

West Bonner County School District No. 83

Financial Report

June 30, 2022

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Independent Auditor's Report

Board of Trustees
West Bonner County School District No. 83
Priest River, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Bonner County School District No. 83 ("the District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Bonner County School District No. 83, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 5 to the financial statements, the District has adopted the provisions of GASB Statement No. 87, *Leases*, effective July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison schedule on page 51, the other postemployment benefits schedules on pages 53 through 55, and the pension schedules on pages 57 and 58, respectively, 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, which 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 combining and individual General Fund and nonmajor fund financial statements, and Schedule of Changes in Student Activity Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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*, and is also not a required part of the basic financial statements.

The combining and individual General Fund and nonmajor fund financial statements, and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate 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 combining and individual General Fund and nonmajor fund financial statements, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 8, 2022, 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 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 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.

DeCoria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S.
Spokane, Washington

December 8, 2022

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

The management's discussion and analysis of the financial performance of West Bonner County School District No. 83 provides a narrative of the District's financial activities for the year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's performance as a whole.

Information contained in this section is supplemented by detailed information provided in the District's financial statements, notes to financial statements and any accompanying supplementary information. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

State Revenue

For the 2021-2022 academic year, enrollment increased to 1,064 students, generating 58.53 funding units. Increased enrollment, coupled with increases in entitlement revenue and salary-based apportionment revenue resulted in an increase of state revenues for the general fund providing a total of \$6,928,484, which equates to a 5.08% increase from fiscal year 2021.

Supplemental Property Tax Levy Revenue

Since 2000, the District has had voter-approved, supplemental levies used for instructional expenditures, capital purchases and facility improvements. In the 2021-22 fiscal year, the District's supplemental property tax levy provided revenue of \$3,701,967.73. This revenue from a 2-year supplemental property tax levy is expiring June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The intent of this discussion and analysis is to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

- 1.) District-wide Financial Statements,
- 2.) Fund Financial Statements, and
- 3.) Notes to the Financial Statements.

Additionally, this report contains supplementary information.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

District-Wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The Statement of Net Position provides information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The district-wide financial statements outline functions of the District that are principally supported by state revenues, property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instruction, and capital assets programs.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets, which can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental funds financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental fund information does not report on long-term commitments as is reported in the district-wide statements. Therefore, reconciliations of the differences between the governmental funds and the district-wide statements are included as separate statements.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

- **Fiduciary funds** – The District serves as a trustee, or fiduciary, for student scholarship trust funds, employee's cafeteria plan funds, and student activity funds. The assets of these organizations belong to the organization, 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. With the implementation of new accounting standards, student activity funds are now reported as part of the District's non-major governmental funds. The other fiduciary activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process.

The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund.

Additionally, a Schedule of Expenditures of Federal Awards, as required by the Uniform Guidance (formerly, OMB Circular A-133), can be found in this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position. Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows exceed liabilities plus deferred inflows by \$3,841,744 as of June 30, 2022.

The largest portion of the District's net position is invested in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less accumulated depreciation and any related debt used to acquire those assets that is still outstanding.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83**MANAGEMENT'S DISCUSSION AND ANALYSIS****For the Year Ended June 30, 2022**

Table 1 presents the District's summarized Statements of Net Position for the fiscal years ended June 30, 2022 and 2021.

Table 1
Statements of Net Position

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	June 30, 2022	June 30, 2021	% Change
Current Assets	\$ 5,160,674	\$ 4,150,650	24.33%
Noncurrent Assets	3,398,854	2,771,273	22.65%
Deferred Outflows of Resources	2,899,512	1,833,379	58.15%
Total Assets and Deferred Outflows of Resources	11,459,040	8,775,302	30.88%
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current Liabilities	1,805,709	1,433,095	26.00%
Noncurrent Liabilities	348,570	4,067,765	-91.43%
Deferred Inflows of Resources	5,463,017	1,031,216	429.76%
Total Liabilities and Deferred Inflows of Resources	7,617,296	6,532,076	16.61%
NET POSITION			
Net Investment in Capital Assets	2,627,982	2,741,654	-4.15%
Restricted for Program Requirements	643,031	331,370	94.05%
Restricted for Replacement of Plant Equipment	9,591	34,755	-72.40%
Designated for Specific Purposes	1,711,829	1,236,107	38.49%
Unrestricted Net Position (Deficit)	(1,150,689)	(2,120,660)	45.74%
Total Net Position	\$ 3,841,744	\$ 2,223,226	72.80%

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

Changes in net position. As shown in **Table 2**, the District relies heavily on state support, which accounts for approximately 47% of the funding for its governmental activities. Additionally, local property tax support accounts for about 25% of the District's governmental activities. The District had total revenues of \$14,320,244. Total revenues exceed total expenses by \$1,618,518.

