



Financial Statements  
June 30, 2020

# Independent School District of Boise City

# Independent School District of Boise City

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June 30, 2020

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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, 2020, 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, 2020, 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.

## **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 of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's 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 our report dated September 15, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Boise, Idaho  
September 15, 2020

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, 2020.

### Financial Highlights

- Due to Covid 19, the Governor ordered a 1% general fund holdback on all public schools on April 21, 2020. The holdback affected a number of programs, including technology (\$498,000), professional development (\$292,000), GATE (\$56,000), IT staffing (\$100,000), Content (\$20,400) and discretionary funding (\$392,000) for a total holdback of \$1.35 million dollars.

Because the District did not lose students during the school year, as budgeted, and the State held schools harmless concerning attendance, after the closure due to Covid 19, the District was able to manage this loss of revenue. Overall the District received additional State revenue due to enrollment/attendance increases and increases in the transportation reimbursement.

As the virus started to spread within the United States, management immediately issued direction to all staff to discontinue travel, limit gatherings and trainings and to spend sparingly. This resulted in large expenditure savings throughout the entire budget.

During 2019-20, the District issued a bid for school bus transportation services. As a result of this bid process, a new contractor was selected (Durham Bus Company). This award to a new bus contractor allowed for an opportunity to cancel the previous contract early and save millions in transportation costs since schools were closed at the end of the school year.

- During the 2019-20 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 three elementary schools that were rebuilt; Mountain View, Highlands and Pierce Park. In addition to those projects a new cafeteria was completed at Koelsch and Hawthorne Elementary. The District also started construction on rebuilding Valley View Elementary and remodeling and adding an addition to Washington 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 \$46.6 million in the Capital Construction Fund.

- The District issued the final debt authorization approved by the voters in March 2017. In July 2019, the District sold \$72.9 million in General Obligation Bonds.
- 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 \$6.8 million of fund balance to balance the 2020-21 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 17-22 of this report.

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

The basic fiduciary fund financial statements can be found on pages 23-25 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 \$208,683,877 at the close of the most recent fiscal year.

The restricted portion of the District's net position (21.6%) 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, and equipment. Unspent bond proceeds, net of related debt (general obligation bonds) represents 102.5% 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.



Independent School District of Boise City  
Management's Discussion and Analysis  
June 30, 2020

	Governmental Activities	
	2020	2019
Current and other assets	\$ 175,073,315	\$ 123,876,711
Capital assets	353,252,285	318,684,320
Total assets	<u>528,325,600</u>	<u>442,561,031</u>
Deferred Outflows of Resources	<u>33,160,645</u>	<u>36,389,656</u>
Long-term liabilities outstanding	276,597,247	234,840,058
Other liabilities	45,018,445	44,589,327
Total liabilities	<u>321,615,692</u>	<u>279,429,385</u>
Deferred Inflows of Resources	<u>31,186,676</u>	<u>14,994,425</u>
Net Position		
Net investment in capital assets	213,996,467	203,839,066
Restricted	44,991,659	31,069,530
Unrestricted	<u>(50,304,249)</u>	<u>(50,381,719)</u>
Total net position	<u>\$ 208,683,877</u>	<u>\$ 184,526,877</u>

The remaining balance of unrestricted net position (-24%) is negative due to recording the District's portion of the 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 \$1,239,391 of unrestricted net position for program improvements and to limit fee increases.
- The Medicaid program has earmarked funds for to provide serviced to special needs students. The amount currently identified as unrestricted is \$1,397,916.

At the end of the current fiscal year, the District's combined net position increased by 13.1% to \$208,683,877. This represents an overall increase of \$24,156,999. 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 2019-2020. The District relies on state funding and federal funding for 58.5% and local property taxes for 38.8% of its governmental activities. The District had total revenues of \$296,552,234. The total revenues exceeded expenses by \$24,157,000, 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.

Independent School District of Boise City  
Management's Discussion and Analysis  
June 30, 2020

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	FY 19-20	FY 18-19	Change 2020-2019
Revenues			
Program Revenues			
Charges for services	\$ 5,573,320	\$ 6,339,653	\$ (766,333)
Operating grants and contributions	38,335,508	40,050,765	(1,715,257)
Capital grants and contributions	2,507,090	2,367,281	139,809
General Revenues			
Property taxes, levied for general purposes	96,263,906	90,787,172	5,476,734
Property taxes, levied for debt services	18,972,656	16,348,566	2,624,090
State foundation revenues	132,695,819	127,459,727	5,236,092
Replacement tax	822,739	822,739	-
Federal forest	12,510	12,710	(200)
Interest and investment earnings	1,258,377	1,434,930	(176,553)
Miscellaneous	110,309	127,444	(17,135)
Total revenues	296,552,234	285,750,987	10,801,247

Independent School District of Boise City  
Management's Discussion and Analysis  
June 30, 2020

	FY 19-20	FY 18-19	Change 2020-2019
<b>Expenses</b>			
<b>Instructional Services</b>			
Elementary programs	59,119,416	56,444,221	2,675,195
Secondary / alternative programs	63,037,123	61,894,969	1,142,154
Exceptional child programs	25,563,829	23,853,430	1,710,399
Other programs	6,039,691	5,920,696	118,995
<b>Support Services</b>			
Attendance-guidance-health	10,681,050	10,363,240	317,810
Special services program	9,521,719	9,087,978	433,741
Instructional improvement	7,030,317	7,358,277	(327,960)
Educational media	3,522,057	3,355,922	166,135
Educational technology	6,047,982	6,353,406	(305,424)
Administration	5,446,196	4,983,025	463,171
School administration	14,459,577	13,855,078	604,499
Plant services	22,741,345	22,951,290	(209,945)
Transportation	6,809,509	8,366,500	(1,556,991)
Security	1,240,937	1,364,251	(123,314)
<b>Non-Instructional Services</b>			
Community service programs	1,569,101	1,605,637	(36,536)
School lunch	10,465,919	11,339,275	(873,356)
Capital outlays	237,240	1,203,994	(966,754)
Interest and other costs on long-term debt	7,110,913	4,915,360	2,195,553
Loss on disposal of capital assets	1,606,529	-	1,606,529
Depreciation	10,144,784	8,602,854	1,541,930
<b>Total expenses</b>	<b>272,395,234</b>	<b>263,819,403</b>	<b>8,575,831</b>
 Change in Net Position	 <u>\$ 24,157,000</u>	 <u>\$ 21,931,584</u>	 <u>\$ 2,225,416</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 2019-20 fiscal year, the general fund balance was \$28,428,210, which is up from the ending balance in fiscal year 2019 of \$23,707,767. 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, the District had expenditure savings in a number of areas that included transportation, fuel, utilities, travel, professional development and supplies. This savings amounted to a little less than \$7 million dollars. The District also had savings in custodial and maintenance programs during the year.

