Financial Statements
June 30, 2021

Kuna School District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To Board of Trustees
Kuna School District
Kuna, Idaho

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kuna School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Basis for Qualified Opinion on the Governmental Activities Opinion Unit
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. 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.

Qualified Opinion on the Governmental Activities Opinion Unit
In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the Governmental Activities Opinion Unit " paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District, as of June 30, 2021, 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.

Unmodified Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, the debt service fund, and the aggregate remaining fund information of the District, as of June 30, 2021, 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.

Emphasis of matter
As discussed in Notes 1 and 11 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, Fiduciary Activities, which has resulted in a restatement of fund balance and net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

<u>Other Matters</u>

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

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 a report dated September 8, 2021 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, 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
September 8, 2021

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 $6.6 million primary due to increases in federal revenues from multiple awards received under the CARES act and through the Coronavirus relief funds.

- The District has completed $32.9 million in deferred maintenance and new construction out of the voter approved $40,000,000, 20-year bond. The District is addressing growth, overcrowding and aging facilities through construction of phase one of a new high school with career technical education facilities, including land acquisition and campus infrastructure; renovation and repair of other District facilities including infrastructure additions and improvements; and construction of new classrooms and kitchen facilities at Teed Elementary School to enable conversion to a middle school. These projects were completed as of June 30, 2021.

- During fiscal year ending June 30, 2021, the District received multiple awards under the CARES and CRRSA acts and through the Coronavirus relief funds totaling $3,656,969 for training, equipment and technology, remote instruction licenses, and safety and wellness programs and other COVID-related expenses incurred.

- The District refunded a portion of its Series 2017B Bonds during fiscal year 2020 which resulted in future cash flow savings of $1,691,326. 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 10-11 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 12-17 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. As of July 1, 2020 the District adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). This required a restatement of opening net position/fund balance totaling $546,075. In addition, student activities are no longer considered fiduciary in nature and are now reported in governmental funds (see Note 11).

The basic fiduciary fund financial statements can be found on pages 18-19 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 $34,652,506 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, 2021, consisted of $14,409,955 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 58% 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		
	2021	2020	Change
Current and other assets	$ 31,823,718	$ 32,652,120	$ (828,402)
Capital assets	72,107,483	69,152,601	2,954,882
Total assets	103,931,201	101,804,721	2,126,480
Deferred Outflows			
Deferred outflows OPEB	296,907	328,966	(32,059)
Deferred outflows pensions	6,738,563	4,206,492	2,532,071
Total deferred outflows	7,035,470	4,535,458	2,500,012
Current liabilities	5,135,064	6,435,819	(1,300,755)
Long-term liabilities outstanding			
Due within one year	1,870,000	2,410,000	(540,000)
Due in more then one year	67,336,320	64,921,546	2,414,774
Total liabilities	74,341,384	73,767,365	574,019
Deferred Inflows			
Deferred gain on refunding	808,739	1,282,166	(473,427)
Deferred inflows on OPEB	497,973	88,069	409,904
Deferred inflows on pensions	666,069	3,698,422	(3,032,353)
Total deferred inflows	1,972,781	5,068,657	(3,095,876)
Net Position			
Net investment in capital assets	20,210,379	18,915,401	1,294,978
Restricted	14,409,955	12,608,203	1,801,752
Unrestricted	32,172	(4,019,447)	4,051,619
Total net position	$ 34,652,506	$ 27,504,157	$ 7,148,349

At the end of the current fiscal year, the District's combined net position increased by $7,148,349 (includes restatement of $546,075 for GASB 84 implementation) or 26% to $34,652,506. 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 2020-2021 and 2019-2020. The District relies on state funding for 57%, federal and state grants for 18%, and local property taxes from a voter approved supplemental levy, tort levy, and debt service for 22% of its governmental activities. The District had total revenues of $55,506,914.

	2021	2020 *	Change
Revenues			
Program Revenues			
Charges for services	$ 77,975	$ 552,351	$ (474,376)
Operating grants and contributions	10,350,044	4,914,167	5,435,877
General Revenues			
Property taxes, levied for general purposes	3,519,992	3,876,770	(356,778)
Property taxes, levied for debt services	8,482,398	9,528,621	(1,046,223)
State revenues	31,771,839	32,312,305	(540,466)
Medicaid	971,148	834,017	137,131
Other general revenues	250,019	288,308	(38,289)
Interest and investment earnings	83,499	459,621	(376,122)
Total revenues	55,506,914	52,766,160	2,740,754
Expenses			
Instructional Services	28,154,358	25,789,884	2,364,474
Support Services	6,064,910	5,158,471	906,439
School administration	2,737,261	2,580,129	157,132
Attendance-guidance-health	1,163,742	1,086,537	77,205
Transportation	2,156,474	1,730,060	426,414
Maintenance and improvements	3,708,445	3,015,460	692,985
School lunch	1,829,252	1,702,121	127,131
Interest and other costs on long-term debt	1,209,309	1,436,817	(227,508)
Depreciation	1,880,889	1,809,110	71,779
Total expenses	48,904,640	44,308,589	4,596,051
Change in Net Position	$ 6,602,274	$ 8,457,571	$ (1,855,297)