Table 2
Changes in Net Position

REVENUES	2022	2021
<i>Program Revenues:</i>		
Charges for services	\$ 9,903	\$ 35,118
Operating grants and contributions	3,838,940	2,786,012
<i>General Revenue:</i>		
Property taxes, general purposes	3,649,790	3,279,565
Interest and investment earnings	4,775	283
State aid	6,662,683	5,982,858
Federal Forest	43,324	35,070
Other local sources	110,829	121,782
Total Revenues	\$ 14,320,244	\$ 12,240,688
EXPENSES		
Instructional services	\$ 5,642,553	\$ 6,561,196
Support services	6,244,709	5,733,441
Non-instructional services	812,509	700,405
Capital assets and debt service	1,955	12,986
Total Expenses	12,701,726	13,008,028
Change in net position	1,618,518	(767,340)
Net position, beginning of year	2,223,226	2,810,547
Prior period adjustment	-	180,019
Net position, end of year	\$ 3,841,744	\$ 2,223,226

Governmental Activities. The following table presents the cost of the District's major functional activities: instructional programs, support service programs, non-instruction programs, capital asset program, and principal and interest. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2022

Table 3
Net Cost of Governmental Activities

EXPENSES	2022	2021	% Change
Instructional programs	\$ 4,299,173	\$ 5,510,753	-21.99%
Support service programs	4,726,900	4,622,792	2.25%
Non-instructional programs	(175,145)	40,367	-533.88%
Capital assets and debt service	1,955	12,986	-84.95%
Net Expenses	\$ 8,852,883	\$ 10,186,898	-13.10%
REVENUES			
Property taxes	\$ 3,649,790	\$ 3,279,565	11.29%
Interest and investment earnings	4,775	283	1,587.28%
Other local revenue	110,829	121,782	-8.99%
State assistance and reimbursements	6,662,683	5,982,858	11.36%
Other federal revenues	43,324	35,070	23.54%
Net Revenues	\$ 10,471,401	\$ 9,419,558	11.17%

Net cost of governmental activities was financed primarily by general revenue, which is primarily made up of state support payments of \$6,662,683 for 2022 and \$5,982,858 for 2021.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$3,268,203, which includes a general fund contingency reserve balance of \$866,151, for an overall increase of \$611,829. The contingency reserve balance is a committed fund balance and can be used only for the specific purposes determined by a formal action of the Board of Trustees.

The District has restricted fund balances totaling \$652,622. Restricted fund balances can only be spent on specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The District has an assigned fund balance of \$224,097 for the Medical Insurance Fund and an assigned fund balance of \$1,487,732 for instruction. Assigned fund balances are those balances that are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted or committed.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS, CONTINUED

The General Fund is the principal operating fund of the District.

BUDGETARY HIGHLIGHTS

The District adopts an original budget in June for the subsequent year. The budget is then often amended later in the fiscal year, typically in February or March, following determination of the first attendance period and certification of all levies on property taxes.

State revenues are primarily driven by student enrollment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. West Bonner County School District No. 83 has \$2,649,014 in capital assets, net of accumulated depreciation and amortization. These assets are made up of a broad range of items including buildings, improvements, transportation equipment and other equipment. The District has a \$5,000 threshold for capitalization of fixed assets. This year's major additions totaled \$181,503 and primarily included a new bus and building improvements paid by supplemental levy dollars.

Long-Term Debt. The District has no bonded indebtedness. The District has a total of \$348,570 of long-term debt, which consists of the noncurrent portion of compensated absences, finance purchase agreements, if any, other postemployment benefits and pension liabilities. The deferred outflows and deferred inflows of resources related to the net OPEB and pension liabilities decreased the District's net position by \$2,563,505.

Table 4 below shows changes in compensated absences along with current maturities.

Table 4
Change in Compensated Absences and
Current Maturities

Balance, July 1, 2021	\$65,175
Additions	89,150
Retirements/Payments	(97,520)
Balance, June 30, 2020	56,805

Additional information on the District's compensated absences and capital lease obligation can be found in Note 12 included in this report. Additional information on the District's other long-term obligations, which consists of other postemployment benefits and pension liabilities, can be found in Notes 13 and 14, respectively.

WEST BONNER COUNTY SCHOOL DISTRICT NO. 83

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

CURRENT ISSUES

At the present time, there are known factors that will impact the District's financial status in the future. These current issues include:

