Financial Statements
June 30, 2023

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, 2023, 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, 2023 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, 2023, 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 the 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 schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 GAAS. 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 30, 2023 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.

Eide Bailly LLP

Boise, Idaho
October 30, 2023

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 $4.0 million primary due to increases in state revenues and increases in property taxes received.
- Expenses increased by approximately $7.5 million due to increases pension and OPEB required to be recorded by GASB 68 and GASB 75.
- During fiscal year ending June 30, 2023 and in prior fiscal years, the District received multiple awards under the CARES and CRRSA acts and through the Coronavirus relief funds. The District expended in fiscal year 2023 $3,856,402 for training, technology upgrades, supporting remote instruction, enhancing safety measures, and covering other expenses related to COVID-19.
- The District defeased a portion of its Series 2017B Bonds during fiscal year 2023 which resulted in future cash flow savings totaling $4,437,479. 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 $48,040,947 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, 2023, consisted of $14,495,854 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 64% 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		
	2023	2022	Change
Current and other assets	$ 33,464,948	$ 32,842,478	$ 622,470
Capital assets	68,825,199	70,147,377	(1,322,178)
Total assets	102,290,147	102,989,855	(699,708)
Deferred Outflows			
Deferred outflows OPEB	1,045,417	619,597	425,820
Deferred outflows pensions	18,587,991	10,585,295	8,002,696
Total deferred outflows	19,633,408	11,204,892	8,428,516
Current liabilities	5,921,296	5,578,180	343,116
Long-term liabilities outstanding			
Due within one year	3,425,000	3,150,000	275,000
Due in more then one year	63,139,704	42,359,625	20,780,079
Total liabilities	72,486,000	51,087,805	21,398,195
Deferred Inflows			
Deferred gain on refunding	442,959	625,849	(182,890)
Deferred inflows on OPEB	540,626	1,048,678	(508,052)
Deferred inflows on pensions	413,023	17,412,306	(16,999,283)
Total deferred inflows	1,396,608	19,086,833	(17,690,225)
Net Position			
Net investment in capital assets	30,616,312	24,853,394	5,762,918
Restricted	14,495,854	14,125,642	370,212
Unrestricted	2,928,781	5,041,073	(2,112,292)
Total net position	$ 48,040,947	$ 44,020,109	$ 4,020,838

At the end of the current fiscal year, the District's combined net position increased by $4,020,838 or 9.1% to $48,040,947. 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 2022-2023 and 2021-2022. The District relies on state funding for 61%, federal and state grants for 17%, and local property taxes from a voter approved supplemental levy, tort levy, and debt service for 19% of its governmental activities. The District had total revenues of $63,677,676.

	2023	2022	Change
Revenues			
Program Revenues			
Charges for services	$ 573,861	$ 98,177	$ 475,684
Operating grants and contributions	10,631,155	13,760,190	(3,129,035)
General Revenues			
Property taxes, levied for general purposes	3,064,649	2,323,231	741,418
Property taxes, levied for debt services	8,794,327	8,394,139	400,188
State revenues	38,955,104	35,807,895	3,147,209
Medicaid	825,180	881,962	(56,782)
Other general revenues	178,964	236,489	(57,525)
Interest and investment earnings	654,436	35,451	618,985
Total revenues	63,677,676	61,537,534	2,140,142
Expenses			
Instructional Services	32,396,752	25,182,203	7,214,549
Support Services	8,733,968	9,937,970	(1,204,002)
School administration	3,475,199	2,840,074	635,125
Attendance-guidance-health	1,369,558	1,067,654	301,904
Transportation	2,827,939	2,039,611	788,328
Maintenance and improvements	4,397,000	3,817,701	579,299
School lunch	2,428,188	2,451,912	(23,724)
Interest and other costs on long-term debt	789,972	867,047	(77,075)
Loss on defeasance	427,938	1,219,090	(791,152)
Depreciation	2,810,324	2,746,669	63,655
Total expenses	59,656,838	52,169,931	7,486,907
Change in Net Position	$ 4,020,838	$ 9,367,603	$ (5,346,765)

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 2022-23 fiscal year, the general fund balance was $8,861,216 of which $8,493,602 was classified as unassigned fund balance. Fiscal year ending June 30, 2022 general fund balance was $6,282,393 of which $6,237,548 was classified as unassigned fund balance. This represents an increase in the total general fund balance of $2,578,823. Expenditures for general District purposes totaled $39,784,271, an increase of $1,732,543 from the 2021-22 fiscal year primarily due to increases in salaries and benefits. General Fund revenues in the 2022-23 fiscal year for the District totaled $42,364,527 an increase of $3,847,255 from the 2021-22 fiscal year due to increases in state funding. Instructional services accounts for approximately 63% of the general fund expenditures. General fund salaries totaled $26,053,442. The associated fringe benefits of retirement, social security, unemployment, workers compensation, health, dental, vision, and life insurance added $10,083,595 to arrive at $36,137,037 or 90.83% of the District's general fund expenditures.

