



Financial Statements  
June 30, 2022

# Kuna School District

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## Independent Auditor's Report

To Board of Trustees  
Kuna School District  
Kuna, Idaho

### Report on the Audit of the Financial Statements

#### *Qualified and Unmodified Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kuna School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Qualified Opinions on Governmental Activities*

In our opinion, except for the effects of the matter described in the "Basis for Qualified and Unmodified Opinions" section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Government Activities of the District, as of June 30, 2022 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on Each Major fund and Aggregate Remaining Fund Information*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Qualified and Unmodified Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the

Audit of the Financial Statements section of our report. We are required to be independent of the Kuna School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

***Matter Giving Rise to Qualified Opinion on Governmental Activities***

Management has elected not to adopt the provisions of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for their single employer postemployment benefit plan in Governmental Activities. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses associated with other post-employment benefits (OPEB). The standard also requires certain note disclosures and required supplementary information (RSI) about the OPEB plan. The amounts by which the departure would affect net position, assets, liabilities, deferred outflows of resources and deferred inflows of resources, expenses, disclosures and RSI are not reasonably determinable.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

### ***Supplementary 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
October 7, 2022

The discussion and analysis of the Kuna School District #003's (the District) financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on the District's financial activities for the fiscal year.

### **Financial Highlights**

- Overall net position increased approximately \$9.4 million primary due to increases in federal revenues from multiple awards received under the CARES act and through the Coronavirus relief funds and increase in state funding.
- During fiscal year ending June 30, 2022, the District received multiple awards under the CARES and CRRSA acts and through the Coronavirus relief funds totaling \$3,735,607 for training, equipment and technology, remote instruction licenses, and safety and wellness programs and other COVID-related expenses incurred.
- The District refunded a portion of its Series 2017B Bonds during fiscal year 2022 which resulted in future cash flow savings totaling \$2,284,696. See more information in Note 7.

### **Overview of the Financial Statements**

This section of the annual financial report consists of three parts: management's discussion and analysis, basic financial statements, and other required supplementary information. The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

### **Government-Wide Financial Statements (GWFS)**

The GWFS (i.e. Statement of Net Position and Statement of Activities) provide readers with a broad overview of the District's finances. The GWFS report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The *Statement of Net Position* provides information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District, with the difference between the two providing the net position. Increases or decreases in the net position may indicate whether the financial position of the District is improving or deteriorating. The *Statement of Activities* shows how the net position of the District has changed throughout the fiscal year. Changes in the net position occur as soon as the underlying event gives rise. The statements present an aggregate view of the District's finances. The GWFS contain useful long-term information as well as information for the just-completed fiscal year. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the GWFS, the District's activities are all classified as governmental activities. Governmental activities include all regular and special education, all educational support activities, administration, transportation, and food services. Most of these activities are supported by property taxes and formula aid from the State of Idaho. The GWFS can be found on pages 11-12 of this report.

### **Fund Financial Statements**

Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Fund financial statements focus on individual parts of the District. Fund statements generally report operation in more detail than the government-wide statements. This statement focuses on its most significant or "major" funds and not on the District as a whole.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. repaying its long-term debt) or to show that it is properly using certain revenues (i.e. capital project funds). The District has two types of funds: Governmental and Fiduciary.

**Governmental funds** – Governmental funds account for nearly the same functions as the Governmental activities. However, unlike the GWFS, Governmental funds focus on near-term inflows and outflows as well as the balances left at year-end that are available for funding future basic services.

It is useful to compare information found in the Governmental Funds with that of the Governmental Activities. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions.

The basic governmental fund financial statements can be found on pages 13-18 of this report.

**Fiduciary funds** – The District serves as a trustee, or fiduciary, for two private purpose trust funds. The assets of the organizations and trust belong to the organizations and trusts, and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

**Notes** – The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position. Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

### **Government-Wide Financial Analysis**

The net position may serve as a useful indicator of a district's financial position. In the case of the District, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$44,020,109 at the close of the most recent fiscal year.



The restricted portion of the District's net position reflects debt service proceeds and other resources that are subject to external restrictions. Restricted net position as of June 30, 2022, consisted of \$14,125,642 in debt service money that will be used to pay next year's required debt principal and interest payments, student activities, and restricted funding through state and federal grant agreements.

The net investments in capital assets (i.e. land, buildings, furniture, and equipment less general obligation debt) represents 56% of total net position. This percentage will change as resources are expended to complete capital construction projects. These capital assets provide services to students; consequently, these assets are not available for future spending.

	Governmental Activities		
	2022	2021	Change
Current and other assets	\$ 32,842,478	\$ 31,823,718	\$ 1,018,760
Capital assets	70,147,377	72,107,483	(1,960,106)
Total assets	<u>102,989,855</u>	<u>103,931,201</u>	<u>(941,346)</u>
Deferred Outflows			
Deferred outflows OPEB	619,597	296,907	322,690
Deferred outflows pensions	10,585,295	6,738,563	3,846,732
Total deferred outflows	<u>11,204,892</u>	<u>7,035,470</u>	<u>4,169,422</u>
Current liabilities	5,578,180	5,135,064	443,116
Long-term liabilities outstanding			
Due within one year	3,150,000	1,870,000	1,280,000
Due in more than one year	42,359,625	67,336,320	(24,976,695)
Total liabilities	<u>51,087,805</u>	<u>74,341,384</u>	<u>(23,253,579)</u>
Deferred Inflows			
Deferred gain on refunding	625,849	808,739	(182,890)
Deferred inflows on OPEB	1,048,678	497,973	550,705
Deferred inflows on pensions	17,412,306	666,069	16,746,237
Total deferred inflows	<u>19,086,833</u>	<u>1,972,781</u>	<u>17,114,052</u>
Net Position			
Net investment in capital assets	24,853,394	20,210,379	4,643,015
Restricted	14,125,642	14,409,955	(284,313)
Unrestricted	5,041,073	32,172	5,008,901
Total net position	<u>\$ 44,020,109</u>	<u>\$ 34,652,506</u>	<u>\$ 9,367,603</u>

At the end of the current fiscal year, the District's combined net position increased by \$9,367,603 or 27% to \$44,020,109. The majority of this increase relates to increased federal award funding under the CARES act and Coronavirus Relief funds described above.

**Changes in Net Position** – The following table shows the changes in net position for the fiscal years 2021-2022 and 2020-2021. The District relies on state funding for 58%, federal and state grants for 22%, and local property taxes from a voter approved supplemental levy, tort levy, and debt service for 17% of its governmental activities. The District had total revenues of \$61,537,534.

	2022	2021	Change
Revenues			
Program Revenues			
Charges for services	\$ 98,177	\$ 77,975	\$ 20,202
Operating grants and contributions	13,760,190	10,350,044	3,410,146
General Revenues			
Property taxes, levied for general purposes	2,323,231	3,519,992	(1,196,761)
Property taxes, levied for debt services	8,394,139	8,482,398	(88,259)
State revenues	35,807,895	31,771,839	4,036,056
Medicaid	881,962	971,148	(89,186)
Other general revenues	236,489	250,019	(13,530)
Interest and investment earnings	35,451	83,499	(48,048)
Total revenues	<u>61,537,534</u>	<u>55,506,914</u>	<u>6,030,620</u>
Expenses			
Instructional Services	25,182,203	28,154,358	(2,972,155)
Support Services	9,937,970	6,064,910	3,873,060
School administration	2,840,074	2,737,261	102,813
Attendance-guidance-health	1,067,654	1,163,742	(96,088)
Transportation	2,039,611	2,156,474	(116,863)
Maintenance and improvements	3,817,701	3,708,445	109,256
School lunch	2,451,912	1,829,252	622,660
Interest and other costs on long-term debt	867,047	1,209,309	(342,262)
Loss on defeasance	1,219,090	-	1,219,090
Depreciation	2,746,669	1,880,889	865,780
Total expenses	<u>52,169,931</u>	<u>48,904,640</u>	<u>3,265,291</u>
Change in Net Position	<u>\$ 9,367,603</u>	<u>\$ 6,602,274</u>	<u>\$ 2,765,329</u>

**District Funds Financial Analysis**

As noted earlier, the District uses funds to demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide balances of spendable resources and to provide data on near-term inflows and outflows.

