



Financial Statements
June 30, 2021

Independent School District of Boise City

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Independent Auditor's Report

To the Board of Trustees
Independent School District of Boise City
Boise, Idaho

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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* (Uniform Guidance) and is not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Boise, Idaho
September 16, 2021

The discussion and analysis of the Independent School District of Boise City's (the District) financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on the District's financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

- Due to COVID 19, the State Board of Education approved a temporary rule to allow Districts to be funded based on the number of students enrolled, rather than on average daily attendance. The District had budgeted for a loss in enrollment and reduced attendance for the FY 20-21 school year. The temporary rule generated additional funding units, thus generating additional State foundation dollars. However, at the same time, the Legislature approved a general fund holdback on public schools, thus reducing the overall discretionary funding for the year. The legislature encouraged districts to access Elementary and Secondary School Emergency Relief (ESSER) funds for any revenue shortfalls. The District did not choose to utilize ESSER funds to manage the reduction in the State Appropriation.

Overall, the District received additional State revenue due to the temporary enrollment rule, increases in the transportation reimbursement and replacement funding for the career ladder and leadership stipends.

As the virus continued to spread within the United States, and Idaho, management continued the moratorium on travel, limit gatherings and trainings and to spend sparingly. This resulted in large expenditure savings from the original planned budget.

- The District was awarded resources by the federal government to assist in managing COVID related costs. The awards were granted from multiple agencies. Each grant has specific requirements and grant periods. Many of the larger grants (ESSER) will run for multiple years.
 - The District utilized (ESSER) dollars to cover the costs for the on-line school, technology purchases, hotspot leases, curriculum purchases, staff training and counseling services. The District intends to continue to utilize (ESSER) funds through September 30, 2024. A large portion of these dollars are being allocated to update HVAC systems in multiple buildings and provide resources to assist with student learning loss.
 - The District was also awarded funds from the Coronavirus Relief Fund (CRF), which was managed through the Governor's Office. These funds were used to upgrade HVAC controls, pay for on-line school curriculum development, on-line school salaries, COVID related leave, hotspot lease payments, stipends paid to staff for additional work duties, and technology purchases. In addition to the large CRF award, the Governor also awarded CRF funds to the State Board of Education to allocate to Districts for devices and blended learning management systems.
 - The District was also reimbursed by the Federal Emergency Management Agency (FEMA) for Personal Protective Equipment (PPE) and other supplies to assist in reopening schools safely.
 - The District received funding to support the food service program. The USDA National School Lunch funded each State approved program for the loss of school lunch revenue. The revenue granted was based on a formula approved by the USDA. The Governor also awarded a small amount through the CRF to assist with cost to serve grab and go meals during the pandemic school closure.

- During the 2020-21 school year, the District continued to work on a number of large capital construction projects that were included in the 10-year Facility Master Plan (FMP). Some of these projects included the construction of Valley View Elementary that was rebuilt and the complete remodel and addition to Washington Elementary. In addition to those projects, new cafeterias were completed at Jefferson and Hillcrest Elementary. The District also started design work for the remodel and adding an addition to Longfellow Elementary and started work on adding a gymnasium at Roosevelt Elementary.

In addition to the major construction projects, the District also completed a number of maintenance projects that included new roofs, painting, flooring and HVAC improvements. The District expended \$31.7 million in the Capital Construction Fund.

During 2020-21, the District issued a bid for copier services for the next five years. As a result of this bid process, a new vendor was selected (Fishers Office Systems). This award to a new vendor will allow the District to reduce overall copier costs by approximately \$100,000 annually beginning with the 2021-22 school year.

- The District has continued to maintain a strong fund balance which has allowed the Board of Trustees to manage the budget while revenues have still grown slower than anticipated expenditures. The Board of Trustees approved the use of \$6.3 million of fund balance to balance the 2021-22 budget. This fund balance is expected to be above the 5.5% as required by Board policy.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required supplementary information.

Government-wide Financial Statements (GWFS)

The GWFS (i.e. Statement of Net Position and Statement of Activities) provide readers with a broad overview of the District's finances.

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. The GWFS report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position provides information on all of the assets, liabilities and deferred inflow/outflows of resources of the District, with the difference between them providing the net position. Increases or decreases in the net position may indicate whether the financial position of the District is improving or deteriorating.

The Statement of Activities shows how the net position of the District has changed during the most recent fiscal year. All changes in net position are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. Changes in the net position occur as soon as the underlying event gives rise.

The statements present an aggregate view of the District's finances. GWFS contain useful long-term information as well as information for the just-completed fiscal year.

To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the GWFS, the District's activities are all classified as governmental activities. Governmental activities include all regular and special education, all educational support activities, administration, transportation, and food services. Most of these activities are supported by property taxes and formula aid from the State of Idaho. The GWFS can be found on pages 15-16 of this report.

Fund Financial Statements

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

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

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

It is useful to compare information found in the governmental funds with that of the governmental activities. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The basic governmental fund financial statements can be found on pages 15-22 of this report.

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

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

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

Government-Wide Financial Analysis

As stated earlier, net position may serve as a useful indicator of a district's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$219,943,016 at the close of the most recent fiscal year.

The restricted portion of the District's net position (30%) reflects capital and facility maintenance proceeds and other resources that are subject to external restrictions. The majority of these assets will be used to pay for capital construction projects and a portion of the debt service obligations that will be due in the next fiscal year. Investments in capital assets represents land, buildings and improvements, furniture, equipment and unspent bond proceeds, net of related debt (general obligation bonds) represents 91.6% of total net position. This percentage will change as resources are expended to complete capital construction projects. These capital assets provide services to students; consequently, these assets are not available for future spending.

	Governmental Activities	
	2021	(Restated) 2020
Current and other assets	\$ 175,545,704	\$ 177,395,632
Capital assets	370,564,223	353,252,285
Total assets	546,109,927	530,647,917
Deferred Outflows of Resources	46,663,280	33,160,645
Long-term liabilities outstanding	312,778,808	276,597,247
Other liabilities	47,563,053	45,018,445
Total liabilities	360,341,861	321,615,692
Deferred Inflows of Resources	12,488,330	31,186,676
Net Position		
Net investment in capital assets	201,530,600	229,126,467
Restricted	65,964,900	47,313,976
Unrestricted	(47,552,484)	(65,434,249)
Total net position	\$ 219,943,016	\$ 211,006,194

Independent School District of Boise City

Management's Discussion and Analysis

June 30, 2021

The remaining balance of unrestricted net position (-21.6%) is negative due to recording the District's portion of the unfunded long-term pension obligation. The unrestricted net position amount has been earmarked for the following purposes:

- The Just for Kids before and after school program has earmarked \$1,030,046 of unrestricted net position for program improvements and to limit fee increases.
- The Special Needs program has earmarked funds to provide services to special needs students. The amount currently identified as earmarked is \$1,538,793.

At the end of the current fiscal year, the District's combined net position increased by 4.23% to \$219,943,016. This represents an overall increase of \$8,936,822. The majority of this increase is from the change in net pension liability. The District's calculation of net position uses a historical cost of school buildings that may not accurately reflect the true value.

Changes in Net Position – The following table shows the changes in net position for the fiscal year 2020-2021. The District relies on state funding and federal funding for 57.6% and local property taxes for 40.4% of its governmental activities. The District had total revenues of \$307,999,539. The total revenues exceeded expenses by \$8,936,822, of which the majority of the increase was related to the reduction in expenses related to the reduced pension liability and the reduction in the OPEB for health insurance.

The Independent School District of Boise City Changes in Net Position from Operating Results Government Activities 2021 (Full Accrual)

	FY 20-21	FY 19-20	Change 2021-2020
Revenues			
Program Revenues			
Charges for services	\$ 5,319,807	\$ 5,573,320	\$ (253,513)
Operating grants and contributions	45,474,663	38,335,508	7,139,155
Capital grants and contributions	4,777,367	2,507,090	2,270,277
General Revenues			
Property taxes, levied for general purposes	105,274,144	96,263,906	9,010,238
Property taxes, levied for debt services	19,347,016	18,972,656	374,360
State foundation revenues	126,528,200	132,695,819	(6,167,619)
Replacement tax	822,739	822,739	-
Federal forest	7,379	12,510	(5,131)
Interest and investment earnings	323,007	1,258,377	(935,370)
Miscellaneous	125,217	110,309	14,908
Total revenues	307,999,539	296,552,234	11,447,305

Independent School District of Boise City
Management's Discussion and Analysis
June 30, 2021

	FY 20-21	FY 19-20	Change 2021-2020
Expenses			
Instructional Services			
Elementary programs	\$ 65,838,557	\$ 59,119,416	\$ 6,719,141
Secondary / alternative programs	71,064,873	63,037,123	8,027,750
Exceptional child programs	28,107,407	25,563,829	2,543,578
Other programs	5,873,768	6,039,691	(165,923)
Support Services			
Attendance-guidance-health	12,052,265	10,681,050	1,371,215
Special services program	10,621,284	9,521,719	1,099,565
Instructional improvement	6,914,502	7,030,317	(115,815)
Educational media	3,766,548	3,522,057	244,491
Educational technology	7,306,233	6,047,982	1,258,251
Administration	6,134,967	5,446,196	688,771
School administration	16,501,246	14,459,577	2,041,669
Plant services	27,493,371	22,741,345	4,752,026
Transportation	7,134,452	6,809,509	324,943
Security	1,137,054	1,240,937	(103,883)
Non-Instructional Services			
Community service programs	4,172,871	1,569,101	2,603,770
School lunch	6,675,533	10,465,919	(3,790,386)
Capital outlays	17,000	237,240	(220,240)
Interest and other costs on long-term debt	6,289,206	7,110,913	(821,707)
Loss on disposal of capital assets	354,567	1,606,529	(1,251,962)
Depreciation	11,607,013	10,144,784	1,462,229
Total expenses	<u>299,062,717</u>	<u>272,395,234</u>	<u>26,667,483</u>
Change in Net Position	<u>\$ 8,936,822</u>	<u>\$ 24,157,000</u>	<u>\$ (15,220,178)</u>

District's Funds Financial Analysis

As noted earlier, the District uses funds to demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide balances of spendable resources and to provide data on near-term inflows and outflows.

