Beginning of year | <u>140,572</u> | <u>40,356</u> | <u>71,527</u> | <u>252,455</u> | <u>407,225</u> |
| End of year | <u>\$ 174,061</u> | <u>\$ 40,356</u> | <u>\$ 49,946</u> | <u>\$ 264,363</u> | <u>\$ 252,455</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND-CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|------------------------------------|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Pooled cash and investments | \$ 143,627 | \$ 115,687 |
| Due from other governments | <u>33,366</u> | <u>28,916</u> |
| Total assets | <u>\$ 176,993</u> | <u>\$ 144,603</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ 2,932 | \$ 4,031 |
| <u>FUND BALANCE</u> | | |
| Restricted | <u>174,061</u> | <u>140,572</u> |
| Total liabilities and fund balance | <u>\$ 176,993</u> | <u>\$ 144,603</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND-CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- | 2019 |
|--|-------------------|-------------------|------------------------|-------------------|
| | Budget | Actual | Positive (Negative) | Actual |
| Revenues: | | | | |
| Local sources: | | | | |
| Governmental service tax | \$ 105,894 | \$ 112,662 | \$ 6,768 | \$ 114,587 |
| Local school support taxes | 60,000 | 90,415 | 30,415 | 82,434 |
| Investment income | <u>1,000</u> | <u>1,005</u> | <u>5</u> | <u>1,836</u> |
| Total local sources | 166,894 | 204,082 | 37,188 | 198,857 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Facilities acquisition and construction: | | | | |
| Building improvement: | | | | |
| Purchased services | <u>345,000</u> | <u>315,593</u> | <u>29,407</u> | <u>281,059</u> |
| Excess (deficiency) of revenues over expenditures | (178,106) | (111,511) | 66,595 | (82,202) |
| Other financing sources (uses): | | | | |
| Operating transfers in | <u>145,000</u> | <u>145,000</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (33,106) | 33,489 | 66,595 | (82,202) |
| Fund balance: | | | | |
| Beginning of year | <u>140,572</u> | <u>140,572</u> | <u>-</u> | <u>222,774</u> |
| End of year | <u>\$ 107,466</u> | <u>\$ 174,061</u> | <u>\$ 66,595</u> | <u>\$ 140,572</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND-BOND CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|------------------------------------|-----------|-----------|
| <u>ASSETS</u> | | |
| Pooled cash and investments | \$ 40,356 | \$ 40,356 |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ - | \$ - |
| <u>FUND BALANCE</u> | | |
| Restricted | 40,356 | 40,356 |
| Total liabilities and fund balance | \$ 40,356 | \$ 40,356 |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND-BOND CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- | |
|--|------------------|------------------|------------------------|------------------|
| | Budget | Actual | Positive (Negative) | 2019 Actual |
| Revenues: | | | | |
| Local sources: | | | | |
| Investment income | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Facilities acquisition and construction: | | | | |
| Building construction: | | | | |
| Purchased services | <u>25,000</u> | <u>-</u> | <u>25,000</u> | <u>13,600</u> |
| Excess (deficiency) of revenues over expenditures | (25,000) | - | 25,000 | (13,600) |
| Fund balance: | | | | |
| Beginning of year | <u>40,356</u> | <u>40,356</u> | <u>-</u> | <u>53,956</u> |
| End of year | <u>\$ 15,356</u> | <u>\$ 40,356</u> | <u>\$ 25,000</u> | <u>\$ 40,356</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND-BUILDING AND SITES CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2020 AND 2019**

| | 2020 | 2019 |
|------------------------------------|------------------|------------------|
| <u>ASSETS</u> | | |
| Pooled cash and investments | <u>\$ 49,946</u> | <u>\$ 88,100</u> |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ - | \$ 16,573 |
| <u>FUND BALANCE</u> | | |
| Restricted | <u>49,946</u> | <u>71,527</u> |
| Total liabilities and fund balance | <u>\$ 49,946</u> | <u>\$ 88,100</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR FUND-BUILDING AND SITES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)**

