

Blackfoot School District #55

Blackfoot, Idaho

Annual Financial Report

Year Ended June 30, 2023



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Blackfoot School District #55

Year Ended June 30, 2023

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Blackfoot School District #55

Year Ended June 30, 2023

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Independent Auditor's Report

Board of Trustees
Blackfoot School District #55
Blackfoot, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Blackfoot School District #55 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Blackfoot School District #55 as of June 30, 2023, and 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 (GAAS) and the standards 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 96, Subscription Based Information Technology Arrangements (SBITAs). 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 (GAAP), 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 Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 a management's discussion and analysis, the budgetary comparison information, and the schedules of changes in total OPEB liability and related ratios, employer's share of net OPEB asset - PERSI sick leave plan, contributions - PERSI sick leave plan, employer's share of net pension liability - PERSI base plan, and contributions - PERSI base plan as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 as a whole. The combining schedules for nonmajor funds and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all materiality 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 25, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Blackfoot School District #55's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Wipfli LLP

Idaho Falls, Idaho
October 25, 2023

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, 2023, 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 FY2023

Key financial highlights for 2023 are as follows:

- In total, net position decreased \$526,809 compared to 2022.
- General revenues accounted for \$31,507,612 in revenue or 69.28% 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 \$13,970,290 or 30.72% of total revenues of \$45,477,902.
- Total assets of governmental activities increased by \$868,793 as current and other assets decreased by \$8,522,377 and capital assets increased by \$9,391,170. 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, decreased by \$3,351,225 from prior year.
- The District had \$46,004,711 in expenses; only \$13,970,290 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 \$31,507,612 provided the additional revenue to cover these programs.
- Among major funds, the General Fund had \$32,980,012 in revenues, and \$33,551,579 in expenditures. The General Fund's balance decreased \$494,229 from 2022.

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.

Blackfoot School District #55

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, Capital Projects, and ESSER III 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.

Blackfoot School District #55

Management's Discussion and Analysis (Continued)

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 Funds, and Debt Service Fund. A budgetary comparison schedule has been provided for the General Fund, Construction 2021, and ESSER III 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.

Other Financials Information

This information as discussed earlier in connection with the General Fund, the consolidating schedules for non-major governmental 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>	2023	2022
Current and other assets	\$ 21,993,959	\$ 30,516,336
Capital assets	28,527,340	19,136,170
Total assets	50,521,299	49,652,506
Deferred outflows of resources	13,985,161	8,128,121
Total assets and deferred outflows of resources	64,506,460	57,780,627
Current and other liabilities	6,702,903	4,958,655
Long-term liabilities	44,852,951	28,142,060
Total liabilities	51,555,854	33,100,715
Deferred inflows of resources	2,154,744	13,357,241
Total liabilities and deferred inflows of resources	53,710,598	46,457,956
Net position:		
Net investment in capital assets	14,561,763	12,228,676
Restricted	2,125,600	1,634,271
Unrestricted	(5,891,501)	(2,540,276)
Total net position	\$ 10,795,862	\$ 11,322,671

Total assets of governmental activities increased by \$868,793 as current and other assets decreased by \$8,522,377, and capital assets increased by \$9,391,170. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,795,862 at the close of 2023. 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, decreased by \$3,351,225 from 2022.

Blackfoot School District #55

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 2023 and 2022.

Condensed Statement of Activities

Governmental Activities

<i>Year Ended June 30,</i>	2023	E2022
Revenues:		
Program revenues:		
Charges for services	1,937,221	1,443,508
Operating grants and contributions	11,983,069	13,126,374
Capital grants and contributions	50,000	-
General revenues:		
Property taxes	3,994,445	3,863,346
Federal aid	1,457,677	1,353,424
State aid	25,196,979	23,202,947
Other	858,511	820,125
Total revenues	45,477,902	43,809,724
Program Expenses:		
Instruction	26,479,368	21,165,442
Support services	2,910,223	2,252,000
Administration	3,994,651	2,702,010
Business operations	1,079,791	2,047,058
Operations	4,566,583	4,166,809
Transportation	3,142,758	2,645,314
Noninstructional	1,946,015	1,792,094
Student activities	1,297,769	1,102,604
Interest and fiscal charges	537,553	771,977
Facility acquisition	50,000	506,007
Total expenses	46,004,711	39,151,315
Change in net position	(526,809)	4,658,409

The District's 2023 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 60.62% of revenues from governmental activities. Federal grants and contracts of \$8,352,336 make up 18.37% of total revenues from governmental activities. Property taxes of \$3,994,445 make up 8.78% of revenues.

The District's 2023 instructional expenses when combined with instructional support services, which includes support services, administration, business operations, operations, and transportation, comprise 91.7% of District expenses.

Blackfoot School District #55

Management's Discussion and Analysis (Continued)

The Blackfoot community has consistently supported the school district through a two-year \$2,000,000 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 2023, our patrons once again approved the supplemental levy in the amount of \$2,000,000. These measures, together with the plant facility levy, will not increase the combined tax levy rate for our patrons.

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, 2023	Total Cost of Service	Net Cost of Service
Instruction	26,479,368	21,994,284
Support services	2,910,223	886,014
Administration	3,994,651	3,586,218
Business operations	1,079,791	362,229
Operations	4,566,583	3,977,708
Transportation	3,142,758	1,420,424
Noninstructional	1,946,015	246,110
Student activities	1,297,769	(68,730)
Interest and fiscal charges	537,553	(369,836)
Facility acquisition	50,000	-
Total governmental activities	46,004,711	32,034,421

Instruction: Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil. The pension and OPEB adjustments increased expenditures by \$2,127,035 in 2023.

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 increased expenditures by \$234,278 in 2023.

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 increased expenditures by \$313,735 in 2023.

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 increased expenditures by \$75,406 in 2023.

Blackfoot School District #55

Management's Discussion and Analysis (Continued)

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 increased expenditures by \$59,265 in 2023.

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 increased expenditures by \$27,142 in 2023.

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 increased expenditures by \$76,585 in 2023.

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 \$14,505,754, a decrease of \$9,109,484 in comparison with the previous fiscal year. All governmental funds had total revenues of \$45,373,221 and expenditures of \$54,566,955. The net change in fund balance for the year in the General Fund, Debt Service Fund, Construction 2021, Capital Projects, and ESSER III Fund was a decrease of \$494,229, an increase of \$611,812, a decrease of \$9,100,932, an increase of \$19,511, and a decrease of \$15,757, 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 \$3. 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 % of total general fund expenses.

Blackfoot School District #55

Management's Discussion and Analysis (Continued)

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 2023 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 were pleased that for the subsequent school years that the increased enrollment trend continued. However, for the 2023-24 school year, it appears our kindergarten numbers are significantly lower than previous years. The District will need to monitor this for upcoming school years.

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. Unfortunately, attendance based funding was implemented for fiscal year 2024. We are will be held harmless for ninety-seven percent (97%) of the prior year's support units. This will likely present challenges for the fiscal year 2025 budget process.

Local revenue overperformed during fiscal year 2023, due in large part to the increase in investment income due to higher interest rates. 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 able to navigate the ever changing landscape of the FY 23 education funding. With the help of federal stimulus dollars, the District was able to hold most expense line items within reason.

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.

Blackfoot School District #55

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

At the end of the 2023 fiscal year, the District had \$28,527,340 invested in land, buildings, furniture and equipment, and vehicles (net of accumulated depreciation).

<i>Year Ended June 30,</i>	2023	2022
Land and capital assets not being depreciated	\$ 15,400,473	\$ 5,218,752
Buildings and improvements	11,122,026	11,605,228
Furniture and equipment	777,944	255,475
Vehicles	80,282	97,073
ROU asset - leases, net	1,064,705	97,073
ROU asset - SBITAs, net	81,910	1,959,642
Total capital assets, net	\$ 28,527,340	\$ 19,233,243

Overall capital assets increased \$9,294,097 from fiscal year 2022 to fiscal year 2023. Total purchases of \$10,376,416 were offset by dispositions of \$243,874 (primarily equipment and vehicles) and by depreciation and amortization expense for the year.