*General Fund* – The general fund is the general operating fund for the District. At the end of 2021-22 fiscal year, the general fund balance was \$6,282,393, of which \$6,237,548 was classified as unassigned fund balance. Fiscal year 2020-2021 general fund balance was \$5,634,871 of which \$5,621,633 was classified as unassigned fund balance. This represents an increase in the total general fund balance of \$647,522. Expenditures for general District purposes totaled \$38,051,728, an increase of \$3,671,859 from the 2020-21 fiscal year primarily due to increases and salaries and benefits. General Fund revenues in the 2021-22 fiscal year for the District totaled \$38,517,272 an increase of \$1,431,777 from the 2020-21 fiscal year due to increases in state funding. Instructional services accounts for approximately 63% of the general fund expenditures. General fund salaries totaled \$24,993,077. The associated fringe benefits of retirement, social security, unemployment, workers compensation, health, dental, vision, and life insurance added \$9,317,913 to arrive at \$34,310,990 or 90.17% of the District’s general fund expenditures.

*Debt Service* – Revenues in the debt service fund consist of property tax receipts of \$8,556,498, investment earnings of \$7 and the State’s bond equalization payment of \$504,590. The fund paid \$6,830,000 and \$3,032,386 in principal and interest, respectively. As discussed in Note 7, the District defeased a portion of its Series 2017B bonds which required the District to deposit \$6.2 million to purchase defeasance securities into an escrow account to pay off a portion of the bonds over time.

#### **General Fund Budgetary Highlights**

The District adopts an original budget in June for the subsequent year. The difference between the original budget and final amended budget was a net increase to the current year for state revenues due to higher student attendance. The Budget to Actual shows the various programs to be overspent during the fiscal year primarily due to higher than anticipated cost for school administration, building and grounds maintenance and pupil transportation.

#### **Capital Assets**

The capital projects fund is used primarily to account for the costs incurred while acquiring and improving sites, constructing and remodeling facilities, and producing equipment necessary for providing educational programs for all students within the District. The District has invested \$107,228,284 in a broad range of capital assets. The total accumulated depreciation on these assets amounts to \$37,080,907.

Asset acquisitions for governmental activities totaled \$786,563 while depreciation expense was \$2,746,669 for the fiscal year ended. Capital asset additions for the year include equipment purchases for transportation and technology for \$418,694, improvements to current buildings for \$94,242, and land improvements for \$273,627.

Additional information regarding the District’s capital assets can be found in Note 5 to the basic financial statements.

### **Long-Term Debt**

At year end the District had \$45,067,825 in general obligation bonds. The debt of the District is secured by an annual tax levy authorized by the patrons of the District by a two-thirds majority vote. The District paid \$6,830,000 in principal and defeasance payments and \$3,032,386 in interest cost payments during fiscal year 2022. The District partially defeased its Series 2017B Bonds which reduced debt by \$4,960,000 during fiscal year 2022. See Note 7 for more information regarding changes in long-term debt.

### **Economic Factors and Next Year's Budget**

During the fiscal years ending June 30, 2020, June 30, 2021, and June 30, 2022, the District received multiple awards under the CARES and CRRSA Act and from Coronavirus Relief funds, respectively, for training, equipment and technology, remote instruction licenses, and safety and wellness programs, addressing learning loss and other COVID-related expenses incurred. The spending authority ranges from May 2020 through September 2024; therefore, the balances are carried over from year to year and are expected to be spent by September 2024. Cumulative Federal funding under the CARES and CRRSA Act and from Coronavirus Relief funds is expected to reach \$11,542,477 by the end of the spending authority, which is September 2024. A total of \$3,705,371 was spent during the fiscal year ended June 30, 2022.

In addition, the District received awards from the Emergency Connectivity and Epidemiology and Laboratory Capacity funds totaling \$1,288,499 during the 2021-22 school year, respectively, for technology and the SARS-CoV-2 prevention program. \$1,288,499 was expended during the fiscal year 2021-22. During the fiscal year ending June 30, 2022, the State revenue has increased by 13% due to the temporary two-year appropriation signed by the Governor to fund Idaho school districts based on enrollment, not attendance. The funding formula is expected to be based on enrollment for the 2022-23 school year, and enrollment is expected to increase between 1.5%-2% percent from 2021-22 levels.

The Child Nutrition Program (CNP) returned to the National Lunch School Program effective July 1, 2022. The School Board decided to maintain the meal prices stable for the families and forgo increasing the fees for the 2022-23 school year because of the available fund balance in CNP funds. The voters approved the District's two-year Supplemental Levy for \$2.5 million each year in March of 2021. This will continue funding 15 classroom reduction teachers, curriculum and technology, and safety aid for the fiscal years 2021-2022 and 2022-2023. This plan will allow the District to continue running operations and providing education without increasing the class sizes or considering significant budget cuts.

The District has experienced tremendous growth and expects this trend to continue into the near future. The city has approved the construction of over three thousand new homes within the District's boundaries, which is expected to increase the student population in the long term.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors, with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Department at the Kuna School District offices, 711 East Porter, Kuna, Idaho 83634 and (208) 922-1000.

Kuna School District  
Statement of Net Position  
June 30, 2022

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 17,605,962
Restricted cash and investments	2,185,867
Property taxes receivables	7,206,546
State and federal receivables	2,302,458
Other receivables	8,826
Inventories	80,134
Prepaid assets	625,610
Net OPEB	2,295,878
Net pension asset	531,197
Capital assets (not subject to depreciation)	5,928,396
Capital assets (net of depreciation)	64,218,981
Total assets	102,989,855
<b>Deferred Outflows of Resources</b>	
Deferred outflows OPEB	619,597
Deferred outflows pensions	10,585,295
Total deferred outflows of resources	11,204,892
	114,194,747
<b>Liabilities</b>	
Accounts, salaries, and other payables	5,048,908
Accrued interest payable bonds	529,272
Long-term liabilities	
Due within one year - bonds	3,150,000
Due in more than one year - bonds	41,917,825
Compensated absences	441,800
Total liabilities	51,087,805
<b>Deferred Inflows of Resources</b>	
Deferred inflows- net gain on refundings	625,849
Deferred inflows OPEB	1,048,678
Deferred inflows pensions	17,412,306
Total deferred inflows of resources	19,086,833
<b>Net Position</b>	
Net investment in capital assets	24,853,394
Restricted for	
Debt service	11,977,824
School lunch program	973,522
Student activities	741,699
Federal and state programs	432,597
Unrestricted	5,041,073
Total net position	\$ 44,020,109