General Fund – The general fund is the general operating fund for the District. At the end of the 2020-21 fiscal year, the general fund balance was \$38,822,209, which is up from the ending balance in fiscal year 2020 of \$28,428,210. Overall fund balance is up because the District experienced increased state revenue from larger than anticipated enrollment and an increase in the transportation reimbursement. Due to COVID 19, and increased federal support, the District had expenditure savings in a number of areas that included salaries, transportation, fuel, utilities, travel, professional development and supplies. This savings amounted to a little less than \$10 million dollars. The District also had savings in custodial and maintenance programs during the year.

Expenditures for general District purposes totaled \$232,468,478, an increase of \$2,516,138 from the 2019-20 fiscal year. The majority of this increase was due to negotiated salary increases for all personnel to receive a one-time 1% on the base in March. In addition to the one time negotiated payment, staff were granted movement on the salary schedule for education and experience. In 2020-21 veteran teachers were also allotted a one-time payment of \$1,000. The District also authorized the use of Corona Relief Fund dollars to pay a 1% stipend to staff in December to pay for extra work and assignments during COVID. Instructional services accounts for 64.31% of the general fund expenditures.

General Fund salaries totaled \$153,042,639 while the associated fringe benefits of retirement, social security, unemployment, workers' compensation, health, dental, vision and life insurance added \$51,944,406 to arrive at 88.1% of the District's general fund expenditures, excluding transfers. PERSI Sick leave costs were reduced due to a holiday announced by the PERSI Board in December 2019. This premium holiday has been extended through June 30, 2022.

The Board of Trustees has directed that the District set aside at least 5.5% of budgeted revenues for a fund balance reserve. For school year 2021-22, committed fund balance are set at 5.5% or \$14,661,227. This undistributed reserve has been set-aside for unexpected contingencies or possible reductions in funding. In addition, parts of these funds have been set aside for cash flow purposes within the District. The funds are not to be used for negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's bond rating of Aa1 by Moody's Investors Service and an AA rating by Standard & Poor's Rating Service.

Debt Service Fund – The debt service fund is used to account for resources collected to pay for principal and interest on the long-term debt. The Debt Service Fund has \$22,068,092 in restricted fund balance to pay for principal and interest for the upcoming year.

Capital Projects Fund – The capital projects fund pays for capital construction, building repair and remodeling throughout the District. This fund is also where all bond proceeds are deposited and then expended on capital construction. At the end of the current fiscal year, the capital projects fund balance was \$45,357,330, which is down from the ending balance in fiscal year 2020 of \$60,403,394. The decrease is because the District has continued to complete the projects approved by the voters in 2017. The District expects to expend \$25.9 million on capital construction projects in 2021-22.

Non-Major Special Revenue Funds – Within the non-major funds, the Strategic Plan fund has committed \$348,572 of fund balance for implementation of the 2022 Strategic Plan. A portion of these dollars will be spent in 2021-22 to continue the marketing campaign to educate the public about Boise Public Schools. The District has established a fund to record revenues and expenditures as it pertains to billing for allowable services related to special education. The District has assigned fund balance of \$1,538,793 to be used to pay for salaries and benefits associated with managing special education costs. The District has a Federal Forest fund that is mandated by Idaho Code. All federal forest payments are deposited in this fund. Current assigned fund balance is \$363,267. The District also has a before and after school program (Just for Kids) that charges tuition to cover the costs associated with running the program. The ending fund balance is \$1,030,046. The District also has a small fund balance in the driver's education fund of \$2,738. The largest fund balance is in the school lunch fund which is \$3,369,407. The District implemented GASB 84, which required the reporting of all Associated Student School Funds be reported as a non-major fund. This resulted in a new fund balance of \$2,321,768.

General Fund Budgetary Highlights

The District adopts an original budget in June for the subsequent year. The District did not amend the original budget.

The Budget to Actual-General Fund budget identifies a number of programs that are overspent: Secondary, Vocational, Special Services, Technology and Transfers Out. The Secondary is overspent because the District added additional staff to manage the enrollment at the Boise on-line school. The Vocational program was overspent due to a change in how the SDE distributed stipends to vocational personnel. Due to the need to manage virtual education, the District purchased devices for all students to learn virtually. The transfer out increased because the Board approved the transfer of \$5 million to the Capital Projects Fund.

Capital Assets

The Capital Projects Fund is used primarily to account for the costs incurred while acquiring and improving sites, constructing and remodeling facilities, and producing equipment necessary for providing educational programs for all students within the District. The District has invested \$536,641,659 in a broad range of capital assets. The total accumulated depreciation on these assets amounts to \$166,077,436.

Asset acquisitions, net of disposals and transfers, for governmental activities totaled \$27,844,925 for the fiscal year.

The District has a number of projects currently under construction that will be completed in 2021-22. The construction work in progress is currently valued at \$26,513,574. The District completed a roof replacement at Borah. HVAC projects were completed or near completion at DSC, Timberline, Shadow Hills and Adams. The District also went through and upgraded all DDC air controls in all schools. A number of schools also had upgrades in their fire safety systems. The District will complete the following capital projects in 2021-22: Washington Elementary, Valley View Elementary and Roosevelt Elementary gym. More information regarding the District's capital assets can be found in Note 6 to the basic financial statements.

Long-Term Debt

At year end, the District had \$167,790,000 in general obligation bonds, exclusive of bond premiums. The debt of the District is secured by an annual tax levy authorized by the patrons of the District by a two-thirds majority vote. The amount outstanding on the 2012B, 2014, 2017 and the 2019 bonds is \$20,380,000, \$6,980,000, \$82,180,000 and \$58,250,000, respectively.

The District has refunded all bonds that could be refunded prior to the issuance of the new 2017 and 2019 General Obligation bonds.

Additional information regarding the District's long-term debt can be found in Notes 7 and 8 to the basic financial statements.

Economic Factors and Next Year's Budget

The District budgeted for a decrease in enrollment of approximately 500 students or 30 funding units for the 2021-22 school year. This equates to a small increase in career ladder funding and discretionary funding of approximately \$2.3 million from the previous year budget. The Legislature approved a law that stated public schools could not access the Public Schools Stabilization fund for any statewide shortage in State funding estimates for the FY 2021-22 school year. This could result in a loss of discretionary revenue to the District. The amount will not be known until late FY 2021-22. The District has planned to access up to \$2.7 million of ESSER funds, if necessary, to cover this possible shortfall in State Appropriations.

The District has planned for a normal school year in FY 2021-22. This means, the District is planning for 5 day a week in person learning and the majority of the students that had enrolled in the Boise Online School (BOS), have notified their home schools that they plan to return to a "brick and mortar" setting for this upcoming year. The prior school year had over 4,000 students enrolled BOS, this year the current enrollment is expected to be around 200 students. The District is utilizing ESSER funds to cover the costs associated with the BOS.

The District does expect to see growth in taxable market value, thus resulting in additional tax revenue for the District. The Ada County Assessor estimates that market value will increase in the FY 2021-22 school year by approximately 20%, however, the Legislature approved HB389, which increased the homeowner's exemption from \$100,000 to \$125,000. This change will result in a reduction of taxable market value by \$1.25 billion dollars in FY 2021-22. The tax relief bill also reduced taxable personal property and taxable transient personal property which will take effect in FY 2022-23. The tax assessor has not provided the fiscal impact to the District for the personal property changes.

For the twelve months ended June 30, 2021, the State of Idaho experienced 24.2% revenue growth in general fund revenue. This growth was 18.7% more than projected by the State's budget analyst in January. This growth was not expected due to the onset of the Corona Virus, as many State leaders believed general fund revenues would not meet budget expectations. The Public Education Stabilization Fund (PESF) has approximately \$80.2 million dollars to assist with public school funding if the State experiences large revenue declines or the State does not adequately project costs for the year. The State did need to access this fund to balance the FY 2020-21 school year. The State of Idaho withdrew more than \$15.4 million from this fund leaving the balance at \$80.2 million. The Statewide Budget Stabilization Fund (BSF) was estimated to end the year with \$637.4 million to be appropriated as necessary by the Idaho Legislature. Unemployment levels in Idaho have decreased over this last year from 5.6% in June 2020 to 3.0% in June 2021. The national unemployment rate as of June 2021, was 5.9%. This drastic decrease in unemployment is directly related to economy rebounding after the pandemic.

The 2021 Legislature appropriated \$2,639,433,000 to Public Schools, excluding the School for Deaf and Blind for Fiscal Year 2022. Of this amount, \$489,994,500 was derived from federal funds not available for general school operations, \$101,947,900 was derived from dedicated funds, and \$2,047,490,600 was derived from general funds.

The 2021 Legislature continued to work towards implementing the career ladder funding and increasing beginner teacher pay to a minimum of \$40,369. The Legislature also funded prior legislation to increase pay for veteran teachers that met certain performance and experience requirements. This legislation was referred to as the third rung of the career ladder or the Advanced Professional Compensation Rung. At the end of the implementation period (2024-25), a District could be reimbursed up to the \$63,000 for a teacher at the final cell on the Advanced Rung. As part of the implementation of the Advanced Rung, the Legislature eliminated the extra pay for Master Educator Premium after final State Board approvals in 2020-21.

The Legislature did collect student demographic data to use in developing legislation for proposing funding formula changes in the 2021 legislative session. Because of COVID, the legislators did not propose any changes to the funding formula in 2021, however, there is still support for revamping how schools are funded in Idaho. As the State continues to see revenue growth, and the pandemic subsidies, it is anticipated that some proposal for updating the public schools funding will resurface in the 2022 Legislative Session. Many legislators are supporting the removal of earmarks and career ladder funding to a new allocation method of paying based on a weighted factor for students.