Debt Service – Revenues in the debt service fund consist of property tax receipts of $8,660,202, investment earnings of $156,506 and the State's bond equalization payment of $234,606. The fund paid $6,700,000 and $2,068,530 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 $3.9 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 budgeted was a net decrease in the current year for expenditures due to lower than anticipated costs for instructional programs. The Budget to Actual shows the various support services to be overspent during the fiscal year primarily due to higher than anticipated cost for school administration, business operations, district administration and attendance-guidance-health.

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 $108,716,430 in a broad range of capital assets. The total accumulated depreciation on these assets amounts to $39,891,231.

Asset acquisitions for governmental activities totaled $1,488,146 while depreciation expense was $2,810,324 for the fiscal year ended. Capital asset additions for the year include equipment purchases for transportation and technology for $1,255,436, improvements to current buildings for $19,264, and land improvements for $213,446.

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 $37,765,928 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 $6,700,000 in principal and defeasance payments and $2,068,530 in interest cost payments during fiscal year 2023. The District partially defeased its Series 2017B Bonds which reduced debt by $3,550,000 during fiscal year 2023. See Note 7 for more information regarding changes in long-term debt.

Economic Factors and Next Year's Budget
In the fiscal year ending June 30, 2023, the state's revenue increased by 8% because the Governor signed a two-year plan to fund Idaho school districts based on student enrollment, not attendance. However, this funding approach will change to attendance-based in the 2023-24 school year, and Kuna School District does not expect any funding increases.

Over the past few years, from FY20 to FY23, the District has received several grants from programs like the CARES and CRRSA Acts, as well as Coronavirus Relief funds. The District put these funds to use in various ways, including training, technology upgrades, supporting remote instruction, enhancing safety measures, and covering expenses related to COVID-19. The funds will expire in September 2024. The total cumulative amount of all these grants will reach approximately $11,542,477 by the end of 2024. Typically, the District has been using between three and four million dollars from these funds each year. In the fiscal year that ended on June 30, 2023, the District expended $3,856,402 of these grant funds.

Since 2019, the District's general fund balance has been growing because the District was able to use federal funds for various activities under the CARES and CRRSA Acts. However, it's important to note that federal funds will expire in 2023-24, and the District currently relies on Federal funds for $3 million in activities. To keep the operations going without federal funds, the district will need to shift most expenses to the general fund, which will reduce the fund balance. The School Board has been strategically setting aside general funds to ensure financial readiness for this transition in the next year.

In March 2023, the District decided not to pursue a $2.5 million Supplemental Levy. Instead, the Board approved using the general fund balance to support 15 classroom reduction teachers, curriculum enhancements, technology, and safety aids for the fiscal years 2023-24. This means that in 2023-24, the district's expenses will exceed the revenues as planned. This strategy aims to use the fund balance to contribute to property tax relief for Kuna residents.

In August 2023, the District received $2,142,215 in School District Facilities funds, as directed by Idaho Code 33-911. The funds were used for the payment of existing school bonds authorized pursuant to chapter 11, Title 33, Idaho Code. The amount was included on the district's L-2 form to reduce school bonds being levied for the school year 2023-24 (calendar tax year 2023).

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.

	Governmental Activities
Assets	
Cash and investments	$ 19,329,901
Restricted cash and investments	2,110,628
Property taxes receivables	7,770,310
State and federal receivables	2,056,364
Other receivables	8,826
Inventories	132,671
Prepaid assets	852,708
Net OPEB asset	1,203,540
Capital assets (not subject to depreciation)	5,928,396
Capital assets (net of depreciation)	62,896,803
Total assets	102,290,147
Deferred Outflows of Resources	
Deferred outflows OPEB	1,045,417
Deferred outflows pensions	18,587,991
Total deferred outflows of resources	19,633,408
	121,923,555
Liabilities	
Accounts, salaries, and other payables	5,477,327
Accrued interest payable bonds	443,969
Long-term liabilities	
Due within one year - bonds	3,425,000
Due in more than one year - bonds	34,340,928
Compensated absences	459,862
Net pension liability	28,338,914
Total liabilities	72,486,000
Deferred Inflows of Resources	
Deferred inflows- net gain on refundings	442,959
Deferred inflows OPEB	540,626
Deferred inflows pensions	413,023
Total deferred inflows of resources	1,396,608
Net Position	
Net investment in capital assets	30,616,312
Restricted for	
Debt service	12,375,263
School lunch program	405,617
Student activities	754,391
Federal and state programs	960,583
Unrestricted	2,928,781
Total net position	$ 48,040,947