Kuna School District  
Statement of Activities  
Year Ended June 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<i>Governmental Activities</i>				
Instruction				
Elementary programs	\$ 10,516,357	\$ -	\$ 3,502,800	\$ (7,013,557)
Secondary/alternative programs	12,352,829	18,010	520,396	(11,814,423)
Exceptional/preschool programs	1,509,409	-	1,242,755	(266,654)
Other instructional programs	803,608	-	292,341	(511,267)
Support Services				
Attendance-guidance-health	1,067,654	-	-	(1,067,654)
Safety Program	366,205	-	66,846	(299,359)
Special services program	177,978	-	-	(177,978)
Instructional improvement program	1,889,818	-	1,140,955	(748,863)
Educational media program	149,989	-	-	(149,989)
District Administration program	2,319,137	-	-	(2,319,137)
Business Operations program	840,629	-	-	(840,629)
School administration program	2,840,074	-	290,212	(2,549,862)
Maintenance and improvements buildings, grounds, and equipment	3,817,701	-	-	(3,817,701)
Classroom Technology	2,517,949	-	1,701,228	(816,721)
Pupil transportation	2,039,611	77,237	121,102	(1,841,272)
Board of Education	18,808	-	-	(18,808)
School activities	1,657,457	-	1,885,006	227,549
Food services program	2,451,912	2,930	2,996,549	547,567
Interest and fiscal charges	867,047	-	-	(867,047)
Loss on defeasance	1,219,090	-	-	(1,219,090)
Depreciation Unallocated	2,746,669	-	-	(2,746,669)
<b>Total Governmental Activities</b>	<b>\$ 52,169,931</b>	<b>\$ 98,177</b>	<b>\$ 13,760,190</b>	<b>(38,311,564)</b>
General revenues				
Taxes				
Property taxes, levied for general purposes				2,323,231
Property taxes, levied for debt service				8,394,139
Grants and contributions not restricted to specific programs				
Foundation program				35,303,305
State bond equalization				504,590
Interest and investment earnings				35,451
Miscellaneous				236,489
Medicaid				881,962
<b>Total general revenues</b>				<b>47,679,167</b>
Changes in Net Position				9,367,603
Net Position, Beginning of Year				34,652,506
Net Position, End of Year				<b>\$ 44,020,109</b>

Kuna School District  
Balance Sheet-Governmental Funds  
June 30, 2022

	General	Debt Service	Non-Major Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 17,605,962	\$ -	\$ -	\$ 17,605,962
Restricted cash and investments	-	-	2,185,867	2,185,867
Receivables				
Current property taxes	1,739,069	5,467,477	-	7,206,546
State and federal receivables	151,282	-	2,151,176	2,302,458
Interfund balances	2,154,613	8,664,960	1,639,486	12,459,059
Other receivables	8,826	-	-	8,826
Prepaid assets	44,845	-	580,765	625,610
Inventories	-	-	80,134	80,134
	<u>\$ 21,704,597</u>	<u>\$ 14,132,437</u>	<u>\$ 6,637,428</u>	<u>\$ 42,474,462</u>
<b>Liabilities</b>				
Accounts payable	\$ 78,480	\$ -	\$ 6,751	\$ 85,231
Accrued payroll and related liabilities	4,199,638	-	761,554	4,961,192
Due to fiduciary fund	-	-	2,485	2,485
Interfund balances	<u>10,304,446</u>	<u>2,154,613</u>	<u>-</u>	<u>12,459,059</u>
Total liabilities	<u>14,582,564</u>	<u>2,154,613</u>	<u>770,790</u>	<u>17,507,967</u>
Deferred Inflows of Resources				
Unavailable revenue-property taxes	<u>839,640</u>	<u>2,665,211</u>	<u>-</u>	<u>3,504,851</u>
<b>Fund Balance</b>				
Nonspendable				
Inventories and prepaid assets	44,845	-	660,899	705,744
Restricted for				
Debt service	-	9,312,613	-	9,312,613
Food service program	-	-	973,522	973,522
Maintenance and additions to facilities	-	-	3,057,921	3,057,921
Student activities	-	-	741,699	741,699
Federal and state programs	-	-	432,597	432,597
Unassigned				
Unassigned	<u>6,237,548</u>	<u>-</u>	<u>-</u>	<u>6,237,548</u>
Total fund balance	<u>6,282,393</u>	<u>9,312,613</u>	<u>5,866,638</u>	<u>21,461,644</u>
	<u>\$ 21,704,597</u>	<u>\$ 14,132,437</u>	<u>\$ 6,637,428</u>	<u>\$ 42,474,462</u>

Reconciliation of Governmental Funds - Balance Sheet to the Statement of Net Position  
June 30, 2022

Total fund balances - governmental funds		\$ 21,461,644
<p>The cost of capital assets (land, buildings, and equipment) purchased is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities.</p>		
Costs of capital assets	107,228,284	
Accumulated depreciation	<u>(37,080,907)</u>	70,147,377
<p>Property taxes receivable, as recorded in the Statement of Net Position, will be collected in the next fiscal year, but are not available soon enough to pay current year expenditures and therefore are deferred in the Governmental Fund Statements.</p>		
		3,504,851
<p>Long-term liabilities including accrued interest that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. Bond premiums received provide financial resources in the year of issuance, but get deferred and amortized in the government-wide financial statements over the life of the bonds. Gain on refunding of bonds payable does not provide resources in the governmental funds, but is reported as a deferred inflow in the Statement of Net Position. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at year-end are:</p>		
Accrued interest on bonds	(529,272)	
Bonds payable	(39,730,000)	
Unamortized premiums	(5,337,825)	
Net unamortized gain on bond refunding	<u>(625,849)</u>	(46,222,946)
<p>Compensated absences applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as liabilities.</p>		
		(441,800)
<p>The OPEB asset is not a current financial resource and, therefore is not reported in the funds, but is reported on the Statement of Net Position.</p>		
		2,295,878
<p>The net pension asset is not a current financial resource and, therefore are not reported in the funds, but are reported on the Statement of Net Position.</p>		
		531,197
<p>Deferred outflows and inflows of resources related to pension obligations</p>		
Deferred outflows of resources related to OPEB	619,597	
Deferred inflows of resources related to OPEB	<u>(1,048,678)</u>	(429,081)
<p>Deferred outflows and inflows of resources related to pension obligations</p>		
Deferred outflows of resources related to pensions	10,585,295	
Deferred inflows of resources related to pensions	<u>(17,412,306)</u>	(6,827,011)
Net Position		<u><u>\$ 44,020,109</u></u>



Kuna School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
Year Ended June 30, 2022

	General	Debt Service	Non Major Funds	Total Governmental Funds
<b>Revenues</b>				
<b>Local revenues</b>				
Property taxes	\$ 2,640,843	\$ 8,556,498	\$ -	\$ 11,197,341
Earnings on investments	26,672	7	8,772	35,451
Charges for services	77,237	-	20,940	98,177
Student activity revenues	-	-	1,885,006	1,885,006
<b>State revenue</b>				
Foundation	35,303,305	504,590	-	35,807,895
Program specific	-	-	680,571	680,571
Federal and state revenue	260,613	-	10,934,000	11,194,613
Medicaid	-	-	881,962	881,962
Other revenue	208,602	-	27,886	236,488
Total revenues	<u>38,517,272</u>	<u>9,061,095</u>	<u>14,439,137</u>	<u>62,017,504</u>
<b>Expenditures</b>				
<b>Instructional</b>				
Elementary school program	9,156,841	-	1,548,969	10,705,810
Secondary school program	11,426,580	-	637,146	12,063,726
Alternative school program	456,894	-	15,903	472,797
Exceptional school program	2,154,064	-	2,183,042	4,337,106
Preschool school program	260,755	-	22,251	283,006
21st Century	-	-	18,391	18,391
Summer School program	212,709	-	39,769	252,478
Interscholastic school program	450,717	-	-	450,717
CTE Program	-	-	205,849	205,849
Total instructional	<u>24,118,560</u>	<u>-</u>	<u>4,671,320</u>	<u>28,789,880</u>
<b>Support Services</b>				
School Activities Program	-	-	1,657,457	1,657,457
Attendance-guidance-health	1,000,703	-	73,435	1,074,138
Safety Program	301,224	-	75,042	376,266
Special services program	177,978	-	-	177,978
Instructional improvement program	1,171,152	-	751,059	1,922,211
Educational media program	151,986	-	-	151,986
District Administration program	846,206	-	1,565,990	2,412,196
Business Operations program	793,227	-	55,759	848,986
School administration program	2,877,579	-	-	2,877,579
Maintenance and improvements buildings, grounds, and equipment	3,729,079	-	902,520	4,631,599
Classroom Technology	755,510	-	1,762,439	2,517,949
Pupil transportation	2,057,332	-	-	2,057,332
Board of Education	18,808	-	-	18,808
Total support services	<u>13,880,784</u>	<u>-</u>	<u>6,843,701</u>	<u>20,724,485</u>