***** The prior year revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

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 2020-21 fiscal year, the general fund balance was $5,634,871, of which $5,621,633 was classified as unassigned fund balance. Fiscal year 2019-2020 general fund balance was $3,012,287 of which $2,900,365 was classified as unassigned fund balance. This represents an increase in the total general fund balance of $2,622,584. Expenditures for general District purposes totaled $34,379,869, a decrease of $865,306 from the 2019-20 fiscal year primarily due to budget reductions. General Fund revenues in the 2020-21 fiscal year for the District totaled $37,085,495 an increase of $1,360,762 from the 2019-20 fiscal year due to increases in state funding. Instructional services accounts for approximately 65% of the general fund expenditures. General fund salaries totaled $22,388,568. The associated fringe benefits of retirement, social security, unemployment, workers compensation, health, dental, vision, and life insurance added $8,078,123 to arrive at $30,466,691 or 89% of the District's general fund expenditures.

Debt Service -Revenues in the debt service fund consist of property tax receipts of $8,578,567, investment earnings of $20 and the State's bond equalization payment of $357,583. The fund paid $2,410,000 and $2,131,126 in principal and interest, respectively. As discussed in Note 7 the District refunded its Series 2017B bonds which required the District to deposit $3.8 million into an escrow account to advance refund the bonds.

General Fund Budgetary Highlights
The District adopts an original budget in July for the subsequent year. The difference between the original budget and final amended budget was a net increase to the current year for additional funding from property taxes and federal revenues for awards received under the Corona Relief Funds. The Budget to Actual shows the various programs to be overspent during the fiscal year for instruction and support services primarily due to higher than anticipated cost for the elementary and secondary school programs and maintenance costs.

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 $106,441,721 in a broad range of capital assets. The total accumulated depreciation on these assets amounts to $34,334,238.

Asset acquisitions for governmental activities totaled $4,838,771 while depreciation expense was $1,880,889 for the fiscal year ended. Capital asset additions for the year include equipment purchases for transportation and technology for $240,578, and improvements to current buildings and new construction for $4,595,193. Total cost of construction completed during fiscal year 2021 totaled $33,040,118.

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 $52,587,618 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 $5,990,000 in principal and refunding payments and $2,131,126 in interest cost payments during fiscal year 2021. The District partially advance refunded its Series 2017B Bonds which reduced debt by $3,580,000 during fiscal year 2021.

See Note 7 for more information regarding changes in long-term debt.

Economic Factors and Next Year's Budget
During fiscal years ending June 30, 2020 and 2021, the District received multiple awards under the CARES and CRRSA Act and from Coronavirus Relief funds totaling $8,184,317 and $2,473,841, respectively, for training, equipment and technology, remote instruction licenses, and safety and wellness programs and other COVID-related expenses incurred. A total of $3,656,969 was expended during fiscal year 2021. The spending authority ranges from May of 2020 through December 2024. The balance of the awards is expected to be spent over a four year-period.

The fiscal year 2021-2022 state revenue projections are expected to return back to normal. Enrollment is expected to increase between 3 to 4 percent from 2019-2020 levels. Federal funding under the CARES act are expected to reach $9.4 million during fiscal year 2021-2022. The fiscal year 2021-2022 Child Nutrition Program's revenue is expected to increase as a result of the enrollment increase and continuation of the summer program.

The District's two-year Supplemental Levy was approved by the voters for $2.5 million each year in March of 2021. This will continue funding 15 classroom reduction teachers, curriculum and technology and safety aid for fiscal year 2021-2022 and 2022-2023. This plan will allow the District to continue running operations and providing education without increasing the class sizes or considering major budget cuts.

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

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

	Governmental Activities
Assets	
Cash and investments	$ 15,970,097
Restricted cash and investments	1,957,753
Property taxes receivables	8,175,063
State and federal receivables	3,453,970
Other receivables	8,826
Inventories	69,068
Prepaid assets	242,295
Net OPEB	1,946,646
Capital assets (not subject to depreciation)	5,928,396
Capital assets (net of depreciation)	66,179,087
Total assets	103,931,201
Deferred Outflows of Resources	
Deferred outflows OPEB	296,907
Deferred outflows pensions	6,738,563
Total deferred outflows of resources	7,035,470
	110,966,671
Liabilities	
Accounts, salaries, and other payables	4,514,762
Accrued interest payable bonds	620,302
Long-term liabilities	
Due within one year - bonds	1,870,000
Due in more than one year - bonds	50,717,618
Compensated absences	439,832
Net pension liability	16,178,870
Total liabilities	74,341,384
Deferred Inflows of Resources	
Deferred inflows- net gain on refundings	808,739
Deferred inflows OPEB	497,973
Deferred inflows pensions	666,069
Total deferred inflows of resources	1,972,781
Net Position	
Net investment in capital assets	20,210,379
Restricted for	
Debt service	12,958,938
School lunch program	484,502
Student activities	514,149
Federal and state programs	452,366
Unrestricted	32,172
Total net position	$ 34,652,506

