

Blackfoot School District #55

Blackfoot, Idaho

Annual Financial Report

Year Ended June 30, 2022



WIPFLI

Blackfoot School District #55

Year Ended June 30, 2022

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Blackfoot School District #55

Management's Discussion and Analysis

Blackfoot School District #55's (the "District") management discussion and analysis (MD&A) is generally intended to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activities, (3) identify changes in the District's financial position (its ability to meet future financial demands and conditions), (4) identify any material deviations from the governmental unit's financial plan (approved budget), and (5) identify individual fund issues or concerns.

The MD&A is provided at the beginning of the report to provide an overview of the District's financial position at June 30, 2022, and the results of operations for the year. This summary should not be taken as a replacement for the audit report, which consists of the basic financial statements, notes to the financial statements, required and supplementary information.

Financial Highlights for FY2022

Key financial highlights for 2022 are as follows:

- In total, net position increased \$4,658,409 compared to 2021.
- General revenues accounted for \$29,239,842 in revenue or 66.74% of all governmental revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$14,569,882 or 33.26% of total revenues of \$43,809,724.
- Total assets of governmental activities increased by \$28,996,575 as current and other assets increased by \$22,376,026 and capital assets increased by \$6,620,549. Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the District, increased by \$3,328,003 from prior year.
- The District had \$39,151,315 in expenses; only \$14,569,882 of these expenses was offset by program revenues (i.e. charges for services, operating and capital grants, or contributions). General revenues (primarily state aid and taxes) of \$29,239,842 provided the additional revenue to cover these programs.
- Among major funds, the General Fund had \$30,066,775 in revenues, and \$29,320,249 in expenditures. The General Fund's balance increased \$841,579 from 2021.

Overview of the Financial Statements

This annual report serves as an introduction to the District's basic financial statements. There are three components to the basic financial statements - government wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary and other financial information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

These statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business, using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resourced, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of improvements or deterioration of the financial position of the District.

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Management's Discussion and Analysis (Continued)

The statement of activities presents information that shows how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years. The change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Idaho restricting revenue growth, facility condition, required educational programs, and other factors.

These statements highlight the functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include general control and administration, instruction, support services, operation and maintenance of plant, pupil transportation, noninstructional, and extracurricular activities. There are no business-type activities accounted for by the District.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The District's Governmental Funds during the reporting period use the modified accrual basis of accounting and activities are converted to the accrual basis of accounting for government-wide financial statement reporting purposes. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The District maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for major funds, (the General, Debt Service, Construction 2021, and Capital Projects Funds). All other non-major governmental funds are combined and presented in one column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements

These provide additional information that is essential to gaining a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

This information addresses the District's budgetary comparison schedules of major funds, Pension, OPEB, and PERSI SL Plan information, and notes to the Required Supplementary Information. The District adopts an annual appropriated budget for its General Fund, Special Revenue Fund, and Debt Service Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The Pension, OPEB, and PERSI SL plan schedules have been provided to present the District's progress in funding its obligation to provide pension and retirement benefits to District employees.

Blackfoot School District #55

Management's Discussion and Analysis (Continued)

Other Financials Information

This information as discussed earlier in connection with the General Fund, non-major governmental funds, and agency funds is presented immediately following the required supplementary information.

Government-Wide Financial Statement Analysis

As previously addressed, net position may serve the purpose over time as a useful indicator of financial position. The following table represents a condensed Statement of Net Position of the District for governmental activities:

Condensed Statement of Net Position Governmental Activities

<i>June 30,</i>	2022	2021
Current and other assets	\$ 30,516,336	\$ 8,140,310
Capital assets	19,136,170	12,515,621
Total assets	49,652,506	20,655,931
Deferred outflows of resources	8,128,121	5,043,997
Total assets and deferred outflows of resources	57,780,627	25,699,928
Current and other liabilities	4,958,655	3,840,595
Long-term liabilities	28,142,060	13,909,941
Total liabilities	33,100,715	17,750,536
Deferred inflows of resources	13,357,241	1,285,130
Total liabilities and deferred inflows of resources	46,457,956	19,035,666
Net position:		
Net investment in capital assets	12,228,676	10,925,621
Restricted	1,634,271	1,606,920
Unrestricted	(2,540,276)	(5,868,279)
Total net position	\$ 11,322,671	\$ 6,664,262

Total assets of governmental activities increased by \$28,996,575 as current and other assets increased by \$22,376,026, and capital assets increased by \$6,620,549. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,322,671 at the close of 2022. Unrestricted governmental net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the District, increased by \$3,328,003 from 2021.

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Management's Discussion and Analysis (Continued)

The following condensed financial information was derived from the Government-Wide Statement of Activities and reflects how the District's net position changed during fiscal years 2022 and 2021.

Condensed Statement of Activities

Governmental Activities

<i>Year ended June 30,</i>	2022	2021
Revenues:		
Program revenues:		
Charges for services	1,443,508	1,005,123
Operating grants and contributions	13,126,374	10,082,988
General revenues:		
Property taxes	3,863,346	3,840,946
Federal aid	1,353,424	1,249,232
State aid	23,202,947	21,012,861
Other	820,125	106,312
Total revenues	43,809,724	37,297,462
Program Expenses:		
Instruction	21,165,442	22,650,856
Support services	2,252,000	2,167,655
Administration	2,702,010	3,222,127
Business operations	2,047,058	1,744,281
Operations	4,166,809	3,259,511
Transportation	2,645,314	2,218,001
Noninstructional	1,792,094	1,471,764
Student activities	1,102,604	821,873
Interest and fiscal charges	771,977	45,850
Facility acquisition	506,007	518,659
Total expenses	39,151,315	38,120,577
Change in net position	4,658,409	(823,115)

The District's 2022 total revenues come from a variety of sources including state aid included in program and general revenues which consists of the Idaho base support, salary and benefit base apportionments, transportation, exceptional child, revenue in lieu of taxes, and other state revenues, which makes up 57.61% of revenues from governmental activities. Federal grants and contracts of \$10,844,456 make up 24.75% of total revenues from governmental activities. Property taxes of \$3,863,346 make up 8.82% of revenues.

The District's 2022 instructional expenses when combined with instructional support services, which includes support services, administration, business operations, operations, and transportation, comprise 89.3% of District expenses.

The Blackfoot community has consistently supported the school district through a two-year \$2,275,000 supplemental levy. Prior to the 2018 fiscal year, the community also supported an additional ten-year plant facility levy in the amount of \$600,000 each year. In March of 2021, our patrons approved a small reduction of the supplemental levy in the amount of \$2,000,000 and a \$23.9 million bond. Each of these measures passed with more than 82% approval rating. These measures, together with the plant facility levy, will not increase the combined levy rate for our patrons.

Blackfoot School District #55

Management's Discussion and Analysis (Continued)

In the following table, we have presented the cost of each of the District's functions as well as the net cost (total cost less revenues generated by the activities) for each. Net cost help to show what functions are being covered by direct revenue and those that are covered by the net revenue of others.

For the year ended June 30, 2022

	Total Cost of Service	Net Cost of Service
Instruction	21,165,442	15,799,232
Support services	2,252,000	821,516
Administration	2,702,010	2,154,919
Business operations	2,047,058	681,869
Operations	4,166,809	2,971,821
Transportation	2,645,314	1,090,914
Noninstructional	1,792,094	(74,851)
Student activities	1,102,604	(135,598)
Interest and fiscal charges	771,977	771,808
Facility acquisition	506,007	499,803
Total governmental activities	39,151,315	24,581,433

Instruction: Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil. The pension and OPEB adjustments reduced expenditures by \$1,973,259 in 2022.

Support Services: Support Services provide personnel services, activities, and programs for the administration, management, technical, and logistical support to facilitate and enhance the function of instruction and shall provide for the general operation of the school system. The pension and OPEB adjustments reduced expenditures by \$200,062 in 2022.

Administration: The personnel, activities, and services for directing and managing the operations of the schools in the District. (Principals, assistant principals, secretaries, and clerks charged with responsibility for a school's administration.) Board of Education, Administration, Fiscal, and Business includes expenses associated with administrative and financial supervision of the District. The pension and OPEB adjustments reduced expenditures by \$207,710 in 2022.

Business Operations: The program concerned with the fiscal operations of the District. This program may include budgeting, receiving and disbursing, purchasing, financial and property accounting, payroll, internal auditing, and the prudent management of District resources. The pension and OPEB adjustments reduced expenditures by \$74,737 in 2022.

Operations: Operations and maintenance includes the personnel, activities, and programs concerned with keeping the physical plant operational and keeping the grounds, buildings, and equipment in effective working condition and in an adequate and safe state of repair. The pension and OPEB adjustments reduced expenditures by \$59,177 in 2022.

Transportation: Transportation includes the personnel, activities, and services for providing student transportation to school and to activities and to provide for the general administrative and maintenance needs of school district vehicles. The pension and OPEB adjustments reduced expenditures by \$23,334 in 2022.

Noninstructional: Noninstructional services include the preparation, delivery, and servicing of lunches, snacks, and other incidental meals to students and school staff in connection with school activities. The pension and OPEB adjustments reduced expenditures by \$65,603 in 2022.

Blackfoot School District #55

Management's Discussion and Analysis

Student Activities: Student activities includes the fees, dues, and fundraising amounts collected at the school level which is used to support the associated clubs and school activities of the District.

Interest and Fiscal Charges: Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to the debt of the District.

Financial Analysis of the District's Major Funds

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$23,615,238, an increase of \$20,836,401 in comparison with the previous fiscal year. All governmental funds had total revenues of \$43,810,035 and expenditures of \$47,248,432. The net change in fund balance for the year in the General Fund, Debt Service Fund, Construction 2021, and Capital Projects Fund was an increase of \$841,579, a decrease of \$188,285, an increase of \$19,851,242, and a decrease of \$52,588, respectively.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$514,523. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenses. Unassigned fund balance represents 1.75% of total general fund expenses.