Kuna School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
Year Ended June 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
Food services program	52,384	-	2,486,749	2,539,133
Debt services program				
Principal	-	6,830,000	-	6,830,000
Interest	-	3,032,386	-	3,032,386
Fees	-	17,464	-	17,464
Total debt service program	-	9,879,850	-	9,879,850
Total expenditures	<u>38,051,728</u>	<u>9,879,850</u>	<u>14,001,770</u>	<u>61,933,348</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>465,544</u>	<u>(818,755)</u>	<u>437,367</u>	<u>84,156</u>
Other Financing Sources (Uses)				
Interfund transfers (net)	<u>181,978</u>	<u>-</u>	<u>(181,978)</u>	<u>-</u>
Total other financing sources (uses)	<u>181,978</u>	<u>-</u>	<u>(181,978)</u>	<u>-</u>
Net Change in Fund Balance	647,522	(818,755)	255,389	84,156
Fund Balance, Beginning of Year	<u>5,634,871</u>	<u>10,131,368</u>	<u>5,611,249</u>	<u>21,377,488</u>
Fund Balance, End of Year	<u><u>\$ 6,282,393</u></u>	<u><u>\$ 9,312,613</u></u>	<u><u>\$ 5,866,638</u></u>	<u><u>\$ 21,461,644</u></u>

Reconciliation of Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances to  
the Statement of Activities  
Year Ended June 30, 2022

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Total net change in fund balance - governmental funds.	\$	84,156
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays during the fiscal year:		
Depreciation expense	(2,746,669)	
Capital outlay	<u>786,563</u>	
		(1,960,106)
Repayment of bond principal and refunding of bonds payable is an expenditure and other financing use in the governmental funds, but the repayment and refunding reduces long-term liabilities in the Statement of Net Position.		
Bond principal payments		6,830,000
Amortization of premium is recognized as a reduction of interest expense on the Statement of Activities.		
		689,793
Amortization of a net gain on bond refunding is recognized as a reduction of a deferred inflow on the Statement of Net Position.		
		182,890
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the governmental funds when it is due, thus requiring the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
		91,030
Some property taxes will not be collected for several months after the District's fiscal year end they are not considered available revenues in the governmental funds, but are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.		
		(479,971)

## Kuna School District

### Reconciliation of Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Year Ended June 30, 2022

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Compensated absences applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. This represents the change in compensated absences.	(1,968)
In the governmental funds, pension contributions are considered an expense, while on the Statement of Activities the contributions are considered a deferred outflow.	3,391,724
In the governmental funds, pension and OPEB benefits earned net of employee contributions is not recognized as an expense.	<u>540,055</u>
Change in net position of governmental activities	<u>\$ 9,367,603</u>

**Kuna School District**  
 Statement of Net Position - Fiduciary Fund  
 June 30, 2022

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	Private Purpose Trust Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 650
Investments	2,057
Due from district funds	2,485
	5,192
Total assets	5,192
<b>Net Position</b>	
Restricted for scholarships	\$ 5,192

Kuna School District  
Statement of Changes in Net Position - Fiduciary Fund  
Year Ended June 30, 2022

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	Private Purpose Trust Funds
Revenues	
Program revenue	\$ 3,575
Investment earnings	4
Total revenues	3,579
Expenses	
School program costs	2,925
Total expenses	2,925
Change in Net Position	654
Net Position, Beginning of Year	4,538
Net Position, End of Year	\$ 5,192

## **Note 1 - Summary of Significant Accounting Policies**

The Kuna School District #003 (the District) is a public educational agency operating under the applicable laws and regulations of the State of Idaho. It is governed by a five-member Board of Trustees (the Board) elected by the public. The Board has the authority to make decisions, appoint administrators, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by Governmental Accounting Standards Board (GASB). There are no component units included within the reporting entity.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below:

### **Financial Reporting Entity**

The District follows GASB in determining the reporting entity and component units. The financial reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds, and agencies of the primary government whose budgets are controlled or whose board is appointed by the District's Board. Control or dependence on the District was determined on the basis of appointment authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District and legal standing.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

### **Governmental Funds**

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general capital assets, and the servicing of general long-term debt. The general fund and debt service fund are considered major funds while the remaining governmental funds are considered non-major.

Governmental funds include:

General fund – the primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Special revenue funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt service funds – account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital project fund – accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

### **Fiduciary Funds**

Fiduciary funds account for assets held by the government in a trustee capacity on behalf of outside parties, including other governments.

The District has the following trust funds:

Private purpose trust funds – used to account for donations of funds from private individuals and organizations to provide scholarships. The District maintains two private purpose trust funds: Kuhlman Scholarship Fund and Reynolds Scholarship Fund.

### **Measurement Focus and Basis of Accounting**

#### Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities and deferred outflows/inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities and deferred outflows/inflows of resources resulting from nonexchange transactions are recognized in accordance with GASB requirements.

### **Program Revenues**

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include charges to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function.



### **Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is not specifically identified by function and is considered an unallocated indirect expense. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

### **Fund Financial Statements (FFS)**

#### **Governmental Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. With this measurement focus, only current assets, current liabilities and deferred inflows/outflows of resources are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording certain revenues and expenditures:

#### **Revenues**

*Ad valorem taxes* are susceptible to accrual.

*Entitlements and shared revenues* (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

*Other receipts* become measurable and available when cash is received by the District and are recognized as revenue at that time.

*Student activity revenues* consist primarily of donations, annual dues, event fees, and fundraising fees related to various school activities.

### **Expenditures**

Operating and capital expenditures are recorded as paid. Salaries for nine-month employees are accrued at June 30.

### **Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

### **Cash and Cash Equivalents**

The District pools cash of all funds, except the debt service and school lunch funds, into common bank accounts. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less and amounts deposited into the Local Government Investment Pool. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Idaho law and national banks having their principal offices in Idaho.

### **Restricted Cash and Investments**

The restricted cash is comprised of debt service, student activities, and capital project funds that are restricted for use on specifically identified debt service payments, specified activities, and projects funded by general obligation bonds.

### **Investments**

Investments are stated at fair value, as determined by quoted market prices, except for any certificates of deposit, which are non-participating contracts, and are therefore carried at amortized cost. Interest earned is allocated on a basis of average investment balance. Idaho Code provides authorization for the investment of funds as well as what constitutes an allowable investment. The District policy allows for investment of idle funds consistent with the Idaho State Code 67-1210 and 67-1210A.

The Code limits investments to the following general types:

Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities. Time deposit accounts, tax anticipation and interest-bearing notes. Bonds, treasury bills, debentures, or other similar obligations of the United States Government and United States Government Agencies.

Repurchase agreements secured by the above.

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool (the Pool) is managed by the State of Idaho Treasurer's office. The funds of the Pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

### **Short-Term Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as interfund balances on the fund financial statements balance sheet. Internal receivables and payables are eliminated in the government-wide statement of net position except for amounts due to the fiduciary fund.

### **Inventories**

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories in the Food Service Funds consist of expendable supplies held for consumption. The costs of inventories are recorded as expenditures when consumed.