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental Activities				
Instruction				
Elementary programs	$ 12,983,832	$ -	$ 3,793,269	$ (9,190,563)
Secondary/alternative programs	14,782,061	-	404,151	(14,377,910)
Exceptional/preschool programs	3,341,296	-	1,001,588	(2,339,708)
Other instructional programs	1,289,563	-	879,652	(409,911)
Support Services				
Attendance-guidance-health	1,369,558	-	-	(1,369,558)
Safety program	359,552	-	69,014	(290,538)
Special services program	99,424	-	-	(99,424)
Instructional improvement program	1,819,241	-	1,010,393	(808,848)
Educational media program	220,143	-	-	(220,143)
District Administration program	1,771,884	-	-	(1,771,884)
Business Operations program	1,203,677	-	-	(1,203,677)
School administration program	3,475,199	-	177,993	(3,297,206)
Maintenance and improvements buildings, grounds, and equipment	4,397,000	-	-	(4,397,000)
Classroom Technology	1,773,819	-	517,665	(1,256,154)
Pupil transportation	2,827,939	69,566	96,289	(2,662,084)
Board of Education	19,243	-	-	(19,243)
School activities	1,466,985	-	1,423,828	(43,157)
Food services program	2,428,188	504,295	1,257,313	(666,580)
Interest and fiscal charges	789,972	-	-	(789,972)
Loss on defeasance	427,938	-	-	(427,938)
Depreciation unallocated	2,810,324	-	-	(2,810,324)
Total Governmental Activities	$ 59,656,838	$ 573,861	$ 10,631,155	(48,451,822)
General revenues				
Taxes				
Property taxes, levied for general purposes				3,064,649
Property taxes, levied for debt service				8,794,327
Grants and contributions not restricted to specific programs				
Foundation program				38,720,498
State bond equalization				234,606
Interest and investment earnings				654,436
Miscellaneous				178,964
Medicaid				825,180
Total general revenues				52,472,660
Changes in Net Position				4,020,838
Net Position, Beginning of Year				44,020,109
Net Position, End of Year				$ 48,040,947

	General	Debt Service	Non-Major Funds	Total Governmental Funds
Assets				
Cash and investments	$ 19,329,901	$ -	$ -	$ 19,329,901
Restricted cash and investments	-	-	2,110,628	2,110,628
Receivables				
Current property taxes	1,978,981	5,791,329	-	7,770,310
State and federal receivables	695,284	-	1,361,080	2,056,364
Interfund balances	2,081,026	8,664,960	1,462,462	12,208,448
Other receivables	8,826	-	-	8,826
Prepaid assets	367,614	-	485,094	852,708
Inventories	-	-	132,671	132,671
	$ 24,461,632	$ 14,456,289	$ 5,551,935	$ 44,469,856
Liabilities				
Accounts payable	$ 100,648	$ -	$ 21,929	$ 122,577
Accrued payroll and related liabilities	4,428,060	-	924,205	5,352,265
Due to fiduciary fund	-	-	2,485	2,485
Interfund balances	10,127,422	2,081,026	-	12,208,448
Total liabilities	14,656,130	2,081,026	948,619	17,685,775
Deferred Inflows of Resources				
Unavailable revenue-property taxes	944,286	2,799,336	-	3,743,622
Fund Balance				
Nonspendable				
Inventories and prepaid assets	367,614	-	617,765	985,379
Restricted for				
Debt service	-	9,575,927	-	9,575,927
Food service program	-	-	405,617	405,617
Maintenance and additions to facilities	-	-	1,864,960	1,864,960
Student activities	-	-	754,391	754,391
Federal and state programs	-	-	960,583	960,583
Unassigned				
Unassigned	8,493,602	-	-	8,493,602
Total fund balance	8,861,216	9,575,927	4,603,316	23,040,459
	$ 24,461,632	$ 14,456,289	$ 5,551,935	$ 44,469,856

Total fund balances - governmental funds		$ 23,040,459
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.		
Costs of capital assets	108,716,430	
Accumulated depreciation	(39,891,231)	68,825,199
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.		3,743,622
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 resouces in the year of issuance, but get deferred and amortized in the government-wide finanical 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:		
Accrued interest on bonds	(443,969)	
Bonds payable	(33,030,000)	
Unamortized premiums	(4,735,928)	
Net unamortized gain on bond refunding	(442,959)	(38,652,856)
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.		(459,862)
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.		1,203,540
Pension obligations are not due and payable in the current period and, therefore are not reported in the funds, but are reported on the Statement of Net Position.		(28,338,914)
Deferred outflows and inflows of resources related to pension obligations		
Deferred outflows of resources related to OPEB	1,045,417	
Deferred inflows of resources related to OPEB	(540,626)	504,791
Deferred outflows and inflows of resources related to pension obligations		
Deferred outflows of resources related to pensions	18,587,991	
Deferred inflows of resources related to pensions	(413,023)	18,174,968
Net Position		$ 48,040,947