Expenditures for general District purposes totaled \$229,952,340, an increase of \$5,350,792 from the 2018-19 fiscal year. The majority of this increase was due to negotiated salary increases for all personnel of 3.0% and movement of personnel on the salary schedule for education and experience. In 2019-20 classified personnel received a 3% increase on their base salary as well. All benefited staff also received a one-time .5% payment in December. Instructional services accounts for 64.1% of the general fund expenditures.

General Fund salaries totaled \$152,243,129 while the associated fringe benefits of retirement, social security, unemployment, workers' compensation, health, dental, vision and life insurance added \$51,761,798 to arrive at 88.7% 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 resulted in \$1.2 million dollars in unexpended benefits.

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 2020-21, committed fund balance are set at 5.5% or \$13,993,674. 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 \$25,126,069 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 \$60,403,394, which is up from the ending balance in fiscal year 2019 of \$17,939,208. The reason for the increase is because the District sold the remaining authorized general obligation bonds in the amount of \$72.9 million dollars. The District expects to expend \$46.9 million on capital construction projects in 2020-21.

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 2021 Strategic Plan. A portion of these dollars will be spent in 2020-21 to continue the marketing campaign to educate the public about Boise Public Schools. The District has established a Medicaid fund to record revenues and expenditures as it pertains to billing for allowable Medicaid services related to special education. The District has assigned fund balance of \$1,397,916 to be used to pay for salaries and benefits associated with managing the Medicaid program and 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 \$355,889. 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 \$1,239,391.

### **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, Attendance, Guidance and Health and Transfers Out. The Secondary is overspent because the District added additional staff at the high schools for managing new student growth. The District also added staff to oversee the development of new career technical offerings in the areas of plumbing, HVAC and electrical. This resulted in an increase in the costs associated with the Vocational program. The increase in the Attendance/Guidance/Health increased because the District increased the supervisor position to full time. 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 \$508,796,734 in a broad range of capital assets. The total accumulated depreciation on these assets amounts to \$155,544,449.

Asset acquisitions, net of disposals and transfers, for governmental activities totaled \$38,907,907 for the fiscal year.

The District has a number of projects currently under construction that will be completed in 2020-21. The construction work in progress is currently valued at \$43,611,601. The District completed roof replacements at Hidden Springs and Hillside. HVAC projects were completed at DTEC and Riverglen. A number of other roofing, plumbing and HVAC projects are underway and will complete in 2020-21. The District will complete the following capital projects in 2020-21: Pierce Park Elementary, Mountain View Elementary and Highlands Elementary. Cafeteria additions will be completed at Jefferson and Hillcrest Elementary Schools. 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 \$182,920,000 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 \$27,175,000, \$7,890,000, \$83,395,000 and \$64,460,000, 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 400 students or 20 funding units for the 2020-21 school year. This equates to a loss of career ladder funding and discretionary funding of approximately \$1.2 million from the previous year budget. Districts were notified by the Governor's Office in May 2020 to anticipate a State General Fund holdback of approximately 5%. The holdback addressed many areas within the public school budget, including the elimination of leadership stipends (\$1.7 million), reduction of technology funding (\$900,000), reduction in professional development (\$773,000), elimination of content curricular funding (\$96,000) and freezing all movement on the career ladder and eliminating the 2% salary base increase approved for classified and administrative personnel. In addition, the discretionary funding was reduced by 4.5% which amount to \$1.6 million dollars.

At the time of budget development and passage, the District Board of Trustees and Administration believed schools would reopen in the Fall in a normal brick and mortar setting. As of today, that scenario is very unlikely due the level of community spread associated with Covid 19. The District has spent the last four months developing an on-line school that will be available to students that are uncomfortable retuning to a brick and mortar school. Currently, the District has over 4,000 students or 16% of our students enrolled in the Boise On-Line School. Due to this demand, the District anticipates amending the 2020-21 budget to account for the hiring of approximately 100 staff to manage this school.

The District has also worked to reduce class sizes in every building to 25 students to help manage the social distancing recommendations from The Central District Health Department. Because of these reductions, the District cannot easily transfer staff from a building to the on-line program. Staff efficiencies are being implemented in every school where it is possible to keep the class sizes at 25.

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 2020-21 school year by approximately 7%, however this growth is down from the previous year growth of 17%. This growth will generate additional tax revenue for the 2020-21 school year.

For the twelve months ended June 30, 2020, the State of Idaho experienced 8% revenue growth in general fund revenue. This growth was 1.8% 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 \$62 million dollars to assist with public school funding if the State experiences large revenue declines due to the pandemic. The State did need to access this fund to balance the 2019-20 school year. The State of Idaho withdrew more than \$31 million from this fund leaving the balance at \$62 million. The Statewide Budget Stabilization Fund (BSF) was estimated to end the year with \$424 million to be appropriated as necessary by the Idaho Legislature. Unemployment levels in Idaho have increased over this last year from 2.8% in June 2019 to 5.6% in June 2020. The national unemployment rate as of June 2020, was 11.1%. This drastic increase in unemployment is directly related to the pandemic.

The 2020 Legislature appropriated \$2,321,239,900 to Public Schools, excluding the School for Deaf and Blind for Fiscal Year 2021. Of this amount, \$250,000,000 was derived from federal funds not available for general school operations, \$105,408,700 was derived from dedicated funds, and \$1,965,831,200 was derived from general funds. The Board of Examiners approved a 5% holdback on the general fund appropriation thus reducing the amount to \$1,875,439,500, a reduction of \$90,371,700.

The 2020 Legislature continued to work towards implementing the career ladder funding and increasing beginner teacher pay to a minimum of \$40,000. The Legislature also passed 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. Due to the Corona Virus outbreak and concerns with the overall State budget, the Governor postponed any implementation of the Advanced Career funding for 2020-21.