Budgetary Highlights

The District's budget is prepared according to Idaho law and is based on accounting for certain transactions on a modified accrual basis of accounting. The most significant budgeted fund is the General Fund. During the course of the 2022 fiscal year, the District did not amend its General Fund budget.

The change in General Fund balance was a result of both revenue and expenditure issues as follows:

Revenue Issues:

Blackfoot School District #55 receives federal, state, and local funds as revenue. Over the past few years, Blackfoot School District has seen a drop in enrollment. During the previous fiscal year, student attendance appeared to level off and hold steady as compared to the prior year. The Blackfoot School District was pleased to see at the start of the 2020-2021 school year, our enrollment had increased for the first time in the over a decade. We are pleased that for the 2021-22 school year that the increased enrollment trend continued. The District feels with the passage of our new bond and the creation of the Blackfoot Technical Education Center, increased and/or sustained enrollment will be the new norm.

Blackfoot School District #55

Management's Discussion and Analysis (Continued)

In general, state revenues were higher than projections due to the shift of state funding from average daily attendance to average daily enrollment. This change significantly increased our support unit which drives the majority of state funding. While we prepared for the return to average daily attendance for fiscal year 2022, the state may once again based state funding on enrollment. This created another instance where state revenues exceeded budgeted amounts. The state will continue to fund based on enrollment for fiscal year 2023.

Local revenue overperformed during fiscal year 2022, due in large part to the ability to generate rental fees that did not occur in the previous fiscal year. The District hopes to see local revenue streams continue to generate funds.

Once again, conservative budgeting of federal funds has created overperforming federal revenues. The information we have received regarding federal funds indicates slight increases. However, the District again has maintained a conservative approach to federal revenue sources.

Expenditure Issues:

The Blackfoot School District was to navigate the ever changing landscape of the FY 22 education funding. With the help of federal stimulus dollars, the District was able to hold most expense line items within reason while still addressing pandemic concerns.

We also saw a trend with new young hires. These new employees, more often than not, appeared to waive the District provided insurance coverage and opted out that benefit. Also, the District was able to reconfigure specific F.T.E. allocations upon the voluntary mid-year attrition of some staff members, rather than replacing the staff members.

The implementation of the \$600,000 plant facility levy has allowed the District to transfer expense which were historically held in the General Fund to the Capital Projects Fund. These transfers occurred primarily in the following categories: administrative technology services, and building maintenance.

Capital Assets and Debt Administration

At the end of the 2022 fiscal year, the District had \$19,136,170 invested in land, buildings, furniture and equipment, and vehicles (net of accumulated depreciation).

<i>Year Ended June 30,</i>	2022	2021
Land and capital assets not being depreciated	\$ 5,218,752	\$ 531,985
Buildings and improvements	11,605,228	11,726,464
Furniture and equipment	255,475	167,308
Vehicles	97,073	89,864
ROU asset, net	1,959,642	2,361,288
Total capital assets, net	\$ 19,136,170	\$ 14,876,909

Overall capital assets increased \$4,259,261 from fiscal year 2021 to fiscal year 2022. Total purchases of \$5,304,771 were offset by dispositions of \$83,247 (primarily equipment and vehicles) and by depreciation and amortization expense for the year.

Blackfoot School District #55

Management's Discussion and Analysis

As of fiscal year-end, the District had 5 commitments for maintenance projects and the new additions related to the bond.

At June 30, 2022, the District had two general obligation bond issue outstanding as follows:

	Total	Due within one year
2010 Series Bond	\$ 810,000	\$ 810,000
2021 Series Bond	21,530,000	-
Total	\$ 22,340,000	\$ 810,000

At June 30, 2022, the District's overall legal debt margin was \$86,761,968.

Economic Factors

Blackfoot School District #55 has worked very hard to address the financial shortfall of the 2015 fiscal year in the General Fund. We were very proud that at the conclusion of the 2018 fiscal year the General Fund deficit has been erased. At the conclusion of the 2020 fiscal year the district was relieved to have a \$855,163 positive fund balance in the General Fund. We were also pleased to have a General Fund balance of \$1,473,930 of the conclusion of fiscal year 2021. Again, for the seventh straight year, we have made more progress in building a strong fund balance in the General Fund. We are extremely pleased to announce a General Fund balance in excess of \$2,300,000.

With the continually changing landscape of education funding during fiscal year 2022, the District worked diligently to ensure continued progress toward financial stability.

This outcome has been the result of the hard work and diligence are many individuals. The District realizes the need for all funds to be free of a deficit. The District continues to address the deficit in the Child Nutrition fund. The Child Nutrition program was able to eliminate the deficit during fiscal year 2022. The other two programs with a negative fund balance, Johnson O'Malley and Capital Projects, will overcome their deficits by a decrease in budgeted expenses for the upcoming school year.

The District has always been proud of the community support of public education. The District renewed the two-year supplemental levy in the amount of \$2 million. The District is extremely pleased with the recent passage of a ten-year plant facilities levy in the amount of \$600,000 each year and has nine years remaining with this levy. These amounts were the recommendation of the District financial committee, which was made up of school employees and community members. This committee met regularly to determine the needs of the District and how to best address these needs via a supplemental levy. This committee will continue to meet in order to address the current financial standing of the District and make recommendations to the board of trustees.

The District has historically benefited from additional federal funds in the form of Public Law 874: Impact Aid Funds. These funds are generated by a federal funds grant program to assist local school districts that have been affected by the presence of federal activities within the school district. These schools have lost part of their local property tax base because of federal activities that cause real property to be exempt from taxation.

Blackfoot School District #55

Management's Discussion and Analysis (Continued)

Historically, these funds have had a significant impact on the General Fund. In recent years, due to the political nature of these funds the reliability of the revenue generated by these funds has decreased. The District continues to receive back payments from previous fiscal years. The future reliability of these funds has improved with increased funding by approved Federal budgets.

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances, and to show the District's accountability for the money it receives from federal, state, and local entities, as well as patron approved levies.

In conclusion, Blackfoot School District #55 is committed to establishing financial stability for the future. With the uncertainty of the economic times, the District strives to make frugal financial decisions while providing the best education to the children of Blackfoot.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Blackfoot School District #55's finances, and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Teresa Rowe, Business Manager, at Blackfoot School District #55, 270 East Bridge, Blackfoot, Idaho 83221 or email at, rowet@d55.k12.id.us.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Blackfoot School District #55
Blackfoot, Idaho

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blackfoot School District #55 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Blackfoot School District #55, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blackfoot School District #55, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Blackfoot School District #55's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Blackfoot School District #55's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blackfoot School District #55's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedule of employer's share of net OPEB asset PERSI-Sick Leave plan last 10 fiscal years, schedule of employer contribution PERSI-Sick Leave Plan last 10 fiscal years, schedule of employer's share of net pension liability for PERSI-Base plan last 10 fiscal years and schedule of employer contributions PERSI-Base plan for last 10 fiscal years listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Blackfoot School District #55's basic financial statements. The combining and individual nonmajor fund financial statements is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules referred to above are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022 on our consideration of Blackfoot School District #55's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Idaho Falls, Idaho
October 27, 2022

Basic Financial Statements

Blackfoot School District #55

Statement of Net Position

	Governmental Activities
June 30, 2022	
Assets	
Cash and investments	\$ 24,904,715
Property taxes receivable	1,425,740
Other receivables	2,122,071
PERSI sick leave (SL) asset	1,681,928
Net pension asset	381,882
Capital assets	
Capital assets, non-depreciable	5,218,752
Capital assets, net	13,917,418
Total capital assets	19,136,170
Total assets	49,652,506
Deferred outflow of resources	
Related to pensions	7,326,227
Changes of assumptions and other inputs - OPEB	364,363
Changes of assumptions and other inputs - PERSI SL	437,531
Total deferred outflow of resources	8,128,121
Liabilities	
Accounts payable	776,353
Contracts payables	243,304
Accrued wages	2,690,592
Accrued employee benefits	1,023,542
Interest payable	224,864
Long-term liabilities	
Due within one year:	
General obligation bonds/premium	1,074,749
Lease payable	528,859
Compensated absences	103,391
Due in more than one year:	
General obligation bonds/premium	23,607,707
Lease payable	1,547,421
Other post-employment benefits	1,279,933
Total liabilities	33,100,715
Deferred inflow of resources	
Differences between expected and actual experience - OPEB	541,552
Differences between expected and actual experience - PERSI SL	768,247
Related to pensions	12,047,442
Total deferred inflow of resources	13,357,241
Net position	
Net investment in capital assets	12,228,676
Restricted for:	
Other fund activities	923,740
Debt service	710,531
Unrestricted (deficit)	(2,540,276)
Total net position	\$ 11,322,671

See accompanying notes to financial statements.

Blackfoot School District #55

Statement of Activities

<i>June 30, 2022</i>	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Instruction	\$ 21,165,442	\$ 136,537	\$ 5,229,673	\$ (15,799,232)
Support services	2,252,000	-	1,430,484	(821,516)
Administration	2,702,010	-	547,091	(2,154,919)
Business administration	2,047,058	-	1,365,189	(681,869)
Operations	4,166,809	38,931	1,156,057	(2,971,821)
Transportation	2,645,314	-	1,554,400	(1,090,914)
Noninstructional	1,792,094	29,838	1,837,107	74,851
Student activities	1,102,604	1,238,202	-	135,598
Interest on long-term debt	771,977	-	169	(771,808)
Facility acquisition	506,007	-	6,204	(499,803)
Total governmental activities	39,151,315	1,443,508	13,126,374	(24,581,433)
General revenue				
Taxes				
Property taxes				3,784,731
Property tax replacement				78,615
Unrestricted federal grants				1,353,424
State aid - formula grants				23,199,559
Other state revenues				3,388
Unrestricted investment earnings				8,695
Other local				811,430
Total general revenues				29,239,842
Change in net position				4,658,409
Net position, beginning of year				6,664,262
Net position, ending				\$ 11,322,671

See accompanying notes to financial statements.