	General	Debt Service	Non Major Funds	Total Governmental Funds
Revenues				
Local revenues				
Property taxes	$ 2,960,003	$ 8,660,202	$ -	$ 11,620,205
Earnings on investments	412,866	156,506	85,064	654,436
Charges for services	69,566	-	504,295	573,861
Student activity revenues	-	-	1,423,828	1,423,828
State revenue				
Foundation	38,720,498	234,606	-	38,955,104
Program specific	-	-	666,621	666,621
Federal and state revenue	65,932	-	8,474,773	8,540,705
Medicaid	-	-	825,180	825,180
Other revenue	135,662	-	43,302	178,964
Total revenues	42,364,527	9,051,314	12,023,063	63,438,904
Expenditures				
Instructional				
Elementary school program	9,212,768	-	1,879,723	11,092,491
Secondary school program	11,701,286	-	203,281	11,904,567
Alternative school program	436,737	-	192,283	629,020
Exceptional school program	3,101,538	-	2,180,362	5,281,900
Preschool school program	316,425	-	26,470	342,895
21st Century	-	-	101,976	101,976
Summer School program	78,076	-	20,817	98,893
Interscholastic school program	484,454	-	-	484,454
CTE Program	-	-	608,141	608,141
Total instructional	25,331,284	-	5,213,053	30,544,337
Support Services				
School Activities Program	-	-	1,411,125	1,411,125
Attendance-guidance-health	1,104,434	-	63,559	1,167,993
Safety program	279,783	-	79,769	359,552
Special services program	99,424	-	-	99,424
Instructional improvement program	592,125	-	1,052,470	1,644,595
Educational media program	191,524	-	-	191,524
District Administration program	875,444	-	856,252	1,731,696
Business Operations program	867,753	-	179,194	1,046,947
School administration program	2,937,064	-	-	2,937,064
Maintenance and improvements buildings, grounds, and equipment	4,033,547	-	1,431,565	5,465,112
Classroom technology	877,153	-	740,982	1,618,135
Pupil transportation	2,510,287	-	-	2,510,287
Board of Education	19,243	-	-	19,243
Total support services	14,387,781	-	5,814,916	20,202,697

	General	Debt Service	Non Major Funds	Total Governmental Funds
Food services program	65,206	-	2,259,849	2,325,055
Debt services program				
Principal	-	6,700,000	-	6,700,000
Interest	-	2,068,530	-	2,068,530
Fees	-	19,470	-	19,470
Total debt service program	-	8,788,000	-	8,788,000
Total expenditures	39,784,271	8,788,000	13,287,818	61,860,089
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,580,256	263,314	(1,264,755)	1,578,815
Other Financing Sources (Uses)				
Transfers out	(441,589)	-	(440,156)	(881,745)
Transfers in	440,156	-	441,589	881,745
Total other financing sources (uses)	(1,433)	-	1,433	-
Net Change in Fund Balance	2,578,823	263,314	(1,263,322)	1,578,815
Fund Balance, Beginning of Year	6,282,393	9,312,613	5,866,638	21,461,644
Fund Balance, End of Year	$ 8,861,216	$ 9,575,927	$ 4,603,316	$ 23,040,459

Total net change in fund balance - governmental funds.		$ 1,578,815
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	(2,810,324)	
Capital outlay	1,488,146	
		(1,322,178)
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		6,700,000
Amortization of premium is recognized as a reduction of interest expense on the Statement of Activities.		601,897
Amortization of a net gain on bond refunding is recognized as a reduction of interest expense in the Statement of Activities.		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.		85,303
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.		238,771

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 liability.	(18,062)
In the governmental funds, pension contributions are considered an expense, while on the Statement of Activities the contributions are considered a deferred outflow.	3,626,758
In the governmental funds, pension and OPEB benefits earned net of employee contributions is not recognized as an expense.	(7,653,356)
Change in net position of governmental activities	$ 4,020,838

	Private Purpose Trust Funds
Assets	
Cash and cash equivalents	$ 650
Investments	2,120
Due from district funds	2,485
Total assets	5,255
Net Position	
Restricted for scholarships	$ 5,255

	Private Purpose Trust Funds
Revenues	
Investment earnings	$ 63
Total revenues	63
Change in Net Position	63
Net Position, Beginning of Year	5,192
Net Position, End of Year	$ 5,255

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 lease liability transactions, sale of capital assets, debt extinguishments, long-term debt proceeds, etcetera) 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:

Description	Estimated Lives
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 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, 2023. 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.

Net Position

In the government-wide financial statements net position is displayed in three components:

Net Investment in Capital Assets

Consist of the net book value of capital assets reduced by related debt.