### **Prepaid Assets**

Prepaid assets consist primarily of a deposit required by the Idaho State Insurance Fund and miscellaneous other future expenses paid in advance.

### **Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-Wide Statement of Net Position but are not reported in the Governmental Fund Financial Statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000 for equipment, buildings and improvements. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15 – 40 years
Equipment and Buses	5 – 15 years

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category: the deferred outflow for the pension obligation and the deferred outflow for other post-employment obligation (OPEB), both reported on the government-wide statement of net position. The pension and OPEB obligation results from changes in the assumptions or other inputs in the actuarial calculation of the District's net pension liability (asset) and OPEB asset.

In addition to liabilities, the Statement of Net Position includes 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. In the GWFS, the District has three items that qualify for reporting in this category: the employer pension obligation, the employer OPEB, and the net gain on bond refunding. The employer pension obligation results from the differences between the expected and actual experience and the net difference between projected and actual earnings on pension plan investments derived from the actuarial calculation of the District's net pension liability. The net gain on bond 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. On the fund level financial statements, the District has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category: unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### **Encumbrances**

Purchase orders, contracts, and other commitments for the expenditure of funds are considered to be encumbrances for budgeting control purposes during the year. Outstanding encumbrances at year-end do not constitute expenditures and are either charged to an appropriation the following year or the contractual commitment is canceled.

### **Long-Term Liabilities**

For government-wide reporting, material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are recognized in the period the bonds are issued.

For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

### **Unavailable and Advanced Revenue**

The District reports unavailable and advanced revenues on its Governmental Fund Balance Sheet. Advanced revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for advanced revenue is removed from the balance sheet and the revenue is recognized. There were no such advances outstanding as of June 30, 2022. On the Governmental Fund Financial Statements, property taxes that are delinquent are recorded as unavailable revenue since they are not available within 60 days of the fiscal year end; however in the Government-Wide Financial Statements all property taxes are recognized in the year they are measurable.

### **Compensated Absences**

The District provides personal and sick leave to its employees. Unused personal leave is paid in the current year. Sick leave is granted to each employee at the rate of ten days per year but is paid only for actual absence from work. Therefore, the costs of compensated absences are recognized when payments are made to employees.

### **Restricted Net Position**

For the Government-Wide Statement of Net Position, net position is reported as restricted when constraints are placed on net position use for either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Imposed by law through constitutional provisions or enabling legislation.

### **Fund Balances of Fund Financial Statements**

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

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has inventories and prepaid assets as being Nonspendable as these items are not expected to be converted to cash or are expected to be consumed within the next fiscal year.

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the general obligations and are restricted through debt covenants.

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

**Assigned:** This classification includes amounts that are constrained by the Board's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board delegating this responsibility to the Superintendent or designee through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

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

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

### **Property Taxes**

Property tax revenues are recognized when received or, if received within the two-month period subsequent to year-end, are accrued on the fund financial statements. Property tax revenues are recognized when levied with appropriate accrual made at year-end on the government-wide financial statements. The District's property taxes, levied on the Thursday prior to the second Monday in September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Occupancy taxes are due December 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion that meets the revenue recognition criteria is recognized as revenue on the governmental fund financial statements.

Under State law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Canyon County and Ada County bill and collect property taxes for the District.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no material allowance for uncollectible taxes.

### **Interfund Transfers**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursement, are reported as transfers.

### **Grants and Other Intergovernmental Revenues**

Federal and State reimbursement-type grants are recorded as intergovernmental revenues when the related expenditures/expenses are incurred and, in the Governmental Funds, when the revenues meet the availability criterion. For programs that are supported by multiple funding sources, federal and state grant monies are applied to expenditures first.

### **Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in determining the actuarial assumptions made in determining the other post-employment and pension benefits. It is at least reasonably possible that the significant estimates used will change within the next year.

### **Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental fund types.

### **Pensions**

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

### **Other Post-Employment Benefits**

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense;(expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund's fiduciary net position have been determined on the

same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the Net OPEB Asset (trusted plan), deferred outflows of resources, deferred inflows of resources, and OPEB expense. Additional disclosures required by this standard are included in Note 9. The District did not obtain an actuarial valuation for its single employer other post-employment benefit (OPEB) plan and has elected to not record the OPEB liability and related amounts for the single employer OPEB plan in its governmental activities financial statements. Accounting principles generally accepted in the United States of America require all OPEB amounts to be recorded based on an actuarial valuation. It also requires certain disclosures regarding the contributions, OPEB obligation and expense, and related deferred outflows of resources and deferred inflows of resources. The amounts by which the departure would affect net position, liabilities, deferred inflows of resources, deferred outflows of resources, expenses and disclosures are not reasonably determinable.

**Note 2 - Cash and Investments**

As of June 30, 2022, cash and investment balances consisted of the following:

	Bank Deposit Balance	Carrying Amount
US Bank - noncollateralized	\$ 3,779,790	\$ 3,167,843
Petty cash	-	725
	<u>\$ 3,779,790</u>	<u>3,168,568</u>
<b>Total deposits</b>		
<b>Investments</b>		
State Treasurer's local investment NAV government pool		16,623,261
Total investments		16,623,261
Total cash and investments		\$ 19,791,829 *

\* excludes fiduciary fund



	Fair Value	Weighted Average Maturity	Credit Rating
Investments measurement at net asset value (NAV):			
State Treasurer's local investment pool NAV	\$ 16,623,261	108 days	Unrated

### **Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's bank balance totaled \$3,779,790 as of June 30, 2022, of which \$250,000 was insured and \$3,529,700 was uninsured and uncollateralized as of June 30, 2022. The District is authorized to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements and the Pool. The Pool is managed by the State of Idaho Treasurer's Office and is established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

### **Credit Risk**

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation, is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The District does not have a policy limiting credit risk.

### **Concentration of Credit Risk**

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when 5% of the entity's total investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District does not have a policy limiting concentration of credit risk.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. At June 30, 2022, the District is not subject to interest rate risk as all investments are held in the Pool and repurchase agreements, which have short maturities. The weighted average maturity for the Local Government Investment Pool was 108 days at June 30, 2022. The District's investment policy is not limited to specific duration but is structured to meet the District's anticipated cash flows and spending rate.

**Note 3 - Interfund Payable/Receivable and Transfers**

The interfund receivables and payables are the result of the General Fund advancing funds to the other non-major funds to cover expenditures until reimbursement occurs. The non-major funds transfer to General Fund is related to the indirect costs. The transfer from the general fund to the nonmajor funds is related to providing additional support for the District’s Medicaid program. A summary of interfund payables/receivables at June 30, 2022, and transfers that occurred during fiscal year 2022 is indicated below:

Interfund Receivable	Interfund Payable		
	General Fund	Debt Service Fund	Total
General fund	\$ -	\$ 2,154,613	\$ 2,154,613
Debt service fund	8,664,960	-	8,664,960
Non-Major funds	1,639,486	-	1,639,486
	\$ 10,304,446	\$ 2,154,613	\$ 12,459,059

	Transfer Out		
	General Fund	Non-Major Funds	Total
Transfer In			
Non-Major Funds	\$ 133,231	\$ -	\$ 133,231
General Fund	-	(315,209)	(315,209)
	\$ 133,231	\$ (315,209)	\$ (181,978)

**Note 4 - Due From Other Agencies and Units of Government**

Amounts due from other agencies and units of government were as follows as of June 30, 2022:

State agencies	\$ 151,282
Federal agencies	2,151,176
	2,302,458
County agencies	7,206,546
Total	\$ 9,509,004