	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	$ 11,624,338	$ -	$ 2,696,289	$ (8,928,049)
Secondary/alternative programs	13,449,309	46,045	2,512,651	(10,890,613)
Exceptional/preschool programs	1,327,585	-	701,095	(626,490)
Other instructional programs	1,753,126	-	201,330	(1,551,796)
Support Services				
Attendance-guidance-health	1,163,742	-	-	(1,163,742)
Safety Program	394,865	-	67,715	(327,150)
Special services program	184,983	-	-	(184,983)
Instructional improvement program	1,110,380	-	137,938	(972,442)
Educational media program	175,413	-	-	(175,413)
District Administration program	1,243,786	-	-	(1,243,786)
Business Operations program	678,650	-	-	(678,650)
School administration program	2,737,261	-	-	(2,737,261)
Maintenance and improvements buildings, grounds, and equipment	3,708,445	-	-	(3,708,445)
Classroom Technology	1,273,645	-	870,878	(402,767)
Pupil transportation	2,156,474	16,115	95,838	(2,044,521)
Board of Education	13,559	-	-	(13,559)
School activities	989,629	-	957,703	(31,926)
Food services program	1,829,252	15,815	2,108,607	295,170
Interest and fiscal charges	1,209,309	-	-	(1,209,309)
Depreciation Unallocated	1,880,889	-	-	(1,880,889)
Total Governmental Activities	$ 48,904,640	$ 77,975	$ 10,350,044	(38,476,621)
General revenues				
Taxes				
Property taxes, levied for general purposes				3,519,992
Property taxes, levied for debt service				8,482,398
Grants and contributions not restricted to specific programs				
Foundation program				31,414,256
State bond equalization				357,583
Interest and investment earnings				83,499
Miscellaneous				250,019
Medicaid				971,148
Total general revenues				45,078,895
Changes in Net Position				6,602,274
Net Position, Beginning of Year, As Previously Stated				27,504,157
Restatement (see Note 11)				546,075
Net Position, Beginning of Year, Restated				28,050,232
Net Position, End of Year				$ 34,652,506

	General	Debt Service	Non-Major Funds	Total Governmental Funds
Assets				
Cash and investments	$ 15,970,097	$ -	$ -	$ 15,970,097
Restricted cash and investments	-	-	1,957,753	1,957,753
Receivables				
Current property taxes	2,392,771	5,782,292	-	8,175,063
State and federal receivables	907,061	-	2,546,909	3,453,970
Interfund balances	1,307,446	8,484,092	1,496,742	11,288,280
Other receivables	8,826	-	-	8,826
Prepaid assets	13,238	-	229,057	242,295
Inventories	-	-	69,068	69,068
	$ 20,599,439	$ 14,266,384	$ 6,299,529	$ 41,165,352
Liabilities				
Accounts payable	$ 115,612	$ -	$ 38,385	$ 153,997
Accrued payroll and related liabilities	3,710,870	-	647,410	4,358,280
Due to fiduciary fund	-	-	2,485	2,485
Interfund balances	9,980,834	1,307,446	-	11,288,280
Total liabilities	13,807,316	1,307,446	688,280	15,803,042
Deferred Inflows of Resources				
Unavailable revenue-property taxes	1,157,252	2,827,570	-	3,984,822
Fund Balance				
Nonspendable				
Inventories and prepaid assets	13,238	-	298,125	311,363
Restricted for				
Debt service	-	10,131,368	-	10,131,368
Food service program	-	-	484,502	484,502
Maintenance and additions to facilities	-	-	3,862,107	3,862,107
Student activities	-	-	514,149	514,149
Federal and state programs	-	-	452,366	452,366
Unassigned				
Unassigned	5,621,633	-	-	5,621,633
Total fund balance	5,634,871	10,131,368	5,611,249	21,377,488
	$ 20,599,439	$ 14,266,384	$ 6,299,529	$ 41,165,352

Total fund balances - governmental funds		$ 21,377,488
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	106,441,721	
Accumulated depreciation	(34,334,238)	72,107,483
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.		3,984,822
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 provided resources in the governmental funds, but is reported as a deferred inflow in the Statement of Net postion. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at year-end are:		
Accrued interest on bonds	(620,302)	
Bonds payable	(46,560,000)	
Unamortized premiums	(6,027,618)	
Net unamortized gain on bond refunding	(808,739)	(54,016,659)
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.		(439,832)
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.		1,946,646
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.		(16,178,870)
Deferred outflows and inflows of resources related to pension obligations		
Deferred outflows of resources related to OPEB	296,907	
Deferred inflows of resources related to OPEB	(497,973)	(201,066)
Deferred outflows and inflows of resources related to pension obligations		
Deferred outflows of resources related to pensions	6,738,563	
Deferred inflows of resources related to pensions	(666,069)	6,072,494
Net Position		$ 34,652,506