The Legislature did collect student demographic data to use in developing legislation for proposing funding formula changes in the 2020 legislative session. The legislation did not pass in 2020, however, there is still support for revamping how schools are funded in Idaho. Because of all the uncertainty around the pandemic, it is unknown what will come forth in the 2021 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 2020-21 is \$254.4 million dollars. This amount is approximately \$7.6 million dollars or 3.10% more than the 2019-20 school year budget. The increase is related to hiring additional kindergarten and preschool teachers, hiring additional custodial staff, special education teachers, and increased principal support. In addition to staff increases, the budget was increased to purchase a new K-2 literacy adoption, and pay for an increase associated with the contact for student busing. All staff were granted movement on the salary schedule for experience and education. Veteran teachers were also awarded a one-time payment of \$1,000.

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 \$6.8 million in fund balance in 2020-21.

The District anticipates market values will continue to increase thus increasing revenues in 2020-21, so the need to utilize fund balance will diminish. The current 2020-21 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 the establishment of 2 more sessions of Pre-K programs. 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 2020-21 school year and as previously mentioned will be implementing a new reading curriculum at the K-2 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 2020-21. This implementation includes the construction and remodel of a number of new schools and the design of one to two projects that are planned for construction in 2021-22.

**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](mailto:nancy.landon@boiseschools.org).



Independent School District of Boise City

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments	\$ 36,084,938
Restricted cash and investments	74,393,849
Property taxes receivables	44,034,337
State and federal receivables	8,513,133
Receivables	188,245
Inventories	531,182
Net Pension Sick Leave	11,327,631
Capital assets (not subject to depreciation)	54,263,953
Capital assets (net of depreciation)	<u>298,988,332</u>
Total assets	528,325,600
<b>Deferred Outflows of Resources</b>	
Pension obligations	27,132,024
OPEB health/dental obligations	1,172,222
OPEB sick leave obligations	2,277,218
Debt charge on refunding (net of amortization)	<u>2,579,181</u>
	<u>\$ 561,486,245</u>
<b>Liabilities</b>	
Accounts, salaries, and other payables	\$ 39,668,833
Due to student groups	211,978
Advanced revenue	1,696,967
Accrued interest payable bonds	3,440,667
Long-term liabilities	
Due within one year - bonds	15,130,000
Due in more than one year - bonds	167,790,000
Due within one year - other liabilities	3,637,940
Due in more than one year - other liabilities	38,291,435
Net pension liability	<u>51,747,872</u>
Total liabilities	<u>321,615,692</u>
<b>Deferred Inflows of Resources</b>	
Employer OPEB health/dental assumption	5,020,402
Employer OPEB sick leave assumption	654,720
Employer pension assumption	<u>25,511,554</u>
<b>Net Position</b>	
Net investment in capital assets	213,996,467
Restricted for	
Capital improvements	16,739,212
Debt service	25,451,814
School lunch	2,800,633
Unrestricted	<u>(50,304,249)</u>
Total net position	<u>208,683,877</u>
	<u>\$ 561,486,245</u>

Independent School District of Boise City  
Statement of Activities  
Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental Activities</i>					
Instruction					
Elementary programs	\$ 59,119,416	\$ 751,736	\$ 5,103,052	\$ -	\$ (53,264,628)
Secondary/alternative programs	63,037,123	287,543	2,784,102	-	(59,965,478)
Exceptional/preschool programs	25,563,829	-	4,622,712	-	(20,941,117)
Other instructional programs	6,039,691	162,001	99,983	-	(5,777,707)
Support Services					
Attendance-guidance health	10,681,050	-	953,220	-	(9,727,830)
Special services program	9,521,719	888,008	1,378,511	-	(7,255,200)
Instructional improvement	7,030,317	-	5,370,791	-	(1,659,526)
Educational media	3,522,057	-	2,000	-	(3,520,057)
Educational technology	6,047,982	-	2,860,353	-	(3,187,629)
Administration	5,446,196	-	600	-	(5,445,596)
School administration	14,459,577	-	-	-	(14,459,577)
Plant services	22,741,345	484,256	682,557	1,871,650	(19,702,882)
Capital improvements	237,240	-	1,290,010	-	1,052,770
Pupil transportation services	6,809,509	-	6,210,518	-	(598,991)
Security	1,240,937	-	166,898	-	(1,074,039)
Food services	10,465,919	1,650,736	6,432,198	-	(2,382,985)
Community service programs	1,569,101	1,349,040	130,884	-	(89,177)
Interest and other costs	7,110,913	-	247,119	635,440	(6,228,354)
Loss on sale of property	1,606,529	-	-	-	(1,606,529)
Depreciation unallocated	10,144,784	-	-	-	(10,144,784)
<b>Total Governmental Activities</b>	<b>\$ 272,395,234</b>	<b>\$ 5,573,320</b>	<b>\$ 38,335,508</b>	<b>\$ 2,507,090</b>	<b>(225,979,316)</b>
General revenues					
Taxes					
					96,263,906
					18,972,656
					822,739
Grants and contributions not restricted to specific programs					
					132,695,819
					12,510
					1,258,377
					110,309
					<u>250,136,316</u>
Change in Net Position					
					24,157,000
					184,526,877
					<u>\$ 208,683,877</u>

Independent School District of Boise City  
Balance Sheet – Governmental Funds  
June 30, 2020

	General	Debt Service Fund	Capital Projects	Non Major Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 36,084,938	\$ -	\$ -	\$ -	\$ 36,084,938
Restricted cash and investments	-	18,149,959	47,951,948	8,291,942	74,393,849
<b>Receivables</b>					
Current property taxes	35,056,570	6,909,935	-	-	41,966,505
Delinquent property taxes	1,742,087	325,745	-	-	2,067,832
State and federal receivable	5,353,208	49,924	-	3,110,001	8,513,133
Interfund balances	1,084,279	-	17,548,904	232,570	18,865,753
Other receivables	125,538	16,251	43,558	2,898	188,245
Inventories	531,182	-	-	-	531,182
	<u>\$ 79,977,802</u>	<u>\$ 25,451,814</u>	<u>\$ 65,544,410</u>	<u>\$ 11,637,411</u>	<u>\$ 182,611,437</u>
<b>Liabilities, Deferred Inflows and Fund Balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ 962,896	\$ -	\$ 5,141,016	\$ 238,998	\$ 6,342,910
Accrued payroll and related liabilities	30,681,937	-	-	2,643,986	33,325,923
Deposits from school affiliated groups	211,978	-	-	-	211,978
Interfund balances	17,781,474	-	-	1,084,279	18,865,753
Advanced revenue	169,220	-	-	1,527,747	1,696,967
Total liabilities	<u>49,807,505</u>	<u>-</u>	<u>5,141,016</u>	<u>5,495,010</u>	<u>60,443,531</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-property taxes	<u>1,742,087</u>	<u>325,745</u>	<u>-</u>	<u>-</u>	<u>2,067,832</u>
<b>Fund Balance</b>					
<b>Nonspendable</b>					
Inventories	531,182	-	-	-	531,182
<b>Restricted for</b>					
Debt service	-	25,126,069	-	-	25,126,069
School lunch program	-	-	-	2,800,633	2,800,633
Maintenance and additions to facilities	-	-	60,403,394	-	60,403,394
<b>Committed for</b>					
Cash flow	13,993,674	-	-	-	13,993,674
Strategic plan	-	-	-	348,572	348,572
<b>Assigned for</b>					
Special projects	-	-	-	2,993,196	2,993,196
Budget 20-21	6,810,952	-	-	-	6,810,952
Unassigned	7,092,402	-	-	-	7,092,402
Total fund balance	<u>28,428,210</u>	<u>25,126,069</u>	<u>60,403,394</u>	<u>6,142,401</u>	<u>120,100,074</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	<u>\$ 79,977,802</u>	<u>\$ 25,451,814</u>	<u>\$ 65,544,410</u>	<u>\$ 11,637,411</u>	<u>\$ 182,611,437</u>