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

At June 30, 2023, the District had two general obligation bond issue outstanding as follows:

	Total	Due within one year
2021 Series Bond	\$ 21,530,000	\$ 810,000
Totals	\$ 21,530,000	\$ 810,000

At June 30, 2023, the District's overall legal debt margin was \$58,274,742.

Economic Factors

For the first time in eight (8) years, the District saw a negative trend in the General Maintenance & Operations budget. This was due to two significant issues: 1) an accounting error that failed to accrue an insurance claim expense back to the previous fiscal year in the amount of approximately \$270,000, and 2) an unexpected expense during our technology buyback agreement in the amount of \$235,000. Additionally, the cost of services within the Special Education program continue to exceed budget line items. With the continually changing landscape of education funding during fiscal year 2024, the District will work diligently to ensure continued progress toward financial stability.

Blackfoot School District #55

Management's Discussion and Analysis (Continued)

The District's Child Nutrition program struggled to keep expenses in line with participation. A drop in participation occurred due to the loss of complete federally subsidized school lunches. A reduction in staff took place at the end of fiscal year 2023. The District hopes to see a return to a positive fund balance in the Child Nutrition program. The District did make progress in the Driver's Education fund which still has a negative fund balance (\$33,000), however, the District was able to reduce the deficit by \$19,000. The District foresees this trend continuing until the deficit is eliminated.

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.

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.

Basic Financial Statements

Blackfoot School District #55

Statement of Net Position

<i>June 30, 2023</i>	Governmental Activities
Assets	
Cash and investments	\$ 17,432,594
Property taxes receivable	1,538,306
Other receivables	1,680,148
Inventory	18,946
Prepaid expenses	442,269
PERSI sick leave (SL) asset	881,696
Capital assets	
Capital assets, non-depreciable	15,400,473
Capital assets, depreciable, net	11,980,252
Right of use asset, net - leases	1,064,705
Right of use asset, net - SBITAs	81,910
Total capital assets	28,527,340
Total assets	50,521,299
Deferred outflow of resources	
Related to pensions	12,835,407
Changes of assumptions and other inputs - OPEB	397,435
Changes of assumptions and other inputs - PERSI SL	752,319
Total deferred outflow of resources	13,985,161
Liabilities	
Accounts payable	2,067,421
Contracts payables	319,319
Accrued wages	2,777,210
Accrued employee benefits	1,315,960
Interest payable	222,993
Long-term liabilities	
General obligation due within one year	1,427,353
General obligation due in more than one year	43,425,598
Total liabilities	51,555,854
Deferred inflow of resources	
Differences between expected and actual experience - OPEB	1,669,824
Differences between expected and actual experience - PERSI SL	396,055
Related to pensions	88,865
Total deferred inflow of resources	2,154,744
Net position	
Net investment in capital assets	14,561,763
Restricted for:	
Other fund activities	791,828
Debt service	1,333,772
Unrestricted (deficit)	(5,891,501)
Total net position	\$ 10,795,862

See accompanying notes to financial statements.

Blackfoot School District #55

Statement of Activities

<i>June 30, 2023</i>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Instruction	\$ 26,479,368	\$ 259,408	\$ 4,225,676	\$ -	\$ (21,994,284)
Support services	2,910,223	-	2,024,209	-	(886,014)
Administration	3,994,651	-	408,433	-	(3,586,218)
Business administration	1,079,791	-	717,562	-	(362,229)
Operations	4,566,583	29,285	559,590	-	(3,977,708)
Transportation	3,142,758	-	1,722,334	-	(1,420,424)
Noninstructional	1,946,015	282,029	1,417,876	-	(246,110)
Student activities	1,297,769	1,366,499	-	-	68,730
Interest on long-term debt	537,553	-	907,389	-	369,836
Facility acquisition	50,000	-	-	50,000	-
Total governmental activities	46,004,711	1,937,221	11,983,069	50,000	(32,034,421)
General revenue					
Taxes					
Property taxes					3,900,438
Property tax replacement					94,007
Unrestricted federal grants					1,457,677
State aid - formula grants					25,087,042
Other state revenues					109,937
Unrestricted investment earnings					692,383
Other local					84,553
Gain (loss) on sale of assets					81,575
Total general revenues					31,507,612
Change in net position					(526,809)
Net position, beginning of year					11,322,671
Net position, ending					\$ 10,795,862

See accompanying notes to financial statements.

Blackfoot School District #55

Balance Sheet - Governmental Funds

<i>June 30, 2023</i>	General Fund	Debt Service	Capital Projects	Construction 2021	ESSER III	Other Governmental Funds	Total
Assets							
Cash and investments	2,926,386	833,107	-	12,600,741	-	1,072,360	17,432,594
Receivables							
Taxes - current	740,245	459,245	212,217	-	-	-	1,411,707
Taxes - delinquent	65,548	41,420	19,631	-	-	-	126,599
Federal grants/contracts receivable	585,127	-	-	-	331,829	733,413	1,650,369
Other receivables	-	-	-	-	-	29,779	29,779
Due from other funds	1,233,513	-	-	-	-	-	1,233,513
Inventory	18,946	-	-	-	-	-	18,946
Prepaid expenses	442,269	-	-	-	-	-	442,269
Total assets	\$ 6,012,034	\$ 1,333,772	\$ 231,848	\$ 12,600,741	\$ 331,829	\$ 1,835,552	\$ 22,345,776
Liabilities, deferred inflows, and fund balances							
Liabilities							
Accounts payable	170,398	-	30,069	1,850,431	-	16,523	2,067,421
Contracts payables	319,319	-	-	-	-	-	319,319
Accrued wages	2,464,152	-	-	-	-	313,058	2,777,210
Accrued employee benefits	1,184,784	-	-	-	-	131,176	1,315,960
Due to other funds	-	-	240,800	-	331,829	660,884	1,233,513
Total liabilities	4,138,653	-	270,869	1,850,431	331,829	1,121,641	7,713,423
Deferred inflow of resources							
Unavailable revenue	65,548	41,420	19,631	-	-	-	126,599
Total deferred inflow of resources	65,548	41,420	19,631	-	-	-	126,599
Fund balances							
Non-spendable							
Inventory	18,946	-	-	-	-	-	18,946
Prepaid expenses	442,269	-	-	-	-	-	442,269
Restricted							
Capital improvements	-	-	-	10,750,310	-	-	10,750,310
Debt service	-	1,292,352	-	-	-	-	1,292,352
Other fund activities	-	-	-	-	-	791,828	791,828
Assigned							
Assigned	1,346,615	-	-	-	-	-	1,346,615
Unassigned							
Unassigned	3	-	(58,652)	-	-	(77,917)	(136,566)
Total fund balances	1,807,833	1,292,352	(58,652)	10,750,310	-	713,911	14,505,754
Total liabilities and fund balances	\$ 6,012,034	\$ 1,333,772	\$ 231,848	\$ 12,600,741	\$ 331,829	\$ 1,835,552	\$ 22,345,776

See accompanying notes to financial statements.

Blackfoot School District #55

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

Total fund balances - governmental funds \$ 14,505,754

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 881,696

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.

28,527,340

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.

126,599

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.

11,830,417

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 (23,607,706)

Leases payable (1,053,237)

Contracts payable (SBITAs) (54,944)

Accrued interest on the bonds and leases (222,993)

Compensated absences (66,262)

Pension liability (19,909,873)

OPEB liability (160,929)

(45,075,944)

Net position - Governmental activities, per statement of net position \$ 10,795,862

See accompanying notes to financial statements.