	General	Debt Service	Non Major Funds	Total Governmental Funds
Revenues				
Local revenues				
Property taxes	$ 3,560,386	$ 8,578,567	$ -	$ 12,138,953
Earnings on investments	48,257	20	35,222	83,499
Charges for services	16,115	-	61,860	77,975
Student activity revenues	-	-	957,703	957,703
State revenue				
Foundation	31,414,256	357,583	-	31,771,839
Program specific	-	-	708,304	708,304
Federal and state revenue	1,933,298	-	6,750,739	8,684,037
Medicaid	-	-	971,148	971,148
Other revenue	113,183	-	136,836	250,019
Total revenues	37,085,495	8,936,170	9,621,812	55,643,477
Expenditures				
Instructional				
Elementary school program	8,572,531	-	1,570,012	10,142,543
Secondary school program	11,031,379	-	97,019	11,128,398
Alternative school program	347,482	-	249	347,731
Exceptional school program	1,692,924	-	1,983,631	3,676,555
Preschool school program	248,150	-	21,417	269,567
21st Century	-	-	217,093	217,093
Summer School program	167,573	-	37,811	205,384
Interscholastic school program	408,765	-	-	408,765
CTE Program	-	-	360,364	360,364
Total instructional	22,468,804	-	4,287,596	26,756,400
Support Services				
School Activities Program	-	-	989,629	989,629
Attendance-guidance-health	988,614	-	103,587	1,092,201
Safety Program	235,822	-	48,040	283,862
Special services program	155,917	-	29,066	184,983
Instructional improvement program	301,889	-	495,355	797,244
Educational media program	153,381	-	-	153,381
District Administration program	776,643	-	427,113	1,203,756
Business Operations program	586,257	-	194	586,451
School administration program	2,323,469	-	-	2,323,469
Maintenance and improvements buildings, grounds, and equipment	3,542,829	-	4,699,786	8,242,615
Classroom Technology	1,017,110	-	256,535	1,273,645
Pupil transportation	1,776,309	-	184,648	1,960,957
Board of Education	13,559	-	-	13,559
Total support services	11,871,799	-	7,233,953	19,105,752

	General	Debt Service	Non Major Funds	Total Governmental Funds
Food services program	39,266	-	1,739,606	1,778,872
Debt services program				
Principal	-	2,410,000	-	2,410,000
Interest	-	2,131,126	-	2,131,126
Fees	-	13,750	-	13,750
Total debt service program	-	4,554,876	-	4,554,876
Total expenditures	34,379,869	4,554,876	13,261,155	52,195,900
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,705,626	4,381,294	(3,639,343)	3,447,577
Other Financing Sources (Uses)				
Deposits to refunding escrow	-	(3,870,537)	-	(3,870,537)
Interfund transfers (net)	(83,042)	-	83,042	-
Total other financing sources (uses)	(83,042)	(3,870,537)	83,042	(3,870,537)
Net Change in Fund Balance	2,622,584	510,757	(3,556,301)	(422,960)
Fund Balance, Beginning of Year-Previously Stated	3,012,287	9,620,611	8,621,475	21,254,373
Restatement (see Note 11)	-	-	546,075	546,075
Fund Balance, Beginning of Year-Restated	3,012,287	9,620,611	9,167,550	21,800,448
Fund Balance, End of Year	$ 5,634,871	$ 10,131,368	$ 5,611,249	$ 21,377,488

Total net change in fund balance - governmental funds.		$ (422,960)
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	(1,880,889)	
Capital outlay	4,835,771	
		2,954,882
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		2,410,000
Deposits to refunding escrow		3,870,537
Amortization of premium is recognized as a reduction of long-term debt on the Statement of Net Position.		689,793
Amortization of a net gain on bond refunding is recognized as a reduction of a deferred inflow on the Statement of Net Position.		182,890
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the governmental funds when it is due, thus requiring the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		62,884
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.		(136,563)

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.	54,516
In the governmental funds, pension contributions are considered an expense, while on the Statement of Activities the contributions are considered a deferred outflow.	2,894,749
In the governmental funds, pension and OPEB benefits earned net of employee contributions is not recognized as an expense.	(5,958,454)
Change in net position of governmental activities	$ 6,602,274

	Private Purpose Trust Funds
Assets	
Investments	$ 2,053
Due from district funds	2,485
Total assets	4,538
Net Position	
Restricted for scholarships	$ 4,538

	Private Purpose Trust Funds
Revenues	
Investment earnings	$ 10
Total revenues	10
Change in Net Position	10
Net Position, Beginning of Year	4,528
Net Position, End of Year	$ 4,538

Note 1 - Summary of Significant Accounting Policies

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

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

Financial Reporting Entity

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

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

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

Governmental Funds

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

Governmental funds include:

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

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

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

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

Fiduciary Funds

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

The District has the following trust funds:

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

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

Allocation of Indirect Expenses

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

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

Ad valorem taxes are susceptible to accrual.

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

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Cash and Cash Equivalents

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

Restricted Cash and Investments

The restricted cash is comprised of debt service, student activities, and capital project funds that are restricted for use on specifically identified debt service payments 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, 2021. On the Governmental Fund Financial Statements, property taxes that are delinquent are recorded as unavailable revenue since they are not available within 60 days of the fiscal year end; however in the Government-Wide Financial Statements all property taxes are recognized in the year they are measurable.