- **Supplemental Levy expires June 30, 2023:** On May 21, 2020 the District's voters approved a two-year supplemental levy that expires June 30, 2023. It primarily supports the District's co-curricular and extra-curricular programs, and facility improvements, and staffing. In fiscal year 2022, this levy represented 31% of our district's annual General Fund revenues; hence, the daily operations of our school district are heavily reliant on these levy dollars. State reductions throughout the years have resulted in the District's inability to continue to fund these expenditures from its General Fund discretionary dollars. These expenditures will continue to be supplemental levy expenditures until such time the state supports the funding of these programs. Our school board will deliberate and consider a replacement supplemental levy ballot measure in 2023.
- **Idaho K-12 Funding Moving Forward:** The state of Idaho ended its fiscal year with its largest reserve balance in history, or \$1.3 billion dollars. Our district's state appropriation in fiscal year 2022 amounted to 2/3 of our General Fund revenue. Our district will monitor closely the legislative actions of the 2023 session. In particular, will the state move to funding districts on enrollment and how will the September 2022's Special Session's \$330 million new K-12 state dollars be distributed.
- **Federal ESSER Funding:** The ESSER packages (CARES, CRRSA and ARPA) contributed significantly to the District's financial position. These one-time federal COVID relief ESSER funds equated to over \$4.2 million dollars for our district, which expire on September 30, 2024. These monies were purposed for expenditures related to COVID-19 as outlined as allowable uses of funds. Additionally, these one-time federal dollars have allowed our district to increase on reserves.

Requests for Information

The purpose of this financial report is to provide a general overview of the West Bonner County School District #83's finances. It is the District's intention to demonstrate transparency and accountability. Any questions regarding the information provided or requests for additional financial information should be directed to Steffie Pavey, Business Manager.

West Bonner County School District
Steffie Pavey, Business Manager
steffiepavey@sd83.org
134 Main Street
Priest River, Idaho 83856
(208) 448-4439

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Basic Financial Statements

West Bonner County School District No. 83
Statement of Net Position - District-Wide
June 30, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents (Note 6)	\$ 2,493,601
Receivables (Note 7)	2,638,592
Inventory	28,481
Total current assets	5,160,674
Noncurrent assets:	
Capital assets, net of accumulated depreciation (Note 8)	2,648,914
Net other postemployment benefit (OPEB) asset (Note 13)	608,054
Net pension asset (Note 14)	141,786
Total assets	8,559,428
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to the net OPEB asset (Note 13)	205,254
Deferred outflows related to the total OPEB liability (Note 13)	15,095
Deferred outflows related to the net pension liability (Note 14)	2,679,163
Total deferred outflows of resources	2,899,512
LIABILITIES	
Current liabilities:	
Accounts payable	401,567
Accrued payroll and related liabilities	1,261,846
Unearned grant revenue	76,446
Accrued compensated absences, due within one year (Note 12)	56,805
Finance purchase agreement, due within one year (Note 12)	9,045
Total current liabilities	1,805,709
Noncurrent liabilities:	
Finance purchase agreement, due after one year (Note 12)	11,987
Total other postemployment benefit (OPEB) liability (Note 13)	336,583
Total liabilities	2,154,279
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to the net OPEB asset (Note 13)	277,739
Deferred inflows related to the total OPEB liability (Note 13)	480,964
Deferred inflows related to the net pension liability (Note 14)	4,704,314
Total deferred inflows of resources	5,463,017
Commitments and contingencies (Notes 16 through 18)	
NET POSITION	
Net investment in capital assets	2,627,882
Restricted for program requirements	643,031
Restricted for replacement of plant equipment	9,591
Designated for specific purposes	1,711,829
Unrestricted net position (deficit)	(1,150,689)
Total net position	\$ 3,841,644

The accompanying notes are an integral part of the basic financial statements.

West Bonner County School District No. 83
Statement of Activities - District-Wide
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction:				
Elementary programs	\$ 2,318,983	\$ 4,200	\$ 695,384	\$ (1,619,399)
Secondary programs	1,892,141	-	274,349	(1,617,792)
Vocational education programs	260,574	-	4,027	(256,547)
Special education programs	855,511	-	365,420	(490,091)
Interscholastic and school activity programs	303,476	-	-	(303,476)
Summer school	11,868	-	-	(11,868)
Total instruction	5,642,553	4,200	1,339,180	(4,299,173)
Support services:				
Attendance, guidance and health	590,495	-	348,346	(242,149)
Special services	483,965	-	203,028	(280,937)
Instruction improvement	510,367	-	294,165	(216,202)
Educational media program	115,719	-	-	(115,719)
Technology program	528,541	-	179,745	(348,796)
District administration	239,831	-	-	(239,831)
School administration	860,793	-	215,876	(644,917)
Business operations	319,303	-	21,805	(297,498)
Custodial and maintenance	1,782,734	-	254,844	(1,527,890)
Transportation	779,443	-	-	(779,443)
Other support services	33,618	-	-	(33,618)
Total support services	6,244,809	-	1,517,809	(4,727,000)
Non-instruction programs:				
Child nutrition program	625,419	5,703	797,257	177,541
Community service programs	187,090	-	184,694	(2,396)
Total non-instruction programs	812,509	5,703	981,951	175,145
Debt service	1,955	-	-	(1,955)
Total debt service	1,955	-	-	(1,955)
Total governmental activities	\$ 12,701,826	\$ 9,903	\$ 3,838,940	(8,852,983)
GENERAL REVENUES				
Property taxes, general purposes				3,649,790
Interest and investment earnings				4,775
Other local sources				110,829
State aid, unrestricted				6,662,683
National forest reserve				43,324
Total general revenue				10,471,401
Change in net position				1,618,418
Total net position, beginning of year				2,223,226
Total net position, end of year				\$ 3,841,644

The accompanying notes are an integral part of the basic financial statements.