Blackfoot School District #55

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

<i>Year Ended June 30, 2023</i>	General Fund	Debt Service	Capital Projects	Construction 2021	ESSER III	Other Governmental Funds	Total
Revenues							
Property taxes	\$ 1,982,082	\$ 1,282,548	\$ 593,045	\$ -	\$ -	\$ -	3,857,675
Penalties and interest on delinquent taxes	11,678	5,000	2,983	-	-	-	19,661
Investment earnings	147,494	-	-	544,000	-	889	692,383
Food service revenue	-	-	-	-	-	277,674	277,674
Student body activity	-	-	-	-	-	1,366,499	1,366,499
Rental revenue	29,285	-	-	-	-	-	29,285
Other local revenue	70,851	-	-	50,000	-	90,500	211,351
State apportionment							
State apportionment - base	22,187,882	-	-	-	-	-	22,187,882
State paid benefits	2,899,160	-	-	-	-	-	2,899,160
State apportionment - transportation	1,697,994	-	-	-	-	-	1,697,994
Property tax replacement	94,007	-	-	-	-	-	94,007
Other state revenue	2,386,145	907,389	-	-	-	393,780	3,687,314
Federal grants and contracts	1,473,434	-	-	-	2,100,879	4,778,023	8,352,336
Total revenues	32,980,012	2,194,937	596,028	594,000	2,100,879	6,907,365	45,373,221
Expenditures							
Current:							
Instruction	19,696,679	-	-	-	1,147,042	3,050,551	23,894,272
Support services	1,786,794	-	-	-	124,432	698,994	2,610,220
Administration	3,452,242	-	-	-	240,511	84,204	3,776,957
Business operations	1,278,171	-	-	-	413,706	-	1,691,877
Operations	4,216,749	-	498,723	-	109,823	-	4,825,295
Transportation	3,091,276	-	-	-	24,340	-	3,115,616
Noninstructional	-	-	-	-	56,782	1,793,184	1,849,966
Student activities	-	-	-	-	-	1,397,769	1,397,769
Community service program	-	-	-	-	-	19,464	19,464
Debt service							
Debt service - principal	29,306	810,000	-	-	-	-	839,306
Debt service - interest	362	773,125	-	-	-	-	773,487
Facility acquisition	-	-	77,794	9,694,932	-	-	9,772,726
Total expenditures	33,551,579	1,583,125	576,517	9,694,932	2,116,636	7,044,166	54,566,955
Revenues over (under) expenditures	(571,567)	611,812	19,511	(9,100,932)	(15,757)	(136,801)	(9,193,734)

Blackfoot School District #55

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

<i>Year Ended June 30, 2023</i>	General Fund	Debt Service	Capital Projects	Construction 2021	ESSER III	Other Governmental Funds	Total
Transfers in	\$ 38,017	\$ -	\$ -	\$ -	\$ -	\$ 44,929	\$ 82,946
Transfers Out	(44,929)	-	-	-	-	(38,017)	(82,946)
Proceeds from long-term obligations	84,250	-	-	-	-	-	84,250
Total revenues over (under)							
expenditures	77,338	-	-	-	-	6,912	84,250
Net change in fund balance	(494,229)	611,812	19,511	(9,100,932)	(15,757)	(129,889)	(9,109,484)
Fund balances(deficits), beginning	2,302,062	680,540	(78,163)	19,851,242	15,757	843,800	23,615,238
Fund balances (deficits), end of year	\$ 1,807,833	\$ 1,292,352	\$ (58,652)	\$ 10,750,310	\$ -	\$ 713,911	\$ 14,505,754

See accompanying notes to financial statements.

Blackfoot School District #55

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

Net change in fund balances - governmental funds \$ (9,109,484)

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 and the residual value of assets sold. 9,282,660

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 increased in the current year. 23,102

Statement of activities report expenses that the government funds do not and are not reported as expenditures in the governmental funds:

Compensated absences expense	37,129
OPEB expense & deferred costs, net of benefit payments	(23,804)
Pension expense & deferred costs, net of benefit payments	(3,002,894)
PERSI SL expense & deferred costs, net of benefit payments	113,252

Governmental funds report expenses that the statement of activities do not and are not reported as expenditures in the statement of activities:

Principal payments on debt and long-term obligations	1,917,658
Change in accrued interest & premiums/discounts on bonds	235,572

Change in net position of governmental activities \$ (526,809)

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.

ESSER III Fund -The ESSER III fund is used to account for the financial resources used to support the District through the COVID 19 pandemic timeframe and the resulting additional costs of operations.

Additionally, the District reports the following fund types:

Special Revenue Funds – The purpose of the Special Revenue Funds are 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.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

Lease Accounting

The District is a lessee in multiple noncancelable 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.

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.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subscription Based Information Technology Arrangements

The District is a party to multiple noncancelable subscription based information technology arrangements (SBITAs). If the contract provides the District the right to use the present service capacity and the right to direct the use of the identified asset, it is considered to be or contain a SBITA. Subscription-based assets and liabilities are recognized at the agreement commencement date based on the present value of the future payments over the expected contract term. The SBITA asset is also adjusted for any prepayments made and capitalizable initial implementation costs as incurred.

The SBITA liability is initially and subsequently recognized based on the present value of its future payments. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable payments due to subsequent changes in an index or rate are recorded as an adjustment to expense in the period in which they are incurred.

The discount rate used is the implicit rate in the SBITA contract, if it is readily determinable, or the District's incremental borrowing rate. Similar to leases, the IBR selected is based on the DBF portfolio rate.

For all underlying classes of assets, the District does not recognize SBITA assets and liabilities for short-term agreements that have a contract term of 12 months or less at contract commencement. Contracts containing termination clauses in which either party may terminate without cause and the notice period is less than 12 months are deemed short-term agreements with costs included in expense.

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.

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.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

In addition to liabilities, the governmental funds 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.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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.

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

Recently Adopted Accounting Pronouncement

In May 2020, GASB issued 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. The District adopted this standard during the current year. There was no impact to beginning fund balance.

In March 2020, GASB issued 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). The District adopted this standard during the current year. There was no impact to beginning fund balance.

Blackfoot School District #55

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

GASB Statement No. 100 – Accounting Changes and Error Corrections: Issued June 2022, the objective of this statement is to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for the fiscal year beginning after June 15, 2023.

GASB Statement No. 101 – Compensated Absences: Issued June 2022, the objective of this statement is to update recognition and measurement guidance for compensated absences by aligning to a unified model. This statement is effective for the fiscal year beginning after December 15, 2023.

Subsequent Events

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 25, 2023, 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, 2023, the carrying amount of the District’s deposits was \$3,578,543. The bank balance was as follows:

Insured by FDIC or NCUA	\$	625,520
Uninsured and uncollateralized		4,506,093
<hr/>		
Total	\$	5,131,613

As of June 30, 2023, 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	\$ 13,854,051	\$ 13,854,050	101 days
Totals	\$ 13,854,051	\$ 13,854,050	

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, 2023, there is a policy for the deposits to be fully insured when possible and practical.

Blackfoot School District #55

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

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 \$44,929 to the Child Nutrition Fund as required by State law. To the extent that certain transactions between funds had not been paid or received as of June 30, 2023, balances of interfund amounts receivable or payable have been recorded as follows:

	Receivable	Payable
General Fund	\$ 1,233,513	\$ -
Capital Projects	-	240,800
ESSER III	-	331,829
Nonmajor Funds	-	660,884
Totals	\$ 1,233,513	\$ 1,233,513

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, 2023, were as follows:

Governmental Activities	Balance 7/1/2022	Additions	Deletions	Transfers/ Adjustments	Balance 06/30/23
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	10,564,123	(150,000)	(232,402)	14,868,488
Total capital assets, not being depreciated	5,218,752	10,564,123	(150,000)	(232,402)	15,400,473
Capital assets, being depreciated:					
Buildings					
Elementary	11,337,609	193,575	(67,747)	-	11,463,437
Secondary	19,010,118	57,940	(176,127)	-	18,891,931
Administration	1,302,421	10,949	-	-	1,313,370
Total Buildings	31,650,148	262,464	(243,874)	-	31,668,738
Equipment					
Elementary	487,039	-	-	-	487,039
Secondary	639,444	273,207	-	232,402	1,145,053
Administration	448,577	117,999	-	-	566,576
Total Equipment	1,575,060	391,206	-	232,402	2,198,668
Vehicles					
Secondary	87,290	-	-	-	87,290
Administration	270,430	-	-	-	270,430
Total Vehicles	357,720	-	-	-	357,720
Total capital assets, being depreciated	33,582,928	653,670	(243,874)	232,402	34,225,126
Less accumulated depreciation:					
Buildings	(20,044,920)	(589,171)	87,379	-	(20,546,712)
Equipment	(1,319,585)	(101,139)	-	-	(1,420,724)
Vehicles	(260,647)	(16,791)	-	-	(277,438)
Total accumulated depreciation	(21,625,152)	(707,101)	87,379	-	(22,244,874)
Total capital assets, being depreciated, net	11,957,776	(53,431)	(156,495)	232,402	11,980,252