Compensated Absences

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

Restricted Net Position

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

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

Fund Balances of Fund Financial Statements

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

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

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

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

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

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

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

Property Taxes

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

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

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

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

Interfund Transfers

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

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

Grants and Other Intergovernmental Revenues

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

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in determining the actuarial assumptions made in 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 the purpose of measuring Other Postemployment Benefits Other Than Pensions the District follows GASB statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other than Pensions*. This standard requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. 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.

Implementation of GASB Statement No. 84

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how governmental activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a restatement of beginning net position and fund balance which is disclosed in Note 11.

Note 2 - Cash and Investments

As of June 30, 2021, cash and cash equivalent balances consisted of the following:

	Bank Deposit Balance	Carrying Amount
US Bank - noncollateralized	$ 2,668,448	$ 2,310,906
Wells Fargo - noncollateralized	98,964	98,964
Zions Bank - noncollateralized	480,895	487,584
Petty cash	-	501
Total deposits	$ 3,248,307	2,897,955
Cash Equivalents		
State Treasurer's local investment NAV government pool		15,029,895
Total cash equivalents		15,029,895
Total cash and cash equivalents		$ 17,927,850

* excludes fiduciary fund

		Fair Value	Weighted Average Maturity	Credit Rating
Cash equivalents measurement at net asset value (NAV):				
State Treasurer's local investment pool NAV	$	15,029,895	150 days	Unrated

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's bank balance totaled $3,248,307 as of June 30, 2021, of which $598,964 was insured and $2,649,343 was uninsured and uncollateralized as of June 30, 2021. 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, 2021, 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 150 days at June 30, 2021. The District's investment policy is not limited to specific duration but is structured to meet the District's anticipated cash flows and spending rate.

Note 3 - Interfund Payable/Receivable and Transfers

The interfund receivables and payables are the result of the General Fund advancing funds to the other non-major funds to cover expenditures until reimbursement occurs. The non-major funds transfer to General Fund is related to the indirect costs. The transfer from the general fund to the nonmajor funds is related to providing additional support for the District's Medicaid program. A summary of interfund payables/receivables at June 30, 2021, and transfers that occurred during fiscal year 2021 is indicated below:

	Interfund Payable		
Interfund Receivable	General Fund	Debt Service Fund	Total
General fund	$ -	$ 1,307,446	$ 1,307,446
Debt service fund	8,484,092	-	8,484,092
Non-Major funds	1,496,742	-	1,496,742
	$ 9,980,834	$ 1,307,446	$ 11,288,280

	Transfer Out		
	General Fund	Non-Major Funds	Total
Transfer In			
Non-Major Funds	$ 204,465	$ -	$ 204,465
General Fund	-	(121,423)	(121,423)
	$ 204,465	$ (121,423)	$ 83,042

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, 2021:

State agencies	$ 907,061
Federal agencies	2,546,909
	3,453,970
County agencies	8,175,063
Total	$ 11,629,033

Note 5 - Capital Assets

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

	June 30, 2020	Additions	Deductions	Transfers	June 30, 2021
Governmental Activities					
Not depreciated					
Land	$ 5,928,396	$ -	$ -	$ -	$ 5,928,396
Construction in progress	28,444,925	4,595,193	-	(33,040,118)	-
Depreciated					
Buildings and improvement	60,099,485	-	-	32,209,465	92,308,950
Equipment and buses	7,133,144	240,578	-	830,653	8,204,375
Total at historical cost	101,605,950	4,835,771	-	-	106,441,721
Less accumulated depreciation					
Buildings	(27,251,041)	(1,459,635)	-	-	(28,710,676)
Equipment and buses	(5,202,308)	(421,254)	-	-	(5,623,562)
Total depreciation	(32,453,349)	(1,880,889)	-	-	(34,334,238)
Governmental Activities					
Capital Assets, net	$ 69,152,601	$ 2,954,882	$ -	$ -	$ 72,107,483

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, 2021:

	General Fund	Debt Service Fund
Delinquent taxes	$ 1,157,252	$ 2,827,570
	$ 1,157,252	$ 2,827,570

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, 2020	Additions	Deletions	Balance at June 30, 2021	Due in One Year
Series 2012 GOB	2025	2.5% to 5%	$ 3,225,000	$ -	$ (1,040,000)	$ 2,185,000	$ 1,075,000
Series 2014 GOB	2025	4%	2,280,000	-	-	2,280,000	-
Series 2016 GOB	2027	2% to 5%	12,200,000	-	(1,045,000)	11,155,000	470,000
Series 2017A	2037	2% to 4%	7,680,000	-	(325,000)	7,355,000	325,000
Series 2017B	2037	3.375% to 5%	27,165,000	-	(3,580,000)	23,585,000	-
Bond Premium	2037	N/A	6,717,411	-	(689,793)	6,027,618	-
Totals			$ 59,267,411	$ -	$ (6,679,793)	$ 52,587,618	$ 1,870,000

Partial Bond Defeasance 2017B Bonds

On August 21, 2020, the District deposited $3,870,537 to purchase defeasance securities and placed them into an irrevocable escrow to advance refund $3,580,000 of its General Obligation Bonds, Series 2017B (the bonds), pursuant to a resolution adopted by the Board of Trustees of the District on August 11, 2020. As a result of the liability for the bonds have been partially reduced by the defeased amount. The District achieved cash flow savings of $1,691,326 and an economic gain of $1,582,506 as a result of the refunding.