West Bonner County School District No. 83
Balance Sheet - Governmental Funds
June 30, 2022

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Assets:			
Cash and cash equivalents	\$ 2,034,519	\$ 459,082	\$ 2,493,601
Receivables	1,233,512	1,405,080	2,638,592
Inventory	-	28,481	28,481
Due from other funds	950,618	-	950,618
Total assets	<u>\$ 4,218,649</u>	<u>\$ 1,892,643</u>	<u>\$ 6,111,292</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 148,940	\$ 252,627	\$ 401,567
Accrued payroll and related liabilities	1,003,707	258,139	1,261,846
Unearned grant revenue	-	76,446	76,446
Due to other funds	-	950,618	950,618
Total liabilities	<u>1,152,647</u>	<u>1,537,830</u>	<u>2,690,477</u>
Deferred inflows of resources:			
Unavailable property tax revenue	<u>152,612</u>	<u>-</u>	<u>152,612</u>
Total deferred inflows of resources	<u>152,612</u>	<u>-</u>	<u>152,612</u>
Fund balances:			
Nonspendable:			
Inventory	-	28,481	28,481
Restricted for:			
Program requirements	326,290	316,741	643,031
Replacement of plant equipment	-	9,591	9,591
Committed for:			
Unforeseen expenditures	866,151	-	866,151
Assigned to:			
Instruction	1,487,732	-	1,487,732
Support services	224,097	-	224,097
Unassigned	<u>9,120</u>	<u>-</u>	<u>9,120</u>
Total fund balances	<u>2,913,390</u>	<u>354,813</u>	<u>3,268,203</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,218,649</u>	<u>\$ 1,892,643</u>	<u>\$ 6,111,292</u>

West Bonner County School District No. 83
Reconciliation of the Balance Sheet - Governmental Funds
with the Statement of Net Position - District-Wide
June 30, 2022

Amounts reported for governmental activities in the Statement of Net Position - District-Wide are different because:

Total fund balances - Governmental Funds		\$ 3,268,203	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.			
The cost of capital assets is	\$ 14,529,454		
Accumulated depreciation is	<u>(11,880,540)</u>		
			2,648,914
Property taxes receivable will be collected, but are not available soon enough to pay for current period liabilities, and are therefore reported as deferred inflows of resources in the governmental funds.			
			152,612
Noncurrent liabilities, including accrued compensated absences, capital lease obligations, other postemployment benefit (OPEB) liabilities and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds:			
Accrued compensated absences, due within one year	(56,805)		
Finance purchase agreement, due within one year	(9,045)		
Finance purchase agreement, due after one year	(11,987)		
Net OPEB asset	608,054		
Total OPEB liability	(336,583)		
Net pension asset (liability)	<u>141,786</u>		
			335,420
Deferred outflows and deferred inflows of resources related to the net pension and other postemployment benefit (OPEB) liabilities are not financial resources and therefore are not reported in the governmental funds.			
Deferred outflows related to the net OPEB asset	205,254		
Deferred inflows related to the net OPEB asset	(277,739)		
Deferred outflows related to the total OPEB liability	15,095		
Deferred inflows related to the total OPEB liability	(480,964)		
Deferred outflows related to the net pension liability	2,679,163		
Deferred inflows related to the net pension liability	<u>(4,704,314)</u>		
			<u>(2,563,505)</u>
Total net position - District-Wide		\$ <u><u>3,841,644</u></u>	

West Bonner County School District No. 83
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 3,632,122	\$ -	\$ 3,632,122
Interest and investment earnings	4,775	-	4,775
Other local revenue	137,029	190,397	327,426
State assistance and reimbursements	6,928,484	152,429	7,080,913
National Forest Reserve	-	43,324	43,324
Other federal revenues	-	3,214,016	3,214,016
Total revenues	10,702,410	3,600,166	14,302,576
EXPENDITURES			
Instruction:			
Elementary programs	1,986,959	589,643	2,576,602
Secondary programs	1,806,935	247,019	2,053,954
Vocational education programs	274,795	4,027	278,822
Special education programs	592,052	365,420	957,472
Interscholastic and school activity programs	335,594	-	335,594
Summer school	16,774	-	16,774
Total instruction	5,013,109	1,206,109	6,219,218
Support services:			
Attendance, guidance and health	310,336	328,346	638,682
Special services	234,637	271,096	505,733
Instruction improvement	400,944	159,435	560,379
Educational media program	120,044	-	120,044
Technology program	376,029	179,745	555,774
District administration	236,153	-	236,153
School administration	719,171	215,876	935,047
Business operations	343,684	21,805	365,489
Custodial and maintenance	1,645,772	254,844	1,900,616
Transportation	688,611	99,500	788,111
Other support services	33,656	-	33,656
Total support services	5,109,037	1,530,647	6,639,684
Non-instruction programs:			
Child nutrition programs	-	634,213	634,213
Community service programs	-	187,090	187,090
Total non-instruction programs	-	821,303	821,303
Debt service	10,542	-	10,542
Total capital assets and debt service	10,542	-	10,542
Total expenditures	10,132,688	3,558,059	13,690,747
Excess (deficiency) of revenues over (under) expenditures	569,722	42,107	611,829
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds	(31,012)	31,012	-
Net changes in fund balances	538,710	73,119	611,829
Total fund balances, beginning of year	2,374,680	281,694	2,656,374
Total fund balances, end of year	\$ 2,913,390	\$ 354,813	\$ 3,268,203