Blackfoot School District #55

Notes to Financial Statements

Note 4: Capital Assets (Continued)

	Balance 7/1/2022	Additions	Deletions	Transfers/ Adjustments	Balance 06/30/23
Right of use assets - leases:					
Equipment Lease	\$ 2,361,288	\$ -	\$ (1,028,227)	\$ -	\$ 1,333,061
Amortization	(401,646)	(381,643)	514,933	-	(268,356)
Total ROU asset - leases, net	1,959,642	(381,643)	(513,294)	-	1,064,705
Right of use assets - SBITAs:					
SBITAs	-	84,250	-	-	84,250
Amortization	-	(2,340)	-	-	(2,340)
Total ROU asset - SBITAs, net	-	81,910	-	-	81,910
Total capital assets, being amortized, net	1,959,642	(299,733)	(513,294)	-	1,146,615
Governmental activities capital assets, net	\$ 19,136,170	\$ 10,210,959	\$ (819,789)	\$ -	\$ 28,527,340

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

Governmental activities	
Instruction	\$ 601,616
Support services	65,725
Administration	14,588
Business operations	373,993
Operations	18,637
Facility Acquisition	16,525
Total depreciation and amortization expense - governmental activities	\$ 1,091,084

Note 5: Construction Commitments

During the year ended June 30, 2023, the District contracted with various contractors to do certain projects, revisions, and additions. The Following construction contracts were in progress at June 30, 2023:

	Original bid plus changes	Average % Complete	Expenditures Recorded Currently	Remaining Construction Obligation
Bond Project - High School	\$ 160,000	80.35 %	\$ -	\$ 31,447
Bond Project - CTE Building	961,958	38.22	281,829	594,329
Bond Project - Elementary School	17,910,353	46.31	8,723,177	9,615,283
Bond Project - Sports Complex	5,050,690	99.84	1,474,008	8,281
Bond Project - Track & Soccer	147,000	40.00	47,775	88,200
Bond Project - Remodel Stoddard	120,000	31.11	37,334	82,666
Totals	\$ 24,350,001	57.21 %	\$ 10,564,123	\$ 10,420,206

Blackfoot School District #55

Notes to Financial Statements

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, 2023 (Measurement date), there were 351 active participants and 13 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 \$113,355, with an actuarially determined contribution of \$36,474. 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, 2023, and the total other post-employment benefit liability was determined by an actuarial valuation as of June 30, 2023.

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, 2023 accounting valuation:

Valuation Timing	2023
Actuarial Cost Method	Entry Age Normal
Inflation	4.11%
Salary Increases	3.75%
Discount Rate	4.02% The discount rate was based on the 20 year Municipal Bond Index on 6/30/2023.
Health Cost Trend Rates	Medical with vision trend is 9.6% for year ending June 30, 2023, then gradually decreasing to an ultimate rate of 3.9% for 2074 and beyond. Prescription Drugs trend is 9.6% for year ending June 30, 2023, then gradually lowering to 3.9% for 2074 and beyond, as shown in the June 30,2023, valuation report.
Retirement	Based on PERSI with 2% of Males and 3% of Females eligible at age 55,9% of Males and 10% of Females first year eligible at age 60 and 36% of Males and 44% of Females eligible at age 65.
Mortality	For PERSI teachers, mortality follows the Pub-2010 Teacher table adjusted 112% for males or adjusted 121% for females, projected generationally using mortality improvement rates reported by Social Security Administration from 1957 to 2017.

Blackfoot School District #55

Notes to Financial Statements

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

Retiree Premiums The retiree contributions are a weighted average of all retiree contributions for the period July 1, 2022, to June 30, 2023. The cost of Medical and Prescription was \$10,170 for a retiree or surviving spouse, and \$10,155 for a surviving spouse.

Total OPEB Liability	June 30, 2023
Total OPEB liability	\$ 160,929
Covered employee payroll	16,915,381
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Total OPEB liability as a % of covered employee payroll	0.95 %

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.

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, 2022	\$ 1,279,933
Changes for the year:	
Service cost	\$ 131,859
Interest on total OPEB liability	54,498
Effect of changes in assumptions or other inputs	(730,409)
Differences in experience	(461,597)
Expected benefit payments	(113,355)
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Balance as of June 30, 2023	160,929

Blackfoot School District #55

Notes to Financial Statements

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

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, 2023 OPEB Liability	\$ 169,355	\$ 160,929	\$ 153,032

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, 2023 OPEB Liability	\$ 139,434	\$ 160,929	\$ 185,971

OPEB Expense	July 1, 2022 to June 30, 2023
Service cost	\$ 131,859
Interest on total OPEB liability	54,498
Recognition of Deferred Inflows/Outflows of Resources	
Difference between expected and actual experience	(461,597)
Recognition of assumption changes or inputs	(730,409)
Benefit payments	(113,355)
OPEB expense	\$ (1,119,004)

Blackfoot School District #55

Notes to Financial Statements

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

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)	\$ (270,629)	\$ 194,063
Changes of assumptions or other inputs	72,786	June 30, 2020	12.32	5,908	-	49,154
Differences between expected & actual experience/changes in assumptions	(26,869)	June 30, 2021	13.91	(1,932)	(104,551)	83,478
Differences between expected & actual experience/changes in assumptions	(133,340)	June 30, 2022	13.12	(10,165)	(113,010)	-
Differences between expected & actual experience/changes in assumptions	(1,192,006)	June 30, 2023	14.70	(81,112)	(1,181,634)	70,740
Totals	<u><u>\$(1,403,520)</u></u>			<u><u>\$ (96,806)</u></u>	<u><u>\$(1,669,824)</u></u>	<u><u>\$ 397,435</u></u>

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, 2022 to June 30, 2023
2024	\$ (96,806)
2025	(96,806)
2026	(96,806)
2027	(96,806)
2028	(96,806)
Thereafter	(788,359)

*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, 2023.

Blackfoot School District #55

Notes to Financial Statements

Note 7: PERSI Sick Leave Insurance Reserve (Continued)

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

At June 30, 2023, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as 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, 2022, the District's proportion was 3.1604601 percent.

For the year ended June 30, 2023, the District recognized OPEB expense offset of \$113,252. 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, 2023.

At June 30, 2023, 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	\$ 212,974	\$ -
Changes in assumptions or other inputs	172,107	396,055
Net difference between projected and actual earnings on pension plan investments	367,238	-
Totals	\$ 752,319	\$ 396,055

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, 2022 to June 30, 2023
2024	\$ 75,404
2025	80,733
2026	47,705
2027	163,567
2028	(10,604)
Thereafter	(541)

Blackfoot School District #55

Notes to Financial Statements

Note 7: PERSI Sick Leave Insurance Reserve (Continued)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years. The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

*Health care trend rate is not applicable as the benefit is based on the unused sick leave hours at retirement and is calculated as a fixed dollar amount that can be applied to premiums.

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

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

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

Asset Class	Target Allocation	Expected Rate of Return (Arithmetic)
Core Fixed Income	50.00 %	2.80 %
Cash Equivalents	- %	2.25 %
Broad US Equity	39.30 %	8.53 %
Global EX U.S Equity	10.70 %	9.09 %

Blackfoot School District #55

Notes to Financial Statements

Note 7: PERSI Sick Leave Insurance Reserve (Continued)

Discount Rate

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

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

The following presents the 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	\$ (622,081)	\$ (881,696)	\$ 1,119,073

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

Payables to the OPEB Plan

At June 30, 2023, the District reported no payables to the defined benefit OPEB plan for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Blackfoot School District #55

Notes to Financial Statements

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.

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, 2022, it was 7.16% for general employees and 9.13% 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 \$2,427,755 for the year ended June 30, 2023.

Blackfoot School District #55

Notes to Financial Statements

Note 8: Pension Plan (Continued)

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022, the District's proportion was 0.5054861 percent.