General obligation bonds payable as of June 30, 2021, consist of the following:

Series 2012 Bond in the original principal amount of $8,015,000 maturing through August 15, 2025. Principal payments are due annually on August 15 starting in 2013, and interest is payable semi-annually on February 15, and August 15 of each year. Interest rates on the bonds range from 2.5% to 5% on the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.	$ 2,185,000
Series 2014 Bond in the original principal amount of $2,280,000 maturing through August 15, 2025. Principal payments are due annually on August 15 starting in 2023, and interest is payable semi-annually on February 15, and August 15 of each year. Interest rate on the bond is 4% of the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.	2,280,000
Series 2016 Bond in the original principal amount of $17,220,000 maturing through September 15, 2027. Principal payments are due annually on September 15 starting in 2017, and interest is payable semi-annually on March 15, and September 15 of each year. Interest rate on the bond is 2% to 5% of the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.	11,155,000
Series 2017A Bond in the original principal amount of $7,680,000 maturing through September 15, 2027. Principal payments are due annually on September 15 starting in 2020, and interest is payable semi-annually on March 15, and September 15 of each year. Interest rate on the bond is 2% to 4% of the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.	7,355,000
Series 2017B Bond in the original principal amount of $27,165,000 maturing through August 15, 2036. Principal payments are due annually on August 15 starting in 2027, and interest is payable semi-annually on February 15, and August 15 of each year. Interest rate on the bond is 4.5% to 5% of the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.	23,585,000
Subtotal bonds outstanding	46,560,000
Premium on 2012 bonds	103,876
Premium on 2014 bonds	94,656
Premium on 2016 bonds	1,437,176
Premium on 2017A bonds	711,134
Premium on 2017B bonds	3,680,776
Subtotal premium on bonds	6,027,618
	$ 52,587,618

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
2022	$ 1,075,000	$ -	$ 470,000
2023	1,110,000	-	1,090,000
2024	-	1,115,000	1,140,000
2025	-	1,165,000	1,205,000
2026	-	-	2,215,000
2027-2031	-	-	5,035,000
2032-2036	-	-	-
	$ 2,185,000	$ 2,280,000	$ 11,155,000

Years Ending June 30	Series 2017A	Series 2017B	Interest	Total
2022	$ 325,000	$ -	$ 2,061,346	$ 3,931,346
2023	950,000	-	1,979,920	5,129,920
2024	1,170,000	-	1,852,450	5,277,450
2025	1,115,000	-	1,703,531	5,188,531
2026	1,610,000	-	1,542,200	5,367,200
2027-2031	2,185,000	8,055,000	5,505,494	20,780,494
2032-2036	-	15,530,000	2,017,000	17,547,000
	$ 7,355,000	$ 23,585,000	$ 16,661,941	$ 63,221,941

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, 2021.

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. As of June 30, 2021, it was 7.16% for general employees. The employer contribution rate is set by the Retirement Board and was 11.94% of covered compensation for general employees. The District's contributions were $2,894,747 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the District's proportion was .6967248 percent. At June 30, 2019 the District's proportion was .66316010 percent.

For the year ended June 30, 2021, the District recognized pension expense of $5,939,409. At June 30, 2021, 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	$ 1,264,067	$ 528,276
Changes in assumptions or other inputs	273,615	-
Net difference between projected and actual earnings on pension plan investments	1,854,409	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	451,725	137,793
District's contributions subsequent to the measurement date	2,894,747	-
Total	$ 6,738,563	$ 666,069

$2,894,747 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, 2022.

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, 2019, the beginning of the measurement period ended June 30, 2019, is 4.8 and 4.7 for the measurement period ended June 30, 2020.

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	
2022	$ 110,778
2023	781,201
2024	1,005,954
2025	1,279,814
	$ 3,177,747

<u>Actuarial Assumptions</u> - 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 percent
Salary inflation	3.75 percent
Investment rate of return net of investment fees	7.05 percent

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

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

An experience study was performed for the period July 1, 2013 through June 30, 2017, which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2020, is based on the results of an actuarial valuation date of July 1, 2020.

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 2020.

Capital Market Assumptions

Capital Market Assumptions for Callen 2020			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%

Investment Policy Asumptions form PERSI November 2019	
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

Economic /Demographic Assumptions for Milliman 2018	
Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	**7.05%**

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

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 7.05 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability	$ 33,178,432	$ 16,178,870	$ 2,123,004

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, 2021, 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, 2021.