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 1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) Imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net position

All other net position that does not meet the definition of “restricted” or “Net Investment in capital assets”.

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 determined 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, 2023, cash and investment balances consisted of the following:

	Bank Deposit Balance	Carrying Amount
US Bank - noncollateralized	$ 4,246,224	$ 2,823,850
Petty cash	-	941
Total deposits	$ 4,246,224	2,824,791
Investments		
State Treasurer's local investment NAV government pool		18,615,738
Total investments		18,615,738
Total cash and investments		$ 21,440,529 *

* excludes fiduciary fund

	Fair Value	Weighted Average Maturity	Credit Rating
Investments measurement at net asset value (NAV):			
State Treasurer's local investment pool NAV	$ 18,615,738	101 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 $4,246,224 as of June 30, 2023, of which $250,000 was insured and $3,996,224 was uninsured and uncollateralized as of June 30, 2023. 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, 2023, 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 101 days at June 30, 2023. 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 General Fund owes the Debt Service Fund for property tax revenues collected that belong to the Debt Service Fund. 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, 2023, and transfers that occurred during fiscal year 2023 is indicated below:

	Interfund Payable		
Interfund Receivable	General Fund	Debt Service Fund	Total
General fund	$ -	$ 2,081,026	$ 2,081,026
Debt service fund	8,664,960	-	8,664,960
Non-Major funds	1,462,462	-	1,462,462
	$ 10,127,422	$ 2,081,026	$ 12,208,448

	Transfer Out		
	General Fund	Non-Major Funds	Total
Transfer In			
Non-Major Funds	$ 441,589	$ -	$ 441,589
General Fund	-	(440,156)	(440,156)
	$ 441,589	$ (440,156)	$ 1,433

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, 2023:

State agencies	$ 695,284
Federal agencies	1,361,080
	2,056,364
County agencies	7,770,310
Total	$ 9,826,674

Note 5 - Capital Assets

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

	June 30, 2022	Additions	Deductions	June 30, 2023
Governmental Activities				
Not depreciated				
Land	$ 5,928,396	$ -	$ -	$ 5,928,396
Depreciated				
Buildings and improvements	92,403,192	19,264	-	92,422,456
Land improvements	273,627	213,446	-	487,073
Equipment and buses	8,623,069	1,255,436	-	9,878,505
Total at historical cost	107,228,284	1,488,146	-	108,716,430
Less accumulated depreciation				
Buildings and improvements	(30,985,532)	(2,205,498)	-	(33,191,030)
Land improvements	(6,575)	(19,829)	-	(26,404)
Equipment and buses	(6,088,800)	(584,997)	-	(6,673,797)
Total depreciation	(37,080,907)	(2,810,324)	-	(39,891,231)
Governmental Activities				
Capital Assets, net	$ 70,147,377	$ (1,322,178)	$ -	$ 68,825,199

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, 2023:

	General Fund	Debt Service Fund
Delinquent taxes	$ 944,286	$ 2,799,336
	$ 944,286	$ 2,799,336

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, 2022	Additions	Deletions	Balance at June 30, 2023	Due in One Year
Series 2012 GOB	2025	2.5% to 5%	$ 1,110,000	$ -	$ (1,110,000)	$ -	$ -
Series 2014 GOB	2025	4%	2,280,000	-	-	2,280,000	1,115,000
Series 2016 GOB	2027	2% to 5%	10,685,000	-	(1,090,000)	9,595,000	1,140,000
Series 2017A	2037	2% to 4%	7,030,000	-	(950,000)	6,080,000	1,170,000
Series 2017B	2037	3.375% to 5%	18,625,000	-	(3,550,000)	15,075,000	-
Bond Premium	2037	N/A	5,337,825	-	(601,897)	4,735,928	-
Totals			$ 45,067,825	$ -	$ (7,301,897)	$ 37,765,928	$ 3,425,000

Partial Bond Defeasance 2017B Bonds

On August 23, 2022, the District deposited $3,977,938 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. The District achieved future cash flow savings totaling $4,437,479 and an economic gain of $443,072 as a result of the defeasance.

General obligation bonds payable as of June 30, 2023, consist of the following:

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.		9,595,000
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.		6,080,000
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.		15,075,000
Subtotal bonds outstanding		33,030,000
Premium on 2014 bonds		30,700
Premium on 2016 bonds		862,306
Premium on 2017A bonds		622,244
Premium on 2017B bonds		3,220,678
Subtotal premium on bonds		4,735,928
	$	37,765,928

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
2024	$ -	$ 1,115,000	$ 1,140,000
2025	-	1,165,000	1,205,000
2026	-	-	2,215,000
2027	-	-	2,460,000
2028	-	-	2,575,000
2029-2033	-	-	-
2034-2038	-	-	-
	$ -	$ 2,280,000	$ 9,595,000

Years Ending June 30	Series 2017A	Series 2017B	Interest	Total
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	875,000	400,000	972,725	4,822,725
2029-2033	-	13,415,000	2,944,375	16,359,375
2034-2038	-	1,260,000	205,750	1,465,750
	$ 6,080,000	$ 15,075,000	$ 9,597,925	$ 42,627,925

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, 2023.