Independent School District of Boise City  
 Reconciliation of Governmental Funds – Balance Sheet to the Statement of Net Position  
 June 30, 2020

Total fund balances - governmental funds		\$ 120,100,074
<p>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.</p>		
		2,067,832
<p>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.</p>		
Costs of capital assets	508,796,734	
Depreciation expense to date	<u>(155,544,449)</u>	
		353,252,285
<p>The OPEB Asset for sick leave is a long-term asset and is not recognized on the Governmental Statements.</p>		
		11,327,631
<p>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.</p>		
		2,579,181
<p>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.</p>		
Balances at June 30, 2020 are:		
Long-term liabilities		
Compensated absences payable/ OPEB	(17,280,942)	
Bonds payable	(182,920,000)	
Premium on bonds	(24,648,433)	
Interest payable	<u>(3,440,667)</u>	
		(228,290,042)
<p>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.</p>		
		(51,747,872)
Balances at June 30, 2020 are:		
Deferred outflows of resources related to pension and OPEB obligations		
Deferred outflows for OPEB health/dental	1,172,222	
Deferred outflows of resources OPEB sick leave expense	1,241,168	
Deferred outflow of 2020 employer contributions related to OBEB sick leave	1,036,050	
Deferred outflows of resources pension expense	7,971,658	
Deferred outflow of 2020 employer contributions related to pensions	<u>19,160,366</u>	
		30,581,464
Deferred inflows of resources related to OPEB Health/Dental		
		(5,020,402)
Deferred inflows of resources related to OPEB Sick Leave		
		(654,720)
Deferred inflows of resources related to pensions		
		<u>(25,511,554)</u>
Net Position		<u>\$ 208,683,877</u>

Independent School District of Boise City  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2020

	Governmental Fund Types				Total Governmental Funds
	General	Debt Service Fund	Capital Projects	Non Major Funds	
<b>Revenues</b>					
Local revenues					
Property taxes	\$ 95,977,133	\$ 18,906,790	\$ -	\$ -	\$ 114,883,923
Earnings on investments	1,258,377	245,857	1,290,011	60,163	2,854,408
Other	2,018,349	1,261	699,726	3,778,990	6,498,326
State revenue					
Foundation	132,695,829	-	-	-	132,695,829
Program specific	13,875,102	635,440	1,871,650	3,507,053	19,889,245
Replacement tax	772,890	99,849	-	-	872,739
Federal revenue	61,680	-	-	18,429,064	18,490,744
Other revenue	-	-	-	14,381	14,381
<b>Total revenues</b>	<b>246,659,360</b>	<b>19,889,197</b>	<b>3,861,387</b>	<b>25,789,651</b>	<b>296,199,595</b>
<b>Expenditures</b>					
Instructional					
Elementary school program	58,120,639	-	-	1,846,341	59,966,980
Secondary school program	57,021,884	-	-	1,351,973	58,373,857
Alternative school program	3,051,491	-	-	185,507	3,236,998
Vocational technical program	2,366,682	-	-	8,382	2,375,064
Exceptional school program	19,980,077	-	-	4,708,790	24,688,867
Preschool school program	938,255	-	-	250,908	1,189,163
Gifted and talented school program	2,624,707	-	-	56,068	2,680,775
Interscholastic school program	2,056,075	-	-	-	2,056,075
School activity program	659,882	-	-	-	659,882
Summer school program	441,101	-	-	-	441,101
Detention center program	237,232	-	-	43,274	280,506
<b>Total instructional</b>	<b>147,498,025</b>	<b>-</b>	<b>-</b>	<b>8,451,243</b>	<b>155,949,268</b>
Support Services					
Attendance-guidance-health	10,302,462	-	-	527,338	10,829,800
Special services program	8,587,236	-	-	1,074,748	9,661,984
Instructional improvement program	3,838,832	-	-	3,299,371	7,138,203
Educational media program	3,564,088	-	-	-	3,564,088
Educational technology program	3,672,344	-	-	2,404,683	6,077,027
School administration program	14,668,226	-	-	-	14,668,226
Administration	5,481,308	-	-	-	5,481,308
Maintenance and improvements buildings, grounds, and equipment	22,193,022	-	3,143,484	142,557	25,479,063
Security program	1,074,040	-	-	166,897	1,240,937
Pupil transportation	6,809,509	-	-	-	6,809,509
<b>Total support services</b>	<b>80,191,067</b>	<b>-</b>	<b>3,143,484</b>	<b>7,615,594</b>	<b>90,950,145</b>

Independent School District of Boise City  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2020