The accompanying notes are an integral part of the basic financial statements.

West Bonner County School District No. 83
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds with the Statement of Activities - District-Wide
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the Statement of Activities - District-Wide are different because:

Net changes in fund balances - Governmental Funds	\$	611,829
Capital outlays to purchase capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities - District-Wide, the cost of these assets is allocated over their estimated useful lives as depreciation. Amounts recognized for these items in the current year are as follows:		
Capital outlays	\$	181,503
Depreciation and amortization expense		<u>(303,862)</u>
		(122,359)
Some property taxes will not be collected until several months after the District's fiscal year end, and therefore will not be available to pay liabilities of the current period. Accordingly, they are recorded as deferred inflows of resources. They are, however, recorded as revenue in the Statement of Activities - District-Wide. The change in unavailable property taxes during the current fiscal year is an adjustment.		
		17,668
In the Statement of Activities - District-Wide, certain operating expenses (e.g., compensated absences) and certain non-pension retirement benefits (e.g., other postemployment benefits) are measured by the amount earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (i.e., the amount actually paid). In the current year, compensated absences and other postemployment benefits paid exceeded compensated absences and other postemployment benefits earned.		
		85,877
In the Statement of Activities - District-Wide, pension expense (revenue) is actuarially determined and adjusted by amortization of deferred outflows and deferred inflows of resources. In the governmental funds, however, pension expenditures are measured by the amount of financial resources used (i.e., the amount of contributions actually paid). The difference between contributions paid and the changes in the District's proportionate share of the Base Plan's net pension liability and the related deferred outflows and deferred inflows of resources is an adjustment.		
		1,016,816
Borrowings under finance purchase agreements (formerly, capital leases) are considered revenue and repayments of principal are reported as expenditures in the governmental funds, but the proceeds and repayments are recorded within long-term obligations in the Statement of Net Position - District-Wide. Amounts recognized for these items in the current year are as follows:		
Repayment of finance purchase agreement principal		<u>8,587</u>
Change in net position - District-Wide	\$	<u>1,618,418</u>

West Bonner County School District No. 83
Statement of Net Position - Fiduciary Funds
June 30, 2022

	Student Scholarship Fund	AFLAC Cafeteria Plan Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,022	\$ 45,108
Total assets	2,022	45,108
LIABILITIES		
Current liabilities:		
Deposits due to employees	-	\$ 45,108
Total liabilities	-	45,108
NET POSITION		
Held for benefit of others	\$ 2,022	

West Bonner County School District No. 83
Statement of Changes in Net Position - Fiduciary Funds
For the Year Ended June 30, 2022

	Student Scholarship Fund
Additions:	
Interest and investment earnings	\$ -
Total additions	-
Deductions:	
Scholarships	-
Total deductions	-
Change in net position	-
Net position, beginning of year	2,022
Net position, end of year	\$ 2,022

West Bonner County School District No. 83
Notes to Financial Statements
June 30, 2022

1. Organization

West Bonner County School District No. 83 ("the District") is governed by a locally elected five-member Board of Trustees ("the Board"), which has governance responsibilities over all activities related to public elementary and secondary school education in western Bonner County, Idaho. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding entities. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since board members are elected by the public; have decision-making authority; have the power to designate management; have the responsibility to significantly influence operations; and have primary accountability for fiscal matters. Additionally, the District has no component units which are required to be included in its reporting entity.

2. District-Wide and Fund Financial Statements

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (GASB No. 34) defines the financial reporting requirements and the reporting model for the annual financial reports of state and local governments. The financial information required by GASB No. 34 includes:

Management's Discussion and Analysis

The management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities in a narrative format. An analysis of the District's overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

District-Wide Financial Statements

The district-wide financial statements, including the Statement of Net Position – District-Wide and the Statement of Activities – District-Wide, report information on all of the non-fiduciary activities of the District. These statements report the *governmental activities* of the District. Governmental transactions are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions.