**Note 5 - Capital Assets**

A summary of activity in the Capital Assets is as follows:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Governmental Activities					
Not depreciated					
Land	\$ 5,928,396	\$ -	\$ -	\$ -	\$ 5,928,396
Depreciated					
Buildings and improvements	92,308,950	94,242	-	-	92,403,192
Land improvements	-	273,627	-	-	273,627
Equipment and buses	8,204,375	418,694	-	-	8,623,069
	<u>106,441,721</u>	<u>786,563</u>	<u>-</u>	<u>-</u>	<u>107,228,284</u>
Total at historical cost					
Less accumulated depreciation					
Buildings and improvements	(28,710,676)	(2,274,856)	-	-	(30,985,532)
Land improvements	-	(6,575)	-	-	(6,575)
Equipment and buses	(5,623,562)	(465,238)	-	-	(6,088,800)
	<u>(34,334,238)</u>	<u>(2,746,669)</u>	<u>-</u>	<u>-</u>	<u>(37,080,907)</u>
Total depreciation					
Governmental Activities					
Capital Assets, net	<u>\$ 72,107,483</u>	<u>\$ (1,960,106)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,147,377</u>

**Note 6 - Unavailable Revenues**

Revenues are considered unavailable in accordance with the modified accrual basis of accounting for the Governmental Fund Financial statements. The following revenues are measurable, but do not represent available expendable resources for the Governmental Fund Financial Statements or where received in advance before the District has legal claim to them for the fiscal year ended June 30, 2022:

	General Fund	Debt Service Fund
Delinquent taxes	\$ 839,640	\$ 2,665,211
	\$ 839,640	\$ 2,665,211

**Note 7 - General Obligation Bonds Payable**

A summary of activity in the long-term debt is as follows:

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments.

	Maturity	Interest Rate	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022	Due in One Year
Series 2012 GOB	2025	2.5% to 5%	\$ 2,185,000	\$ -	\$ (1,075,000)	\$ 1,110,000	\$ 1,110,000
Series 2014 GOB	2025	4%	2,280,000	-	-	2,280,000	-
Series 2016 GOB	2027	2% to 5%	11,155,000	-	(470,000)	10,685,000	1,090,000
Series 2017A	2037	2% to 4%	7,355,000	-	(325,000)	7,030,000	950,000
Series 2017B	2037	3.375% to 5%	23,585,000	-	(4,960,000)	18,625,000	-
Bond Premium	2037	N/A	6,027,618	-	(689,793)	5,337,825	-
Totals			\$ 52,587,618	\$ -	\$ (7,519,793)	\$ 45,067,825	\$ 3,150,000

**Partial Bond Defeasance 2017B Bonds**

On August 19, 2021, the District deposited \$6,194,054 to purchase defeasance securities and placed them into an irrevocable escrow to advance refund \$4,960,000 of its General Obligation Bonds, Series 2017B (the bonds). As a result of the liability for the bonds have been partially reduced by the defeased amount. The District achieved cash flow savings totaling \$2,284,696 and an economic gain of \$183,083 as a result of the refunding.

General obligation bonds payable as of June 30, 2022, consist of the following:

Series 2012 Bond in the original principal amount of \$8,015,000 maturing through August 15, 2025. Principal payments are due annually on August 15 starting in 2013, and interest is payable semi-annually on February 15, and August 15 of each year. Interest rates on the bonds range from 2.5% to 5% on the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.	\$ 1,110,000
Series 2014 Bond in the original principal amount of \$2,280,000 maturing through August 15, 2025. Principal payments are due annually on August 15 starting in 2023, and interest is payable semi-annually on February 15, and August 15 of each year. Interest rate on the bond is 4% of the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.	2,280,000
Series 2016 Bond in the original principal amount of \$17,220,000 maturing through September 15, 2027. Principal payments are due annually on September 15 starting in 2017, and interest is payable semi-annually on March 15, and September 15 of each year. Interest rate on the bond is 2% to 5% of the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.	10,685,000
Series 2017A Bond in the original principal amount of \$7,680,000 maturing through September 15, 2027. Principal payments are due annually on September 15 starting in 2020, and interest is payable semi-annually on March 15, and September 15 of each year. Interest rate on the bond is 2% to 4% of the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.	7,030,000
Series 2017B Bond in the original principal amount of \$27,165,000 maturing through September 15, 2034. Principal payments are due annually on September 15, 2027, and interest is payable semi-annually on March 15, and September 15 of each year. Interest rate on the bond is 4% to 5% of the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.	<u>18,625,000</u>
Subtotal bonds outstanding	<u>39,730,000</u>
Premium on 2012 bonds	7,990
Premium on 2014 bonds	62,678
Premium on 2016 bonds	1,149,741
Premium on 2017A bonds	666,689
Premium on 2017B bonds	<u>3,450,727</u>
Subtotal premium on bonds	<u>5,337,825</u>
	<u><u>\$ 45,067,825</u></u>

The annual requirements to pay principal and interest on outstanding general obligation bonds payable are as follows:

Years Ending June 30	GOB Series 2012	GOB Series 2014	GOB Series 2016
2023	\$ 1,110,000	\$ -	\$ 1,090,000
2024	-	1,115,000	1,140,000
2025	-	1,165,000	1,205,000
2026	-	-	2,215,000
2027	-	-	2,460,000
2028-2032	-	-	2,575,000
2033-2037	-	-	-
	<u>\$ 1,110,000</u>	<u>\$ 2,280,000</u>	<u>\$ 10,685,000</u>

Years Ending June 30	Series 2017A	Series 2017B	Interest	Total
2023	\$ 950,000	\$ -	\$ 1,731,920	\$ 4,881,920
2024	1,170,000	-	1,604,450	5,029,450
2025	1,115,000	-	1,455,531	4,940,531
2026	1,610,000	-	1,294,200	5,119,200
2027	1,310,000	-	1,120,894	4,890,894
2028-2032	875,000	10,865,000	3,602,850	17,917,850
2033-2037	-	7,760,000	520,000	8,280,000
	<u>\$ 7,030,000</u>	<u>\$ 18,625,000</u>	<u>\$ 11,329,845</u>	<u>\$ 51,059,845</u>

The general obligation bonded debt of the District is limited by State law to 5% of the market value for assessment purposes, less the aggregate outstanding indebtedness. The District was below the 5% of the market value at June 30, 2022.

### Note 8 - Pension Plan

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

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

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

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

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees. As of June 30, 2021, it was 7.16% for general employees. The employer contribution rate is set by the Retirement Board and was 11.94% of covered compensation for general employees. The District's contributions were \$3,391,724 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the District's proportion was .67258781% percent. At June 30, 2020 the District's proportion was .6967248 percent.

For the year ended June 30, 2022, the District recognized pension expense (offset) of \$(418,838). At June 30, 2022, 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	\$ 782,644	\$ 308,767
Changes in assumptions or other inputs	6,097,445	-
Net difference between projected and actual earnings on pension plan investments	-	16,684,457
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	313,482	419,082
District's contributions subsequent to the measurement date	3,391,724	-
Total	\$ 10,585,295	\$ 17,412,306

\$3,391,724 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020, the beginning of the measurement period ended June 30, 2020, is 4.7 and 4.6 for the measurement period 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:

Years Ended June 30	
2023	\$ (2,379,543)
2024	(2,163,225)
2025	(1,899,069)
2026	(3,776,898)
	\$ (10,218,735)

Actuarial Assumptions - Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued



liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30 percent
Salary increases including inflation	3.05 percent
Investment rate of return net of investment fees	6.35 percent
Cost of living (COLA) adjustments	1.00 percent

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

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

Assumptions used to calculate the enclosed figures are described in the 2021 Experience Study. The Total Pension Liability as of June 30, 2021 is based on the results of an actuarial valuation date July 1, 2021.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

**Capital Market Assumptions**

**Capital Market Assumptions for Callen 2021**

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

**Investment Policy Assumptions form PERSI November 2021**

Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

**Economic /Demographic Assumptions for Milliman 2021**

**Valuation Assumptions Chosen by PERSI Board**

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	2.30%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b>6.35%</b>

Discount Rate - The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 18,465,503	\$ (531,197)	\$ (16,103,172)

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

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

Payables to the pension plan

At June 30, 2022, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**Note 9 - OPEB Plan**

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

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

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

Employer Contributions - The contribution rate for employers are set by statute at .065% of covered compensation for school members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The District's contributions were \$0 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2021, the District's proportion was .015809606 percent. At June 30, 2020 the District's proportion was .015809606 percent.