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.

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, 2022, 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 $3,626,758, for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022, the District's proportion was .71948860% percent. At June 30, 2021 the District's proportion was .67258781% percent.

For the year ended June 30, 2023, the District recognized pension expense of $7,653,356. At June 30, 2023, 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	$ 3,116,246	$ 126,486
Changes in assumptions or other inputs	4,620,093	-
Net difference between projected and actual earnings on pension plan investments	6,520,449	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	704,445	286,537
District's contributions subsequent to the measurement date	3,626,758	-
Total	$ 18,587,991	$ 413,023

$3,626,758 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, 2024.

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, 2022, the beginning of the measurement period ended June 30, 2021, is 4.6 and 4.6 for the measurement period ended June 30, 2022.

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	
2024	$ 3,505,019
2025	3,788,029
2026	1,781,673
2027	5,473,489
	$ 14,548,210

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, 2022 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

Contributing Members, Service Retirement Members, and Beneficiaries
General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.
Teachers - Males Pub-2010 Teacher Tables, increased 12%.
Teachers - Females Pub-2010 Teacher Tables, increased 21%.

An experience study was performed for the period July 1, 2015 through June 30, 2020, which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2022 is based on the results of an actuarial valuation date July 1, 2022.

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 2022.

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

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)	$ 50,015,410	$ 28,338,914	$ 10,597,265

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.

Payables to the pension plan

At June 30, 2023, 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.

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, 2023.

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

At June 30, 2023, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, 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, 2022, the District's proportion was .015809606 percent. At June 30, 2021 the District's proportion was .015809606 percent.

For the year ended June 30, 2023, the District recognized OPEB expense of $158,466.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 234,931	$ 540,626
Differences between expected and actual experience	290,715	-
Net difference between projected and actual earnings on pension plan investments	501,290	-
Change in proportionate share	18,481	-
Total	$ 1,045,417	$ 540,626

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

Years Ended June 30	
2024	$ 106,803
2025	114,078
2026	68,554
2027	226,417
2028	(11,331)
Thereafter	270
	$ 504,791

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, 2022 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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad U.S. Equity	39.3%	8.53%
Global EX U.S. Equity	10.7%	9.09%
Fixed Income	50.0%	2.80%
Cash Equivalents	0.0%	2.25%

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	$ (849,157)	$ (1,203,540)	$ (1,527,565)

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.

Payables to the OPEB plan - At June 30, 2023, 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 24, 2023, the District deposited $3,883,090 to purchase defeasance securities and placed them into an irrevocable escrow to advance refund $3,530,000 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, 2023. The District achieved future cash flow savings totaling $5,268,750 and an economic gain of $384,549 as a result of the refunding.

Required Supplementary Information
June 30, 2023

Kuna School District

Schedule of Employer's Share of Net Pension Liability (Asset)
PERSI-Base Plan
Last 10-Fiscal Years*

	2023	**2022**	**2021**	**2020**	**2019**
Employer's portion of the net pension liability (asset)	0.71948860%	0.672587810%	0.69672480%	0.66316010%	0.67353790%
Employer's proportionate share of the net pension liability (asset)	$ 28,338,914	$ (531,197)	$ 16,178,870	$ 7,569,787	$ 9,934,802
Employer's covered payroll	$ 28,406,399	$ 24,244,112	$ 24,844,539	$ 22,614,947	$ 21,989,761
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	99.76%	-2.19%	65.12%	33.47%	45.18%
Plan fiduciary net position as a percentage of the total pension liability	83.09%	100.36%	88.22%	93.79%	91.69%

	2018	**2017**	**2016**	**2015**
Employer's portion of the net pension liability (asset)	0.6638641%	0.6794400%	0.6703052%	0.6733679%
Employer's proportionate share of the net pension liability (asset)	$ 10,434,803	$ 13,773,292	$ 8,862,829	$ 4,934,495
Employer's covered payroll	$ 20,583,117	$ 19,868,298	$ 18,775,062	$ 18,527,749
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	50.70%	69.32%	47.21%	26.63%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%	94.95%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year rend 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-Base Plan
Last 10-Fiscal Years *

	2023	2022	2021	2020	2019
Statutorily required contribution	$ 3,626,758	$ 3,391,724	$ 2,894,747	$ 2,966,438	$ 2,560,012
Contributions in relation to the statutorily required contribution	$ 3,626,758	$ 3,391,724	$ 2,894,747	$ 2,966,438	$ 2,560,012
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	30,374,858	28,406,399	24,244,112	$ 24,844,539	$ 22,614,947
Contributions as a percentage of the covered payroll	11.94%	11.94%	11.94%	11.94%	11.32%