Blackfoot School District #55

Combined Balance Sheet - Governmental Funds

<i>June 30, 2022</i>	General Fund	Debt Service	Capital Projects	Construction 2021	Other Governmental Funds	Total
Assets						
Cash and investments	2,759,530	276,004	32,944	20,345,635	1,490,602	24,904,715
Receivables						
Taxes - current	706,138	404,536	211,569	-	-	1,322,243
Taxes - delinquent	57,032	29,991	16,474	-	-	103,497
State apportionment	517,850	-	-	-	-	517,850
Federal grants/contracts receivable	-	-	-	-	1,604,198	1,604,198
Other receivables	-	-	-	-	23	23
Due from other funds	2,086,161	-	-	-	-	2,086,161
Total assets	\$ 6,126,711	\$ 710,531	\$ 260,987	\$ 20,345,635	\$ 3,094,823	\$ 30,538,687
Liabilities, deferred inflows, and fund balances						
Liabilities						
Accounts payable	178,468	-	49,232	494,393	54,260	776,353
Contracts payables	243,304	-	-	-	-	243,304
Accrued wages	2,430,290	-	-	-	260,302	2,690,592
Accrued employee benefits	915,555	-	-	-	107,987	1,023,542
Due to other funds	-	-	273,444	-	1,812,717	2,086,161
Total liabilities	3,767,617	-	322,676	494,393	2,235,266	6,819,952
Deferred inflow of resources						
Unavailable revenue	57,032	29,991	16,474	-	-	103,497
Total deferred inflow of resources	57,032	29,991	16,474	-	-	103,497
Fund balances						
Non-spendable						
Restricted						
Capital improvements	-	-	-	19,851,242	-	19,851,242
Debt service	-	680,540	-	-	-	680,540
Other fund activities	-	-	-	-	923,740	923,740
Assigned	1,787,539	-	-	-	-	1,787,539
Unassigned	514,523	-	(78,163)	-	(64,183)	372,177
Total fund balances	2,302,062	680,540	(78,163)	19,851,242	859,557	23,615,238
Total liabilities and fund balances	\$ 6,126,711	\$ 710,531	\$ 260,987	\$ 20,345,635	\$ 3,094,823	\$ 30,538,687

See accompanying notes to financial statements.

Blackfoot School District #55

Reconciliation of the Combined Balance Sheet - Governmental Funds to the Statement of Net Position

Total fund balances - governmental funds 23,615,238

Amounts reported for governmental activities in the statement of net position are different because:

Long-term assets are not included in the fund financial statement, but are included in the governmental activities of the statement of net position:

Long-term assets at year-end consisted of:

PERSI SL asset	1,681,928
Net Pension asset	381,882

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position. 19,136,170

Property taxes receivable will be collected after fiscal year-end but are not available soon enough to pay for the current period's expenditures and are therefore not accrued in the governmental funds. 103,497

Deferred outflows (changes of assumptions and other inputs - OPEB, changes of assumptions and other inputs - PERSI SL, and those related to pensions), and inflows (differences between expected & actual experience - OPEB, differences between expected & actual experience - PERSI SL, and those related to pensions) of resources are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position. (5,229,120)

Long-term liabilities are not included in the fund financial statement, but are included in the governmental activities of the statement of net position:

Long-term liabilities at year end consisted of:

Bonds payable/premium	(24,682,456)	
Leases payable	(2,076,280)	
Accrued interest on the bonds and leases	(224,864)	
Compensated absences	(103,391)	
OPEB liability	(1,279,933)	
		(28,366,924)

Net position - governmental activities, per statement of net position \$ 11,322,671

See accompanying notes to financial statements.

Blackfoot School District #55

Combined Statement of Revenues, Expenditures and Changes In Fund Balance - Governmental Funds

<i>Year Ended June 30, 2022</i>	General Fund	Debt Service	Capital Projects	Construction 2021	Other Governmental Funds	Total
Revenues						
Property taxes	\$ 2,016,227	\$ 1,149,984	\$ 601,372	\$ -	\$ -	\$ 3,767,583
Penalties and interest on delinquent taxes	11,314	3,626	2,519	-	-	17,459
Investment earnings	8,452	169	-	-	243	8,864
Food service revenue	-	-	-	-	19,331	19,331
Student body activity	-	-	-	-	1,238,202	1,238,202
Rental revenue	38,931	-	-	-	-	38,931
Other local revenue	120,636	-	-	750,000	107,114	977,750
State apportionment						
State apportionment - base	20,405,959	-	-	-	-	20,405,959
State paid benefits	2,793,600	-	-	-	-	2,793,600
State apportionment - transportation	1,502,452	-	-	-	-	1,502,452
Property tax replacement	78,615	-	-	-	-	78,615
Other state revenue	1,961,818	-	-	-	155,015	2,116,833
Federal grants and contracts	1,128,771	-	-	-	9,715,685	10,844,456
Total revenues	30,066,775	1,153,779	603,891	750,000	11,235,590	43,810,035
Expenditures						
Current:						
Instruction	17,748,759	-	-	-	4,870,866	22,619,625
Support services	1,663,531	-	-	-	729,159	2,392,690
Administration	2,990,801	-	-	-	404,130	3,394,931
Business operations	1,019,157	-	-	-	1,002,163	2,021,320
Operations	3,281,301	-	197,007	-	737,517	4,215,825
Transportation	2,616,700	-	-	-	51,948	2,668,648
Noninstructional	-	-	-	-	1,832,107	1,832,107
Student activities	-	-	-	-	1,102,604	1,102,604
Community service program	-	-	-	-	25,590	25,590
Debt service						
Debt service - principal	-	780,000	-	-	-	780,000
Debt service - interest	-	562,064	-	-	-	562,064
Debt Service - Fees	-	-	-	374,798	-	374,798
Facility acquisition	-	-	459,472	4,798,758	-	5,258,230
Total expenditures	29,320,249	1,342,064	656,479	5,173,556	10,756,084	47,248,432
Revenues over (under) expenditures	746,526	(188,285)	(52,588)	(4,423,556)	479,506	(3,438,397)

Blackfoot School District #55

Combined Statement of Revenues, Expenditures and Changes In Fund Balance - Governmental Funds (Continued)

<i>Year Ended June 30, 2022</i>	General Fund	Debt Service	Capital Projects	Construction 2021	Other Governmental Funds	Total
Transfers in	134,391	-	-	-	39,338	173,729
Transfers out	(39,338)	-	-	-	(134,391)	(173,729)
Total	95,053	-	-	-	(95,053)	-
Special items						
Proceeds from issuance of bond	-	-	-	24,274,798	-	24,274,798
Total special items	-	-	-	24,274,798	-	24,274,798
Net change in fund balance	841,579	(188,285)	(52,588)	19,851,242	384,453	20,836,401
Fund balances(deficits), beginning	1,460,483	868,825	(25,575)	-	475,104	2,778,837
Fund balances (deficits), end of year	\$ 2,302,062	\$ 680,540	\$ (78,163)	\$ 19,851,242	\$ 859,557	\$ 23,615,238

See accompanying notes to financial statements.

Blackfoot School District #55

Reconciliation of the Combined Statement of Revenues, Expenditures and Changes In Fund Balance - Governmental Funds to the Statement of Activities

Net change in fund balances - governmental funds	20,836,401
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation or amortization expense for the period. This is the amount by which capital outlays exceed depreciation and amortization expense.	4,565,878
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. This is the amount by which unavailable tax revenues decreased in the current year.	(311)
Statement of activities report expenses that the government funds do not and are not reported as expenditures in the governmental funds:	
Compensated absences expense	(17,528)
OPEB expense, net of benefit payments	81,739
Pension expense, net of benefit payments	2,613,783
PERSI SL expense, net of benefit payments	(91,640)
Governmental funds report expenses that the statement of activities do not and are not reported as expenditures in the statement of activities:	
Proceeds from the issuance of debt before fees	(24,274,798)
Principal payments on debt	780,000
Change in accrued interest & fees related to new bond	164,885
<hr/>	<hr/>
Change in net position of governmental activities	\$ 4,658,409

See accompanying notes to financial statements.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Blackfoot School District #55 (the "District") is the basic level of government which has financial accountability and control over all activities related to the public school education in the area served. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Accounting principles generally accepted in the United States require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary district is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by governmental accounting standards have been considered and there are no agencies or entities which should be presented with the District.

The District is organized under Title 33 of the State of Idaho code, as amended. The accounting policies of the District conform to the American Institute of Certified Public Accountants' Industry Audit Guide for Audits of State and Local Government Units. The following is a summary of the more significant accounting policies of the District.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Eliminations have been made to minimize the double counting of internal transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

The fund statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It is used to account for all financial resources except those accounted for in other funds.

Debt Service Funds – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Capital Projects Funds – Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities, renovation of existing facilities, or as otherwise provided in the Idaho Code.

Construction 2021 Funds – Construction 2021 funds are used to account for and report financial resources related to the projects approved as part of the 2021 Series Bond funds.

Additionally, the District reports the following fund types:

Special Revenue Funds – The purpose of the Special Revenue Fund is to account for federal, state, and locally funded grants and contracts. These grants are awarded to the District with the purpose of accomplishing specific educational tasks as defined in the grant awards or contracts. The Special Revenue Fund types include the Child Nutrition Fund and School Activity Funds. The purpose of the Child Nutrition Fund is to account for all federal support and student charges which are received by the District for the purpose of providing students with a nutritional, inexpensive meal. The School Activity Funds are monies collected primarily through fund raising efforts of the individual schools or school sponsored groups. The school principal is responsible, under the authority of the Board of Trustees, for collecting, controlling, disbursing, and accounting for all School Activity Funds.

The District has adopted a policy to net the interfund receivables and payables for combined totals used to determine the major funds. Consequently, the interfund loan balances, which net to zero, are not utilized to determine major funds.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (susceptible to accrual). "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. For this purpose, the District considers all imposed nonexchange revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, Debt Service, and Capital Projects Funds. All annual appropriations lapse at fiscal year end. The District did not amend its budgets in the current fiscal year.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Budgets (Continued)

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year end are reported as assigned fund balance to indicate an obligation to the District.