For the year ended June 30, 2023, the District recognized an offset to pension expense of \$2,823,998. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,189,359	\$ 88,865
Changes in assumptions or other inputs	3,245,906	-
Net difference between projected and actual earnings on pension plan investments	4,581,026	-
Changes in the employer's proportion and difference between the employer's contributions and the employer's proportionate contributions	391,361	-
District contributions subsequent to the measurement date	2,427,755	-
Totals	\$ 12,835,407	\$ 88,865

\$2,427,755 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2019, the beginning of the measurement period ended June 30, 2022, is 4.6 years and 4.6 years for the measurement period ended June 30, 2023.

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:

2024	\$ 2,495,723
2025	2,707,429
2026	1,290,592
2027	\$ 3,825,043

Blackfoot School District #55

Notes to Financial Statements

Note 8: Pension Plan (Continued)

Actuarial Assumptions

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

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2021.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and all Beneficiaries - Males	Pub-2010 General Tables, increased 11%.
General Employees and all Beneficiaries - Females	Pub-2010 General Tables, increased 21%.
Teachers - Males	Pub-2010 General Tables, increased 12%.
Teachers - Females	Pub-2010 General Tables, increased 21%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%.
5% of Fire and Police active member deaths are assumed to be duty related.	
This assumptions was adopted July 1, 2021.	
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%.

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

Blackfoot School District #55

Notes to Financial Statements

Note 8: Pension Plan (Continued)

Contributing Members, Service Retirement Members, and Beneficiaries (Continued)

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. 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 PERSI'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.

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.

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)	\$ 35,138,976	\$ 19,909,873	\$ 7,445,246

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2023, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Blackfoot School District #55

Notes to Financial Statements

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, 2022, through May 31, 2023, to be paid over the twelve months of September 1, 2022, through August 31, 2023. The financial statements reflect the salary expense for this period. The accrued payroll reflects the final two months of these contracts.

Note 11: Changes in Long-Term Obligations

Long-term debt consisted of the following at June 30, 2023:

	Balance 7/1/2022 (as adjusted)	Additions	Payments	Balance 06/30/23	Current Portion of Balance
Bonds payable	\$ 22,340,000	\$ -	\$ 810,000	\$ 21,530,000	\$ 810,000
2021- Premium/ Discount	2,342,455	-	264,749	2,077,706	257,365
Subtotal	24,682,455	-	1,074,749	23,607,706	1,067,365
Leases payable	2,076,280	-	1,023,043	1,053,237	266,961
Contracts payable (SBITAs)	-	84,250	29,306	54,944	26,765
Compensated absences	103,391	-	37,129	66,262	66,262
OPEB	1,279,933	-	1,119,004	160,929	-
Net pension liability	-	19,909,873	-	19,909,873	-
Totals	\$ 28,142,059	\$ 19,994,123	\$ 3,283,231	\$ 44,852,951	\$ 1,427,353

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.

Blackfoot School District #55

Notes to Financial Statements

Note 11: Changes in Long-Term Obligations (Continued)

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
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	980,000	558,081	1,538,081
2029-2033	5,695,000	1,990,556	7,685,556
2034 - 2038	6,875,000	864,331	7,739,331
2039 - 2043	4,495,000	149,441	4,644,441
Totals	\$ 21,530,000	\$ 6,251,608	\$ 27,781,608

Changes in Long-term Bonds:

Principal	2010 Series	2021 Series	Total
Balance at July 1, 2022	\$ 810,000	\$ 21,530,000	\$ 22,340,000
Bonds retired	(810,000)	-	(810,000)
Balance at June 30, 2023	-	21,530,000	21,530,000
Interest			
Balance at July 1, 2022	13,974	3,466,025	3,479,999
Interest paid	(13,974)	(756,831)	(770,805)
Balance at June 30, 2023	\$ -	\$ 2,709,194	\$ 2,709,194

Note 12: 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, 2023, the limit for the District was 5% of \$1,570,247,809 or \$78,512,390. The Debt Service Fund had \$1,292,352 available, and the general obligation debt was \$21,530,000 leaving a legal debt margin of \$58,274,742.

Blackfoot School District #55

Notes to Financial Statements

Note 13: SBITAs

The District has entered into noncancelable SBITAs with Ingram Micro. The agreement matures in 2024. The related subscription liabilities have been discounted at a rate of 5.16%.

The following represents the subscription-based liabilities for the District and liability outstanding at June 30:

	Balance 7/1/2022	Additions	Payments	Balance 06/30/23	Current Portion of Balance
Ingram Micro - Sophos, Xstream, and protection	\$ -	\$ 84,250	\$ 29,306	\$ 54,944	\$ 26,765
Totals	\$ -	\$ 84,250	\$ 29,306	\$ 54,944	\$ 26,765

The following represents the future minimum contract payments as of June 30, 2023:

	Leases		
	Principal	Interest	Total
2024	\$ 26,765	\$ 2,903	\$ 29,668
2025	28,180	1,489	29,669
Totals	\$ 54,945	\$ 4,392	\$ 59,337

Note 14: Leases

District as Lessee

The terms and expiration dates of the District's leases payable at June 30, 2023 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 2.31% 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.

Blackfoot School District #55

Notes to Financial Statements

Note 14: Leases (Continued)

Future minimum lease payments as of June 30, 2023, are:

	Leases		
	Principal	Interest	Total
2024	\$ 266,961	\$ 18,579	\$ 285,540
2025	256,067	12,612	268,679
2026	262,046	6,634	268,680
2027	268,163	516	268,679
Totals	\$ 1,053,237	\$ 38,341	\$ 1,091,578

Note 15: 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, 2023, 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 16: Deficit Fund Balances

The District has a deficit at June 30, 2023, in the following funds:

	Deficit
Capital Projects	\$ 58,652
Driver's Ed	33,608
Food Services	44,305

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

Note 17: Non-Monetary Transactions

The District received \$150,829 in USDA Commodities during the 2022-2023 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.

Required Supplemental Information

Blackfoot School District #55

Statement of Revenues, Expenditures and Changes In Fund Balance

Budget to Actual - General Fund

Year Ended June 30, 2023	General Fund		
	Original & Final Budget	Actual	Variance with Final Budget
Revenues			
Property taxes	\$ 2,000,000	\$ 1,982,082	\$ (17,918)
Penalties and interest on delinquent taxes	20,000	11,678	(8,322)
Investment earnings	10,000	147,494	137,494
Rental revenue	40,000	29,285	(10,715)
Other local revenue	50,000	70,851	20,851
State apportionment			
State apportionment - base	22,367,507	22,187,882	(179,625)
State paid benefits	2,932,067	2,899,160	(32,907)
State apportionment - transportation	1,532,824	1,697,994	165,170
Property tax replacement	76,883	94,007	17,124
Other state revenue	2,073,000	2,386,145	313,145
Federal grants and contracts	1,150,000	1,473,434	323,434
Total revenues	32,252,281	32,980,012	727,731
Expenditures			
Instruction			
Elementary	8,096,957	7,945,879	151,078
Secondary	7,276,788	7,385,156	(108,368)
Alternative School	1,013,391	1,011,265	2,126
Exceptional Child	2,903,453	3,045,025	(141,572)
Preschool	179,857	170,718	9,139
Gifted and Talented	149,460	138,636	10,824
Total instruction	19,619,906	19,696,679	(76,773)
Support services			
Attendance, Guidance	929,745	901,414	28,331
Special Services	454,580	384,994	69,586
Instructional Improvement	305,586	292,562	13,024
Educational Media	220,532	207,824	12,708
Total support services	1,910,443	1,786,794	123,649
Administration			
Administration - District / Central Administration	954,625	946,532	8,093
School administration	2,261,465	2,505,710	(244,245)
Total administration	3,216,090	3,452,242	(236,152)
Business Administrative Services			
Business	320,901	333,633	(12,732)
Technology	655,538	944,538	(289,000)
Total business administrative services	976,439	1,278,171	(301,732)

See Independent Auditor's Report.