The District approved General Fund Budget for school year 2021-22 is \$266.5 million dollars. This amount is approximately \$12.1 million dollars or 4.77% more than the 2020-21 school year budget. The increase is related to increasing the base salary amounts by 3.5%, allowing movement on the salary schedules for experience and education and increasing substitute pay. In addition to salary adjustments, staff were increased to provide needed services in special education and gifted and talented programs. The budget was also increased to cover costs for athletic capital improvements and to cover costs associated with the school resource officer program.

The District utilized excess fund balance to balance the 2020-21 budget. In June 2011, the Board of Trustees reduced the fund balance reserve requirement from 6.5% of revenues to 5.5% of revenues. This policy change was necessary in order to provide flexibility during this economic downturn. The District anticipates that unreserved fund balance will be more than 5.5% of total fund balance at the end of 2020-21; however, the District plans on utilizing \$6.2 million in fund balance in 2021-22.

The District anticipates market values will continue to increase thus increasing revenues in 2021-22, so the need to utilize fund balance will diminish. The current 2021-22 budget also includes a number of one-time purchases that will not be included in future budgets. The budget also includes an additional transfer from the General Fund to the Capital Projects Fund to assist with implementation of the Facility Master Plan.

The District continues to follow the District's Strategic Plan and has developed programs to improve curriculum for all students. This includes the establishment of additional all-day kindergarten sites throughout the District and expanding the community schools support throughout the District. The District is committed to increasing opportunities for students to participate in Advanced Placement courses, which includes enrolling more students in the Advancement Via Individual Determination (AVID) program at the secondary level. This program targets student in the academic middle who have a desire to go to college. The State of Idaho has also focused on improving college go on rates and has allocated funds for students to participate in dual credit and advanced placement courses. The District continues to administer the majority of the Advanced Placement tests in the State of Idaho, and has continued to increase Advanced Placement offerings in each high school.

The District has established literacy goals for the 2021-22 school year and as previously mentioned will be implementing a new reading curriculum at the 3rd grade level. The State literacy allocation will assist in providing educational materials to meet the goals established.

The District entered into a contract to have a facility master plan developed to guide the District in facility improvement decisions for the next 10 to 15 years. The final Facility Master Plan (FMP) was approved by the Board of Trustees in November 2016. The District continues to implement the Board approved FMP in 2021-22. This implementation includes the remodel Longfellow Elementary, the addition of a gym at Roosevelt and the start of construction on Harris Ranch Elementary. In addition to the capital construction projects, a number of maintenance upgrades will be occurring throughout the District for the 2021-22 school year. The District also anticipates closing on three surplus land parcels in the 2021-22 school year. The estimated proceeds associated with these sales is \$18 million dollars and these funds will be deposited into the Capital Projects fund.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors, with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nancy Landon at the District Services Center, 8169 W. Victory Rd. Boise, ID 83709, nancy.landon@boiseschools.org.

Independent School District of Boise City

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 56,579,934
Restricted cash and investments	48,337,444
Property taxes receivables	46,493,778
State and federal receivables	9,425,299
Receivables	18,346
Inventories	466,465
Net Pension Sick Leave	14,224,438
Capital assets (not subject to depreciation)	37,165,926
Capital assets (net of depreciation)	333,398,297
Total assets	546,109,927
Deferred Outflows of Resources	
Pension obligations	41,782,239
OPEB health/dental obligations	1,113,204
OPEB sick leave obligations	1,977,883
Debt charge on refunding (net of amortization)	1,789,954
	\$ 592,773,207
Liabilities	
Accounts, salaries, and other payables	\$ 41,617,927
Due to student groups	317,856
Advanced revenue	2,402,770
Accrued interest payable bonds	3,224,500
Long-term liabilities	
Due within one year	18,243,973
Due in more than one year	173,306,023
Total OPEB liability	16,566,679
Net pension liability	104,662,133
Total liabilities	360,341,861
Deferred Inflows of Resources	
Employer OPEB health/dental assumption	4,270,331
Employer OPEB sick leave assumption	3,638,764
Employer pension assumption	4,579,235
Net Position	
Net investment in capital assets	201,530,600
Restricted for	
Capital improvements	26,026,179
Debt service	22,344,876
OPEB sick leave	14,224,438
School lunch	3,369,407
Unrestricted	(47,552,484)
Total net position	219,943,016
	\$ 592,773,207

Independent School District of Boise City

Statement of Activities Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction					
Elementary programs	\$ 65,838,557	\$ 335,470	\$ 9,184,324	\$ -	\$ (56,318,763)
Secondary/alternative programs	71,064,873	166,957	5,444,945	-	(65,452,971)
Exceptional/preschool programs	28,107,407	-	5,332,939	-	(22,774,468)
Other instructional programs	5,873,768	243,347	152,509	-	(5,477,912)
Support Services					
Attendance-guidance health	12,052,265	-	963,449	-	(11,088,816)
Special services program	10,621,284	960,782	1,496,237	-	(8,164,265)
Instructional improvement	6,914,502	-	4,740,614	-	(2,173,888)
Educational media	3,766,548	-	-	-	(3,766,548)
Educational technology	7,306,233	-	3,350,818	-	(3,955,415)
Administration	6,134,967	-	41,365	-	(6,093,602)
School administration	16,501,246	-	-	-	(16,501,246)
Plant services	27,493,371	283,146	100,477	4,141,927	(22,967,821)
Capital improvements	17,000	-	153,796	-	136,796
Pupil transportation services	7,134,452	-	6,134,605	-	(999,847)
Security	1,137,054	-	145,339	-	(991,715)
Food services	6,675,533	9,020	7,779,826	-	1,113,313
Community service programs	4,172,871	3,321,085	412,964	-	(438,822)
Interest and other costs	6,289,206	-	40,456	635,440	(5,613,310)
Loss on disposal of assets	354,567	-	-	-	(354,567)
Depreciation unallocated	11,607,013	-	-	-	(11,607,013)
Total Governmental Activities	\$ 299,062,717	\$ 5,319,807	\$ 45,474,663	\$ 4,777,367	(243,490,880)
General revenues					
Taxes					
Property taxes, levied for general purposes					105,274,144
Property taxes, levied for debt services					19,347,016
State revenue in lieu of taxes					822,739
Grants and contributions not restricted to specific programs					
Foundation program					126,528,200
Federal forest lands					7,379
Interest and investment earnings general fund					323,007
Miscellaneous					125,217
Total general revenues					252,427,702
Change in Net Position					8,936,822
Net Position, Beginning of Year (restated)					211,006,194
Net Position, Ending of Year					\$ 219,943,016

Independent School District of Boise City

Balance Sheet – Governmental Funds

June 30, 2021

	General	Debt Service Fund	Capital Projects	Non Major Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 56,579,934	\$ -	\$ -	\$ -	\$ 56,579,934
Restricted cash and investments	-	15,122,934	22,942,147	10,272,363	48,337,444
Receivables					
Current property taxes	37,789,966	6,943,321	-	-	44,733,287
Delinquent property taxes	1,483,707	276,784	-	-	1,760,491
State and federal receivable	3,895,281	-	-	5,530,018	9,425,299
Interfund balances	2,110,455	-	27,819,101	232,570	30,162,126
Other receivables	11,805	1,837	3,999	705	18,346
Inventories	466,465	-	-	-	466,465
	<u>\$ 102,337,613</u>	<u>\$ 22,344,876</u>	<u>\$ 50,765,247</u>	<u>\$ 16,035,656</u>	<u>\$ 191,483,392</u>
Liabilities, Deferred Inflows and Fund Balance					
Liabilities					
Accounts payable	\$ 2,228,881	\$ -	\$ 5,407,917	\$ 176,418	\$ 7,813,216
Accrued payroll and related liabilities	30,772,316	-	-	3,032,395	33,804,711
Deposits from school affiliated groups	317,856	-	-	-	317,856
Interfund balances	28,051,671	-	-	2,110,455	30,162,126
Advanced revenue	660,973	-	-	1,741,797	2,402,770
Total liabilities	<u>62,031,697</u>	<u>-</u>	<u>5,407,917</u>	<u>7,061,065</u>	<u>74,500,679</u>
Deferred Inflows of Resources					
Unavailable revenue-property taxes	<u>1,483,707</u>	<u>276,784</u>	<u>-</u>	<u>-</u>	<u>1,760,491</u>
Fund Balance					
Nonspendable					
Inventories	466,465	-	-	-	466,465
Restricted for					
Debt service	-	22,068,092	-	-	22,068,092
School lunch program	-	-	-	3,369,407	3,369,407
Maintenance and additions to facilities	-	-	45,357,330	-	45,357,330
Committed for					
Cash flow	14,661,227	-	-	-	14,661,227
Strategic plan	-	-	-	348,572	348,572
Assigned for					
Special projects	-	-	-	5,256,612	5,256,612
Budget 21-22	6,295,792	-	-	-	6,295,792
Unassigned	<u>17,398,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,398,725</u>
Total fund balance	<u>38,822,209</u>	<u>22,068,092</u>	<u>45,357,330</u>	<u>8,974,591</u>	<u>115,222,222</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 102,337,613</u>	<u>\$ 22,344,876</u>	<u>\$ 50,765,247</u>	<u>\$ 16,035,656</u>	<u>\$ 191,483,392</u>

Independent School District of Boise City
Reconciliation of Governmental Funds – Balance Sheet to the Statement of Net Position
June 30, 2021