	2018	2017	2016	2015
Statutorily required contribution	$ 2,489,241	$ 2,330,009	$ 2,251,006	$ 2,154,908
Contributions in relation to the statutorily required contribution	$ 2,489,241	$ 2,330,009	$ 2,251,006	$ 2,154,908
Contribution (deficiency) excess	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 21,989,761	$ 20,583,117	$ 19,868,298	$ 18,775,062
Contributions as a percentage of the covered payroll	11.32%	11.32%	11.33%	11.48%

*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.

Schedule of Employer's Share of Net OPEB Asset
PERSI - OPEB
Last 10 - Fiscal Years *

	2023	2022	2021	2020	2019	2018
Employer's portion of the net OPEB Asset	0.015809606%	0.015809606%	0.015809606%	0.015908566%	0.016115892%	0.016183780%
Employer's proportionate share of the net OPEB Asset	$ (1,203,540)	$ (2,295,878)	$ (1,946,646)	$ (1,523,729)	$ (1,336,732)	$ (1,242,514)
Employer's covered payroll	$ 28,406,399	$ 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	-4.24%	-9.47%	-7.84%	-6.74%	-6.08%	-6.04%
Plan fiduciary net position as a percentage of the total OPEB Asset	127.21%	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 *

	2023	2022	2021	2020	2019	2018
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	$ 30,374,858	$ 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%	0.00%	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.

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Local revenues				
Property taxes	$ 2,650,000	$ 2,650,000	$ 2,960,003	$ 310,003
Earnings on investments	11,134	11,134	412,866	401,732
Charges for services	187,992	189,785	69,566	(120,219)
Federal revenue	-	-	65,932	65,932
State revenue				
Foundation	38,113,949	38,113,949	38,720,498	606,549
Program specific				
Other revenue	-	-	135,662	135,662
Total revenues	40,963,075	40,964,868	42,364,527	1,399,659
Expenditures				
Instructional				
Elementary school program	10,994,136	10,309,978	9,212,768	1,097,210
Secondary school program	13,251,437	12,476,749	11,701,286	775,463
Alternative school program	542,490	508,291	436,737	71,554
Exceptional school program	2,229,651	2,855,950	3,101,538	(245,588)
Preschool school program	217,350	319,145	316,425	2,720
Interscholastic school program	472,727	499,595	484,454	15,141
Summer School program	100,000	100,000	78,076	21,924
Total instructional	27,807,791	27,069,708	25,331,284	1,738,424
Support Services				
Attendance-guidance-health	810,399	955,003	1,104,434	(149,431)
Safety Program	313,370	313,370	279,783	33,587
Special services program	173,803	64,557	99,424	(34,867)
Instructional improvement program	856,867	476,777	592,125	(115,348)
Educational media program	112,943	142,134	191,524	(49,390)
District Administration program	737,635	770,980	875,444	(104,464)
Business Operations program	685,635	749,832	867,753	(117,921)
School administration program	2,399,524	2,251,791	2,937,064	(685,273)
Maintenance and improvements buildings, grounds, and equipment	3,650,458	4,088,265	4,033,547	54,718
Classroom Technology	776,125	833,658	877,153	(43,495)
Pupil transportation	2,357,000	2,431,458	2,510,287	(78,829)
Board of Education	26,324	26,324	19,243	7,081
Total support services	12,900,083	13,104,149	14,387,781	(1,283,632)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Food Services Program	-	-	65,206	(65,206)
Total expenditures	40,707,874	40,173,857	39,784,271	389,586
Excess (Deficiency) of Revenues Over (Under) Expenditures	255,201	791,011	2,580,256	1,789,245
Other Financing Sources (Uses)				
Transfers out	(163,200)	(163,200)	(441,589)	(278,389)
Transfers in	502,062	502,061	440,156	(61,905)
Total other financing sources (uses)	338,862	338,861	(1,433)	(340,294)
Net Change in Fund Balance	$ 594,063	$ 1,129,872	2,578,823	$ 1,448,951
Fund Balance, Beginning of Year			6,282,393	
Fund Balance, End of Year			$ 8,861,216	

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 2023, the general fund budget was formally amended during the year to increase budgeted revenues and expenditures. During fiscal year 2023, the District expended less than its final amended budget in the general fund by $389,586 primarily due to higher than anticipated cost for elementary and secondary school programs which was offset by higher than anticipated support services expenditures.

Federal Awards Reports in Accordance with the Uniform Guidance
June 30, 2023

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, 2023, 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 30, 2023.

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 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 the governmental activities. Accordingly, the District has not recorded an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses associated with the single employer post-employment benefit plan.