Blackfoot School District #55

Statement of Revenues, Expenditures and Changes In Fund Balance

Budget to Actual - General Fund (Continued)

Year Ended June 30, 2023	General Fund		
	Original & Final Budget	Actual	Variance with Final Budget
Operations			
Building	\$ 2,172,136	\$ 2,178,098	\$ (5,962)
Maint Ground	1,357,448	1,757,702	(400,254)
Security Services	401,000	280,949	120,051
Total operations	3,930,584	4,216,749	(286,165)
Transportation	2,785,491	3,091,276	(305,785)
Debt service	-	29,668	(29,668)
Total expenditures	32,438,953	33,551,579	(1,112,626)
Excess of revenue over (under) expenditures	(186,672)	(571,567)	(384,895)
Other Financing Sources (Uses)			
Transfers Out	(1,545,000)	(44,929)	1,500,071
Transfers In	31,672	38,017	6,345
Proceeds from long-term obligations	-	84,250	84,250
Total other financing sources (uses)	(1,513,328)	77,338	1,590,666
Net change in fund balances	(1,700,000)	(494,229)	1,205,771
Fund balance, beginning of year		2,302,062	
Fund balances, end of year		\$ 1,807,833	

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, 2023

	2023	2022	2021	2020
Total OPEB Liability				
Service cost	\$ 131,859	\$ 173,140	\$ 118,349	\$ 111,368
Interest	54,498	32,578	34,623	31,748
Difference between expected and actual experience	(461,597)	-	70,913	-
Changes of assumption	(730,409)	(133,340)	(97,782)	72,786
Benefit payments, including refunds of member contributions	(113,355)	(108,285)	(120,096)	(105,593)
Net change in total OPEB liability	(1,119,004)	(35,907)	6,007	110,309
Total OPEB liability - beginning	1,279,933	1,315,840	1,309,833	1,199,524
Total OPEB liability - ending	\$ 160,929	\$ 1,279,933	\$ 1,315,840	\$ 1,309,833
Covered valuation payroll	16,915,381	18,806,979	18,127,209	\$ 14,887,442
Total OPEB liability as a percentage of covered valuation payroll	0.95 %	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 the Net OPEB Asset

PERSI Sick Leave Plan Last 10-Fiscal Years*

Fiscal Year Ended June 30, 2023

	2022	2021	2020	2019
District's portion of the net OPEB asset	1.1581896 %	1.1581896 %	1.1581896 %	1.1948550 %
District's proportionate share of the net OPEB asset	881,696	1,681,928	1,426,086	1,144,437
District's covered-employee payroll	19,933,559	18,044,655	16,489,481	15,555,024
District's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	4.423 %	9.321 %	8.648 %	7.357 %
Plan fiduciary net position as a percentage of the total OPEB asset	127.21 %	152.61 %	152.87 %	138.51 %

	2018
District's portion of the net OPEB asset	1.2229805 %
District's proportionate share of the net OPEB asset	1,014,401
District's covered payroll	15,322,673
District's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	6.620 %
Plan fiduciary net position as a percentage of the total OPEB asset	135.69 %

*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.

Date reported is measured as of June 30, 2022 (measurement date)

Blackfoot School District #55

Schedule of Employer Contributions

PERSI Sick Leave Plan Last 10-Fiscal Years*

Fiscal Year Ended June 30, 2023

	2023	2022	2021	2020
Statutorily required contributions	0	0	0	103,801
Contributions in relation to the contractually required contributions	0	0	0	103,884
Contribution deficiency (excess)	0	0	0	(83)
District's covered-employee payroll	20,332,940	19,933,559	18,044,655	16,489,481
Contributions as a percentage of covered payroll	0.00 %	0.00 %	0.00 %	0.63 %

	2019
Contractually required contributions	195,993
Contributions in relation to the contractually required contributions	195,993
Contribution deficiency (excess)	0
District's covered payroll	15,555,024
Contributions as a percentage of covered payroll	1.26 %

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

Date reported is measured as of June 30, 2023 (reporting date)

Blackfoot School District #55

Schedule of Employer's Share of the Net Pension Liability

PERSI-Base Plan Last 10-Fiscal Years*

Fiscal Year Ended June 30, 2023

	2022	2021	2020	2019	2018
District's proportion of the net pension liability (percentage)	0.50548606 %	0.48352920 %	0.47018160 %	0.04651705 %	0.04051200 %
District's proportional share of the net pension liability (amount)	19,909,873	(381,882)	10,918,238	5,309,792	6,940,130
District's Covered Payroll	19,933,559	18,044,655	16,489,481	15,555,024	15,322,673
District's proportionate share of the net pension liability as a percentage of its covered payroll	99.88 %	(2.12)%	66.21 %	34.14 %	45.29 %
Plan fiduciary net position as a percent of total pension liability	83.09 %	100.36 %	88.22 %	93.79 %	91.69 %

	2017	2016	2015	2014
District's proportion of the Net Pension Liability (percentage)	0.04802120 %	0.49860400 %	0.55269930 %	0.55218230 %
District's Net Pension Liability (amount)	7,548,108	10,107,469	6,939,643	4,064,926
District's Covered Payroll	14,915,053	14,614,965	14,619,622	14,959,336
District's Proportionate Share as a percent of Covered Payroll	50.61 %	69.16 %	47.47 %	27.17 %
Plan Fiduciary Net Position as a percent of Total Pension Liability	90.68 %	87.26 %	91.38 %	94.95 %

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

The amounts presented for each fiscal year were determined as of June 30, 2022 the measurement date.

Blackfoot School District #55

Schedule of Employer's Contributions

PERSI-Base Plan Last 10-Fiscal Years*

Fiscal Year Ended June 30, 2023

	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 2,427,753	\$ 2,380,067	\$ 2,154,532	\$ 1,968,844	\$ 1,760,829
Contributions in relation to the statutorily required contribution	2,427,755	2,380,071	2,154,535	1,968,850	1,760,738
Contribution (deficiency) / excess	(2)	(4)	(3)	(6)	91
Employer's covered payroll	20,332,940	19,933,559	18,044,655	16,489,481	15,555,024
Plan fiduciary net position as a percent of total pension liability	11.94 %	11.94 %	11.94 %	11.94 %	11.32 %

	2018	2017	2016	2015
Statutorily required contribution	\$ 1,734,527	\$ 1,688,384	\$ 1,654,414	\$ 1,654,941
Contributions in relation to the statutorily required contribution	1,733,961	1,688,384	1,654,423	1,654,860
Contribution (deficiency) / excess	566	0	(9)	81
Employer's covered payroll	15,322,673	14,915,053	14,614,965	14,619,622
Plan Fiduciary Net Position as a percent of Total Pension Liability	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.

The amounts presented for each fiscal year were determined as of June 30, 2022 the measurement date.

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

<i>June 30, 2023</i>	Student Activity	Driver's Ed	Professional Technical	IDEA - ARP	Title I	ESSER I	Migrant Education	Homeless	ESSER II	IDEA School Age	IDEA Preschool
Assets											
Cash and investments	\$ 838,593	\$ -	\$ 14,257	\$ -	\$ -	\$ 32,141	\$ -	\$ -	\$ -	\$ 139,687	\$ 1,668
Federal grants/contracts receivable	-	-	-	37,334	309,792	-	43,369	8,411	6,217	33,397	1,850
Other receivables	-	29,756	23	-	-	-	-	-	-	-	-
Total assets	\$ 838,593	\$ 29,756	\$ 14,280	\$ 37,334	\$ 309,792	\$ 32,141	\$ 43,369	\$ 8,411	\$ 6,217	\$ 173,084	\$ 3,518
Liabilities											
Accounts Payable	-	107	4,291	-	-	-	649	-	-	-	-
Accrued wages	-	1,725	7,133	-	95,348	-	4,415	917	-	110,605	1,989
Accrued employee benefits	-	358	1,326	-	15,949	-	445	190	-	62,479	1,529
Due to other funds	65,680	61,174	-	37,338	198,495	32,141	37,860	7,304	6,217	-	-
Total liabilities	65,680	63,364	12,750	37,338	309,792	32,141	43,369	8,411	6,217	173,084	3,518
Fund Balances											
Fund balances											
Restricted for:											
Restricted	772,913	-	1,530	-	-	-	-	-	-	-	-
Unassigned	-	(33,608)	-	(4)	-	-	-	-	-	-	-
Total fund balance	772,913	(33,608)	1,530	(4)	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 838,593	\$ 29,756	\$ 14,280	\$ 37,334	\$ 309,792	\$ 32,141	\$ 43,369	\$ 8,411	\$ 6,217	\$ 173,084	\$ 3,518