Total fund balances - governmental funds		\$ 115,222,222
Property taxes receivable, as recorded in the Statement of Net Position, will be collected in the next fiscal year, but are not available soon enough to pay current year expenditures and therefore are deferred in the Governmental Fund Statements.		1,760,491
The cost of capital assets (land, buildings, furniture, equipment and construction in process) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.		
Costs of capital assets	536,641,659	
Depreciation expense to date	<u>(166,077,436)</u>	370,564,223
The OPEB Asset for sick leave is a long-term asset and is not recognized on the Governmental Statements.		14,224,438
Losses related to bond refundings are recorded as a deferred outflow and amortized over the life of the bonds on the Statement of Net Position.		1,789,954
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.		
Balances at June 30, 2021 are:		
Long-term liabilities		
Compensated absences payable/ OPEB	(17,961,947)	
Bonds payable	(167,790,000)	
Premium on bonds	(22,364,728)	
Interest payable	<u>(3,224,500)</u>	(211,341,175)
Some liabilities, including pension obligations (liability) are not due and payable in the current period and, therefore are not reported in the funds, but are reported on the Statement of Net Position.		(104,662,133)
Balances at June 30, 2021 are:		
Deferred outflows of resources related to pension and OPEB obligations		
Deferred outflows for OPEB health/dental	1,113,204	
Deferred outflows of resources OPEB sick leave expense	1,977,883	
Deferred outflow of 2021 employer contributions related to OBEB sick leave	-	
Deferred outflows of resources pension expense	22,129,701	
Deferred outflow of 2021 employer contributions related to pensions	<u>19,652,538</u>	44,873,326
Deferred inflows of resources related to OPEB Health/Dental		(4,270,331)
Deferred inflows of resources related to OPEB Sick Leave		(3,638,764)
Deferred inflows of resources related to pensions		<u>(4,579,235)</u>
Net Position		<u>\$ 219,943,016</u>

Independent School District of Boise City
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	Governmental Fund Types				Total
	General	Debt Service Fund	Capital Projects	Non Major Funds	Governmental Funds
Revenues					
Local revenues					
Property taxes	\$ 105,532,524	\$ 19,395,977	\$ -	\$ -	\$ 124,928,501
Earnings on investments	323,007	40,456	152,074	12,190	527,727
Other	1,547,561	-	26,793	4,008,991	5,583,345
State revenue					
Foundation	126,528,201	-	-	-	126,528,201
Program specific	13,521,604	635,440	1,829,528	2,414,286	18,400,858
Replacement tax	822,739	-	-	-	822,739
Federal revenue	6,333,387	-	2,312,399	22,869,722	31,515,508
Total revenues	254,609,023	20,071,873	4,320,794	29,305,189	308,306,879
Expenditures					
Instructional					
Elementary school program	58,035,364	-	-	3,185,937	61,221,301
Secondary school program	59,101,469	-	-	1,486,653	60,588,122
Alternative school program	2,961,461	-	-	131,073	3,092,534
Vocational technical program	2,535,920	-	-	-	2,535,920
Exceptional school program	20,425,051	-	-	4,548,377	24,973,428
Preschool school program	957,721	-	-	235,467	1,193,188
Gifted and talented school program	2,324,353	-	-	10,790	2,335,143
Interscholastic school program	2,106,738	-	-	-	2,106,738
School activity program	462,626	-	-	-	462,626
Summer school program	222,230	-	-	114,735	336,965
Detention center program	226,005	-	-	26,559	252,564
Total instructional	149,358,938	-	-	9,739,591	159,098,529
Support Services					
Attendance-guidance-health	10,518,049	-	-	644,888	11,162,937
Special services program	8,702,949	-	-	1,118,689	9,821,638
Instructional improvement program	3,101,841	-	-	3,339,557	6,441,398
Educational media program	3,534,462	-	-	-	3,534,462
Educational technology program	4,075,547	-	-	3,077,706	7,153,253
School administration program	15,203,766	-	-	38,865	15,242,631
Administration	5,769,318	-	-	-	5,769,318
Maintenance and improvements, buildings, grounds, and equipment	23,482,601	-	5,537,225	-	29,019,826
Security program	946,469	-	-	145,339	1,091,808
Pupil transportation	7,115,276	-	-	-	7,115,276
Total support services	82,450,278	-	5,537,225	8,365,044	96,352,547

Independent School District of Boise City
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	Governmental Fund Types				Total Government Funds
	General	Debt Service Fund	Capital Projects	Non Major Funds	
Community services program	213,346	-	-	3,869,570	4,082,916
Food services program	216,756	-	-	6,145,940	6,362,696
Capital assets program	229,160	-	26,186,633	-	26,415,793
Debt services program					
Principal	-	15,130,000	-	-	15,130,000
Interest	-	7,999,850	-	-	7,999,850
Total debt service program	-	23,129,850	-	-	23,129,850
Total expenditures	232,468,478	23,129,850	31,723,858	28,120,145	315,442,331
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,140,545	(3,057,977)	(27,403,064)	1,185,044	(7,135,452)
Other Financing Sources (Uses)					
Interfund transfers	(11,681,829)	-	12,357,000	(675,171)	-
Total other financing sources (uses)	(11,681,829)	-	12,357,000	(675,171)	-
Net Change in Fund Balance	10,458,716	(3,057,977)	(15,046,064)	509,873	(7,135,452)
Fund Balance, Beginning of Year (restated)	28,428,210	25,126,069	60,403,394	8,464,718	122,422,391
Change in Inventory Reserves	(64,717)	-	-	-	(64,717)
Fund Balance, End of Year	<u>\$ 38,822,209</u>	<u>\$ 22,068,092</u>	<u>\$ 45,357,330</u>	<u>\$ 8,974,591</u>	<u>\$ 115,222,222</u>

Independent School District of Boise City

Reconciliation of Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Year Ended June 30, 2021

Total net change in fund balances - governmental funds.	\$ (7,135,452)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Some property taxes will not be collected for several months after the District's fiscal year end, they are not considered available revenues in the governmental funds, but are instead counted as unavailable tax revenues. They are, however, recorded as revenues in the Statement of Activities.	(307,341)
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Capital outlays are reported in governmental funds as expenditures.	
Depreciation expense	(11,607,013)
Capital outlays	<u>29,273,518</u>
	17,666,505

In the Statement of Activities, only the gain or loss on the disposal of assets is reported, whereas in the governmental funds, the entire proceeds from the disposal increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed.	(354,567)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Bond repayment	15,130,000
Amortization of premium	<u>2,283,705</u>
	17,413,705

Amortization of Loss on Bond Refunding is recognized as a reduction of a deferred outflow on the Statement of Net Position.	(789,228)
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In the Statement of Activities, certain operating expenses - compensated absences (vacations) and OPEB (Retiree Health and Dental and Sick Leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation increased \$41,033 while the OPEB amounts expensed \$51,082 less than amounts used.	10,049
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In the Governmental Funds, sick leave contributions are considered an expenditure, while on the Statement of Activities the contributions are considered a deferred outflow.	(386,572)
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Independent School District of Boise City

Reconciliation of Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Year Ended June 30, 2021

In the Governmental Funds, pension contributions are considered an expenditure, while on the Statement of Activities the contributions are considered a deferred outflow.	(17,331,727)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the governmental funds when it is due, thus requiring the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	216,167
The change in inventory is recorded an expenditure on the Governmental Fund Financial Statements, however these costs are considered an asset on the Statement of Net Position.	<u>(64,717)</u>
Change in Net Position of Governmental Activities	<u>\$ 8,936,822</u>

Independent School District of Boise City
Fiduciary Funds – Trust Statement of Net Position
June 30, 2021

	Dental Insurance Self Funding Trust Fund
Assets	
Cash	\$ 1,074,526
Premium receivable	17,720
	<u>1,092,246</u>
Liabilities	
Professional services payable	16,426
Incurred but not reported	175,000
	<u>191,426</u>
Net Position	
Held in trust for	
Employee dental benefits	<u><u>\$ 900,820</u></u>

Independent School District of Boise City
Fiduciary Funds – Trust Statement of Changes in Net Position
Year Ended June 30, 2021

	Dental Insurance Self Funding Trust Fund
Additions	
Contributions	
Plan members	\$ 654,508
Retired members	868,949
Employer	1,184,539
Interest income	898
	<u>2,708,894</u>
Total contributions	
	<u>2,708,894</u>
Deductions	
Insurance claim benefits	2,427,093
Professional services	98,391
Administrative expenses	200,455
	<u>2,725,939</u>
Total deductions	
	<u>2,725,939</u>
Change in Net Position	(17,045)
Net Position, Beginning of Year	917,865
	<u>917,865</u>
Net Position, End of Year	<u>\$ 900,820</u>

Note 1 - Summary of Significant Accounting Policies

The Independent School District of Boise City (the District) is a specially chartered school district in the State of Idaho. The District is governed by a separately elected seven-member Board of Trustees (the Board). The District is a special-purpose primary government exercising financial accountability for public education within its boundaries.

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

Financial Reporting Entity

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

The District contributes to the multi-employer Public Employee Retirement System of Idaho (PERSI). PERSI is administered by the State of Idaho. A ten-year history is provided in PERSI's annual report.

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

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

Governmental Funds

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

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

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

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

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

Fiduciary Funds

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Custodial and trust funds are used to account for assets that the government holds for others in an agency capacity. The District has the following trust funds:

Dental Insurance Self Insurance Trust Fund - accounts for assets held by the District as an agent for District employees to cover employee dental costs.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in the fiscal year in which all eligibility requirements, including time and purpose restrictions, have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Program Revenues

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

Allocation of Indirect Expenses

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

Fund Financial Statements (FFS)**Governmental Funds**

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

Revenues

Ad valorem taxes are susceptible to accrual.

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

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

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are accrued at June 30.

Other Financing Sources (Uses)

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

Cash and Cash Equivalents

The District pools cash of all funds into common bank accounts. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. 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.

Restricted Cash and Investments

The restricted cash and investments are comprised of restricted deposits for specific program expenditures, unexpended bond proceeds, capital projects deposits, and debt services funds that are restricted for use on specifically identified programs, capital projects and debt service payments.

Local Government Investment Pool

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool (the Pool) is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. Even though the weighted average of the underlying investments of the Pool is greater than 90 days, the District can liquidate its deposits within a few days.

An annual audit of Joint Powers Investment Pool is conducted by the State Legislative Auditors Office or an Independent accounting firm. The Legislative Auditor of the State of Idaho has full access to the records of the Pool.

Short-Term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified interfund balances on the fund financial statements balance sheet.

Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Encumbrances

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

Estimates

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

Property Taxes

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

Delinquent property tax receivable is recognized as revenue in the Government-Wide Financial Statements. Only the portion that meets the revenue recognition criteria is recognized as revenue on the Fund Financial Statements.

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

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

Inventories

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. School operating supplies are recorded as inventory and charged to expenditures at the time of use (consumption method). All other inventory items are charged to expenditures at the time of purchase (purchase method).

Inventories on hand at year end are reflected as assets and are fully reserved in the Fund Financial Statements indicating the inventories are unavailable for appropriation even though they are a component of reported assets.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category: the pension obligation, OPEB obligation sick leave and deferred charge on debt refunding, are reported on the government-wide Statement of Net Position. The pension obligation results from changes in assumptions or other inputs in the actuarial calculation of the District's net pension liability. The OPEB obligation sick leave results from contributions to the OPEB plan subsequent to the measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category: the employer pension assumption and the employer OPEB assumption. The employer pension assumption results from the differences between the expected and actual experience and the net difference between projected and actual earnings on pension plan investments derived from the actuarial calculation of the District's net pension liability. The employer OPEB assumption results from changes in assumptions used in the actuarial calculation of the District's OPEB liability. On the fund level financial statements, the District has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category: unavailable revenues from property taxes. These amounts are deferred and recognize as an inflow of resources in the period that the amounts become available.

Capital Assets

The District's policy is to capitalize capital assets in excess of \$20,000. Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their acquisition value at the date of donation. Estimated useful lives are management's estimate of how long the asset is expected to meet service demands. Large equipment purchases associated with the construction of new schools are capitalized if the proceeds to construct the schools came from the issuance of long-term debt.

Straight-line depreciation is used based on the following estimated useful lives:

Buildings	40 years
Modular buildings	30 years
Furniture and equipment	3-10 years

Depreciation expense for buildings, furniture and equipment relate to multiple programs, for which allocating among programs is not easily identifiable. As such, depreciation expense is not allocated. The costs of land and buildings acquired before 1988 are recorded at estimated historical cost. Land and buildings acquired after 1988 are recorded at historical cost. The cost of equipment acquired prior to 1978 is based primarily on an independent appraisal taken in 1977 of estimated original cost. Equipment acquired from 1977 through 1987 is valued at estimated historical cost; equipment acquired after 1988 is valued at historical cost.

The cost of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives are not capitalized.

The District does not possess any material amounts of infrastructure capital assets (e.g. roads, bridges, parking lots, and sewers). Amounts expended for such items prior to June 30, 2001, were considered part of the cost of the buildings or other immovable property. Subsequent to June 30, 2001, there have been no such items built or constructed that appear to be material in cost compared to all capital assets. To the extent future infrastructure capital assets are material, they will be capitalized and depreciated over their estimated useful lives as with all other depreciable capital assets.

Long-Term Liabilities

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

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

Restricted Net Position

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

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

Fund Balances of Fund Financial Statements

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

The classifications used in the governmental fund financial statements are as follows:

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

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

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

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

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

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

Interfund Transfers

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly

applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

Unavailable and Advanced Revenue

The District reports unavailable and advanced revenues on its Statement of Net Position and Fund Balance Sheet. Advanced revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for advanced revenue is removed from the balance sheet and the revenue is recognized. On the governmental fund financial statements, property taxes that are delinquent are recorded as unavailable revenue since they are not available within 60 days of the fiscal year end; however in the government-wide financial statements all property taxes are recognized in the year they are measurable.

Compensated Absences

All 12-month or full-time employees earn vacation and sick leave in amounts varying with tenure and classification. Employees cannot accumulate more than 32 days of vacation leave. Upon retirement, unused vacation leave up to 32 days is paid to employees. No reimbursement or accrual is made for unused sick leave.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- a) The employees' right to receive compensation is attributable to services already rendered.
- b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the Government-Wide Financial Statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported.

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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability health/dental, deferred outflows of resources and deferred inflows of resources related to OPEB health/dental, and OPEB health/dental expense, information about the fiduciary net position of the District and additions to/deductions from District's fiduciary net position have been determined on the same basis as they are reported by District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

For purposes of measuring the net OPEB asset sick leave, deferred outflows of resources and deferred inflows of resources related to OPEB sick leave, and OPEB sick leave 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.

Grants and Other Intergovernmental Revenues

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

Significant Contracts

The District has a contract with Boise Education Association (BEA). The contract was ratified in May 2020 and expired on June 30, 2021. Approximately 90% of the District's certified teachers are members of the BEA. The contract was approved by 99.9% of the voting members. A new contract was ratified in May 2021 and expires on June 30, 2022. The contract was approved by 90.7% of the voting members.

Implementation of GASB Statement No. 84

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The District reported all Associated Student Body Activities in the General Purpose Financial Statement (GPFS). The effect of the implementation of this standard on beginning net position and fund balance is disclosed in Note 17.

Note 2 - Cash, Investments, and Fair Value

Investments are reported at fair market value for investments with quoted market prices. Investments in government pools are reported at net asset value. All investment income, including changes in fair market value of investments is reported as revenue in the statements of revenues, expenditures, and changes in fund balances.

Idaho Code 67-1210 and 67-1210A provides authorization for the investment of funds as well as to what constitutes an allowable investment.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets. Level 2 inputs are significant other observable inputs. The District did not hold any investments at fair value at June 30, 2021. The Pool is required to report its investments at fair value because the weighted average maturity of the investments is greater than 90 days and thus, the District is required to report its deposits at fair value. However, the District has reported these deposits at cost plus accrued interest which approximates fair value.

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk outside of the deposit and investment agreements.

Credit Risk

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The District's policy is to only invest in instruments with at least an A quality credit rating. The District's investment in the Pool is not required to be rated, nor has it been rated as of June 30, 2021.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when 5% of the total entity's investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District has no investment policy limiting the amount it may invest in any one issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. At June 30, 2021, the District is not subject to interest rate risk as all investments are held in the Pool. The District's investment policy is not limited to specific duration, but is structured to meet the District's anticipated cash flows and spending rate.

The District's cash and investments are comprised of the following at June 30, 2021:

	Bank Deposit Balance	Carrying Amount
Cash insured or collateralized	\$ 5,924,793	\$ 4,611,056
Investments at NAV	-	100,306,322
Total cash and investments	<u>\$ 5,924,793</u>	<u>\$ 104,917,378</u>
Total cash and Investments		<u>\$ 104,917,378</u>

Note 3 - Interfund Receivables, Payables, and Transfers

As of June 30, 2021, the General Fund has the following outstanding interfund receivables and payables:

Due to General Fund from various Special Revenue Non Major Funds	\$ 2,110,455
Total due to General Fund	<u>\$ 2,110,455</u>
Due from General Fund Non Major Funds	\$ 232,570
Capital Projects Fund	27,819,101
Total due from General Fund	<u>\$ 28,051,671</u>

The interfund receivables and payables are the result of the General Fund advancing funds to the other non major funds to cover expenditures until reimbursement occurs. The District collects \$3 million annually for the Capital Projects Fund and this money is transferred from the General Fund to the Capital Projects Fund as the General Fund assesses those monies. During the current year, the Board approved additional transfers from the General Fund to the Capital Projects Fund. The General Fund owes the Strategic Plan Fund (Non Major Funds) for monies that are assessed as they are utilized.

The net transfers presented in the Statement of Revenues, Expenditures, and Changes in Fund Balance relate to funds committed to capital projects in the amount of \$12,357,000, and indirect cost charges of \$675,171.

Note 4 - Due from Other Agencies and Units of Governments

Amounts due from other agencies and units of government were as follows as of June 30, 2021:

State agencies	\$ 3,890,857
Federal agencies	<u>5,534,442</u>
	9,425,299
County agencies	<u>46,493,778</u>
Total	<u><u>\$ 55,919,077</u></u>

Note 5 - Unavailable and Advanced Revenues

Certain revenues are considered unavailable in accordance with the modified accrual basis of accounting for the fund financial statements. The following revenues are measurable but do not represent available expendable resources for the Fund Financial Statements or were received in advance before the District has legal claim to them for the fiscal year ended June 30, 2021:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non Major Fund</u>
Delinquent taxes	\$ 1,483,707	\$ 276,784	\$ -
Advanced revenue	<u>660,973</u>	<u>-</u>	<u>1,741,797</u>
	<u><u>\$ 2,144,680</u></u>	<u><u>\$ 276,784</u></u>	<u><u>\$ 1,741,797</u></u>

Independent School District of Boise City

Notes to Financial Statements

June 30, 2021

Note 6 - Capital Assets

A summary of activity in the capital assets is as follows:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Governmental Activities					
Land	\$ 10,652,352	\$ -	\$ -	\$ -	\$ 10,652,352
Land improvements	11,653,696	-	-	-	11,653,696
Buildings	432,692,522	6,987,362	(1,296,869)	39,317,725	477,700,740
Furniture and equipment	10,186,563	66,458	(131,724)	-	10,121,297
Construction in progress	<u>43,611,601</u>	<u>22,219,698</u>	<u>-</u>	<u>(39,317,725)</u>	<u>26,513,574</u>
Total at historical cost	<u>508,796,734</u>	<u>29,273,518</u>	<u>(1,428,593)</u>	<u>-</u>	<u>536,641,659</u>
Less accumulated depreciation					
Land improvements	(4,810,918)	(320,431)	-	-	(5,131,349)
Buildings	(142,706,309)	(11,002,412)	942,302	-	(152,766,419)
Furniture and equipment	<u>(8,027,222)</u>	<u>(284,170)</u>	<u>131,724</u>	<u>-</u>	<u>(8,179,668)</u>
Total depreciation	<u>(155,544,449)</u>	<u>(11,607,013)</u>	<u>1,074,026</u>	<u>-</u>	<u>(166,077,436)</u>
Governmental Activities					
Capital Assets, net	<u>\$ 353,252,285</u>	<u>\$ 17,666,505</u>	<u>\$ (354,567)</u>	<u>\$ -</u>	<u>\$ 370,564,223</u>

Total fund balance in the Capital Projects Fund is \$45,357,330 which is reserved for maintenance and additions to facilities. The projects to be funded from the Capital Projects Fund include: construction of multiple elementary schools, remodel and additions to a number of facilities and deferred maintenance projects throughout the District. Depreciation expense is unallocated on the Statement of Activities as the depreciable capital assets could not be identified with a particular function/program of the District.