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.

Eide Bailly LLP

Boise, Idaho
October 30, 2023

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, 2023. 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, 2023.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Boise, Idaho
October 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Federal Financial Assistance Listing Number	Pass-Through Grant Number	Expenditures
U.S. Department of Education				
Passed Through State Superintendent of Public Instruction:				
Title I Grants to Local Education Agencies		84.010	S010A210012, S010A220012	$ 662,723
Migrant Education State Grant Program		84.011	SO11A200012, S011A210012, S011A220012	162,172
Career and Technical Education - Basic Grants to States (Perkins IV)		84.048	V048A220012	63,559
Special Education Cluster (IDEA)				
Special Education Grants to States	*	84.027	H027A200088, H027A201088, H027A202088	891,132
COVID-19 ARP-Special Education Preschool Grants	*	84.027	H027X210088	70,102
Special Education Preschool Grants	*	84.173	H173A210030, H173A220030	26,889
Total Special Education Cluster (IDEA)				988,123
Special Education - State Personnel Development		84.323	H323A200002	13,460
English Language Acquisition State Grants		84.365	S365A210012, S365A220012	28,803
Student Support and Academic Enrichment Program		84.424	S424A210013, S422A200013	76,424
Supporting Effective Instruction State Grants		84.367	S367A210011, S367A220011	114,271
COVID-19 Education Stabilization Fund		84.425D	S425U210043	1,405
COVID-19 Education Stabilization Fund		84.425D	S425U200043, S425U210043	2,966,971
COVID-19 ARP-Education Stabilization Fund		84.425D	S425W210013	6,089
Total Education Stabilization Fund				2,974,465
Total U.S. Department of Education				5,084,000

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Federal Financial Assistance Listing Number	Pass-Through Grant Number	Expenditures
U.S. Department of Heath and Human Services				
Passed Through State Department of Health and Welfare				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		93.323	NU50CK000544	177,994
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		93.354	HC321300	296,714
Passed Through Idaho Office of Drug Policy				
Substance Abuse and Mental Health Services		93.959	Not listed	68,170
Child Care Development Block Grant		93.575	Not listed	83,324
Total U.S. Department of Health and Human Services				626,202
U.S. Depatment of Homeland Security				
Passed Through Idaho Office of Emergency Management (IOEM)				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)		97.036	45340000001	65,933
Total U.S. Department of Homeland Security				65,933
U.S. Depatment of Treasury				
Passed Through State Department of Education				
Coronavirus State and Local Fiscal Recovery Funds		21.027	SLFRP0142	660,601
Total U.S. Department of Treasury				660,601
U. S. Department of Agriculture				
Passed Through State Superintendent of Public Instruction:				
Child Nutrition Cluster				
COVID-19 National School Lunch Program	*	10.555	20221N890347, 202323N890347	151,234
Commodities	*	10.555	207IDID3N1099	137,939
Summer Food Service Program	*	10.559	207IDID3N1099, 217IDID3N1099	790,199
School Breakfast Program	*	10.553	207IDID3N1099, 217IDID3N1099	173,882
Total Child Nutrition Cluster				1,253,254
Total U. S. Department of Agriculture				1,253,254
Total Federal Financial Assistance				$ 7,689,990

* 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, 2023. 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, 2023, the District had food commodities totaling $132,671 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	Yes
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?	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing Number
Child Nutrition Program Cluster	10.555, 10.559, 10.553
Covid-19 Coronavirus State and Local Fiscal Recovery Fund	21.027
Covid-19 Education Stabilization Fund	84.425D

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

2023-001 Federal Agency Name: U.S. Department of Agriculture (USDA)
Assistance Listing # (10.555,10.559,10.553) Federal Award Number: 20221N890347
Program Name: Child Nutrition Program Cluster

Compliance Requirement: Procurement
Type of Finding: Material Weakness in internal control over compliance

Criteria: The District's own procurement polices require Board approval for procurements greater than $50,000.

Condition: The procurement of Shamrock Foods during August of 2022 was not presented to and approved by the Board as required by the District's procurement policies. Total purchases were $419,154 during fiscal year 2023.

Cause: A change in personnel with authority and responsibility over the program resulted in the results of the procurement not being presented to the Board.

Effect: Noncompliance with Board procurement policies.

Questioned Costs: None reported.

Context/Sampling: Nonstatistical sampling was used. Sample size of 4 vendors with purchases greater than $50,000 out of 4 vendors were selected for testing, which accounted for $924,717 of $999,191 of nonpayroll federal program expenditures.

Repeat Finding form Prior Year: No

Recommendation: We recommend the District add an additional new layer of control to ensure all procurements greater than $50,000 are submitted to the Board for approval.

Views of Responsible Officials: Management concurs with the finding as stated.