	Governmental Fund Types				Total Government Funds
	General	Debt Service Fund	Capital Projects	Non Major Funds	
Community services program	233,931	-	-	1,347,460	1,581,391
Food services program	1,331,099	-	-	9,202,380	10,533,479
Capital assets program	698,218	-	43,110,717	100,873	43,909,808
Debt services program					
Principal	-	8,600,000	-	-	8,600,000
Interest	-	7,255,313	-	-	7,255,313
Bond issuance costs	-	-	385,997	-	385,997
Total debt service program	-	15,855,313	385,997	-	16,241,310
Total expenditures	229,952,340	15,855,313	46,640,198	26,717,550	319,165,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,707,020	4,033,884	(42,778,811)	(927,899)	(22,965,806)
Other Financing Sources (Uses)					
Proceeds from sale of bonds	-	-	72,885,997	-	72,885,997
Interfund transfers	(12,071,548)	-	12,357,000	(285,452)	-
Total other financing sources (uses)	(12,071,548)	-	85,242,997	(285,452)	72,885,997
Net Change in Fund Balance	4,635,472	4,033,884	42,464,186	(1,213,351)	49,920,191
Fund Balance, Beginning of Year	23,707,767	21,092,185	17,939,208	7,355,752	70,094,912
Change in Inventory Reserves	84,971	-	-	-	84,971
Fund Balance, End of Year	\$ 28,428,210	\$ 25,126,069	\$ 60,403,394	\$ 6,142,401	\$ 120,100,074

## 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, 2020

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Total net change in fund balances - governmental funds.		\$ 49,920,191
Amounts reported for governmental activities in the Statement of Activities		
<p>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.</p>		
		352,639
Capital outlays are reported in governmental funds as expenditures.		
Depreciation expense	(10,144,784)	
Capital outlays	<u>46,319,278</u>	
		36,174,494
<p>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.</p>		
		(1,606,529)
<p>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.</p>		
Bond repayment	8,600,000	
Amortization of premium	<u>2,283,705</u>	
		10,883,705
<p>Amortization of Loss on Bond Refunding is recognized as a reduction of a deferred outflow on the Statement of Net Position.</p>		
		(789,228)

## 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, 2020

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<p>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 \$12,814 while the OPEB amounts earned \$132,230 more than amounts used.</p>	(145,044)
<p>In the Governmental Funds, sick leave contributions are considered an expenditure, while on the Statement of Activities the contributions are considered a deferred outflow.</p>	471,260
<p>In the Governmental Funds, pension contributions are considered an expenditure, while on the Statement of Activities the contributions are considered a deferred outflow.</p>	2,660,892
<p>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.</p>	(964,354)
<p>Proceeds from bond issues is revenue in the governmental funds, but the proceeds increase long-term liabilities in the Statement of Net Position.</p>	(72,885,997)
<p>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.</p>	<u>84,971</u>
<p>Change in Net Position of Governmental Activities</p>	<p><u><u>\$ 24,157,000</u></u></p>



Independent School District of Boise City  
Fiduciary Funds – Agency Fund Statement of Net Position  
June 30, 2020

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	<u>Agency Funds</u>
Assets	
Cash and investments	<u>\$ 2,322,317</u>
Total assets	<u><u>\$ 2,322,317</u></u>
Liabilities	
Due to student groups	<u>\$ 2,322,317</u>
Total liabilities	<u><u>\$ 2,322,317</u></u>

Independent School District of Boise City  
 Fiduciary Funds – Trust Statement of Net Position  
 June 30, 2020

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	Dental Insurance Self Funding Trust Fund
<b>Assets</b>	
Cash	\$ 1,027,258
Premium receivable	18,240
	1,045,498
<b>Liabilities</b>	
Professional services payable Incurred but not reported	16,633
	111,000
	127,633
<b>Net Position</b>	
Held in trust for Employee dental benefits	\$ 917,865
	917,865

Independent School District of Boise City  
 Fiduciary Funds – Trust Statement of Changes in Net Position  
 Year Ended June 30, 2020

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	<u>Dental Insurance Self Funding Trust Fund</u>
Additions	
Contributions	
Plan members	\$ 604,945
Retired members	780,308
Employer	1,094,970
Interest income	<u>2,508</u>
Total contributions	<u>2,482,731</u>
Deductions	
Insurance claim benefits	2,225,853
Professional services	23,870
Administrative expenses	<u>197,996</u>
Total deductions	<u>2,447,719</u>
Change in Net Position	35,012
Net Position, Beginning of Year	<u>882,852</u>
Net Position, End of Year	<u><u>\$ 917,865</u></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.

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

School Activity Fund – accounts for assets held by the District as an agent for the individual schools and school organizations.

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 estimated fair 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 2019 and expired on June 30, 2020. Approximately 90% of the District's certified teachers are members of the BEA. The contract was approved by 99.6% of the voting members. A new contract was ratified in May 2020 and expires on June 30, 2021. The contract was approved by 99.9% of the voting members.

**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, 2020. 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, 2020.

**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, 2020, 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, 2020:

	Bank Deposit Balance	Carrying Amount
Cash insured or collateralized	\$ 6,136,610	\$ 4,386,030
Investments at NAV	-	106,092,757
	<u>\$ 6,136,610</u>	<u>\$ 110,478,787</u>
Total cash and investments	<u>\$ 6,136,610</u>	<u>\$ 110,478,787</u>

**Note 3 - Interfund Receivables, Payables, and Transfers**

As of June 30, 2020, the General Fund has the following outstanding interfund receivables and payables:

Due to General Fund from various Special Revenue Non Major Funds	<u>\$ 1,084,279</u>
Total due to General Fund	<u>\$ 1,084,279</u>
Due from General Fund Non Major Funds	\$ 232,570
Capital Projects Fund	<u>17,548,904</u>
Total due from General Fund	<u>\$ 17,781,474</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 \$285,452.

**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, 2020:

State agencies	\$ 5,472,445
Federal agencies	<u>3,040,688</u>
	8,513,133
County agencies	<u>44,034,337</u>
Total	<u><u>\$ 52,547,470</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, 2020:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non Major Fund</u>
Delinquent taxes	\$ 1,742,087	\$ 325,745	\$ -
Advanced revenue	<u>169,220</u>	<u>-</u>	<u>1,527,747</u>
	<u><u>\$ 1,911,307</u></u>	<u><u>\$ 325,745</u></u>	<u><u>\$ 1,527,747</u></u>