Note 7 - Long-Term Debt

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

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021	Amount Due in One Year
General obligation bonds payable	\$ 182,920,000	\$ -	\$ 15,130,000	\$ 167,790,000	\$ 14,565,000
Premium on 2012B refunded bonds	2,552,272	-	827,772	1,724,500	827,772
Premium on 2014 refunded bonds	749,668	-	183,600	566,068	183,600
Premium on 2017 bonds	13,362,033	-	830,796	12,531,237	830,796
Premium on 2019 bonds	7,984,460	-	441,537	7,542,923	441,537
Compensated absences	1,354,235	41,033	-	1,395,268	1,395,268
Totals	<u>\$ 208,922,668</u>	<u>\$ 41,033</u>	<u>\$ 17,413,705</u>	<u>\$ 191,549,996</u>	<u>\$ 18,243,973</u>

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments. Compensated absences will be paid by the fund in which the employee works.

Note 8 - General Obligation Bonds Payable

General obligation bonds consist of the following:

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

Series 2019 General Obligation Bonds in the original principal amount of \$64,460,000 maturing through August 1, 2038. Principal payments are due annually on August 1 starting in 2020, and interest is payable semi-annually on February 1, and August 1 of each year. Interest rates on the bonds range from 3% to 5% on the outstanding bonds. Bonds maturing on or after August 1, 2029 are callable on February 1, 2029.

\$ 58,250,000

Series 2017 General Obligation Bonds in the original principal amount of \$84,585,000 maturing through August 1, 2036. Principal payments are due annually on August 1 starting in 2019, and interest is payable semi-annually on February 1, and August 1 of each year. Interest rates on the bonds range from 2% to 5% on the outstanding bonds. Bonds maturing on or after August 1, 2027 are callable on February 1, 2027.

82,180,000

Series 2014 Refunding Bonds in the original principal amount of \$11,510,000 maturing through August 1, 2024. Principal payments are due annually on August 1 starting in 2016, and interest is payable semi-annually on February 1, and August 1 of each year. Interest rates on the bonds range from 2% to 5% on the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.

6,980,000

Independent School District of Boise City

Notes to Financial Statements

June 30, 2021

Series 2012B Refunding Bonds in the original principal amount of \$46,095,000 maturing through August 1, 2023. Principal payments are due annually on August 1 starting in 2017, and interest is payable semi-annually on February 1, and August 1 of each year. Interest rates on the bonds range from 3% to 5% on the outstanding bonds. The bonds are not subject to redemption prior to their stated maturities.

	<u>20,380,000</u>
Subtotal Bonds Outstanding	<u>167,790,000</u>
Premium paid on 2019 Bonds	7,542,923
Premium paid on 2017 Bonds	12,531,237
Premium paid on 2014 Refunded Bonds	566,068
Premium paid on 2012B Refunded Bonds	<u>1,724,500</u>
Subtotal Premium Paid	<u>22,364,728</u>
	<u>\$ 190,154,728</u>

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

Fiscal Years Ending June 30	GO 2019 Bonds	GO 2017 Bonds	Refunded 2014 Bonds	Refunded 2012B Bonds	Interest	Total
2022	\$ 6,550,000	\$ -	\$ 945,000	\$ 7,070,000	\$ 7,456,950	\$ 22,021,950
2023	3,810,000	-	965,000	7,355,000	6,895,725	19,025,725
2024	3,965,000	-	1,005,000	5,955,000	6,368,075	17,293,075
2025	4,120,000	3,000,000	4,065,000	-	5,870,775	17,055,775
2026	2,050,000	5,995,000	-	-	5,426,775	13,471,775
2027-2031	11,910,000	34,655,000	-	-	20,612,125	67,177,125
2032-2036	15,205,000	32,585,000	-	-	8,332,200	56,122,200
2037-2038	10,640,000	5,945,000	-	-	622,325	17,207,325
	<u>\$ 58,250,000</u>	<u>\$ 82,180,000</u>	<u>\$ 6,980,000</u>	<u>\$ 20,380,000</u>	<u>\$ 61,584,950</u>	<u>\$ 229,374,950</u>

The general obligation bonded debt of the District is limited by State law to 5% of the market value for assessment purposes, less the aggregate outstanding indebtedness. Thus, the debt limit and additional debt-incurring capacity of the District as of September 2020, is \$35,332,149,509 x 5% = \$1,766,607,475 less outstanding debt of \$167,790,000 which is \$1,598,817,475.

Note 9 - General Information about the OPEB Plan – Health and Dental

Plan Description. Independent School District of Boise City's Post-Retirement Healthcare Plan is a single-employer defined benefit healthcare plan administered by Regence Blue Shield of Idaho. Regence Blue Shield provides medical and prescription drug insurance benefits to eligible retirees and their eligible dependents. 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 service with a PERSI employer. The retiree is on the same medical plan as the District's active employees.

The District's Post-Retirement Dental Plan is a single-employer dental plan administered by Delta Dental or Willamette Dental. The retired employee has the option to choose one of the two providers that offer Dental coverage to employees. Delta Dental and Willamette provide dental benefits as outlined in the District's agreed upon plan to eligible retirees and their eligible dependents. A retiree who retires from the District is eligible to keep the District's dental coverage until death. The employee is responsible for paying the premiums to maintain coverage. Retirement eligibility is determined based on a minimum of reaching age 55 with at least 5 years of membership service with a PERSI employer.

Plan Membership

At June 30, 2021, District membership consisted of the following:

Active Plan Members	3,120
Retired Employees Receiving Benefits	<u>258</u>
Total Members	3,378

Funding Policy. The contribution requirement of retirees is established by the District's insurance committee in conjunction with our insurance provider. The required contribution is based on projected pay-as-you-go financing requirements. Retirees are required to pay 100% of the premiums for both the retiree and the dependent coverage based on the combined active and retiree pool. Monthly contribution rates in effect for retirees from September 1, 2020 through August 31, 2021, were as follows:

	Under 65			
	Delta Dental	Willamette	Wellness	Standard
Single	\$ 44	\$ 54	\$ 638	\$ 678
No Spouse W/Child	\$ 88	\$ 107	\$ 816	\$ 856
No Spouse W/Children	\$ 140	\$ 173	\$ 995	\$ 1,035
W/ Spouse	\$ 88	\$ 107	\$ 1,277	\$ 1,317
W/Spouse + Child	\$ 140	\$ 173	\$ 1,455	\$ 1,495
W/Spouse + Children	\$ 140	\$ 173	\$ 1,634	\$ 1,674

Total OPEB Liability

The District's total OPEB liability of \$16,566,679 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0 percent
Salary Increases	3.0 percent
Discount Rate (EOY)	2.16 percent

The discount rate was based on Bond Buyer 20-Bond GO Index. Mortality rates assumption was updated from RP-2014 mortality table with the generational scale MP-2018 to Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 15,926,707
Changes for the year:	
Service cost	1,274,956
Interest	367,759
Changes of assumptions or other inputs	119,232
Benefit payments	<u>(1,121,975)</u>
Net change in total OPEB liability	<u>639,972</u>
Balance OPEB liability June 30, 2021	<u>\$ 16,566,679</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	<u>1% Decrease (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total Net OPEB Liability	\$ 17,985,000	\$ 16,567,000	\$ 15,315,000

Sensitivity of the total OPEB liability to changes in the medical trend. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a medical trend that is 1-percentage-point lower or 1-percentage-point higher than the medical trend rate:

	<u>1% Decrease</u>	<u>Medical Current Trend</u>	<u>1% Increase</u>
Total Net OPEB Liability	\$ 14,949,000	\$ 16,567,000	\$ 18,511,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB as a expense offset of \$(66,632). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Differences between expected and actual experience	\$ -	\$ 3,987,252
Changes of assumptions and other inputs	1,113,204	283,079
Total	<u>\$ 1,113,204</u>	<u>\$ 4,270,331</u>

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

<u>Years Ended June 30:</u>	
2022	\$ (571,822)
2023	(571,822)
2024	(571,822)
2025	(571,822)
2026	(571,822)
Thereafter	(298,017)

Note 10 - PERSI OPEB – Sick Leave

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. During 2020-21 the PERSI Board issued a premium holiday effective January 1, 2020 through the entire school year. The District was not required to make any contributions for the school year ended June 30, 2021.

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

At June 30, 2021, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as 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, 2020 and 2019, the District's proportion was 11.5523190 and 11.8266698 percent, respectively.

For the year ended June 30, 2021, the District recognized OPEB expense (expense offset) of \$386,572. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,495,574	\$ -
Changes in assumptions or other inputs	33,384	3,638,764
Net difference between projected and actual earnings on OPEB investments	448,925	-
District contributions subsequent to the measurement date	-	-
Total	<u>\$ 1,977,883</u>	<u>\$ 3,638,764</u>

The PERSI Board authorized a premium holiday for the entire year, therefore, there are no contributions reported as deferred outflows of resources resulting from Employer contributions subsequent to the measurement date that would be recognized as a increase of the net OPEB asset in the year ending June 30, 2022.

The amortization period is based on the remaining expected service lives of all employees that are provided with OPEB through the System determined at the beginning of the measurement period. The amortization period was calculated at 9 years. The amortization of the net difference between projected and actual investment earnings on OPEB plan investments is amortized over a closed 5-year period inclusive of this fiscal year.