The District budgets transfers from the General Fund to other funds to cover the costs incurred by these funds in excess of the revenues generated or as required by the state of Idaho. Certain indirect costs are charged to several Special Revenue Funds through budgeted transfers from the Special Revenue Funds to the General Fund.

Deposits and Investments

Cash includes amounts in demand as well as short-term investments with a maturity date within three months of the date acquired by the District. The District pools cash of all 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. 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.

State statutes authorize the District to invest in:

- Obligations of the U.S. Treasury
- Commercial paper
- Corporate bonds
- Repurchase agreements.

The District has elected to deposit cash in excess of immediate needs into the Local Government Investment Pool (LGIP). The LGIP is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, commercial paper, corporate debt instruments and U.S. government securities. The certificates of deposit are federally insured. The LGIP is recorded at amortized costs due to the LGIP's tight restrictions on the types of investments that can be held in the fund to limit the District's exposure to losses from credit risk, market, and liquidity risk. An annual audit of LGIP is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool. All other cash is deposited with local banks in checking or savings accounts.

Short-term Interfund Receivables / Payables

During the course of operations, numerous transactions occur between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories

Supplies inventory consists of paper and other supplies and equipment received at the end of the fiscal year, which had not yet been consumed. The cost is recorded as an expenditure at the time the item is consumed. Inventories are stated at cost on a first-in, first-out basis, which approximates market. Other supplies inventory on hand at year end has not been recorded as inventory and was treated as expended when purchased.

Property Taxes

In accordance with Idaho State Law, ad valorem property tax is levied in dollars in September for each calendar year. Taxes are recorded by the District using the modified accrual basis of accounting. Levies are made on the second Monday of September. Taxes become due on December 20 but may be paid in installments on December 20 and June 20. Payment is made to the treasurer of the county and transmitted to the District monthly.

Property taxes attach as an enforceable lien on property as of January 1st of the following year. Notice of foreclosure is filed with the County Clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year. Bingham County acts as an agent for the District in both the assessment and collection areas. The County remits tax revenues to the District periodically, with the majority of the collections being remitted in January and July.

Capital Assets

Capital assets, which include land, buildings, buildings improvements, vehicles, equipment, and construction in progress are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Capital assets are depreciated using the straight-line method taking a full year of depreciation in the year of acquisition over the following estimated useful lives:

	Years
School buildings	50 years
Other buildings and improvements	40 years
Machinery and equipment	3-15 years
Vehicles	3-5 years

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

GASB 87 Lease Accounting

The District is a lessee in multiple noncancelable operating and financing leases. If the contract provides the District the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the District's incremental borrowing rate. The implicit rates of the District's leases are not readily determinable and accordingly, the District has elected to use the State's Diversified Bond Fund (DBF) portfolio rate. This rate is used to calculate the present value of future lease payments. This rate is an alternative investment rate for other than short-term investments and is materially the same as the rate the District might incur from an external lender.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset for finance leases is amortized on a straight-line basis over the lease term. For all underlying classes of assets, the District has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The District recognizes short-term lease cost on a straight-line basis over the lease term.

In addition, under the new standard, the District has adopted a policy which evaluates the material nature of long-term leases as a group. For group calculations which fall below the policy threshold for recording, the District will not recognize the lease liability and ROU, and will instead expense these costs as incurred. Copier leases is one such group.

Compensated Absences

Employees are entitled to certain compensated absences based on their length of employment. The entire compensated absences owed are reported in the governmental-wide financial statements.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Other Post-Employment Benefits (“OPEB”) Obligations

PERSI employees who retire and have not yet become eligible for federal Medicare coverage are eligible to purchase insurance through the District's healthcare plan. Although retirees pay their own premium, there is an implicit cost due to increased group premiums when retirees are included in District insurance plans. For the purpose of measuring the net other post-employment benefit liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and other post-employment benefit expenses, information about net position of the implicit medical benefit plan and additions to/deductions from the Plan's net position have been determined on the same basis as they are reported by the plan. Benefit payments are recognized when due and payable in accordance with the benefit terms.

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense; (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund's fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions

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

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable, available, financial resources is reported as a fund liability of a governmental fund. The entire portion of such obligations is reported in the government-wide financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or governmental funds balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The District has several items that qualify for reporting in this category and they occur on the government-wide statement of net position. The District reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset). The other deferred outflows result from changes of assumptions or other inputs on the OPEB obligations and PERSI SL asset.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the governmental funds combined balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has several types of items, one which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions and difference between expected and actual experience - OPEB and PERSI Sick Leave(PERSI SL) on the government wide financial statements.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balances Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balances). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the District's Board – the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the District Board removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but the amounts are neither restricted nor committed. The District Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Risk Management

The District is exposed to a considerable number of risks of loss, including: (a) damage to and loss of property and contents; (b) employee torts; (c) professional liability, i.e. errors and omissions; (d) environmental damage; (e) workers' compensation, i.e. employee injuries; and (f) medical insurance costs of employees. Commercial policies, transferring the risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts, and professional liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Recently Adopted Accounting Pronouncement

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. The statement enhances the relevance and consistency of reporting for the District's leasing activities by establishing requirements for lease accounting based on the principle that leases are financings of underlying right-to-use assets. A lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The District adopted this guidance retroactively for the year ended June 30, 2022. The adoption of this guidance did not affect beginning net position and, accordingly, restatement of beginning July 1, 2021 net position was not necessary.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates (Continued)

reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

GASB Statement No. 94 – Public/Private and Public/Public Partnership Arrangements: Issued to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). Effective for the fiscal year ending June 30, 2023.

GASB Statement No. 96 – Subscription Based Information Technology Arrangements: Issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. Effective for the fiscal year ending June 30, 2023.

GASB Statement No. 91 – Conduit Debt Obligations: Issued May 2019, the objective of this statement is to provide for a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. This statement is effective for the fiscal year ending June 30, 2023.

GASB Statement No. 92 – Omnibus 2020: Issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature relative to certain GASB Statements. Effective for the fiscal year ending June 30, 2023.

Subsequent Events

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 27, 2022, which is the date the financial statements were available to be issued. There were no subsequent type events, identified by management of the District, that are required to be disclosed.

Note 2: Cash and Investments

At June 30, 2022, the carrying amount of the District’s deposits was \$5,166,889. The bank balance was as follows:

Insured by FDIC or NCUA	\$	906,840
Uninsured and uncollateralized		4,630,832
Total	\$	5,537,672

Blackfoot School District #55

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

As of June 30, 2022, the District had the following investments combined with cash:

<i>Deposit and investment type</i>	Cost	Fair Value	Average Maturity
Local Government Investment Pool - NAV	\$ 19,737,826	\$ 19,703,208	150 days
Total	\$ 19,737,826	\$ 19,703,208	

The District's deposits and investments at year end are limited to the Local Government Investment Pool (LGIP), bank deposits, and certificates of deposits with various banks located in Idaho. This pooling is intended to improve administrative efficiency and increase investment yield. As of June 30, 2022, there is a policy for the deposits to be fully insured when possible and practical.

Interest rate risk - The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

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

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. The District does not have a deposit policy for custodial credit risk. Investments held in the State Treasurer's investment pool are not insured or guaranteed by the FDIC. The District has reduced its custodial credit risk by using several financial institutions.

Note 3: Interfund Receivables and Payables

During the course of its operations, the District had numerous transactions between funds to finance operations, provide services, construct assets, and service debt. The General Fund transferred \$39,338 to the Child Nutrition Fund as required by State law. The interfund payable in the Child Nutrition Fund of \$106,198 will not be repaid within one year. To the extent that certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded as follows:

	Receivable	Payable
General Fund	\$ 2,086,161	\$ -
Capital Projects	-	273,444
Nonmajor Funds	-	1,812,717
Total	\$ 2,086,161	\$ 2,086,161

Blackfoot School District #55

Notes to Financial Statements

Note 4: Capital Assets

Governmental activities capital asset balances and activity for the year ended June 30, 2022, were as follows:

Governmental Activities	Balance 7/1/2021	Additions	Deletions	Balance 06/30/22
Capital assets, not being depreciated:				
Land				
Elementary	\$ 113,942	\$ -	\$ -	\$ 113,942
Secondary	232,607	-	-	232,607
Administration	185,436	-	-	185,436
Construction in progress	-	4,686,767	-	4,686,767
Total capital assets, not being depreciated	531,985	4,686,767	-	5,218,752
Capital assets, being depreciated:				
Buildings				
Elementary	11,289,970	47,639	-	11,337,609
Secondary	18,697,044	313,074	-	19,010,118
Administration	1,199,147	103,274	-	1,302,421
Total Buildings	31,186,161	463,987	-	31,650,148
Equipment				
Elementary	451,044	35,995	-	487,039
Secondary	571,576	77,252	(19,184)	629,644
Administration	497,427	16,770	(55,820)	458,377
Total Equipment	1,520,047	130,017	(75,004)	1,575,060
Vehicles				
Secondary	87,290	-	-	87,290
Administration	254,673	24,000	(8,243)	270,430
Total Vehicles	341,963	24,000	(8,243)	357,720
Total capital assets, being depreciated	33,048,171	618,004	(83,247)	33,582,928
Less accumulated depreciation:				
Buildings	(19,459,697)	(585,223)	-	(20,044,920)
Equipment	(1,352,739)	(41,850)	75,004	(1,319,585)
Vehicles	(252,099)	(16,791)	8,243	(260,647)
Total accumulated depreciation	(21,064,535)	(643,864)	83,247	(21,625,152)
Total capital assets, being depreciated, net	11,983,636	(25,860)	-	11,957,776
Right of use assets:				
Equipment	2,361,288	-	-	2,361,288
Less accumulated amortization	-	(401,646)	-	(401,646)
Total capital assets, being amortized, net	2,361,288	\$(401,646)	\$ -	1,959,642
Governmental activities capital assets, net	\$ 14,876,909	\$ 4,259,261	\$ -	\$ 19,136,170

Blackfoot School District #55

Notes to Financial Statements

Note 4: Capital Assets (Continued)

Depreciation and amortization expense was charged to functions of the primary government as follows:

Governmental activities		
Instruction	\$	561,277
Support services		59,372
Administration		8,182
Business operations		390,228
Operations		10,161
Facility Acquisition		16,290
Total depreciation and amortization expense - governmental activities		\$ 1,045,510

Note 5: Contingent Liabilities

The District participates in a number of federally assisted grant programs that are subject to audit and adjustment by the grantors. Such grantor audits of these programs, if any, for or including the year ended June 30, 2022, have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements for those programs if audited by grantor agencies will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note 6: Other Post-Employment Benefits (OPEB)

Plan Description. Blackfoot School District #55's Employee Group Benefits Plan is a single-employer defined benefit healthcare plan administered by Blue Cross of Idaho. Blue Cross provides medical and prescription drug insurance benefits to eligible retirees and their eligible dependents. Blue Cross Dental and Willamette Dental provide dental insurance benefits to eligible retirees and their eligible dependents. As of June 30, 2021 (Measurement date), there were 342 active participants and 17 inactive participants.