For the year ended June 30, 2022, the District recognized OPEB expense (offset) of \$(121,217).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 269,656	\$ 434,938
Differences between expected and actual experience	327,587	-
Net difference between projected and actual earnings on pension plan investments	-	613,740
Change in proportionate share	22,354	-
Total	\$ 619,597	\$ 1,048,678

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

<u>Years Ended June 30</u>	
2023	\$ (135,469)
2024	(115,995)
2025	(104,846)
2026	(149,930)
2027	8,224
Thereafter	<u>68,935</u>
	<u>\$ (429,081)</u>

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

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return	5.45%, net of investment fees

The long-term expected rate of return on OPEB plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact.

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

**Capital Market Assumptions**

**Capital Market Assumptions for Callen 2021**

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	50.00%	2.80%	-0.20%
Broad US Equities	39.30%	8.00%	6.00%
Developed Foreign Equities	10.70%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

**Investment Policy Assumptions form PERSI November 2019**

Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

**Economic /Demographic Assumptions for Milliman 2021**

**Valuation Assumptions Chosen by PERSI Board**

Long-Term Expected Real Rate of Return, Net of Investment Expenses	3.15%
Assumed Inflation	2.30%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b>5.45%</b>

Discount Rate - The discount rate used to measure the total OPEB liability was 5.45%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the OPEB plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

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

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 5.45 percent, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.45 percent) or 1-percentage-point higher (6.45 percent) than the current rate:

	1% Decrease (4.45%)	Current Discount Rate (5.45%)	1% Increase (6.45%)
Employer's proportionate share of the net OPEB asset	\$ (1,992,290)	\$ (2,295,878)	\$ (2,579,449)

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Payables to the OPEB plan - At June 30, 2022, the District reported no payables to the defined benefit OPEB plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**Note 10 - Subsequent Events**

**Partial Bond Defeasance 2017B Bonds**

On August 23, 2022, the District deposited \$3,977,937 to purchase defeasance securities and placed them into an irrevocable escrow to advance refund \$3,550,000 of its General Obligation Bonds, Series 2017B (the bonds). As a result of the liability for the bonds have been partially reduced by the defeased amount subsequent to June 30, 2022. The District achieved cash flow savings totaling \$4,437,479 and an economic gain of \$443,072 as a result of the refunding.



Required Supplementary Information  
June 30, 2022

# Kuna School District



Kuna School District  
Schedule of Employer's Share of Net Pension Liability (Asset) and Schedule of Employer's Contributions  
Year Ended June 30, 2022

**Schedule of Employer's Share of Net Pension Liability (Asset)**

	<b>PERSI - Base Plan</b>						
	<b>Last 10 - Fiscal Years *</b>						
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Employer's portion of the net pension liability (asset)	0.672587810%	0.69672480%	0.66316010%	0.67353790%	0.6638641%	0.6794400%	0.6703052%
Employer's proportionate share of the net pension liability (asset)	\$ (531,197)	\$ 16,178,870	\$ 7,569,787	\$ 9,934,802	\$ 10,434,803	\$ 13,773,292	\$ 8,862,829
Employer's covered payroll	\$ 24,244,112	\$ 24,844,539	\$ 22,614,947	\$ 21,989,761	\$ 20,583,117	\$ 19,868,298	\$ 18,775,062
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-2.19%	65.12%	33.47%	45.18%	50.70%	69.32%	47.21%
Plan fiduciary net position as a percentage of the total pension liability	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

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

Data reported is measured as of the measurement date, which lags one year behind the fiscal year.

**Schedule of Employer's Contributions**

	<b>PERSI - Base Plan</b>						
	<b>Last 10 - Fiscal Years *</b>						
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Statutorily required contribution	\$ 3,391,724	\$ 2,894,747	\$ 2,966,438	\$ 2,560,012	\$ 2,489,241	\$ 2,330,009	\$ 2,251,006
Contributions in relation to the statutorily required contribution	\$ 3,391,724	\$ 2,894,747	\$ 2,966,438	\$ 2,560,012	\$ 2,489,241	\$ 2,330,009	\$ 2,251,006
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	28,406,399	24,244,112	\$ 24,844,539	\$ 22,614,947	\$ 21,989,761	\$ 20,583,117	\$ 19,868,298
Contributions as a percentage of the covered payroll	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%	11.33%

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

Data reported is measured as of the fiscal year end.

Kuna School District  
 Schedule of Employer's Share of Net OPEB Asset and Schedule of Employer's Contributions  
 Year Ended June 30, 2022

**Schedule of Employer's Share of Net OPEB Asset**

**PERSI - OPEB**

**Last 10 - Fiscal Years \***

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Employer's portion of the net OPEB Asset	0.015809606%	0.015809606%	0.015908566%	0.016115892%	0.016183780%
Employer's proportionate share of the net OPEB Asset	\$ (2,295,878)	\$ (1,946,646)	\$ (1,523,729)	\$ (1,336,732)	\$ (1,242,514)
Employer's covered payroll	\$ 24,244,112	\$ 24,844,539	\$ 22,614,947	\$ 21,989,761	\$ 20,583,117
Employer's proportionate share of the net OPEB Asset as a percentage of its covered payroll	-9.47%	-7.84%	-6.74%	-6.08%	-6.04%
Plan fiduciary net position as a percentage of the total OPEB Asset	152.61%	152.87%	138.51%	135.69%	87.26%

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

Data reported is measured as of the measurement date, which lags one year behind the fiscal year.

**Schedule of Employer's Contributions**

**PERSI - OPEB**

**Last 10 - Fiscal Years \***

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Statutorily required contribution	\$ -	\$ -	\$ 141,872	\$ 262,637	\$ 252,745
Contributions in relation to the statutorily required contribution	\$ -	\$ -	\$ 141,872	\$ 262,637	\$ 252,745
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 28,406,399	\$ 24,244,112	\$ 24,844,539	\$ 22,614,947	\$ 21,989,761
Contributions as a percentage of the covered payroll	0.00%	0.00%	0.57%	1.16%	1.15%

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

Data reported is measured as of the fiscal year end.