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

<u>Years Ended June 30:</u>	
2022	\$ (157,204)
2023	(157,204)
2024	(14,907)
2025	38,253
2026	(291,189)
Thereafter	(1,078,630)

Actuarial Assumptions

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

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 percent
Salary inflation	3.75 percent
Investment rate of return	7.05, net of OPEB plan investment expense
Health care trend rate	N/A*
*Health care trend rate is not applicable as the benefit is based on the unused sick leave hours at retirement and is calculated as 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.

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expense		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expense		5.85%	3.49%
Portfolio Long-Term Expected Rate of Return, Net of Investment Expense			4.14%
Portfolio Standard Deviation			14.16%

Valuation Assumptions Chosen by PERSI Board

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	7.05%

Discount Rate

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

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

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net OPEB liability (asset)	\$ (12,367,156)	\$ (14,224,438)	\$ (15,943,170)

OPEB plan fiduciary net position

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

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

Payables to the OPEB plan

At June 30, 2021, the District did not have any payables for the defined benefit OPEB plan or any employer contributions withheld from employee wages but not yet remitted to PERSI.

Note 11 - Pension Plan

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

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

Pension Benefits - The Base Plan provides retirement, disability, and death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% 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. As of June 30, 2021, it was 7.16% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees. The District's contributions were \$19,652,538 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020 and 2019, the District's proportion was 4.5071565 percent and 4.5334328 percent, respectively.

Independent School District of Boise City

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense (revenue) of \$17,331,727. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,177,326	\$ 3,417,450
Changes in assumptions or other inputs	1,770,030	-
Net difference between projected and actual earnings on pension plan investments	11,996,291	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions 2018	-	111,107
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions 2019	186,054	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions 2020	-	739,626
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions 2021	-	311,052
District contributions subsequent to the measurement date	19,652,538	-
Total	<u>\$ 41,782,239</u>	<u>\$ 4,579,235</u>

The \$19,652,538 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2019, the beginning of the measurement period ended June 30, 2020, is 4.8, and 4.7 years for the measurement period June 30, 2021.

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

<u>Years Ended June 30</u>	
2022	\$ (12,072)
2023	4,160,014
2024	5,672,376
2025	7,730,148

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

Inflation	3.00%
Salary increases*	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1.00%

*There is an additional component of assumed salary growth (on top of the 3.75%) that varies for each individual member based on years of service.

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

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

An experience study was performed for the period July 1, 2013 through June 30, 2017, which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2020, is based on the results of an actuarial valuation date July 1, 2020.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2020.

Independent School District of Boise City

Notes to Financial Statements

June 30, 2021

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	4.60%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%

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

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate - The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$ 214,633,362	\$ 104,662,133	\$ 13,733,848

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

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

Payables to the pension plan - At June 30, 2021, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note 12 - Commitments

The District has outstanding 2020-21 purchase orders totaling \$18,026,815 representing goods or services not received as of June 30, 2021. These amounts are encumbrances of 2020-21 budgeted funds and are not reflected in the accompanying financial statements. The above amount includes multiple contracts with contractors and Construction Managers for projects (\$10,384,507) in process that are identified in the Facility Master Plan.

Note 13 - Fund Balance

In governmental fund financial statements, fund balances are classified primarily on the basis of extent to which the District is bound to observe constraints imposed upon the use of the resources in the fund. Fund balances are classified as follows:

- Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by the Board or resolution.
- Assigned - Amounts that are designated by the Board for a specific purpose but are not spendable until a budget resolution is passed by Board.
- Unassigned - All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet. As discussed in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Board or delegated to the Superintendent. Decreases to the general fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

General Fund

The General Fund has an Unassigned Fund Balance of \$17,398,725 at June 30, 2021. Nonspendable Fund Balance is \$466,465 of inventory items. The Board has committed \$14,661,227 for cash flow purposes and has Assigned Funds consisting of the use of fund balance to balance the 2021-22 budget of \$6,295,792.

The District also has a Board Contingency to set aside resources to cover unanticipated deficits or revenue reductions that may be caused by adverse economic conditions.

Capital Project Fund

The Capital Projects Fund has restricted fund balance of \$45,357,330 at June 30, 2021, consisting primarily plant facility reserves and unspent bond proceeds.

Debt Service Fund

The Debt Service Fund has \$22,068,092 of restricted fund balance to be used to pay principal and interest on general obligation debt service.

Non-Major Funds

The Strategic Plan Fund which was established by the Board has \$348,572 of committed fund balance to be used to further the goals of the District's Strategic Plan.

The School Lunch Fund, Associated Student Body Funds, Just for Kids Fund, Special Services Fund and the Federal Forest Fund have \$5,256,612 of Assigned fund balance and \$3,369,407 of restricted fund balance.

Note 14 - Self-Insurance Trust Fund

In August 2006, the District created a trust fund for its dental insurance costs. Plan assets are dedicated to provide benefits to District employees and participating retirees, and are legally protected from creditors. Employer contributions to the plan are irrevocable. The trust has entered into an agreement with Delta Dental of Idaho to process and pay all claims.

Note 15 - Operating Leases

The District does not have any operating leases as of June 30, 2021. The District completed the annual copier lease with Boise Office Equipment on June 30, 2021. A new five year lease will be entered into on July 1, 2021 with Fishers Office Equipment. The new lease agreement has a monthly copier lease payment of \$11,234 with an interest rate of 1.269% and a copier service payment based on a per copy charge for all copies run. The lease covers 122 machines. The lease period is through June 30, 2026.

Note 16 - Subsequent Events

The District advertised and opened sealed bids for the sale of surplus district property. The Board accepted the offers on three properties on August 9, 2021. It is estimated that the District will receive over \$18 million for the three properties.

Note 17 - Adoption of New Standard

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The implementation of this standard requires governments to report activities associated with student clubs and activities in the General Purpose Financial Statements. The fund balance and the net position must be restated as of June 30, 2020. Fund balance and net position as of June 30, 2020 was restated to retroactively report the beginning net cash and fund balance and net position. The restatement of fund balance is identified as follows:

Beginning fund Balance Non -Major Funds as previously reported at June 30, 2020	\$ 6,142,401
Prior period adjustment - Implementation of GASB 84	
ASB Fund Balance	<u>2,322,317</u>
Fund Balance Restated June 30, 2020	<u><u>\$ 8,464,718</u></u>

The restatement of net position is identified as follows:

Beginning Net Position Government Wide as previously reported at June 30, 2020	\$ 208,683,877
Prior period adjustment - Implementation of GASB 84 ASB Fund Balance	<u>2,322,317</u>
Net Position Restated June 30, 2020	<u><u>\$ 211,006,194</u></u>



Required Supplementary Information
June 30, 2021

Independent School District of Boise City

Independent School District of Boise City
Schedule of Changes in the Total OPEB Liability Health/Dental
Year Ended June 30, 2021

**Schedule of Changes in the District's Total OPEB Liability (Asset)
and Related Ratios
Last 10 - Fiscal Years ***

	2018	2019	2020	2021
Service Cost	\$ 1,032,941	\$ 1,072,916	\$ 1,106,512	\$ 1,274,956
Interest	741,260	741,425	713,466	367,759
Changes of assumptions or other inputs	(469,320)	623,849	772,963	119,232
Difference between actual and expected experience	-	-	(5,394,275)	-
Benefit payments	<u>(1,290,993)</u>	<u>(1,390,250)</u>	<u>(1,100,376)</u>	<u>(1,121,975)</u>
Net change in total OPEB liability (asset)	13,888	1,047,940	(3,901,710)	639,972
Total OPEB liability- beginning	<u>18,766,589</u>	<u>18,780,477</u>	<u>19,828,417</u>	<u>15,926,707</u>
Total OPEB liability- ending	<u><u>\$ 18,780,477</u></u>	<u><u>\$ 19,828,417</u></u>	<u><u>\$ 15,926,707</u></u>	<u><u>\$ 16,566,679</u></u>

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

Data reported is measured as of June 30th of each fiscal year. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis.

Independent School District of Boise City
Schedule of Changes in the Total OPEB Asset Sick Leave
Year Ended June 30, 2021

Schedule of Employer's Share of Net OPEB Liability

PERSI - Sick Leave

Last 10 - Fiscal Years *

	Reported as of measurement date of June 30,			
	2017	2018	2019	2020
Employer's portion of the net OPEB asset	12.1471742%	12.0002391%	11.8266698%	11.5523190%
Employer's proportionate share of the net OPEB asset	\$ 9,324,527	\$ 9,953,592	\$ 11,327,631	\$ 14,224,438
Employer's covered payroll	\$ 142,451,308	\$ 148,545,506	\$ 153,973,725	\$ 160,515,248
Employer's proportionate share of the net OPEB asset as a percentage of its covered payroll	6.55%	6.70%	7.36%	8.86%
Plan fiduciary net position as a percentage of the total OPEB liability	137%	136%	139%	153%

*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.

Schedule of Employer's Contributions

PERSI - Sick Leave

Last 10 - Fiscal Years *

	Reported as of year-end date of June 30,			
	2018	2019	2020	2021
Statutorily required contribution	\$ 1,883,348	\$ 1,939,895	\$ 1,036,050	\$ -
Contributions in relation to the statutorily required contribution	\$ 1,883,348	\$ 1,939,895	\$ 1,036,050	\$ -
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -
Employer's covered- employee payroll	\$ 148,545,506	\$ 153,973,725	\$ 160,515,248	\$ 164,594,194
Contributions as a percentage of the covered payroll	1.26%	1.26%	0.65%	0.00%

*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.

Independent School District of Boise City
Schedule of Employer's Share of Net Pension Liability
Year Ended June 30, 2021

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

	Reported as of measurement date of June 30,						
	2014	2015	2016	2017	2018	2019	2020
Employer's portion of the net pension liability	4.8664960%	4.7461962%	4.6229036%	4.5862860%	4.6171710%	4.5334328%	4.5071565%
Employer's proportionate share of the net pension liability	\$ 35,825,027	\$ 62,499,683	\$ 93,713,356	\$ 72,090,779	\$ 68,104,078	\$ 51,747,872	\$ 104,662,133
Employer's covered payroll	\$ 131,898,389	\$ 132,937,833	\$ 135,271,071	\$ 142,451,308	\$ 148,545,506	\$ 153,973,725	\$ 160,515,248
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	27.16%	47.01%	69.28%	50.61%	45.85%	33.61%	65.20%
Plan fiduciary net position as a percentage of the total pension liability	95%	91%	87%	91%	92%	94%	88%

*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.