A retiree who retires with the Public Employee Retirement System of Idaho (PERSI) is eligible to keep the District's health insurance as a retiree until age 65, or until the retiree is eligible for coverage under Medicare. Retirement eligibility is determined based on a minimum of reaching age 55 with at least 5 years of membership with a PERSI employer. The retiree is on the same medical plan as the District's active employees.

Funding Policy. The contribution requirement of plan members is established by the District's insurance committee in conjunction with the insurance provider. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2022, the District contributed approximately \$108,285 of the actuarially determined contribution of \$195,856. Retirees are required to pay 100% of the premiums for both the retiree and the dependent coverage.

Net Other Post-employment benefit Liability. The Net other post-employment benefit liability (NOL) was measured as of June 30, 2022, and the total other post-employment benefit liability was determined by an actuarial valuation as of June 30, 2022.

Blackfoot School District #55

Notes to Financial Statements

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions. The District does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-basis and there is not a trust for accumulating plan assets. The following actuarial methods and assumptions were used in the June 30, 2022 accounting valuation:

Valuation Timing	Actuarial valuations are performed biennially as of July 1 for accounting purposes only. The most recent valuation was performed as of June 30, 2021.
Actuarial Cost Method	Entry Age Normal
Inflation	2.27%
Salary Increases	3.75%
Discount Rate	4.02%
Health Cost Trend Rates	Medical with vision trend is 6.5% from year ending June 30, 2023, then gradually decreasing to an ultimate rate of 3.8% for 2078 and beyond. Prescription Drugs trend is 6.5% from year ending June 30, 2023, then gradually lowering to 3.8% for 2078 and beyond, as shown in the June 30, 2022, valuation rollforward report.
Retirement	Based on PERSI with 19% of Males and 10% of Females eligible at age 55, 30% of Males and 26% of Females first year eligible at age 60 and 36% of Males and 49% of Females eligible at age 65.
Mortality	Mortality is assumed to follow the RP2000 Healthy Combined Mortality Table adjusted with generational mortality adjustments using Scale AA, set back three years for both males and females.
Retiree Premiums	The retiree contributions are a weighted average of all retiree contributions for the period July 1, 2020, to June 30, 2021. The cost of Medical and Prescription was \$8,718 for a retiree or surviving spouse, and \$10,586 for a surviving spouse.

Total OPEB Liability	June 30, 2022
Total OPEB liability	\$ 1,279,933
Covered employee payroll	18,806,979
Total OPEB liability as a % of covered employee payroll	6.81 %

Blackfoot School District #55

Notes to Financial Statements

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year end. Any significant changes during this period must be reflected as prescribed by GASB 75.

Discount Rate	4.02 %
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The discount rate was based on the 20 year Municipal Bond Index on 6/30/2021 and rolled forward to 6/30/2022.

Changes since Prior Valuation

The changes of assumptions include status, trend, discount:

Changes in total OPEB Liability	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2021	\$ 1,315,840
Changes for the year:	
Service cost	173,140
Interest on total OPEB liability	32,578
Effect of changes in assumptions or other inputs	(133,340)
Expected benefit payments	(108,285)
Balance as of June 30, 2022	1,279,933

Sensitivity Analysis

The following presents the total OPEB liability of the District, calculated using the discount rate of 4.02 %, as well as what the school district's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.02%) or 1 percentage point higher (5.02%) than the current rate.

	1% Decrease (3.02%)	Discount Rate (4.02%)	1% Increase (5.02%)
Total June 30, 2022 OPEB Liability	1,355,128	1,279,933	1,208,115

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

	1% Decrease	Current Trend Rate	1% Increase
Total June 30, 2022 OPEB Liability	1,152,382	1,279,933	1,427,870

Blackfoot School District #55

Notes to Financial Statements

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

OPEB Expense	July 1, 2021 to June 30, 2022
Service cost	173,140
Interest on total OPEB liability	32,578
Recognition of Deferred Inflows/Outflows of Resources	
Difference between expected and actual experience	(43,197)
Recognition of assumption changes or inputs	37,668
Benefit payments	(108,285)
OPEB expense	91,904

Other Post-Employment Benefits Expense and Deferred Outflows of Resources and Deferred Inflows for Resources Related to Other Post-employment Benefits

Schedule of Deferred Inflows/Outflows of Resources

	Original Amount	Date Established	Original Recognition Period	Amount Recognized	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected & actual experience/changes in assumptions	(124,091)	June 30, 2019	13.05	(9,505)	(304,243)	218,172
Changes of assumptions or other inputs	72,786	June 30, 2020	12.32	5,908	-	55,062
Differences between expected & actual experience/changes in assumptions	(26,869)	June 30, 2021	13.91	(1,932)	(114,134)	91,129
Differences between expected & actual experience/changes in assumptions	(133,340)	June 30, 2022	13.12	(10,165)	(123,175)	-
Total	(211,514)			(15,694)	(541,552)	364,363

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other post-employment benefits will be recognized in OPEB expense as follows:

Year Ending June 30:	July 1, 2021 to June 30, 2022
2023	(15,694)
2024	(15,694)
2025	(15,694)
2026	(15,694)
2027	(15,694)
Thereafter	(98,719)

*Note that additional future deferred inflows and outflows of resources may impact these numbers.

Blackfoot School District #55

Notes to Financial Statements

Note 7: PERSI Sick Leave Insurance Reserve

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 state 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 contributions were \$0 for the year ended June 30, 2022

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

At June 30, 2022, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2021, the District's proportion was 1.1581896 percent.

For the year ended June 30, 2022, the District recognized OPEB expense offset of \$81,739. There were no amounts reported as deferred outflows of resources related to OPEBs resulting from Employer contributions subsequent to the measurement date which could be recognized as an increase of the net OPEB asset in the year ending June 30, 2022.

Blackfoot School District #55

Notes to Financial Statements

Note 7: PERSI Sick Leave Insurance Reserve (Continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERSI OPEB sick leave from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 239,985	\$ -
Changes in assumptions or other inputs	197,546	318,630
Net difference between projected and actual earnings on pension plan investments	-	449,617
Total	\$ 437,531	\$ 768,247

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other post-employment benefits will be recognized in expense as follows:

Year Ending June 30:	July 1, 2021 to June 30, 2022
2022	(99,242)
2023	(84,976)
2024	(79,647)
2025	(112,675)
2026	3,187
Thereafter	42,638

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years. The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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.

Blackfoot School District #55

Notes to Financial Statements

Note 7: PERSI Sick Leave Insurance Reserve (Continued)

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.

Asset Class	Target Allocation	LT Expected Nominal Rate of Return (Arithmetic)	LT Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00 %	1.80 %	(0.20)%
Broad US Equity	55.00 %	8.00 %	6.00 %
Developed Foreign Equities	15.00 %	8.25 %	6.25 %

Actuarial Assumptions

Assumed Inflation - Mean	2.00 %	2.00 %
Assumed Inflation - Standard Deviation	1.50 %	1.50 %
Portfolio Arithmetic Mean Return	6.18 %	4.18 %
Portfolio Standard Deviation	12.29 %	1.50 %
Portfolio Long-Term (Geometric)	5.55 %	3.46 %
Assumed Investment Expenses	0.40 %	0.40 %
Long-term (Geometric) Rate of Return, Net of Investment Expenses	5.15 %	3.06 %
Portfolio Long-term Expected Real Rate of Return, Net of Investment Expenses		4.14 %
Portfolio Standard Deviation		14.16 %

Valuation Assumptions Chosen by PERSI Board

Long-term Expected Real Rate of Return, Net of Investment Expenses	3.15 %
Assumed Inflation	2.30 %
Long-Term Expected Nominal Rate of Return, Net of Investment Expenses	5.45 %

Discount Rate

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

Blackfoot School District #55

Notes to Financial Statements

Note 7: PERSI Sick Leave Insurance Reserve (Continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.45%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.45%)	Current Discount Rate (5.45%)	1% Increase (6.45%)
District's proportionate share of the net OPEB liability	\$ (1,459,523)	\$ (1,681,928)	\$ (1,889,668)

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

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 who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Blackfoot School District #55

Notes to Financial Statements

Note 8: Pension Plan (Continued)

Pension Benefits

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

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

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. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2021, it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. The District's contributions were \$2,380,071 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District 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, 2021, the District's proportion was .4835292 percent.

Blackfoot School District #55

Notes to Financial Statements

Note 8: Pension Plan (Continued)

For the year ended June 30, 2022, the District recognized an offset to pension expense of \$2,593,981. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 562,650	\$ 221,976
Changes in assumptions or other inputs	-	(169,135)
Net difference between projected and actual earnings on pension plan investments	4,383,506	11,994,601
District contributions subsequent to the measurement date	2,380,071	-
Total	\$ 7,326,227	\$ 12,047,442

\$2,380,071 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, 2021, is 4.8 years and 4.7 years for the measurement period ended June 30, 2022.