**Note 6 - Capital Assets**

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

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>June 30, 2020</u>
<b>Governmental Activities</b>					
Land	\$ 10,652,352	\$ -	\$ -	\$ -	\$ 10,652,352
Land improvements	12,148,031	404,788	(899,123)	-	11,653,696
Buildings	361,192,819	7,334,438	(5,842,045)	70,007,310	432,692,522
Furniture and equipment	10,773,587	83,179	(670,203)	-	10,186,563
Construction in progress	<u>75,122,038</u>	<u>38,496,873</u>	<u>-</u>	<u>(70,007,310)</u>	<u>43,611,601</u>
Total at historical cost	<u>469,888,827</u>	<u>46,319,278</u>	<u>(7,411,371)</u>	<u>-</u>	<u>508,796,734</u>
<b>Less accumulated depreciation</b>					
Land improvements	(5,097,721)	(311,826)	598,629	-	(4,810,918)
Buildings	(137,770,095)	(9,521,935)	4,585,721	-	(142,706,309)
Furniture and equipment	<u>(8,336,691)</u>	<u>(311,023)</u>	<u>620,492</u>	<u>-</u>	<u>(8,027,222)</u>
Total depreciation	<u>(151,204,507)</u>	<u>(10,144,784)</u>	<u>5,804,842</u>	<u>-</u>	<u>(155,544,449)</u>
<b>Governmental Activities</b>					
Capital Assets, net	<u>\$ 318,684,320</u>	<u>\$ 36,174,494</u>	<u>\$ (1,606,529)</u>	<u>\$ -</u>	<u>\$ 353,252,285</u>

Total fund balance in the Capital Projects Fund is \$60,403,394 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.

**Note 7 - Long-Term Debt**

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

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Amount Due in One Year
General obligation bonds payable	\$ 127,060,000	\$ 64,460,000	\$ 8,600,000	\$ 182,920,000	\$ 15,130,000
Premium on 2012B refunded bonds	3,380,044	-	827,772	2,552,272	827,772
Premium on 2014 refunded bonds	933,268	-	183,600	749,668	183,600
Premium on 2017 bonds	14,192,829	-	830,796	13,362,033	830,796
Premium on 2019 bonds	-	8,425,997	441,537	7,984,460	441,537
Compensated absences	1,341,422	12,813	-	1,354,235	1,354,235
<b>Totals</b>	<b>\$ 146,907,563</b>	<b>\$ 72,898,810</b>	<b>\$ 10,883,705</b>	<b>\$ 208,922,668</b>	<b>\$ 18,767,940</b>

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:

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.	\$ 64,460,000
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.	83,395,000
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.	7,890,000

Independent School District of Boise City

Notes to Financial Statements

June 30, 2020

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.

	27,175,000
Subtotal Bonds Outstanding	182,920,000
Premium paid on 2019 Bonds	7,984,460
Premium paid on 2017 Bonds	13,362,033
Premium paid on 2014 Refunded Bonds	749,668
Premium paid on 2012B Refunded Bonds	2,552,272
Subtotal Premium Paid	24,648,433
	\$ 207,568,433

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

Fiscal Year Ending June 30	GO 2019 Bonds	GO 2017 Bonds	Refunded 2014 Bonds	Refunded 2012B Bonds	Interest	Total
2021	\$ 6,210,000	\$ 1,215,000	\$ 910,000	\$ 6,795,000	\$ 7,998,200	\$ 23,128,200
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
2026-2030	11,340,000	33,030,000	-	-	22,866,350	67,236,350
2031-2035	14,480,000	34,545,000	-	-	10,719,125	59,744,125
2036-2038	13,985,000	11,605,000	-	-	1,407,950	26,997,950
	\$ 64,460,000	\$ 83,395,000	\$ 7,890,000	\$ 27,175,000	\$ 69,583,150	\$ 252,503,150

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 2019, is \$32,833,440,032 x 5% = \$1,641,672,002 less outstanding debt of \$182,920,000 which is \$1,458,752,002.

**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, 2020, District membership consisted of the following:

Active Plan Members	3,120
Retired Employees Receiving Benefits	258
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, 2019 through August 31, 2020, were as follows:

	<b>Under 65</b>			
	<b>Delta Dental</b>	<b>Willamette</b>	<b>Wellness</b>	<b>Standard</b>
Single	\$ 44	\$ 54	\$ 608	\$ 648
No Spouse W/Child	\$ 88	\$ 107	\$ 778	\$ 818
No Spouse W/Children	\$ 140	\$ 173	\$ 948	\$ 988
W/ Spouse	\$ 88	\$ 107	\$ 1,216	\$ 1,256
W/Spouse + Child	\$ 140	\$ 173	\$ 1,386	\$ 1,426
W/Spouse + Children	\$ 140	\$ 173	\$ 1,556	\$ 1,596

**Total OPEB Liability**

The District’s total OPEB liability of \$15,926,707 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2020 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)	2.21 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**

<b>Balance at June 30, 2019</b>	\$ 19,828,417
Changes for the year:	
Service cost	1,106,512
Interest	713,466
Differences in expected and actual experience	(5,394,275)
Changes of assumptions or other inputs	772,963
Benefit payments	<u>(1,100,376)</u>
Net change in total OPEB liability	<u>(3,901,710)</u>
<b>Balance OPEB liability June 30, 2020</b>	<u><u>\$ 15,926,707</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.5 percent in 2019 to 2.21 percent in 2020.

*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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Discount Rate</u> <u>(2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Total Net OPEB Liability	\$ 17,290,531	\$ 15,926,707	\$ 14,723,209

Independent School District of Boise City

Notes to Financial Statements

June 30, 2020

*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	\$ 14,371,364	\$ 15,926,707	\$ 17,795,852

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB  
For the year ended June 30, 2020, the District recognized OPEB expense of \$132,230. At June 30, 2020, 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	\$ -	\$ 4,690,763
Changes of assumptions and other inputs	<u>1,172,222</u>	<u>329,639</u>
Total	<u>\$ 1,172,222</u>	<u>\$ 5,020,402</u>

mounts 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>	
2021	\$ (587,372)
2022	(587,372)
2023	(587,372)
2024	(587,372)
2025	(587,372)
Thereafter	(911,320)

**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](http://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's contributions were \$1,036,050 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, 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, 2019 and 2018, the District's proportion was 11.8266698 and 12.0002391 percent, respectively.

Independent School District of Boise City

Notes to Financial Statements

June 30, 2020

For the year ended June 30, 2020, the District recognized OPEB expense (expense offset) of \$564,790. At June 30, 2020, 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	\$ 1,199,264	\$ -
Changes in assumptions or other inputs	41,904	-
Net difference between projected and actual earnings on pension plan investments	-	654,720
District contributions subsequent to the measurement date	1,036,050	-
Total	\$ 2,277,218	\$ 654,720

The \$1,036,050 reported as deferred outflows of resources related to OPEBs resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2021.