Independent School District of Boise City
Schedule of Employer's Contributions
Year Ended June 30, 2021

**Schedule of Employer's Contributions
PERSI - Base Plan
Last 10 - Fiscal Years ***

	Reported as of year-end date of June 30,						
	2015	2016	2017	2018	2019	2020	2021
Statutorily required contribution	\$ 15,048,378	\$ 15,312,507	\$ 16,125,304	\$ 16,815,458	\$ 17,429,640	\$ 19,160,366	\$ 19,652,538
Contributions in relation to the statutorily required contribution	\$ 15,048,378	\$ 15,312,507	\$ 16,125,304	\$ 16,815,458	\$ 17,429,640	\$ 19,160,336	\$ 19,652,538
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 132,937,833	\$ 135,271,071	\$ 142,451,308	\$ 148,545,506	\$ 153,973,725	\$ 160,515,248	\$ 164,594,194
Contributions as a percentage of the covered payroll	11.32%	11.32%	11.32%	11.32%	11.32%	11.94%	11.94%

*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.

Independent School District of Boise City

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual – General Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (negative)
	Original	Final		
Revenues				
Local revenues				
Property taxes	\$ 104,758,203	\$ 104,758,203	\$ 105,532,524	\$ 774,321
Earnings on investments	460,000	460,000	323,007	(136,993)
Other	1,841,730	1,841,730	1,547,561	(294,169)
State revenue	140,126,679	140,126,679	140,872,544	745,865
Federal revenue	65,900	65,900	6,333,387	6,267,487
Total revenue	247,252,512	247,252,512	254,609,023	7,356,511
Expenditures				
Instructional				
Elementary school program	61,641,835	62,256,631	58,035,364	4,221,267
Secondary school program	59,179,084	58,727,502	59,101,469	(373,967)
Alternative school program	3,444,605	3,487,608	2,961,461	526,147
Vocational Professional school program	2,482,663	2,472,459	2,535,920	(63,461)
Exceptional school program	21,121,887	21,128,585	20,425,051	703,534
Preschool school program	948,749	948,749	957,721	(8,972)
Gifted and talented school program	2,718,671	2,718,671	2,324,353	394,318
Interscholastic school program	2,464,887	2,522,365	2,106,738	415,627
School activity program	705,707	705,707	462,626	243,081
Summer school program	1,058,044	1,058,044	222,230	835,814
Detention center program	236,830	236,830	226,005	10,825
Total instructional	156,002,962	156,263,151	149,358,938	6,904,213
Support Services				
Attendance-Guidance-Health	10,711,234	10,653,182	10,518,049	135,133
Special services program	8,588,906	8,572,906	8,702,949	(130,043)
Instructional improvement program	4,019,545	3,501,570	3,101,841	399,729
Educational media program	3,728,507	3,729,780	3,534,462	195,318
Instructional technology program	3,980,910	3,631,910	4,075,547	(443,637)
School administration program	15,242,020	15,236,644	15,203,766	32,878
Administration	5,934,123	6,148,427	5,769,318	379,109
Maintenance and improvements buildings, grounds, and equipment	24,866,320	25,611,272	23,482,601	2,128,671
Security program	1,023,158	1,067,493	946,469	121,024
Pupil transportation	11,633,694	11,491,044	7,115,276	4,375,768
Total support services	89,728,417	89,644,228	82,450,278	7,193,950

Independent School District of Boise City

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual – General Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (negative)
	Original	Final		
Community services program	317,063	317,063	213,346	103,717
Food services program	375,000	305,000	216,756	88,244
Capital assets program	650,000	544,000	229,160	314,840
Total expenditures	247,073,442	247,073,442	232,468,478	14,604,964
Excess (Deficiency) of Revenues Over (Under) Expenditures	179,070	179,070	22,140,545	21,961,475
Other Financing Uses Interfund Transfers	(6,990,022)	(6,990,022)	(11,681,829)	(4,691,807)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ (6,810,952)</u>	<u>\$ (6,810,952)</u>	10,458,716	<u>\$ 17,269,668</u>
Fund Balance, Beginning of Year			28,428,210	
Change in Reserves for Inventories			(64,717)	
Fund Balance, End of Year			<u>\$ 38,822,209</u>	

Note 1 - Budgets and Budgetary Accounting

Basis of Budgeting

During May, the Superintendent submits to the Board a proposed budget for the General and Debt Service Funds. The budget includes proposed expenditures and the sources of financing them. A special public hearing is held to obtain public comments, after which the budget is revised if appropriate and formally adopted by the Board. The Deputy Superintendent is authorized to approve transfers among expenditure categories up to \$50,000. The Board must approve transfers greater than \$50,000 and any modifications to expenditures for any program of at least 5% and \$100,000. For purposes of administrative control, budgets are also prepared for the Special Revenue Fund and the Capital Projects Fund.

Note 2 - Amended Budget

The Fiscal Year 2021 budget was not formally amended during the year; however, the Trustees approved various budget transfers and budget modifications throughout the year.

Note 3 - Budget Overages

The secondary program was over budget because the District hired a number of staff to teach in the Boise Online School. The District did not access ESSER funds for the secondary teachers, but did access ESSER funds for elementary teachers. The vocational program was over budget because the State required the District pass through funding associated with teachers that have specialized certificates, which was not previously budgeted. The special services program was over budget because the District hired additional staff to assist with special needs students. Technology was over budget, because the District purchased devices to provide for virtual schooling. The transfers out were over budget because the Board approved the transfer of \$5 million to the Capital Projects Fund to assist with implementation of the Facility Master Plan.



Single Audit
June 30, 2021

Independent School District of Boise City



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

To the Board of Trustees
Independent School District of Boise City
Boise, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District of Boise City (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 16, 2021. As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
September 16, 2021



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

To the Board of Trustees
Independent School District of Boise City
Boise, Idaho

Report on Compliance for Each Major Federal Programs

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Boise, Idaho
September 16, 2021

Independent School District of Boise City
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

	Pass - through Entity Identifying Number	Federal Financial Assistance Listing	Expenditures
<u>U.S. Department of Education</u>			
Passed Through State Superintendent of Public Instruction			
Title I Local Program	S010A200012	84.010	\$ 3,787,653
Title I Delinquent	S010A200012	84.013	26,984
Title VI-B	H027A200088	84.027	5,206,872
Title VI-B Preschool	H173A200030	84.173	239,235
Total Special Education Cluster (IDEA)			<u>5,446,107</u>
Carl Perkins	V048A200012	84.048	362,566
Title II EESA	S367A200011	84.367	670,782
Title III- English Language	S365A200012	84.365	382,734
Title IV- Student Support and Enrichment	S424A200013	84.424	437,850
Education of Homeless	S196A200013	84.196	24,566
21st Century Grant	S287C200012	84.287	88,623
COVID-19 - Elementary & Secondary Emergency Relief	S425D200043	84.425D	3,431,356
Total U.S. Department of Education			<u>14,659,221</u>
<u>U.S. Department of Health and Welfare</u>			
Passed Through State Health & Welfare			
Refugee Grant	S196A100020	93.576	110,723
Prevention and Treatment of Substance Abuse Block Grant		93.959	4,834
CCDF Cluster			
COVID-19 - Child Care Development Block Grant		93.575	322,397
Total U.S. Department of Health and Welfare			<u>437,954</u>

Independent School District of Boise City
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

	Pass - through Entity Identifying Number	Federal Financial Assistance Listing	Expenditures
<u>U. S. Department of Agriculture</u>			
Direct Program - Cash in lieu of commodities	N/A	10.555	750,345
Passed Through State Superintendent of Public Instruction			
School Lunch/Snack Program	2020IN109947	10.555	20,178
COVID-19 - NSLP Emergency Operating	217IDID1H1703	10.555	673,907
			<u>1,444,430</u>
School Breakfast Program	2020IN109947	10.553	10,207
Summer Food Service Program	2021IN109947	10.559	4,921,722
Total Child Nutrition Cluster			<u>6,376,359</u>
Fresh Fruits and Vegetables	202119L160347	10.582	269,528
COVID-19 - CACFP Emergency Operating	217IDID2H1706	10.558	9,702
Supper Food Service Program	202120N109947	10.558	55,837
Total Child and Adult Care Food Program			<u>65,539</u>
Passed Through Ada County			
Forest Service Schools and Roads Cluster			
Federal Forest Program	N/A	10.665	7,379
Total U. S. Department of Agriculture			<u>6,718,805</u>
<u>U.S Department of Homeland Security</u>			
Passed Through State Military Division			
Disaster Grants-Public Assistance	FEMA-4534	97.036	536,037
Total U.S. Department of Homeland Security			<u>536,037</u>
<u>U.S, Department of Treasury</u>			
Passed Through State Superintendent of Public Instruction			
COVID-19 - Coronavirus Relief Fund	20-1892-0-1-806	21.019	9,094,070
Total U.S. Department of Treasury			<u>9,094,070</u>
<u>Other Federal Financial Assistance</u>			
U.S. Department of the Army ROTC Program	N/A	N/A	69,421
Total Other Federal Financial Assistance			<u>69,421</u>
Total Federal Financial Assistance			<u>\$ 31,515,508</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Independent School District of Boise City (the District) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. No federal assistance has been provided to a sub recipient. When applicable, 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.

Note 3 - Indirect Cost Rate

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.555 & 10.559
CCDF Cluster: Child Care Development Block Grant	93.575
Elementary & Secondary Emergency Relief Fund	84.425D
Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between Type A and Type B programs?	\$945,465
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Schedule of Findings and Questioned Costs

None