In general, the effect of interfund transactions has been eliminated from the district-wide financial statements. Exceptions to this general rule are transactions between the District's governmental and fiduciary activities. Elimination of these transactions would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Activities – District-Wide presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. The District does not charge indirect expenses to programs or functions. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

2. District-Wide and Fund Financial Statements, Continued

Fund Financial Statements

The fund financial statements provide information on the District's funds, including its fiduciary funds. Separate statements for each fund category – *Governmental* and *Fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, with each displayed separately.

Budgetary Comparison Schedule

The budgetary comparison schedule is presented as required supplementary information to demonstrate whether resources were obtained and used in accordance with the District's legally adopted budget (see Note 4). The District may revise the original budget over the course of the year for various reasons. Under the reporting model prescribed by GASB No. 34, budgetary information continues to be provided, and includes comparisons of the District's original adopted budget to the final budget and actual results.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The district-wide and fiduciary funds financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements stipulated by the provider have been met and satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined, and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences, early retirement liabilities, other postemployment benefit liabilities and net pension liabilities, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

The District reports the following major governmental fund:

General Fund: The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The revenue of the fund consists primarily of local property taxes and state funds. This is a budgeted fund, and any unassigned or unencumbered fund balances are considered as resources available for use.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

The District reports the following fiduciary funds:

Student Scholarship Fund: The Student Scholarship Fund is a private-purpose trust fund used to account for funds donated for scholarships awarded to graduating seniors who will be attending college, vocational or technical training schools. This fund does not include revenues and expenditures for general operations of the District.

AFLAC Cafeteria Plan Fund: The AFLAC Cafeteria Plan Fund is an agency fund used to account for funds withheld from employees' paychecks for reimbursement of medical expenses. This fund has no net position, assets are equal to liabilities, and it does not include revenues and expenditures for general operations of the District.

Student Activity Funds: The Student Activity Funds are agency funds used to account for activities of student groups and other types of activities requiring clearing accounts. Prior to the implementation of Statement No. 84, the Student Activity Funds were recorded as a fiduciary fund, but are now considered to be a special revenue fund and are therefore included in the District's non-major governmental funds.

4. Budgetary Information

Budgets are adopted on a modified accrual basis, consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a) The District publishes a proposed budget for public review.
- b) Public hearings are held to obtain taxpayer comments.
- c) Prior to July 1, the budget is adopted by resolution of the Board of Trustees and published.
- d) The final budget is then filed with the State Department of Education. Expenditures may not legally exceed budgeted appropriations at the functional level. The legal level of budgetary control is the functional level at which the Board must approve any over-expenditures of appropriations or transfers of appropriated amounts.

During the fiscal year ended June 30, 2022, the budget was amended to reflect revised revenue and expense estimates. The amendment was properly approved by the Board of Trustees.

5. Summary of Significant Accounting Policies

Accounting Principles Generally Accepted in the United States of America

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The District has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Statement No. 87 became effective for the District beginning in the fiscal year ended June 30, 2022. With the exception of presenting certain capital leases as finance purchase agreements, the implementation did not have a material impact on the District's financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Statement No. 89 became effective for the District beginning in the fiscal year ended June 30, 2022. The District does not currently capitalize any interest costs. Accordingly, implementation did not have a material impact on the District's financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 92 addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

The requirements of Statement No. 92 that are related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to the other topics covered in Statement No. 92 became effective for the District beginning in the fiscal year ended June 30, 2022. Implementation did not have a material impact on the District's financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for Subscription-Based Information Technology Arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Statement No. 96 is effective for the District beginning in the fiscal year ending June 30, 2023. The District is currently evaluating the financial statement impact of adopting this statement.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees. This Statement addresses a variety of topics and includes specific provisions about the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to the leases, PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. The District is currently evaluating the financial statement impact of adopting this statement.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. Statement No. 101 is effective for fiscal years beginning after December 15, 2023. The District is currently evaluating the financial statement impact of adopting this statement.

Cash and Cash Equivalents

Cash received by the District in its governmental funds is pooled for investment purposes. Interest earned on the balances in the pooled accounts is allocated to the participating funds in proportion to the average daily balances in each fund. The District considers investments in the cash management pool and all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Additionally, deposits in the State of Idaho Treasurer’s Local Government Investment Pool (LGIP), if any, are available to the District on demand and, accordingly, are considered to be cash equivalents.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

5. Summary of Significant Accounting Policies, Continued

Investments

At times, the District invests in the LGIP. Investments are authorized by Board policy as permitted by Idaho Code, section 67-1210. Deposits in the LGIP are stated at fair market value, which approximates cost, and consist of local certificates of deposit, repurchase agreements and U.S. government securities.