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:

Years Ended June 30:	
2021	\$ 13,939
2022	13,939
2023	13,939
2024	159,616
2025	214,038
Thereafter	170,977

*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, 2019 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 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%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expense		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expense		5.73%	3.37%
Portfolio Long-Term Expected Rate of Return, Net of Investment Expense			4.19%
Portfolio Standard Deviation			14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>			<b>7.05%</b>

*Discount Rate*

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

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

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

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net OPEB liability (asset)	\$ (9,974,588)	\$ (11,327,631)	\$ (12,614,481)

*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](http://www.persi.idaho.gov).

*Payables to the OPEB plan*

At June 30, 2020, 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](http://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, 2019, it was 6.79% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees. The District's contributions were \$19,160,366 for the year ended June 30, 2020.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019 and 2018, the District's proportion was 4.5334328 percent and 4.6171710 percent, respectively.

For the year ended June 30, 2020, the District recognized pension expense (revenue) of \$16,499,476. At June 30, 2020, 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	\$ 4,809,168	\$ 6,098,743
Changes in assumptions or other inputs	2,878,512	-
Net difference between projected and actual earnings on pension plan investments	-	17,629,000
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions 2016	-	184,638
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions 2017	-	369,944
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions 2018	-	234,559
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions 2019	283,978	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate contributions 2020	-	994,670
District contributions subsequent to the measurement date	19,160,366	-
Total	<u>\$ 27,132,024</u>	<u>\$ 25,511,554</u>

The \$19,160,366 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, 2021.

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, 2018, the beginning of the measurement period ended June 30, 2018, is 4.8, and 4.8 years for the measurement period June 30, 2019.

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>	
2021	\$ (2,698,534)
2022	(8,251,515)
2023	(4,055,695)
2024	(2,534,152)

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, 2019, 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, 2019, is based on the results of an actuarial valuation date July 1, 2019.

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, 2017.

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%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Exepected Rate of Return		6.13%	3.77%
Assumed Investment Expense		0.40%	0.40%
Portfolio Long-Term (Geometric) Exepected Rate of Return, Net of Investment Expense		5.73%	3.37%
Portfolio Long-Term Exepected Rate of Return, Net of Investment Expense			4.19%
Portfolio Standard Deviation			14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>			<b>7.05%</b>

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)	\$ 156,298,516	\$ 51,747,872	\$ (34,712,171)

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](http://www.persi.idaho.gov).

Payables to the pension plan - At June 30, 2020, 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 2019-20 purchase orders totaling \$36,072,528 representing goods or services not received as of June 30, 2020. These amounts are encumbrances of 2019-20 budgeted funds and are not reflected in the accompanying financial statements. The above amount includes multiple contracts with contractors and Construction Managers for projects (\$26,623,503) 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 \$7,092,402 at June 30, 2020. Nonspendable Fund Balance is \$531,182 of inventory items. The Board has committed \$13,993,674 for cash flow purposes and has Assigned Funds consisting of the use of fund balance to balance the 2020-21 budget of \$6,810,952.

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 Funds of \$60,403,394 at June 30, 2020, consisting primarily of unspent bond proceeds.

**Debt Service Fund**

The Debt Service Fund has \$25,126,069 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, Just for Kids Fund, Medicaid and the Federal Forest Fund have \$2,800,633 of Assigned fund balance and \$2,993,196 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 has entered into a lease agreement for copier service and pays a rental fee per machine and a per copy charge for all copies run. The estimated annual charge for the 60-month contract is \$460,000. The lease covers 121 machines. The lease period is through June 30, 2021.



Required Supplementary Information  
June 30, 2020

# 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, 2020

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

	2018	2019	2020
Service Cost	\$ 1,032,941	\$ 1,072,916	\$ 1,106,512
Interest	741,260	741,425	713,466
Changes of assumptions or other inputs	(469,320)	623,849	772,963
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>
Net change in total OPEB liability (asset)	13,888	1,047,940	(3,901,710)
Total OPEB liability- beginning	<u>18,766,589</u>	<u>18,780,477</u>	<u>19,828,417</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>

\*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, 2020

**Schedule of Employer's Share of Net OPEB Liability**  
**PERSI - Sick Leave**  
**Last 10 - Fiscal Years \***

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

\*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 \***

	<b>Reported as of year-end date of June 30,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
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
Contributions as a percentage of the covered payroll	1.26%	1.26%	0.65%

\*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 Share of Net Pension Liability  
 Year Ended June 30, 2020

**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
Employer's portion of the net pension liability	4.8664960%	4.7461962%	4.6229036%	4.5862860%	4.6171710%	4.5334328%
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
Employer's covered payroll	\$ 131,898,389	\$ 132,937,833	\$ 135,271,071	\$ 142,451,308	\$ 148,545,506	\$ 153,973,725
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%
Plan fiduciary net position as a percentage of the total pension liability	95%	91%	87%	91%	92%	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 Employer's Contributions  
 Year Ended June 30, 2020

**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
Statutorily required contribution	\$ 15,048,378	\$ 15,312,507	\$ 16,125,304	\$ 16,815,458	\$ 17,429,640	\$ 19,160,366
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
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
Contributions as a percentage of the covered payroll	11.32%	11.32%	11.32%	11.32%	11.32%	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, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Local revenues				
Property taxes	\$ 95,828,481	\$ 95,828,481	\$ 95,977,133	\$ 148,652
Earnings on investments	1,210,000	1,210,000	1,258,377	48,377
Other	2,018,546	2,018,546	2,018,349	(197)
State revenue	145,174,334	145,176,334	147,343,821	2,167,487
Federal revenue	62,912	62,912	61,680	(1,232)
	<u>244,294,273</u>	<u>244,296,273</u>	<u>246,659,360</u>	<u>2,363,087</u>
<b>Expenditures</b>				
<b>Instructional</b>				
Elementary school program	59,085,152	59,709,548	58,120,639	1,588,909
Secondary school program	58,289,069	57,639,775	57,021,884	617,891
Alternative school program	3,701,451	3,671,634	3,051,491	620,143
Vocational Professional school program	2,591,479	2,596,079	2,366,682	229,397
Exceptional school program	20,084,407	20,094,215	19,980,077	114,138
Preschool school program	1,028,679	1,028,679	938,255	90,424
Gifted and talented school program	2,562,741	2,582,241	2,624,707	(42,466)
Interscholastic school program	2,437,904	2,409,968	2,056,075	353,893
School activity program	739,211	722,711	659,882	62,829
Summer school program	1,011,170	1,039,280	441,101	598,179
Detention center program	262,247	262,247	237,232	25,015
	<u>151,793,510</u>	<u>151,756,377</u>	<u>147,498,025</u>	<u>4,258,352</u>
<b>Support Services</b>				
Attendance-Guidance-Health	10,759,928	10,729,249	10,302,462	426,787
Special services program	8,742,294	8,744,294	8,587,236	157,058
Instructional improvement program	3,971,005	3,984,218	3,838,832	145,386
Educational media program	3,623,951	3,627,151	3,564,088	63,063
Instructional technology program	3,964,094	3,812,659	3,672,344	140,315
School administration program	14,868,031	14,871,031	14,668,226	202,805
Administration	5,757,851	5,817,344	5,481,308	336,036
Maintenance and improvements buildings, grounds, and equipment	24,085,668	24,382,060	22,193,022	2,189,038
Security program	961,840	1,163,026	1,074,040	88,986
Pupil transportation	9,555,591	9,548,354	6,809,509	2,738,845
	<u>86,290,253</u>	<u>86,679,386</u>	<u>80,191,067</u>	<u>6,488,319</u>