Blackfoot School District #55

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

<i>June 30, 2023</i>	Medicaid	Perkins III Professional Technical	Title VII Indian Education	Johnson O'Malley	Title III	Supporting Effective Instruction	Twenty First Century	CSLFRF (Premium Pay)	Child Nutrition Fund	BPAC	Total
Assets											
Cash and investments	\$ -	\$ (8,795)	\$ -	\$ 5,494	\$ -	\$ -	\$ -	\$ -	\$ 33,785	\$ 15,530	1,072,360
Federal grants/contracts receivable	27,504	61,492	20,286	(132)	1,812	21,414	138,321	-	22,346	-	733,413
Other receivables	-	-	-	-	-	-	-	-	-	-	29,779
Total assets	\$ 27,504	\$ 52,697	\$ 20,286	\$ 5,362	\$ 1,812	\$ 21,414	\$ 138,321	\$ -	\$ 56,131	\$ 15,530	1,835,552
Liabilities											
Accounts Payable	-	-	50	-	-	-	4,591	-	5,526	1,309	16,523
Accrued wages	-	308	5,595	1,872	1,237	5,629	19,846	-	56,439	-	313,058
Accrued employee benefits	-	59	1,260	352	216	2,072	6,470	-	38,471	-	131,176
Due to other funds	27,504	52,330	13,265	90	359	13,713	107,414	-	-	-	660,884
Total liabilities	27,504	52,697	20,170	2,314	1,812	21,414	138,321	-	100,436	1,309	1,121,641
Fund balances											
Restricted for:											
Restricted	-	-	116	3,048	-	-	-	-	-	14,221	791,828
Unassigned	-	-	-	-	-	-	-	-	(44,305)	-	(77,917)
Total fund balance	-	-	116	3,048	-	-	-	-	(44,305)	14,221	713,911
Total liabilities and fund balances	\$ 27,504	\$ 52,697	\$ 20,286	\$ 5,362	\$ 1,812	\$ 21,414	\$ 138,321	\$ -	\$ 56,131	\$ 15,530	1,835,552

Blackfoot School District #55

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

Year Ended June 30, 2023	Student Activity	Driver's Ed	Professional Technical	IDEA - ARP	Title I	ESSER I	Migrant Education	Homeless	ESSER II	IDEA School Age	IDEA Preschool
Revenues											
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food service revenue	-	-	-	-	-	-	-	-	-	-	-
Student Body Activity	1,366,499	-	-	-	-	-	-	-	-	-	-
Other local revenue	-	29,756	-	-	-	-	-	-	-	-	-
Other state revenue	-	47,102	346,046	-	-	-	632	-	-	-	-
Federal grants and contracts	-	-	-	173,914	879,910	1,380	123,909	13,302	6,422	755,317	37,303
Total revenues	1,366,499	76,858	346,046	173,914	879,910	1,380	124,541	13,302	6,422	755,317	37,303
Expenditures											
Instruction											
Elementary	-	-	-	-	691,278	-	33,243	-	-	-	-
Secondary	-	57,826	353,613	-	-	1,379	-	-	-	-	-
Alternative School	-	-	75	-	39,648	-	-	13,302	205	-	-
Exceptional Child	-	-	-	159,958	-	1	-	-	-	684,125	5,518
Preschool	-	-	-	13,960	-	-	-	-	-	-	31,785
Gifted and Talented	-	-	-	-	-	-	-	-	-	-	-
Interscholastic Program	-	-	-	-	-	-	-	-	-	-	-
Summer School	-	-	-	-	-	-	7,566	-	-	-	-
Support services											
Attendance, guidance, and health	-	-	-	-	-	-	-	-	-	-	-
Special Services	-	-	-	-	-	-	-	-	-	71,192	-
Instructional improvement	-	-	-	-	36,955	-	83,732	-	6,217	-	-
Educational Media	-	-	-	-	15,782	-	-	-	-	-	-
School administration	-	-	-	-	75,462	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Student Activities	1,397,769	-	-	-	-	-	-	-	-	-	-
Community service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,397,769	57,826	353,688	173,918	859,125	1,380	124,541	13,302	6,422	755,317	37,303
Revenues over (under) expenditures	(31,270)	19,032	(7,642)	(4)	20,785	-	-	-	-	-	-
Other financing sources (uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(20,785)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(20,785)	-	-	-	-	-	-
Net change in fund balance	(31,270)	19,032	(7,642)	(4)	-	-	-	-	-	-	-
Fund balance (deficit), beginning of year	804,183	(52,640)	9,172	-	-	-	-	-	-	-	-
Fund balance (deficit), end of year	\$ 772,913	\$ (33,608)	\$ 1,530	\$ (4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Blackfoot School District #55

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

Year Ended June 30, 2023	Medicaid	Perkins III Professional Technical	Title VII Indian Education	Johnson O'Malley	Title III	Supporting Effective Instruction	Twenty First Century	CSLFRF (Premium Pay)	Child Nutrition Fund	BPAC	Total
Revenues											
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 889	\$ -	889
Food service revenue	-	-	-	-	-	-	-	-	277,674	-	277,674
Student Body Activity	-	-	-	-	-	-	-	-	-	-	1,366,499
Other local revenue	-	-	-	52,060	-	-	-	-	4,329	4,355	90,500
Other state revenue	-	-	-	-	-	-	-	-	-	-	393,780
Federal grants and contracts	229,652	55,531	164,020	-	38,459	122,522	385,325	435,181	1,355,876	-	4,778,023
Total revenues	229,652	55,531	164,020	52,060	38,459	122,522	385,325	435,181	1,638,768	4,355	6,907,365
Expenditures											
Instruction											
Elementary	-	-	76,026	29,516	21	49,186	-	178,003	-	-	1,057,273
Secondary	-	53,313	71,981	-	6,290	41,082	-	150,773	-	-	736,257
Alternative School	-	-	590	-	-	-	-	16,231	-	-	70,051
Exceptional Child	229,652	-	-	-	-	-	-	48,693	-	-	1,127,947
Preschool	-	-	-	-	-	-	-	3,607	-	-	49,352
Gifted and Talented	-	-	-	-	-	-	-	1,804	-	-	1,804
Interscholastic Program	-	-	301	-	-	-	-	-	-	-	301
Summer School	-	-	-	-	-	-	-	-	-	-	7,566
Support services											
Attendance, guidance, and health	-	-	-	-	-	-	301,263	23,445	-	-	324,708
Special Services	-	-	-	-	-	-	-	3,607	-	-	74,799
Instructional improvement	-	-	14,009	7,953	32,148	32,254	66,830	3,607	-	-	283,705
Educational Media	-	-	-	-	-	-	-	-	-	-	15,782
School administration	-	2,218	1,113	-	-	-	-	1,804	-	-	80,597
School Administration	-	-	-	-	-	-	-	3,607	-	-	3,607
Noninstructional services	-	-	-	-	-	-	-	-	1,793,184	-	1,793,184
Student Activities	-	-	-	-	-	-	-	-	-	-	1,397,769
Community service	-	-	-	-	-	-	-	-	-	19,464	19,464
Total expenditures	229,652	55,531	164,020	14,591	38,459	122,522	368,093	435,181	1,793,184	19,464	7,044,166
Revenues over (under) expenditures	-	-	-	14,591	-	-	17,232	-	(154,416)	(15,109)	(136,801)
Other financing sources (uses)											
Transfers in	-	-	-	-	-	-	-	-	44,929	-	44,929
Transfers out	-	-	-	-	-	-	(17,232)	-	-	-	(38,017)
Total other financing sources (uses)	-	-	-	-	-	-	(17,232)	-	44,929	-	6,912
Net change in fund balance	-	-	-	14,591	-	-	-	-	(109,487)	(15,109)	(129,889)
Fund balance (deficit), beginning of year	-	-	116	(11,543)	-	-	-	-	65,182	29,330	843,800
Fund balance (deficit), end of year	\$ -	\$ -	\$ 116	\$ 3,048	\$ -	\$ -	\$ -	\$ -	\$ (44,305)	\$ 14,221	\$ 713,911