Kuna School District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund  
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Local revenues				
Property taxes	\$ 2,613,848	\$ 2,613,848	\$ 2,640,843	\$ 26,995
Earnings on investments	42,405	42,405	26,672	(15,733)
Charges for services	187,992	187,992	77,237	(110,755)
Federal revenue	317,895	317,895	260,613	(57,282)
State revenue				
Foundation	32,217,741	35,037,674	35,303,305	265,631
Other revenue	-	-	208,602	208,602
Total revenues	<u>35,379,881</u>	<u>38,199,814</u>	<u>38,517,272</u>	<u>317,458</u>
<b>Expenditures</b>				
Instructional				
Elementary school program	8,454,000	10,028,073	9,156,841	871,232
Secondary school program	12,275,577	12,470,384	11,426,580	1,043,804
Alternative school program	455,717	520,273	456,894	63,379
Exceptional school program	1,733,326	2,078,486	2,154,064	(75,578)
Preschool school program	180,179	201,110	260,755	(59,645)
Gifted and talented school program	-	-	-	-
Interscholastic school program	384,252	472,727	450,717	22,010
Summer School Program	318,352	247,895	212,709	35,186
Total instructional	<u>23,801,403</u>	<u>26,018,948</u>	<u>24,118,560</u>	<u>1,900,388</u>
Support Services				
Attendance-guidance-health	790,767	828,700	1,000,703	(172,003)
Safety Program	298,500	298,500	301,224	(2,724)
Special services program	38,894	180,945	177,978	2,967
Instructional improvement program	1,065,605	1,123,464	1,171,152	(47,688)
Educational media program	110,322	102,836	151,986	(49,150)
District Administration program	860,144	725,648	846,206	(120,558)
Business Operations program	846,831	601,232	793,227	(191,995)
School administration program	1,999,479	2,236,085	2,877,579	(641,494)
Maintenance and improvements buildings, grounds, and equipment	3,197,549	3,179,530	3,729,079	(549,549)
Classroom Technology	776,219	788,177	755,510	32,667
Pupil transportation	1,904,357	1,818,875	2,057,332	(238,457)
Board of Education	16,191	21,191	18,808	2,383
Total support services	<u>11,904,858</u>	<u>11,905,183</u>	<u>13,880,784</u>	<u>(1,975,601)</u>

Kuna School District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund  
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Food Services Program	-	-	52,384	(52,384)
Total expenditures	35,706,261	37,924,131	38,051,728	(127,597)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(326,380)	275,683	465,544	189,861
Other Financing Sources (Uses)				
Transfers out	(160,000)	(160,000)	(133,231)	26,769
Transfers in	686,382	405,208	315,209	(89,999)
Total other financing sources (uses)	526,382	245,208	181,978	(63,230)
Net Change in Fund Balance	<u>\$ 200,002</u>	<u>\$ 520,891</u>	647,522	<u>\$ 126,631</u>
Fund Balance, Beginning of Year			5,634,871	
Fund Balance, End of Year			<u>\$ 6,282,393</u>	

**Note 1 - Budgets and Budgetary Accounting**

**Basis of Budgeting**

The District prepares a budget by estimating the probable amount of money necessary for all purposes for which an appropriation is to be made (including interest and principal due on the bonded debt) and by itemizing and classifying the proposed expenditures by department, fund, or service as nearly as may be practicable. To support such proposed expenditures, the District prepares an estimate of the total revenue anticipated during the ensuing fiscal year for which a budget is being prepared and classifies such receipts by source as nearly as may be possible and practicable. Budgetary control for expenditures is employed at the function level.

**Note 2 - Amended Budget**

For the fiscal year 2022, the general fund budget was formally amended during the year to increase budgeted revenues and expenditures. During fiscal year 2022, the District over spent its final amended budget in the general fund by (\$127,597) primarily due to higher than anticipated cost for school administration, building and grounds maintenance and pupil transportation.



Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2022

**Kuna School District**



**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 Board of Trustees  
Kuna School District  
Kuna, Idaho

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kuna School District (the District), as of and for the year ended June 30, 2022, 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 7, 2022.

In our report, our opinion on the financial statements was qualified, as discussed in the “Matters Giving Rise to Qualified Opinion on Governmental Activities” paragraph in the report on the financial statements. Management did not obtain an actuarial valuation for the other-post employment benefits (OPEB) single employer plan liability and therefore, did not record an OPEB liability in the Statement of Net Position.

**Report on 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 or significant deficiencies may exist that have not been identified.

### **Report on 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 cursive script that reads "Eide Sully LLP".

Boise, Idaho  
October 7, 2022





**Independent Auditor’s Report on Compliance for each Major Federal Program; Report on Internal Control Over Compliance Required by Uniform Guidance**

To the Board of Trustees  
Kuna School District  
Kuna, Idaho

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Kuna School District’s (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the District complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name of the firm.

Boise, Idaho  
October 7, 2022

Kuna School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass- Through Grant Number	Expenditures	Amounts Passed- Through to Subrecipients
<u>U.S. Department of Education</u>				
Passed Through State Superintendent of Public Instruction:				
Title I Grants to Local Education Agencies	84.010	S010A200012, S010A210012	\$ 894,995	\$ -
Migrant Education State Grant Program	84.011	S011A190012, S011A200012, S011A210012	121,914	-
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	V048A210012	73,433	-
Special Education Grants to States	* 84.027	H027A190088, H027A200088, H027A201088	1,045,927	-
COVID-19 ARP-Special Education Preschool Grants	* 84.027	H027X210088	150,145	-
Special Education Preschool Grants	* 84.173	H173A200030, H173A210030	22,647	-
COVID-19 ARP-Special Education Preschool Grants	* 84.173	H173X210030	19,439	-
Total Special Education Cluster (IDEA)			1,238,158	-
Special Education - State Personnel Development	84.323	H323A200002	4,597	-
Supporting Effective Instruction State Grants	84.367	S367A200011, S367A210011	113,877	-
English Language Acquisition State Grants	84.365	S365A20012, S365A210012	37,783	-
Student Support and Academic Enrichment Program	84.424	S424A190013, S424A200013	103,877	-
COVID-19 Education Stabilization Fund	84.425D	S425D200043, S425U210043	2,317,118	-
COVID-19 ARP-Education Stabilization Fund	84.425D	S425W210013	20,656	-
Total Education Stabilization Fund			2,337,774	-
Total U.S. Department of Education			4,926,408	-

Kuna School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Financial Assistance Listing Number	Pass- Through Grant Number	Expenditures	Amounts Passed- Through to Subrecipients
<u>U.S. Department of Health and Human Services</u>				
Passed Through State Department of Health and Welfare				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000544	105,949	-
Administration for Children and Families	93.575	Not listed	80,000	-
Passed Through Idaho Office of Drug Policy				
Substance Abuse and Mental Health Services	93.959	Not listed	9,329	-
Total U.S. Department of Health and Human Services			<u>195,278</u>	<u>-</u>
<u>U.S. Federal Communications Commission</u>				
Emergency Connectivity Fund Program	32.009		1,182,550	-
<u>U.S. Department of Treasury</u>				
Passed Through State Department of Education				
Coronavirus Relief Fund	21.019	20-1892-0-1-806	444,964	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0142	660,123	-
Total U.S. Department of Treasury			<u>1,105,087</u>	<u>-</u>
<u>U. S. Department of Agriculture</u>				
Passed Through State Superintendent of Public Instruction:				
COVID-19 National School Lunch Program	10.555	227IDID3N8903	92,925	-
Commodities	10.555	207IDID3N1099	192,769	-
Summer Food Service Program	10.559	207IDID3N1099,2 17IDID3N1099	2,120,790	-
School Breakfast Program	10.559	217IDID3N1099,2 17IDID3N1099	587,819	-
Total Child Nutrition Cluster			<u>2,994,303</u>	<u>-</u>
Total U. S. Department of Agriculture			<u>2,994,303</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 10,403,626</u>	<u>\$ -</u>

\* Denotes a program that was clustered for the determination of Type A and Type B programs.

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District, under programs of the federal government for the year ended June 30, 2022. 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 and changes in net position of the District.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The District has not elected to use the 10% de minimum cost rate.

**Note 4 - Food Donation**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling \$80,134 in inventory.

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued:	Qualified
Internal control over financial reporting:	
Material weaknesses	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor’s report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with Uniform Guidance 2 CFR 200.516?	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing Number</u>
Special Education Cluster (IDEA)	84.027, 84.173
Coronavirus Relief Fund	21.019
Covid-19 Education Stabilization Fund	84.425
Emergency Connectivity Fund Program	32.009
Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II-Financial Statement Findings**

None

**Section III-Schedule of Findings and Questioned Costs**

None