Independent School District of Boise City  
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual – General Fund  
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (negative)
	Original	Final		
Community services program	307,169	307,169	233,931	73,238
Food services program	375,000	375,000	1,331,099	(956,099)
Capital assets program	650,000	300,000	698,218	(398,218)
Total expenditures	<u>239,415,932</u>	<u>239,417,932</u>	<u>229,952,340</u>	<u>9,465,592</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,878,341	4,878,341	16,707,020	11,828,679
Other Financing Uses				
Interfund Transfers	<u>(7,060,907)</u>	<u>(12,060,907)</u>	<u>(12,071,548)</u>	<u>(10,641)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	<u>\$ (2,182,566)</u>	<u>\$ (7,182,566)</u>	<u>4,635,472</u>	<u>\$ 11,818,038</u>
Fund Balance, Beginning of Year			23,707,767	
Change in Reserves for Inventories			<u>84,971</u>	
Fund Balance, End of Year			<u>\$ 28,428,210</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 2020 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 gifted and talented program was overbudget because the State issued a holdback on a GATE grant that was meant to fund in-service training. The District moved those costs to the general fund. The food service program was overbudget because the District covered salary costs incurred during the closure related to Covid 19. Salaries covered amounted to approximately \$1 million dollars. Capital program was overbudget because the District completed the replacement of turf at East Junior High earlier than anticipated because the company was able to start early due to the school closure for Covid 19. The transfers out were overbudget 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, 2020

# 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, 2020, 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 15, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

Our consideration of internal control 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 determination of financial statement amounts. 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Boise, Idaho  
September 15, 2020



## **Independent Auditor’s Report on Compliance for the 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’s (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District’s major federal program for the year ended June 30, 2020. The District’s major federal program is 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 the District’s major federal program 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 the major federal program. However, our audit does not provide a legal determination of the District’s compliance.

### **Opinion on the Major Federal Programs**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

## 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.



Boise, Idaho  
September 15, 2020

Independent School District of Boise City  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

	Pass - through Entity Identifying Number	Federal CFDA Number	Expenditures	Amounts Passed- Through to Subrecipients
<u>U.S. Department of Education</u>				
Passed Through State Superintendent of Public Instruction				
Title I Local Program	S010A190012	84.010	\$ 4,402,112	\$ -
Title I Delinquent	S010A190012	84.013	43,915	-
Title VI-B	H027A190088	84.027	5,342,377	51,376
Title VI-B Preschool	H173A180030	84.173	254,621	-
Total Special Education Cluster (IDEA)			<u>5,596,998</u>	<u>51,376</u>
Carl Perkins	V048A190012	84.048	296,738	-
Title II EESA	S367A190011	84.367	675,196	-
Title III- English Language	S365A190012	84.365	258,883	-
Title IV- Student Support and Enrichment	S424A190013	84.424	383,164	-
Education of Homeless	S196A190013	84.196	23,746	-
Passed Through the Division of Vocational Rehabilitation				
Workforce Innovation Opportunity Act	H126A170019	84.126	21,060	-
Total U.S. Department of Education			<u>11,701,812</u>	<u>51,376</u>
<u>U.S. Department of Health and Welfare</u>				
Passed Through State Health & Welfare				
Refugee Grant	S196A100019	93.576	100,039	-
Prevention and Treatment of Substance Abuse Block Grant		93.959	8,074	-
CCDF Cluster				
Child Care Development Block Grant		93.575	122,006	-
Total U.S. Department of Health and Welfare			<u>230,119</u>	<u>-</u>
<u>U. S. Department of Agriculture</u>				
Direct Program - Cash in lieu of commodities	N/A	10.555	711,791	-
Passed Through State Superintendent of Public Instruction				
Commodities		10.555	8,324	-
School Lunch/Snack Program	2019IN109947	10.555	2,846,324	-
School Breakfast Program	2019IN109947	10.553	1,296,919	-
Summer Food Service Program	2020IN109947	10.559	789,672	-
Total Child Nutrition Cluster			<u>5,653,030</u>	<u>-</u>
Fresh Fruits and Vegetables	202019L160347	10.582	271,591	-
Supper Food Service Program	202020N109947	10.558	417,454	-
Passed Through Ada County				
Forest Service Schools and Roads Cluster				
Federal Forest Program	N/A	10.665	12,501	-
Total U. S. Department of Agriculture			<u>6,354,576</u>	<u>-</u>



Independent School District of Boise City  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

	Pass - through Entity Identifying Number	Federal CFDA Number	Expenditures	Amounts Passed- Through to Subrecipients
<u>U. S. Environmental Protection Agency</u>				
Passed through Idaho Department of Environmental Quality				
Drinking Water State Revolving Fund Cluster				
Capitalization Grants for Drinking Water State				
Revolving Fund				
	WW1902	66.468	142,557	-
			<u>142,557</u>	<u>-</u>
Total Environmental Protection Agency				
 <u>Other Federal Financial Assistance</u>				
U.S. Department of the Army ROTC Program				
	N/A	N/A	61,680	-
			<u>61,680</u>	<u>-</u>
Total Other Federal Financial Assistance				
Total Federal Financial Assistance			<u>\$ 18,490,744</u>	<u>\$ 51,376</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, 2020. 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 of the District.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. 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>
Title I Grants to Local Educational Agencies	84.010
Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

None

**Section III – Schedule of Findings and Questioned Costs**

None