Blackfoot School District #55

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>Federal AL Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Disbursement/ Expenditures</i>
United States Department of Agriculture			
Passed through Idaho State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	202222N109947	\$ 27,819
		202323N109947	145,369
National School Lunch Program - cash	10.555	202222N109947	170,421
		202323N109947	625,321
			157,357
Summer Food Service Program for Children	10.582	202222N119947	32,385
		202323N119947	22,346
			1,181,018
Non-cash Assistance (Commodities)			
National School Lunch Program - commodities	10.582		150,829
Total Child Nutrition Cluster			1,331,847
Technology Innocation Grant	10.541	202120N760330	23,550
Total U.S. Department of Agriculture			1,355,397
United States Department of Treasury			
Passed Though Idaho State Dept of Education:			
COVID 19- Coronavirus Relief Fund	21.027	SLFRP0142	435,181
Total U.S Department of Treasury			435,181
Institute of Museum and Library Services			
Passed Though Idaho Commission for Libraries			
State Library Program	45.310	LS-252457-OLS-22	1,000
Total Institute of Museum and Library Services			1,000
United States Department of Education			
Direct Programs:			
Impact Aid	84.041		1,467,610
Indian Education	84.060	S060A102403	164,020
Total Direct Programs			1,631,630

See Independent Accountant's Audit Report.

Blackfoot School District #55

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>Federal AL Number</i>	Pass-Through Entity Identifying Number	<i>Disbursement/ Expenditures</i>
United States Department of Education			
Passed through Idaho State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A210012	\$ 46,309
		S010A22012	735,335
Migrant Education Program	84.011	S011A220012	36,986
Title 1 -C Coordinator		S011A220012	85,423
Coordinator grant	84.144	SA190012	1,500
Special Education Cluster			
Special Education - School-age	84.027	H027A210088	159,954
		H027A210088	3,008
		H027A220088	752,309
Special Education - Preschool	84.173	H173A210088	13,960
		H173A210030	54
		H173A220030	37,249
Total Special Education Cluster			966,534
Education for Homeless Children and Youth	84.196	S196A210013	13,302
21st Century Community Learning Centers	84.287	S287C210012	49,718
		S287C220012	75,775
		S287C210012	60,000
		S287C220012	120,849
Gear Up	84.334	P334S210012	53,045
		P334S220012	25,938
English Language Acquisition	84.365	S365A220012	38,460
Supporting Effective Instruction	84.367	S367A210011	6,115
		S367A220011	116,407
School Improvement Grants	84.010	S010A210013	98,266
Cultivating Readers- State Development Grant	84.323	H323A220002	5,824
COVID-19 - Elementary and Secondary School Emergency Relief I	84.425D	S425D200043	(30,761)
COVID-19 - Elementary and Secondary School Emergency Relief II	84.425R	S425R210043	6,422
COVID-19 - Elementary and Secondary School Emergency Relief III	84.425U	S425U210043	2,100,879
Total Passed through Idaho State Dept. of Education			4,612,326
Passed through Idaho State Department of Professional Technical:			
Career and Technical Education	84.048	V048A220012	55,531
Total U.S. Department of Education			6,299,487
Total Expenditures of Federal Awards			\$ 8,091,065

See Independent Accountant's Audit Report.

Blackfoot School District #55

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1: General

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal grant activity of Blackfoot School District #55 under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of Blackfoot School District #55, it is not intended to and does not present the financial position, changes in net assets or cash flows of Blackfoot School District #55.

Note 2: Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3: Nonmonetary Transactions

Nonmonetary assistance is reported for the Food Distribution Program at fair market value of commodities received which is established by the State Department of Education. The District held an undetermined amount of those commodities in inventory at June 30, 2023.

Note 4: Indirect Cost Rate

Blackfoot School District #55 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5: Sub-Recipients

Blackfoot School District #55 does not have any sub-recipients of federal awards.

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, 2023, 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 25, 2023.

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 deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

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

Government Auditing Standards requires the auditor to perform limited procedures on Blackfoot School District #55's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements 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 25, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Blackfoot School District #55
Blackfoot, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Blackfoot School District #55's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. Blackfoot School District #55's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Blackfoot School District #55 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Blackfoot School District #55 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Blackfoot School District #55's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Blackfoot School District #55's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Blackfoot School District #55's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Blackfoot School District #55's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Blackfoot School District #55's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Blackfoot School District #55's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Blackfoot School District #55's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

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 25, 2023

Blackfoot School District #55

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs

<u>AL Number(s)</u>	<u>Federal Program or Cluster</u>
84.173/84.027	IDEA Cluster
84.041	Impact Aid
84.425D/R/U	ESSER

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Blackfoot School District #55

Schedule of Findings and Questioned Costs (Continued)

Section I - Audit Findings in Relation to Financial Statements

2023-001 **PROPER CUTOFF OF ACCOUNTS PAYABLE**

Criteria or Specific Requirement: The accounting processes of the District should properly identify all liabilities of the District at year end. The review and verification of this information is important for the overall accuracy of the program, as well as to provide an accurate picture of the District's position at the reporting date.

Condition: Improperly implemented processes related to the identification of accounts payable caused the District to underrecording the year end liabilities associated with the BTECH projects.

Context: In conjunction over our finding related to proper recording of activity by fund, the BTECH projects have been recorded as spent rather than when the liability to the district is incurred.

Effect: The accounts payable balance in the Construction 2021 fund was underreported by \$1,784,992, which included invoices from two vendors and applicable retainage that will be due in the future.

Cause: As noted above, the district was recording this fund on a cash basis and improperly executed processes related to this fund caused the District to miss these invoices in their year end closing process.

Auditor's Recommendation: The District should review the process in place for identifying accounts payable to ensure that all funds and payments are considered in the identification process.

Blackfoot School District #55

Schedule of Findings and Questioned Costs (Continued)

2023-002

PROPER RECORDING OF ACTIVITY BY FUND (REPEAT)

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 continued to mix fund 310 (Debt Service) with fund 421 (Construction 2021) activity. The investment account was not reconciled in the system, and internal transfers and activity were not properly recorded in the financial statements. These resulted in significant and material adjustments, and difficulty in reconciling the project expenditures.

Context: Items erroneously recorded in fund 310, but related to the 421 bond projects, from the beginning of the fiscal year prior to the FY22 audit completion should have been corrected when the audit adjustments for 310/421 were provided in the previous audit.

During the FY22 audit, Wipfli assisted the District in identifying the LGIP balance to record on the financials of the District, however the District did not continue to update and reconcile this balance, leaving over \$500K in investment earnings off of the financials of the District, and making reconciliation for funds transferred to pay costs difficult.

Effect: The expenditures recorded in the financials of the District were adjusted by \$3 million. Transfers from the investment account erroneously recorded as revenue had to be adjusted by \$3.7 million. Interest earnings of \$544K and a donation for \$50K had to be recorded. These items net to an overall change in fund balance of \$6.2 million. In addition, though the final balance is materially accurate, this is an area where auditors expect to be able to tie project costs to the penny, and were unable to do so.

Cause: Continued recording issues from the previous year and a lack of overall fund reconciliations combined with a lack of collaboration with other Districts for questions on proper recording.

Auditor's Recommendation: The District must put processes in place to enhance transparency and reconciliation on these projects, and include efforts to train when faced with new or infrequent requirements. All funds of the District must be fully reconciled in the system, and regular reconciliation of expectations to actual should be performed for all significant accounts and funds. This may include budget to actual comparisons, actual to anticipated comparisons, or the use of secondary tracking methods by project compared to actual.

Blackfoot School District #55

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

Section II - Federal Award Findings and Questioned Costs

None

Section III - Auditees Summary Schedule of Prior Audit Findings

The following summarizes the prior audit findings and corrective action taken:

Finding 2022-001 - Not Implemented

See repeat finding 2023-002