Inventories

Inventories, which consist of food supplies, are reported at the lower of cost (first-in, first out) or net realizable value, or if donated, at fair value when received. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the Child Nutrition Fund as revenue and expense when received.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. When considered necessary, management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the current status of individual receivables from grants, contracts and others. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable. Because management expects all June 30, 2022 receivables to be collectible, no allowance for doubtful accounts has been provided as of that date.

Capital Assets

Capital assets are reported in the district-wide financial statements and as expenditures in the governmental fund financial statements. Purchased or constructed capital assets are reported at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Donated capital assets are recorded at estimated fair market value at the date of donation, less accumulated depreciation. Costs of routine repairs and maintenance that do not improve or extend the useful lives of the related assets are not capitalized. The District uses a capitalization threshold of \$5,000. When capital assets are sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is recorded in the Statement of Activities – District-Wide.

All reported capital assets except land and construction in progress are depreciated. Depreciation is calculated on capital assets using the straight-line method over the estimated useful lives of those assets, as follows:

	<u>Years</u>
Buildings, building improvements and portable units	20 to 40
Furniture and equipment	3 to 20
Buses	8
Other vehicles	3 to 5

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

5. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the District's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the District. At June 30, 2022, there were no assets or liabilities of the District that were measured at fair value on a recurring basis.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The District had no assets or liabilities measured at fair value on a nonrecurring basis during 2022.

Accrued Liabilities and Long-Term Obligations

Liabilities shown on the governmental fund financial statements are those that have become due and payable at the end of the fiscal year, which are expected to be paid during the upcoming fiscal year, and are reported as an expenditure and fund liability of the governmental fund that will pay it. On the district-wide financial statements, liabilities that become due and payable within one year after the financial statement date are included in current liabilities, while liabilities that become due and payable after that time are shown as noncurrent liabilities.

Leases

The District is a lessee in various noncancelable operating and financing leases. Effective July 1, 2021, the District implemented the provisions of GASB Statement No. 87, *Leases* (GASB No. 87). In accordance with the provisions of GASB No. 87, if a contract provides the District the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

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

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

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

5. Summary of Significant Accounting Policies, Continued

Leases, Continued

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset for finance leases is amortized on a straight-line basis over the lease term.

The District has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The District recognizes short-term lease cost on a straight-line basis over the lease term.

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

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences* (GASB No. 16). Compensated absences consist of accumulated personal and vacation leave balances that are unpaid by the financial statement date. All eligible employees of the District receive personal leave at the beginning of the year. In accordance with GASB No. 16, no liability is recorded for non-vesting accumulated rights to receive sick pay.

Under the terms of agreements with the local education association, employees earn vacation in amounts that vary based on tenure and classification. The District records a liability for accumulated unused vacation for all eligible employees.

Accumulated personal and vacation leave that has become due and payable at the end of the fiscal year, which is expected to be paid during the upcoming fiscal year, is reported as an expenditure and fund liability of the governmental fund that will pay it. The District has reported all accumulated personal and vacation leave as a current obligation in the district-wide financial statements. The District's management believes that any accumulated personal and vacation leave that is not expected to be utilized by employees during the upcoming fiscal year is immaterial to the financial statements taken as a whole. When an employee terminates employment with the District, unused personal and vacation leave hours are paid at the employee's current hourly rate.

Postemployment Benefit Obligations Other than Pensions

The District maintains two postemployment benefit plans that allow for certain costs of retiree and retiree dependents' medical benefits to be covered. All employees of the District may become eligible for these benefits if they remain employed until normal retirement age. Additionally, employees who are eligible for early retirement may also become eligible for these benefits. The postemployment benefit plans are accounted for in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (see Note 13). The District accrues the estimated cost of benefit payments over the beneficiaries' active service periods.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

5. Summary of Significant Accounting Policies, Continued

Pensions

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

Net Position

Net position represents the difference between assets plus deferred outflows, and liabilities plus deferred inflows. Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following four components.

Net investment in capital assets. This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position. This component of net position consists of amounts subject to constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Designated net position. This component of net position consists of amounts that have been designated by the Board of Directors to be set aside for future capacity-related and capital improvements.

Unrestricted net position. This component of net position consists of amounts that do not meet the definition of "net investment in capital assets," "restricted" or "designated."

Use of Restricted Resources

When expenditures qualify to be paid out of both restricted and unrestricted resources, it is the policy of the District to use restricted resources first.

Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB Statement No. 54), defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB Statement No. 54 requires the fund balance amounts to be properly reported within one of the following fund balance classifications (see Note 15):

Nonspendable: The portion of fund balance that is not expected to be converted to cash, such as inventories and prepaid expenses, if any;

Restricted: The portion of fund balance that can be used only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;

Committed: The portion of fund balance that can be used only for the specific purposes determined by a formal action of the District's Board of Trustees (the District's highest level of decision-making authority);

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

5. Summary of Significant Accounting Policies, Continued

Fund Balances, Continued

Assigned: The portion of fund balance that is intended to be used by the District for specific purposes, but does not meet the criteria to be classified as restricted or committed; and

Unassigned: The residual portion of fund balance for the District's General Fund and includes all spendable amounts not included in the other classifications.