| | 2020 | | Variance- Positive (Negative) | 2019 Actual |
|--|------------------|------------------|-------------------------------------|------------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Local sources: | | | | |
| Investment income | \$ 100 | \$ - | \$ (100) | \$ - |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Facilities acquisition and construction: | | | | |
| Purchased services | 32,000 | 4,238 | 27,762 | 83,968 |
| Supplies | <u>18,000</u> | <u>17,343</u> | <u>657</u> | <u>-</u> |
| Total facilities acquisition and construction | <u>50,000</u> | <u>21,581</u> | <u>28,419</u> | <u>83,968</u> |
| Excess (deficiency) of revenues over expenditures | (49,900) | (21,581) | 28,319 | (83,968) |
| Other financing sources (uses): | | | | |
| Operating transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,000</u> |
| Net change in fund balances | (49,900) | (21,581) | 28,319 | (58,968) |
| Fund balance: | | | | |
| Beginning of year | <u>71,527</u> | <u>71,527</u> | <u>-</u> | <u>130,495</u> |
| End of year | <u>\$ 21,627</u> | <u>\$ 49,946</u> | <u>\$ 28,319</u> | <u>\$ 71,527</u> |

LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR PROPRIETARY FUND-UNEMPLOYMENT COMPENSATION INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|-----------------------------|------------------|------------------|
| <u>ASSETS</u> | | |
| Pooled cash and investments | \$ 33,558 | \$ 45,258 |
| <u>LIABILITIES</u> | | |
| Accounts payable | <u>-</u> | <u>2,250</u> |
| <u>NET POSITION</u> | | |
| Restricted | <u>\$ 33,558</u> | <u>\$ 43,008</u> |

LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR PROPRIETARY FUND-UNEMPLOYMENT COMPENSATION INTERNAL SERVICE FUND
SCHEDULES OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | | Variance- Positive (Negative) | 2019 Actual |
|----------------------------|------------------|------------------|-------------------------------------|------------------|
| | Budget | Actual | | |
| Operating revenues: | | | | |
| Insurance premiums | \$ - | \$ - | \$ - | \$ - |
| Operating expenses: | | | | |
| Benefits | <u>30,000</u> | <u>9,450</u> | <u>20,550</u> | <u>4,545</u> |
| Operating income | (30,000) | (9,450) | 20,550 | (4,545) |
| Transfers in: | <u>30,000</u> | <u>-</u> | <u>(30,000)</u> | <u>-</u> |
| Change in net position | - | (9,450) | (9,450) | (4,545) |
| Net position: | | | | |
| Beginning of year | <u>45,258</u> | <u>43,008</u> | <u>(2,250)</u> | <u>47,553</u> |
| End of year | <u>\$ 45,258</u> | <u>\$ 33,558</u> | <u>\$ (11,700)</u> | <u>\$ 43,008</u> |

LINCOLN COUNTY SCHOOL DISTRICT
NONMAJOR PROPRIETARY FUND-UNEMPLOYMENT COMPENSATION INTERNAL SERVICE FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|--|--------------------|-------------------|
| Cash flows from operating activities: | | |
| Cash paid for benefits | \$ (11,700) | \$ (2,295) |
| Cash flows from non-capital financing activities: | | |
| Transfer in | <u>-</u> | <u>-</u> |
| Net in cash and cash equivalents | (11,700) | (2,295) |
| Cash and cash equivalents: | | |
| Beginning of year | <u>45,258</u> | <u>47,553</u> |
| End of year | <u>\$ 33,558</u> | <u>\$ 45,258</u> |
| Reconciliation of operating (loss) to net cash (used) by operating activities: | | |
| Operating income | \$ (9,450) | \$ (4,545) |
| Adjustments to reconcile operating (loss) to net cash (used) by operating activities: | | |
| Increase (decrease) in accounts payable | <u>(2,250)</u> | <u>2,250</u> |
| Net cash (used) by operating activities | <u>\$ (11,700)</u> | <u>\$ (2,295)</u> |

**LINCOLN COUNTY SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| | Balance June 30, 2019 | Receipts | Disbursements | Balance June 30, 2020 |
|-----------------------------|--------------------------|------------|---------------|--------------------------|
| <u>ASSETS</u> | | | | |
| Pooled cash and investments | \$ 394,807 | \$ 898,710 | \$ 858,993 | \$ 434,524 |
| <u>LIABILITIES</u> | | | | |
| Due to student groups | \$ 394,807 | \$ 898,710 | \$ 858,993 | \$ 434,524 |