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

Year ended June 30:	
2022	\$ (1,687,667)
2023	(1,487,572)
2024	(1,284,691)
2025	\$ (2,641,357)

Actuarial Assumptions

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

Blackfoot School District #55

Notes to Financial Statements

Note 8: Pension Plan (Continued)

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

Inflation	2.30 %
Salary increases including inflation	3.05 %
Investment rate of return-net of investment fees	6.35 %
Cost-of-living adjustments	1.00 %

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, 2022, is based on the results of an actuarial valuation date of July 1, 2021.

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

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

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

Blackfoot School District #55

Notes to Financial Statements

Note 8: Pension Plan (Continued)

Capital Market Assumptions from Callen 2021

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

Investment Policy Assumptions from 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 from Milliman 2021

Valuation Assumptions Chosen by PERSI Board

Long-term Expected Real Rate of Return, Net of Investment Expenses	4.05 %
Assumed Inflation	2.30 %
Long-Term Expected Nominal Rate of Return, Net of Investment Expenses	6.35 %

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period 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.

Blackfoot School District #55

Notes to Financial Statements

Note 8: Pension Plan (Continued)

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	13,275,011	(381,882)	(11,576,710)

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

Note 9: Post Retirement Benefits

The District funds post-retirement benefits on a current basis through PERSI. The District paid 0% of the wages covered by PERSI to the State due to a vacation granted by the state in fiscal year 2021. At the time of retirement, a sum equal to one-half of the monetary value of unused sick leave, calculated at the rate of pay at that time, is transferred from the sick leave account to the employee's retirement account. This money shall then be used to pay premiums for health, dental, and life insurance.

Note 10: Payroll Expenditures and Related Liabilities

Teacher contracts were signed for the nine-month period September 1, 2021, through May 31, 2022, to be paid over the twelve months of September 1, 2021, through August 31, 2022. The financial statements reflect the salary expense for this period. The accrued payroll reflects the final two months of these contracts.

Note 11: Non-Monetary Transactions

The District received \$145,349 in USDA Commodities during the 2021-2022 fiscal year. The commodities received are valued at the average wholesale price as determined by the distributing agency. All commodities received by the District were treated as revenue and expense of the fund receiving the commodities.

Blackfoot School District #55

Notes to Financial Statements

Note 12: Leases

District as Lessee

The terms and expiration dates of the District's leases payable at June 30, 2022 are as follows:

Apple Inc C/O Apple Financial Services - Lease agreement dated May 2020 in the original principal amount of \$1,343,398, due in annual installments of \$268,680, including imputed interest at 2.55% per annum. This lease expires in July 2024, collateralized by leased technology equipment.

Apple Inc C/O Apple Financial Services - Lease agreement dated April 2022 in the original principal amount of \$1,343,398, due in annual installments of \$268,680, including imputed interest at 2.31% per annum. This lease expires in July 2027, collateralized by leased technology equipment.

DesignSpace Modular Buildings - Lease agreement dated July 2019 in the original principal amount of \$84,300, due in monthly installments of \$1,405, including imputed interest at 1.38%, through July 2024, collateralized by leased modular buildings.

Future minimum lease payments as of June 30, 2022, are:

	Leases		
	Principal	Interest	Total
2023	\$ 528,859	\$ 37,964	\$ 566,823
2024	516,466	25,555	542,021
2025	512,599	12,456	525,055
2026	256,224	6,548	262,772
2027	262,132	-	262,132
Total	\$ 2,076,280	\$ 82,523	\$ 2,158,803

Note 13: Legal Debt Margin

The District is subject to a statutory limitation by the Idaho Code for bonded indebtedness payable principally from property taxes. The limit of bonded indebtedness is 5% of total property market value less the aggregate outstanding debt. At June 30, 2022, the limit for the District was 5% of \$2,168,428,561 or \$108,421,428. The Debt Service Fund had \$680,540 available, and the general obligation debt was \$22,340,000 leaving a legal debt margin of \$86,761,968.

Blackfoot School District #55

Notes to Financial Statements

Note 14: Changes in Long-Term Obligations

Long-term debt consisted of the following at June 30, 2022:

	Balance 7/1/2021	Additions	Payments	Balance 06/30/22	Current Portion of Balance
Bonds payable	\$ 1,590,000	\$ 21,530,000	\$ 780,000	\$ 22,340,000	\$ 810,000
2021- Premium/ Discount	-	2,520,583	178,128	2,342,455	264,749
Subtotal	1,590,000	24,050,583	958,128	24,682,455	1,074,749
Leases payable	-	2,361,288	285,008	2,076,280	528,859
Compensated absences	85,863	17,528	-	103,391	103,391
OPEB	1,315,840	-	35,907	1,279,933	-
Net pension liability	10,918,238	-	10,918,238	-	-
Total	\$ 13,909,941	\$ 26,429,399	\$ 12,197,281	\$ 28,142,059	\$ 1,706,999

Payment on the general obligation bonds are made by the Debt Service Fund from property taxes. The employee benefits will be paid by the fund in which the employee is paid from.

General Obligation Bonds

The District has two general obligation bond issue (2010 Series, and 2021 Series) outstanding at year end with interest rates ranging from 3.25 to 5.00 percent. The maturity date of the 2010 Series bond is scheduled in August of 2023. The maturity date of the 2021 Series bond is scheduled for September 2040. Future debt service requirements are as follows:

	Principal	Interest	Total
2023	\$ 810,000	\$ 770,804	\$ 1,580,804
2024	810,000	736,581	1,546,581
2025	850,000	695,081	1,545,081
2026	890,000	651,581	1,541,581
2027	935,000	605,956	1,540,956
2028 - 2032	5,420,000	2,262,156	7,682,156
2033 - 2037	6,690,000	1,038,981	7,728,981
2038 - 2042	5,935,000	261,272	6,196,272
Total	\$ 22,340,000	\$ 7,022,412	\$ 29,362,412

Blackfoot School District #55

Notes to Financial Statements

Note 14: Changes in Long-Term Obligations (Continued)

Changes in Long-term Bonds:

Principal	2010 Series	2021 Series	Total
Balance at July 1, 2021	\$ 1,590,000	\$ -	\$ 1,590,000
Bonds retired	(780,000)	-	(780,000)
New Bonds	-	21,530,000	21,530,000
Balance at June 30, 2022	810,000	21,530,000	22,340,000
Interest			
Balance at July 1, 2021	54,983	-	54,983
New Bonds	-	7,527,711	7,527,711
Interest paid	(41,011)	(519,271)	(560,282)
Balance at June 30, 2022	\$ 13,972	\$ 7,008,440	\$ 7,022,412

Note 15: Deficit Fund Balances

The District has a deficit at June 30, 2022, in the following funds:

	Deficit
Capital Projects	\$ 78,163
Driver's Ed	52,640
Johnson O'Malley	11,543

The District has plans in place to reduce or eliminate these deficits during fiscal year 2023 and beyond.

Required Supplemental Information

Blackfoot School District #55

Statement of Revenues, Expenditures and Changes In Fund Balance

Budget to Actual - General Fund

<i>Year Ended June 30, 2022</i>	General Fund		
	Original & Final Budget	Actual	Variance with Final Budget
Revenues			
Property taxes	2,000,000	2,016,227	16,227
Penalties and interest on delinquent taxes	17,500	11,314	(6,186)
Investment earnings	20,000	8,452	(11,548)
Rental revenue	35,000	38,931	3,931
Other local revenue	100,000	120,636	20,636
State apportionment			
State apportionment - base	19,258,188	20,405,959	1,147,771
State paid benefits	2,644,160	2,793,600	149,440
State apportionment - transportation	1,500,000	1,502,452	2,452
Property tax replacement	76,883	78,615	1,732
Other state revenue	1,910,000	1,961,818	51,818
Federal grants and contracts	900,000	1,128,771	228,771
Total revenues	28,461,731	30,066,775	1,605,044
Expenditures			
Instruction			
Elementary	7,166,494	7,256,855	(90,361)
Secondary	6,898,397	6,701,264	197,133
Alternative School	801,352	991,703	(190,351)
Exceptional Child	2,190,085	2,520,648	(330,563)
Preschool	176,338	146,107	30,231
Gifted and Talented	141,714	132,182	9,532
Total instruction	17,374,380	17,748,759	(374,379)
Support services			
Attendance, Guidance	806,653	809,492	(2,839)
Special Services	374,306	407,558	(33,252)
Instructional Improvement	239,282	221,379	17,903
Educational Media	186,579	225,102	(38,523)
Total support services	1,606,820	1,663,531	(56,711)
Administration			
Administration - District / Central Administration	797,453	812,387	(14,934)
School administration	2,146,976	2,178,414	(31,438)
Total administration	2,944,429	2,990,801	(46,372)
Business Administrative Services			
Business	283,239	317,917	(34,678)
Technology	756,142	701,240	54,902
Total business administrative services	1,039,381	1,019,157	20,224

See Independent Auditor's Report.

Blackfoot School District #55

Statement of Revenues, Expenditures and Changes In Fund Balance

Budget to Actual - General Fund (Continued)

	Original & Final Budget	Actual	Variance with Final Budget
Operations			
Building	2,028,010	1,989,342	38,668
Maint Ground	1,083,546	1,141,072	(57,526)
Security Services	200,000	150,887	49,113
Total operations	3,311,556	3,281,301	30,255
Transportation	2,394,518	2,616,700	(222,182)
Total expenditures	28,671,084	29,320,249	(649,165)
Excess of revenue over (under) expenditures	(209,353)	746,526	955,879
Other Financing Sources (Uses)			
Transfers Out	(1,045,000)	95,053	1,140,053
Transfers In	54,353	-	(54,353)
Total other financing sources (uses)	(990,647)	95,053	1,085,700
Net change in fund balances	(1,200,000)	841,579	2,041,579
Fund balance, beginning of year		1,460,483	
Fund balances, end of year		\$ 2,302,062	

See Independent Auditor's Report.