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

At June 30, 2021, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, 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, 2020, the District's proportion was .015809606 percent. At June 30, 2019 the District's proportion was .015908566 percent. For the year ended June 30, 2021, the District recognized OPEB expense of $19,046.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 4,569	$ 497,973
Differences between expected and actual experience	204,673	-
Net difference between projected and actual earnings on pension plan investments	61,436	-
Change in proportionate share	26,229	-
Total	$ 296,907	$ 497,973

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	
2022	$ (21,514)
2023	(17,639)
2024	1,834
2025	9,110
2026	(35,975)
Thereafter	(136,882)
	$ (201,066)

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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses

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

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

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

Capital Market Assumptions

Capital Market Assumptions for Callen 2020			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%

Investment Policy Asumptions form PERSI November 2019	
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

Economic /Demographic Assumptions for Milliman 2018	
Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	**7.05%**

Discount Rate - The discount rate used to measure the total OPEB liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the 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 7.05 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net OPEB asset	$ (1,692,473)	$ (1,946,646)	$ (2,181,585)

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, 2021, 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 19, 2021, the District deposited $6,194,054 to purchase defeasance securities and placed them into an irrevocable escrow to advance refund $4,960,000 of its General Obligation Bonds, Series 2017B (the bonds). As a result of the liability for the bonds have been partially reduced by the defeased amount subsequent to June 30, 2021. The District achieved cash flow savings totaling $2,284,696 and an economic gain of $183,083 as a result of the refunding.

Note 11 - Adoption of New Standard

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). In addition to the restatement of opening net position/fund balance, the District's agency funds that previously accounted for student activities are not considered fiduciary in nature and are now reported in the governmental funds. The following table describes the effects of the implementation of GASB 84 on beginning fund balance/ net position.

	Governmental Activities	Nonmajor Funds
Fund Balance/Net position at June 30, 2020, as previously reported	$ 27,504,157	$ 8,621,475
Reclassification of student activity funds from agency funds to a special revenue fund	546,075	546,075
Fund Balance/Net position at June 30, 2020, as restated	$ 28,050,232	$ 9,167,550

Required Supplementary Information
June 30, 2021

Kuna School District

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

	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	0.69672480%	0.66316010%	0.67353790%	0.6638641%	0.6794400%	0.6703052%	0.6733679%
Employer's proportionate share of the net pension liability	$ 16,178,870	$ 7,569,787	$ 9,934,802	$ 10,434,803	$ 13,773,292	$ 8,862,829	$ 4,934,495
Employer's covered payroll	$ 24,844,539	$ 22,614,947	$ 21,989,761	$ 20,583,117	$ 19,868,298	$ 18,775,062	$ 18,527,749
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	65.12%	33.47%	45.18%	50.70%	69.32%	47.21%	26.63%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%	91.69%	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 *

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 2,894,747	$ 2,966,438	$ 2,560,012	$ 2,489,241	$ 2,330,009	$ 2,251,006	$ 2,154,908
Contributions in relation to the statutorily required contribution	$ 2,894,747	$ 2,966,438	$ 2,560,012	$ 2,489,241	$ 2,330,009	$ 2,251,006	$ 2,154,908
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	24,244,112	$ 24,844,539	$ 22,614,947	$ 21,989,761	$ 20,583,117	$ 19,868,298	$ 18,775,062
Contributions as a percentage of the covered payroll	11.94%	11.94%	11.32%	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 *

	2021	2020	2019	2018
Employer's portion of the net OPEB Asset	0.015809606%	0.015908566%	0.016115892%	0.016183780%
Employer's proportionate share of the net OPEB Asset	$ (1,946,646)	$ (1,523,729)	$ (1,336,732)	$ (1,242,514)
Employer's covered payroll	$ 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	-7.84%	-6.74%	-6.08%	-6.04%
Plan fiduciary net position as a percentage of the total OPEB Asset	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 *

	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	$ 24,244,112	$ 24,844,539	$ 22,614,947	$ 21,989,761
Contributions as a percentage of the covered payroll	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	$ 1,647,370	$ 2,583,936	$ 3,560,386	$ 976,450
Earnings on investments	106,378	50,011	48,257	(1,754)
Charges for services	143,067	129,808	16,115	(113,693)
Federal revenue	-	1,772,507	1,933,298	160,791
State revenue				
Foundation	30,570,566	29,773,123	31,414,256	1,641,133
Other revenue	-	-	113,183	113,183
Total revenues	32,467,381	34,309,385	37,085,495	2,776,110
Expenditures				
Instructional				
Elementary school program	8,072,579	8,328,463	8,572,531	(244,068)
Secondary school program	10,465,737	10,913,321	11,031,379	(118,058)
Alternative school program	362,717	344,374	347,482	(3,108)
Exceptional school program	1,817,530	1,757,286	1,692,924	64,362
Preschool school program	246,085	239,104	248,150	(9,046)
Gifted and talented school program	7,395	-	-	-
Interscholastic school program	391,224	476,460	408,765	67,695
Summer School Program	69,524	57,453	167,573	(110,120)
Total instructional	21,432,791	22,116,461	22,468,804	(352,343)
Support Services				
Attendance-guidance-health	1,029,749	969,432	988,614	(19,182)
Safety Program	313,428	247,204	235,822	11,382
Special services program	164,530	153,990	155,917	(1,927)
Instructional improvement program	330,094	603,899	301,889	302,010
Educational media program	228,748	150,065	153,381	(3,316)
District Administration program	865,303	735,286	776,643	(41,357)
Business Operations program	567,152	585,037	586,257	(1,220)
School administration program	2,370,765	2,384,564	2,323,469	61,095
Maintenance and improvements buildings, grounds, and equipment	3,064,894	3,382,900	3,542,829	(159,929)
Classroom Technology	1,145,827	1,077,447	1,017,110	60,337
Pupil transportation	1,914,764	1,817,136	1,776,309	40,827
Board of Education	14,651	14,650	13,559	1,091
Total support services	12,009,905	12,121,610	11,871,799	249,811