**LINCOLN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

| Federal Grantor / Pass-through Grantor / Program Title | Federal CFDA Number | Agency or Federal Pass Thru Number | Program Expenditures |
|---|--------------------------------|---|---------------------------------|
| <u>U.S Department of Agriculture</u> | | | |
| Child Nutrition Cluster | | | |
| Passed through State of Nevada Department of Agriculture: | | | |
| School Breakfast Program | 10.553 | N/A | \$ 69,740 |
| National School Lunch Program | 10.555 | N/A | 117,555 |
| National School Lunch Program (Commodities) | 10.555 | N/A | 41,416 |
| Total CFDA 10.555 | | | <u>158,971</u> |
| Total Child Nutrition Cluster | | | <u>228,711</u> |
| Fresh Fruit and Vegetable Program | 10.582 | N/A | 3,733 |
| Passed through State OF Nevada Department of Agriculture: | | | |
| Child Nutrition Discretionary Grants | 10.579 | FND 19EQ01 | 20,850 |
| Passed through State of Nevada, Office of the Controller: | | | |
| Schools and Roads - Grants to Counties | 10.666 | N/A | 14,947 |
| Total Department of Agriculture | | | <u>\$ 268,241</u> |
| <u>U.S. Department of Interior</u> | | | |
| Direct programs: | | | |
| National Wildlife Refuge Fund | 15.659 | N/A | \$ 2,130 |
| <u>U.S. Institute of Museum and Library Services</u> | | | |
| Passed through Nevada State Library, Archives, and Public Records: | | | |
| Grants to States | 45.310 | 2019-05 | \$ 10,000 |
| <u>U.S. Department of Education</u> | | | |
| Passed through State of Nevada Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 20-633-09000 | \$ 185,668 |
| Passed through State of Nevada Department Health and Human Services: | | | |
| Title I State Agency Program for Neglected and Delinquent Children and Youth | 84.013 | 20-630-116000 | 129,600 |
| Special Education Cluster (IDEA) | | | |
| Passed through State of Nevada Department of Education: | | | |
| Special Education Grants to States | 84.027 | 20-667-09000 | 119,964 |
| Special Education Grants to States | 84.027 | 20-639-09000 | 163,961 |
| Special Education Grants to States | 84.027 | 20-641-09000 | 10,643 |
| Total CFDA 84.027 | | | <u>294,568</u> |
| Special Education Preschool Grants | 84.173 | 20-665-09000 | 12,924 |
| Total Special Education Cluster (IDEA) | | | <u>307,492</u> |

See accompanying notes to Schedule of Expenditures of Federal Awards.

**LINCOLN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

| Federal Grantor / Pass-through Grantor / Program Title | Federal CFDA Number | Agency or Federal Pass Thru Number | Program Expenditures |
|--|--------------------------------|---|---------------------------------|
| <u>U.S. Department of Education (Continued)</u> | | | |
| Passed through State of Nevada Department of Education: | | | |
| Career and Technical Education Basic Grants to States | 84.048 | 20-631-09000 | \$ 4,583 |
| Career and Technical Education Basic Grants to States | 84.048 | 20-635-09000 | <u>28,188</u> |
| Total CFDA 84.048 | | | <u>32,771</u> |
| Direct programs: | | | |
| Rural Education | 84.358 | S358A182617 | 1,468 |
| Rural Education | 84.358 | S358A191850 | <u>42,265</u> |
| Total CFDA 84.358 | | | <u>43,733</u> |
| Passed through Humboldt County School District: | | | |
| English Language Acquisition State Grants | 84.365 | 20-658-09000 | 1,727 |
| Passed through State of Nevada Department of Education: | | | |
| English Language Acquisition State Grants | 84.365 | 20-659-09000 | <u>2,002</u> |
| Total CFDA 84.365 | | | <u>3,729</u> |
| Passed through State of Nevada Department of Education: | | | |
| Supporting Effective Instruction State Grants | 84.367 | 20-709-09000 | <u>21,475</u> |
| Student Support and Academic Enrichment Program | 84.424 | 20-715-09000 | <u>10,000</u> |
| Total Department of Education | | | <u>\$ 734,468</u> |
| Total Federal Financial Assistance | | | <u><u>\$ 1,014,839</u></u> |

See accompanying notes to Schedule of Expenditures of Federal Awards.