Blackfoot School District #55

Statement of Revenues, Expenditures and Changes In Fund Balance

Budget to Actual - Construction 2021 Fund

<i>Year Ended June 30, 2022</i>	Construction 2021		
	Original & Final Budget	Actual	Variance with Final Budget
Revenues			
Other local revenue	-	750,000	750,000
Total revenues	-	750,000	750,000
Expenditures			
Facility Acquisition - Qualifying	-	4,798,758	(4,798,758)
Bond Fees	-	374,798	374,798
Total expenditures	-	5,173,556	(4,423,960)
Excess of revenue over (under) expenditures	-	(4,423,556)	(3,673,960)
Other Financing Sources (Uses)			
Bond Proceeds	-	24,274,798	24,274,798
Total other financing sources (uses)	-	24,274,798	24,274,798
Net change in fund balances	-	19,851,242	20,600,838
Fund balance, beginning of year			-
Fund balances, end of year		\$ 19,851,242	

See Independent Auditor's Report.

Blackfoot School District #55

Schedule of Changes in Total OPEB Liability and Related Ratios

As of the measurement date of June 30, 2022

	2022	2021	2020
Total OPEB Liability			
Service cost	\$ 173,140	\$ 118,349	\$ 111,368
Interest	32,578	34,623	31,748
Difference between expected and actual experience	-	70,913	-
Changes of assumption	(133,340)	(97,782)	72,786
Benefit payments, including refunds of member contributions	(108,285)	(120,096)	(105,593)
Net change in total OPEB liability	(35,907)	6,007	110,309
Total OPEB liability - beginning	1,315,840	1,309,833	1,199,524
Total OPEB liability - ending	\$ 1,279,933	\$ 1,315,840	\$ 1,309,833
Covered valuation payroll	18,806,979	18,127,209	14,887,442
Total OPEB liability as a percentage of covered valuation payroll	6.81 %	7.26 %	8.80 %

* 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 years for which information is available.

See Independent Auditor's Report.

Blackfoot School District #55

Schedule of Employer's Share of Net OPEB Asset-PERSI Sick Leave Plan As of the Reporting Date of June 30, 2022

Last 10 Fiscal Years*

<i>Year Ended June 30, 2022</i>	2021	2020	2019	2018
Employer's proportion of the net OPEB Asset	1.1581896 %	1.1581896 %	1.1948550 %	1.2229805 %
Employer's proportionate share of the net OPEB asset	\$ 1,681,928	\$ 1,426,086	\$ 1,144,437	\$ 1,014,401
Employer's covered-employee payroll	\$ 18,044,655	\$ 16,489,481	\$ 15,555,024	\$ 15,322,673
Employer's proportional share of the net OPEB asset as a percentage of its covered-employee payroll	9.32 %	8.65 %	7.36 %	6.62 %
Plan fiduciary net position as a percentage of the total OPEB asset	152.61 %	152.87 %	138.51 %	\$ 136

* 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 years for which information is available.

Data reported is measured as of June 30, 2019 (measurement date)

Schedule of Employer Contributions PERSI-Sick Leave Plan As of the Reporting Date of June 30, 2022

Last 10 Fiscal Years*

	2022	2021	2020	2019
Statutorily required contribution	\$ -	\$ -	\$ 103,801	\$ 195,993
Contributions in relation to the statutorily required contribution	-	-	103,804	195,993
	-	-	(3)	-
Employer's covered payroll	19,933,559	18,044,655	16,489,481	15,555,024
Contributions as a percentage of covered payroll	- %	- %	0.6295 %	1.2600 %

* 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 years for which information is available.

Data reported is measured as of June 30, 2022 (reporting date)

See Independent Auditor's Report.

Blackfoot School District #55

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability	0.4835292 %	0.4701816 %	0.4651705 %	0.4705120 %	0.4802120 %	0.4986040 %	0.5526993 %	0.5521823 %
Employer's proportionate share of the net pension liability (asset)	\$ (381,882)	\$ 10,918,238	\$ 5,309,792	\$ 6,940,130	7,548,108	\$ 10,107,469	\$ 6,939,643	\$ 4,064,926
Employer's covered payroll	18,044,655	16,489,481	15,555,024	15,322,673	14,915,053	14,614,965	14,619,622	14,959,336
Employer's proportional share of the net pension liability as a percentage of its covered payroll	(2.12)%	66.21 %	34.14 %	45.29 %	50.61 %	69.16 %	47.47 %	27.17 %
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.36 %	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 trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2021 (measurement date)

Schedule of Employer Contributions

PERSI - Base Plan

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 2,380,067	\$ 2,154,532	\$ 1,968,844	\$ 1,760,829	\$ 1,734,527	\$ 1,688,384	\$ 1,654,414	\$ 1,654,941
Contributions in relation to the statutorily required contribution	2,380,071	2,154,535	1,968,850	1,760,738	1,733,961	1,688,384	1,654,423	1,654,860
Contribution (deficiency) excess	4	3	6	(91)	(566)	-	9	(81)
Employer's covered payroll	19,933,559	18,044,655	16,489,481	15,555,024	15,322,673	14,915,053	14,614,965	14,619,622
Contributions as a percentage of covered payroll	11.94 %	11.94 %	11.94 %	11.32 %	11.32 %	11.32 %	11.32 %	11.32 %

* 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 years for which information is available.

Data reported is measured as of June 30, 2022 (reporting date)

See Independent Auditor's Report

Blackfoot School District #55

Notes to Required Supplementary Information

Budgetary Data

Annual budgets for all Governmental Funds are adopted on the modified accrual basis, consistent with generally accepted accounting principles (GAAP) for local governments. Annual appropriated budgets are adopted for the General Fund, Special Revenue, and Capital Projects Funds. All annual appropriations lapse at year end.

Excess of Actual Expenditures Over Budget

Actual expenditures exceeded budget for the General Fund.

See Independent Auditor's Report.

Supplemental Information

Blackfoot School District #55

Combining Balance Sheet - Non-major Governmental Funds

June 30, 2022	Student Activity	Driver's Ed	Professional Technical	ESSER III	Title I	ESSER I	Migrant Education	ESSER II	Homeless	IDEA School Age	IDEA Preschool	Medicaid
Assets												
Cash and investments	\$ 804,183	\$ -	\$ 16,723	\$ 15,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,232	\$ 7,337	\$ 2,377
Federal grants/contracts receivable	-	-	-	769,193	315,959	40,703	39,981	30,376	3,748	144,517	1,756	10,254
Other receivables	-	-	23	-	-	-	-	-	-	-	-	-
Total assets	\$ 804,183	\$ -	\$ 16,746	\$ 784,950	\$ 315,959	\$ 40,703	\$ 39,981	\$ 30,376	\$ 3,748	\$ 205,749	\$ 9,093	\$ 12,631
Liabilities												
Accounts Payable	-	187	337	15,726	1,910	-	707	-	-	-	-	5,559
Accrued wages	-	2,807	6,033	-	81,776	-	3,307	-	917	83,134	3,756	-
Accrued employee benefits	-	565	1,204	-	28,249	-	687	-	185	38,501	2,296	-
Due to other funds	-	49,081	-	753,467	204,024	40,703	35,280	30,376	2,646	84,114	3,041	7,072
Total liabilities	-	52,640	7,574	769,193	315,959	40,703	39,981	30,376	3,748	205,749	9,093	12,631
Fund balances												
Restricted for:												
Restricted	804,183	-	9,172	15,757	-	-	-	-	-	-	-	-
Unassigned	-	(52,640)	-	-	-	-	-	-	-	-	-	-
Total fund balance	804,183	(52,640)	9,172	15,757	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 804,183	\$ -	\$ 16,746	\$ 784,950	\$ 315,959	\$ 40,703	\$ 39,981	\$ 30,376	\$ 3,748	\$ 205,749	\$ 9,093	\$ 12,631

Blackfoot School District #55

Combining Balance Sheet - Non-major Governmental Funds (Continued)

June 30, 2022	Perkins III Professional Technical	Title VII Indian Education	Johnson O'Malley	Title III	Supporting Effective Instruction	Twenty First Century	Coronavirus Relief Funds	CSLFRF (Premium Pay)	Child Nutrition Fund	BPAC	Total
Assets											
Cash and investments	\$ -	\$ -	\$ 8,017	\$ 17,585	\$ 24,355	\$ -	\$ 274,078	\$ -	\$ 228,319	\$ 30,639	\$ 1,490,602
Federal grants/contracts receivable	72,041	44,615	(132)	3,525	1	99,940	-	-	27,721	-	1,604,198
Other receivables	-	-	-	-	-	-	-	-	-	-	23
Total assets	\$ 72,041	\$ 44,615	\$ 7,885	\$ 21,110	\$ 24,356	\$ 99,940	\$ 274,078	\$ -	\$ 256,040	\$ 30,639	\$ 3,094,823
Liabilities											
Accounts Payable	-	1,727	-	-	4,516	18,307	357	-	3,618	1,309	54,260
Accrued wages	(179)	3,623	1,755	2,875	5,362	14,085	-	(1,704)	52,755	-	260,302
Accrued employee benefits	-	933	349	526	1,701	4,504	-	-	28,287	-	107,987
Due to other funds	72,220	38,216	17,324	17,709	12,777	63,044	273,721	1,704	106,198	-	1,812,717
Total liabilities	72,041	44,499	19,428	21,110	24,356	99,940	274,078	-	190,858	1,309	2,235,266
Fund balances											
Restricted for:											
Restricted	-	116	-	-	-	-	-	-	65,182	29,330	923,740
Unassigned	-	-	(11,543)	-	-	-	-	-	-	-	(64,183)
Total fund balance	-	116	(11,543)	-	-	-	-	-	65,182	29,330	859,557
Total liabilities and fund balances	\$ 72,041	\$ 44,615	\$ 7,885	\$ 21,110	\$ 24,356	\$ 99,940	\$ 274,078	\$ -	\$ 256,040	\$ 30,639	\$ 3,094,823