See Notes to Required Supplementary Information

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Food Services Program	-	41,623	39,266	2,357
Total expenditures	33,442,696	34,279,694	34,379,869	(100,175)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(975,315)	29,691	2,705,626	2,675,935
Other Financing Sources (Uses)				
Transfers out	-	(200,000)	(204,465)	(4,465)
Transfers in	71,000	-	121,423	121,423
Total other financing sources (uses)	71,000	(200,000)	(83,042)	116,958
Net Change in Fund Balance	$ (904,315)	$ (170,309)	2,622,584	$ 2,792,893
Fund Balance, Beginning of Year			3,012,287	
Fund Balance, End of Year			$ 5,634,871	

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 2021, the general fund budget was formally amended during the year to increase budgeted revenues and expenditures. During fiscal year 2021,the District over spent its final amended budget in the general fund by ($100,175) primarily due to higher than anticipated cost for the elementary and secondary school programs. Building and grounds maintenance actual expenditures were higher than anticipated for fiscal year 2021.

Federal Awards Reports in Accordance with the Uniform Guidance
June 30, 2021

Kuna School District

CPAs & BUSINESS ADVISORS

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 8, 2021.

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

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
September 8, 2021

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

We have audited the Kuna School District's (the District) compliance with the types of compliance described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
September 8, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Assistance Listing/Federal CFDA Number	Pass-Through Grant Number	Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education					
Passed Through State Superintendent of Public Instruction:					
Title I Grants to Local Education Agencies		84.010	S010A190012, S010A180012, S010A200012	$ 870,624	$ -
Migrant Education State Grant Program		84.011	SO11A180012, S011A190012	131,590	-
Title I School Improvement		84.377	S377A160013	10,128	-
Career and Technical Education -Basic Grants to States		84.048	V048A200012	360,364	-
Special Education Grants to States	*	84.027	H027A180088,H027A190088,H027A200088	679,677	-
Special Education Preschool Grants	*	84.173	H173A180030, H173A190030,H173A200030	21,417	-
Total Special Education Cluster (IDEA)				701,094	-
Supporting Effective Instruction State Grants		84.367	S367A190011, S367A200011	137,938	-
English Language Acquisition State Grants		84.365	S365A190012	39,426	-
Covid-19 Education Stabilization Fund		84.425D	S425D200043	1,554,163	-
Student Support and Academic Enrichment Program		84.424	S424A190013	129,784	-
Total U.S. Department of Education				3,935,111	-
U.S Depatment of Treasury					
Passed Through State Department of Education					
Coronavirus Relief Fund		21.019	20-1892-0-1-806	2,102,806	-
U. S. Department of Agriculture					
Passed Through State Superintendent of Public Instruction:					
Commodities	*	10.555	207IDID3N1099	62,064	-
Summer Food Service Program	*	10.559	207IDID3N1099	2,011,323	-
School Breakfast Program	*	10.553	217IDID3N1099	790	-
Total Child Nutrition Cluster				2,074,177	
Total U. S. Department of Agriculture				2,074,177	-
Total Federal Financial Assistance				$ 8,112,094	$ -

* 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, 2021. 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.

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, 2021, the District had food commodities totaling $45,095 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	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Name of Federal Program	CFDA Number
Title I Grants to Local Education Agencies	84.010
Coronavirus Relief Fund	21.019
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

2021-001 Financial Statement Preparation and Audit Adjustments (Material Weakness)

Criteria: Management should have an internal control system in place designed to provide for the preparation of the financial statements being audited. This includes proper reporting on a modified accrual basis of accounting and the ability to convert the trial balance from modified accrual to full accrual under the requirements of the Governmental Accounting Standards Board (GASB). It also includes the ability to prepare the required footnote disclosures by GASB. Additionally, this includes posting of all material adjustments necessary to close the year and accurately reflect the activity of the District throughout the year.

Condition: Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included government–wide reporting conversion entries and footnotes.

Cause: The size of the District and recent changes in accounting personnel makes it difficult to implement this level of internal control.

Effect: The auditor proposed certain accrual closing entries, government–wide reporting conversion entries and prepared the footnotes and reported financial data in accordance with generally accepted accounting principles.

Recommendation: We recommend management and those charged with governance annually analyze the cost/benefit of implementing a control system which would allow for the preparation of financial statements and the related disclosure and reconsider whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials: We concur with the recommendation as stated.

Section III – Schedule of Findings and Questioned Costs

None