**LINCOLN COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lincoln County School District (the District) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2- SUMMARY OF ACCOUNTING POLICIES

- (a) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.
- (b) Pass-through entity identifying numbers are presented where available.
- (c) Lincoln County School District did not elect to use the 10% De Minimis indirect cost rate.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Expenditures of federal awards have been included in the individual funds of the District as follows:

| | |
|---------------------------------------|---------------------|
| General Fund | \$ 16,588 |
| Debt Service Fund | 488 |
| Special Revenue Fund – Federal Grants | 769,051 |
| Special Revenue Fund – Food Service | <u>228,712</u> |
| Total | <u>\$ 1,014,839</u> |

NOTE 4- FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2020 the District had food commodities totaling \$0 in inventory.

**LINCOLN COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • FAX (702) 385-9619

**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***

To the Honorable Board of Trustees
Lincoln County School District
Panaca, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County School District (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, and have issued our report thereon dated October 27, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "D. M. Smith", is written in a cursive style.

Las Vegas, Nevada
October 27, 2020

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

Quail Park III • 501 So. Rancho Dr., Ste. E-30 • Las Vegas, NV 89106 • (702) 385-1899 • FAX (702) 385-9619

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Board of Trustees
Lincoln County School District
Panaca, Nevada

Report on Compliance for Each Major Federal Program

We have audited Lincoln County School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The 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 the 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 the 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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 the 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 the 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 the 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District as of and for the year ended June 30, 2020, and have issued our report thereon dated October 27, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Las Vegas, Nevada
October 27, 2020

LINCOLN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020
Page 1 of 2

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Lincoln County School District were prepared in accordance with Generally Accepted Accounting Principles.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Lincoln County School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Lincoln County School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that were required to be reported in accordance with 2 CFR 200.516(a).
7. The programs tested as major programs were:

| | |
|---------------------------|-------------------------|
| Special Education Cluster | CFDA No. 84.027, 84.173 |
|---------------------------|-------------------------|
8. The threshold used for distinguishing Types A and B programs was \$750,000.
9. Lincoln County School District was determined to be a low-risk auditee.

**LINCOLN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Page 2 of 2

FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

DANIEL C. McARTHUR, LTD.
Certified Public Accountant

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AUDITOR'S COMMENTS

Honorable Board of Trustees
Lincoln County School District
Panaca, Nevada

In connection with our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the District failed to comply with the specific requirements of Nevada Revised Statutes referenced below insofar as they relate to accounting matters except as noted below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the requirements of Nevada Revised Statutes noted below, insofar as they relate to accounting matters.

CURRENT YEAR STATUTE COMPLIANCE

Expenditures in excess of Appropriations

Per NRS 354.626, the District is required to report expenditures that exceeded budgeted appropriations at the function level for the General Fund, Special Revenue Funds, and Capital Project Funds. For the year ending June 30, 2020, the District had the following expenditures over appropriations that are required to be reported.

| | | |
|----------------------|--------------------------------|-----------|
| General Fund | Undistributed Support Services | \$ 53,003 |
| COB High School Fund | Regular Programs Instruction | \$ 60,422 |

The General Fund function expenditure in excess of appropriations was related to the purchase of a new bus and vehicles not previously budgeted during the fiscal year. The COB High School regular programs instruction expenditure related to a teacher that was expected to be paid by a grant which was not awarded. The District did not augment the budget due to the unanticipated short fall. There was adequate funds to cover the costs.

PROGRESS ON PRIOR YEAR STATUTE COMPLIANCE

There were no prior year compliance issues.

CURRENT YEAR RECOMMENDATIONS

No material weakness and no significant deficiency in internal controls were noted.

PRIOR YEAR RECOMMENDATIONS

No material weakness and no significant deficiency in internal controls were noted.

NEVADA REVISED STATUTE 354.6113

The District established the Bond Fund in accordance with Nevada Revised Statutes 354.6113. Compliance with Nevada Revised Statutes is contained in Note C2 to the financial statements.

There were no capital projects constructed during the year.

The following sources are planned to be deposited into the funds during the next fiscal year (2021).

Fund Balance Carry-over \$ 15,356

The following expenditures are planned for the next fiscal year.

Building Acquisition/Construction \$ 15,000

The District plans to carry over as fund balance into the fiscal year ending June 30, 2021, the amount of \$356.

A handwritten signature in black ink, appearing to read "Mike McManus". The signature is fluid and cursive, with a large initial "M".

Las Vegas, Nevada
October 27, 2020