Blackfoot School District #55

Combining Statements of Revenues, Expenditures and Changes In Fund Balance - Non-major Governmental Funds

Year Ended June 30, 2022	Student Activity	Driver's Ed	Professional Technical	ESSER III	Title I	ESSER I	Migrant Education	ESSER II	Homeless	IDEA School Age	IDEA Preschool	Medicaid	Perkins III Professional Technical
Revenues													
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food service revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Student Body Activity	1,238,202	-	-	-	-	-	-	-	-	-	-	-	-
Other local revenue	-	-	-	-	-	-	-	-	20	-	-	-	-
Other state revenue	-	11,823	128,192	-	-	-	-	-	-	-	-	-	-
Federal grants and contracts	-	-	-	3,061,120	844,504	21,743	112,409	1,107,537	8,824	729,795	43,309	136,537	105,893
Total revenues	1,238,202	11,823	128,192	3,061,120	844,504	21,743	112,409	1,107,537	8,844	729,795	43,309	136,537	105,893
Expenditures													
Instruction													
Elementary	-	-	-	580,820	678,580	(71)	15,034	293,264	-	-	-	-	-
Secondary	-	44,874	137,171	578,910	-	21,814	2,148	255,389	1,435	-	-	-	105,263
Alternative School	-	-	-	34,300	31,345	-	-	44,468	7,204	-	-	-	-
Exceptional Child	-	-	-	254,502	-	-	-	127,823	-	729,570	223	136,537	-
Preschool	-	-	-	4,088	-	-	-	6,195	-	-	43,086	-	-
Gifted and Talented	-	-	-	1,022	-	-	-	3,097	-	-	-	-	-
Interscholastic Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Summer School	-	-	-	-	-	-	21,379	-	-	-	-	-	-
Support services													
Attendance, guidance, and health	-	-	-	22,596	-	-	-	35,755	-	-	-	-	-
Special Services	-	-	-	5,111	-	-	-	25,045	-	-	-	-	-
Instructional improvement	-	-	-	48,582	43,273	-	75,350	9,292	-	225	-	-	-
Educational Media	-	-	-	8,996	-	-	-	9,292	-	-	-	-	-
School administration	-	-	-	68,820	71,266	-	-	25,896	-	-	-	-	1,077
School Administration	-	-	-	32,710	-	-	-	140,040	-	-	-	-	-
Business	-	-	-	3,066	-	-	-	13,844	-	-	-	-	-
Technology	-	-	-	589,672	-	-	-	28,507	-	-	-	-	-
Maint (Student)	-	-	-	681,222	-	-	-	40,693	-	-	-	-	-
Pupil to School	-	-	-	6,133	-	-	-	18,561	-	-	-	-	-
Noninstructional services	-	-	-	44,874	-	-	-	-	-	-	-	-	-
Student Activities	1,102,604	-	-	-	-	-	-	-	-	-	-	-	-
Community service	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,102,604	44,874	137,171	2,965,424	824,464	21,743	113,911	1,077,161	8,639	729,795	43,309	136,537	106,340
Revenues over (under) expenditures	135,598	(33,051)	(8,979)	95,696	20,040	-	(1,502)	30,376	205	-	-	-	(447)
Other financing sources (uses)													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(79,939)	(20,040)	-	-	(30,376)	(205)	-	-	-	-
Total other financing sources (uses)	-	-	-	(79,939)	(20,040)	-	-	(30,376)	(205)	-	-	-	-
Net change in fund balance	135,598	(33,051)	(8,979)	15,757	-	-	(1,502)	-	-	-	-	-	(447)
Fund balance (deficit), beginning of year	668,585	(19,589)	18,151	-	-	-	1,502	-	-	-	-	-	447
Fund balance (deficit), end of year	\$ 804,183	\$ (52,640)	\$ 9,172	\$ 15,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Blackfoot School District #55

Statements of Revenues, Expenditures and Changes In Fund Balance - Non-major Governmental Funds (Continued)

Year Ended June 30, 2022	Title VII Indian Education	Johnson O'Malley	Title III	Supporting Effective Instruction	Twenty First Century	Coronavirus Relief Funds	CSLFRF (Premium Pay)	Child Nutrition Fund	BPAC	Total
Revenues										
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243	\$ -	243
Food service revenue	-	-	-	-	-	-	-	19,331	-	19,331
Student Body Activity	-	-	-	-	-	-	-	-	-	1,238,202
Other local revenue	34,750	40,721	-	-	-	-	-	1,785	29,838	107,114
Other state revenue	-	-	15,000	-	-	-	-	-	-	155,015
Federal grants and contracts	126,365	-	43,747	153,067	260,015	586,162	448,941	1,925,717	-	9,715,685
Total revenues	161,115	40,721	58,747	153,067	260,015	586,162	448,941	1,947,076	29,838	11,235,590
Expenditures										
Instruction										
Elementary	73,803	26,554	13,351	47,104	-	60,093	43,327	-	-	1,831,859
Secondary	80,683	-	3,044	36,143	-	70,797	114,120	-	-	1,451,791
Alternative School	174	-	-	-	-	2,913	19,002	-	-	139,406
Exceptional Child	-	-	-	-	-	25,612	86,923	-	-	1,361,190
Preschool	-	-	-	-	-	601	4,810	-	-	58,780
Gifted and Talented	-	-	-	-	-	-	1,203	-	-	5,322
Interscholastic Program	1,139	-	-	-	-	-	-	-	-	1,139
Summer School	-	-	-	-	-	-	-	-	-	21,379
Support services										
Attendance, guidance, and health	-	-	-	-	198,099	-	23,334	-	-	279,784
Special Services	-	-	-	-	-	1,203	6,014	-	-	37,373
Instructional improvement	5,200	11,047	42,352	65,989	61,916	4,030	10,584	-	-	377,840
Educational Media	-	-	-	-	-	5,289	10,585	-	-	34,162
School administration	-	-	-	-	-	5,395	8,419	-	-	180,873
School Administration	-	-	-	-	-	12,025	38,482	-	-	223,257
Business	-	-	-	-	-	1,804	3,608	-	-	22,322
Technology	-	-	-	-	-	354,447	7,215	-	-	979,841
Maint (Student)	-	-	-	-	-	4,362	11,240	-	-	737,517
Pupil to School	-	-	-	-	-	20,039	7,215	-	-	51,948
Noninstructional services	-	-	-	-	-	17,552	52,860	1,716,821	-	1,832,107
Student Activities	-	-	-	-	-	-	-	-	-	1,102,604
Community service	-	-	-	-	-	-	-	-	25,590	25,590
Total expenditures	160,999		58,747	149,236	260,015	586,162	448,941	1,716,821	25,590	10,756,084
Revenues over (under) expenditures	116	3,120	-	3,831	-	-	-	230,255	4,248	479,506
Other financing sources (uses)										
Transfers in	-	-	-	-	-	-	-	39,338	-	39,338
Transfers out	-	-	-	(3,831)	-	-	-	-	-	(134,391)
Total other financing sources (uses)	-	-	-	(3,831)	-	-	-	39,338	-	(95,053)
Net change in fund balance	116	3,120	-	-	-	-	-	269,593	4,248	384,453
Fund balance (deficit), beginning of year	-	(14,663)	-	-	-	-	-	(204,411)	25,082	475,104
Fund balance (deficit), end of year	\$ 116	\$ (11,543)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,182	\$ 29,330	\$ 859,557

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Blackfoot School District #55
Blackfoot, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States 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 Blackfoot School District #55 as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Blackfoot School District #55's basic financial statements, and have issued our report thereon dated October 27, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 responses as item 2022-001 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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

Blackfoot School District #55's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Blackfoot School District #55's response and, accordingly, we express no opinion on the response.

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 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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Idaho Falls, Idaho
October 27, 2022

Blackfoot School District #55

Schedule of Findings and Responses

For the Year Ended June 30, 2022

Finding 2022-001 PROPER RECORDING OF DISTRICT ACTIVITY BY FUND ACCORDING TO STANDARDS

Criteria or Specific Requirement: The District should maintain records of all funds and activity in accordance with generally accepted accounting principles (GAAP). These records should break out activities by fund according to GAAP and state requirements, and be detailed enough that program management is able to adequately and efficiently identify and locate any and all items. Regular reconciliations should be made to verify the integrity of the general ledger and financial reports.

Condition: The District did not record the proceeds of the Series 2021 bond in their financial statements until spent. In addition, all bond spending activities were recorded in the debt service fund rather than a capital projects fund. The associated investment account was left out of the financial records of the District until transfers were made to pay current obligations.

Context: The Debt Service fund should maintain the records for all bond related activity such as revenues received specifically to extinguish bonds over time and payments associated with current bonds. Capital projects funds should be used to account for the use of all bond proceeds and other funding and projects. In addition, all funding and investments available to the District or held in any account under the EIN of the District should be included in the financial statements of the District or excluded under the GASB 84 standards for custodial or component units not qualifying for presentation with the District.

Effect: The financial statements of the District, when provided to the auditors, were materially understated for cash and revenues, and the expenditures and revenues were not properly segregated by fund as required.

Cause: The District was uncertain how to account for new bonds.

Recommendation: We recommend that the District work with other Districts and the GFOA or GASB websites to receive training as necessary when faced with new or unusual transactions for the District. We further recommend that the District reach out to their auditors if they cannot find appropriate trainings or assistance through the previous suggestion.

Response: The Business Manager has already begun attending regional meetings with other Business Officers to grow her circle of peers. This is intended to respond to situations similar to this in the future. The Business Manager also intends to reach out when new or unusual circumstances arise to seek advice and assistance in properly recording and handling these transactions. Should the Business Manager have questions, the auditors will be included in the list of resources that can provide answers.