Fund Balance Spending Policy

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for governmental funds other than the General Fund are classified as restricted fund balance. It is possible for governmental funds other than the General Fund to have negative unassigned fund balances when non-spendable amounts plus restricted amounts exceed the positive fund balance.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at fiscal year-end are reported as fund balance since they do not constitute expenditures or liabilities. An appropriation equal to the outstanding year-end encumbrance is made in the succeeding year. Unspent appropriations lapse at year-end.

The District's encumbrance policy is for fiscal year-end individual encumbrances exceeding \$50,000 to be considered significant encumbrances. All encumbrances outstanding at year-end are reported either as committed fund balance or assigned fund balance in the General Fund, or as restricted fund balance in other funds, if any (see Note 15). At June 30, 2022, there were no significant encumbrances.

Property Taxes

In accordance with Idaho State Law, an ad valorem property tax is levied in September for each calendar year. Taxes are recorded by the District using the modified accrual basis of accounting. Levies are made on the second Monday of September. All of the personal property taxes are due on or before June 20 of the following year. One-half of the real property taxes are due on or before both June 20 and December 20 of the following year. Unpaid property taxes attach as an enforceable lien on property as of January 1 of the following year. Notice of foreclosure is filed with the County Clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year. Bonner County acts as an agent for the District in both the assessment and collection of property taxes. The County remits tax revenues to the District monthly, with the majority of the collections being remitted in January and July.

In the governmental funds financial statements, property taxes are recorded as revenue in the period for which the taxes are levied, to the extent that they are both measurable and available. Property taxes receivable which are collectible subsequent to 60 days after the financial statement date are reflected in the fund financial statements as deferred inflows of resources. In the district-wide financial statements, all property taxes receivable, regardless of when they are collected, are recorded as revenue in the period for which the taxes are levied.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

5. Summary of Significant Accounting Policies, Continued

Grant Revenue

The District receives financial assistance from governmental agencies in the form of grants, which are accounted for in special revenue funds. Revenue is deemed earned and thus recognized when applicable program expenditures are recorded. Funds received but not earned at June 30, 2022 are recorded as unearned grant revenue.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and affect the amounts reported in the financial statements.

Subsequent Events

The District has evaluated subsequent events through December 8, 2022, the date as of which these financial statements were available to be issued. No material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in these financial statements.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of deposits held in checking accounts and a money market account with a local bank. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's bank deposits at the financial institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at June 30, 2022. In addition, through a sweep account with the local bank, the District's deposits in the account are fully collateralized and insured.

The carrying amount of cash and cash equivalents at June 30, 2022 appears in the financial statements as summarized below:

Cash and cash equivalents, Statement of Net Position – District-Wide	\$ 2,493,601
Cash and cash equivalents, Statement of Net Position – Fiduciary Funds	<u>47,130</u>
	<u>\$ 2,540,731</u>

Bank balances at June 30, 2022 totaled \$2,667,568. The differences between the carrying amount of cash and cash equivalents on the District's books and the bank balances consisted of outstanding checks and deposits not processed by the bank as of June 30, 2022.

A summary of the total insured and collateralized bank balances at June 30, 2022 is as follows:

Insured by FDIC	\$ 250,000
Additional FDIC through local bank sweep account	2,234,749
Uninsured bank balances	<u>182,819</u>
Total bank balances	<u>\$ 2,667,568</u>

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

7. Receivables

Receivables as of June 30, 2022 are as follows:

Property taxes receivable	\$ 933,928
Delinquent property taxes receivable	152,612
State support receivable	146,773
Grants receivable	1,405,079
Accounts receivable	<u>200</u>
Total receivables	<u>\$ 2,638,592</u>

Property taxes receivable consist of property taxes levied for the current and prior fiscal years that were received within the first 60 days after June 30, 2022.

Delinquent property taxes receivable consist of property taxes levied for the current and prior fiscal years, which were not collected within the current period or within the first 60 days after the end of the District's fiscal year. These amounts have been offset by a deferred inflow of resources in the governmental fund financial statements.

State support receivable consists of revenues due to the District under the State's school district funding model that were received in July and August 2022.

Grants receivable consist of revenues earned by the District from various local, state or federal grants that were not received by the District as of June 30, 2022.

No allowance has been made for uncollectible amounts, as management believes any such potential amounts are immaterial.

8. Capital Assets

Capital asset activity for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Additions	Transfers	Disposals	Balance June 30, 2022
Buildings, building improvements and portable units	\$ 10,892,374	\$ --	\$ --	\$ --	\$ 10,892,374
Furniture and equipment	1,359,619	70,003	--	--	1,429,622
Buses	1,867,761	99,500	--	(57,850)	1,909,411
Other vehicles	<u>94,116</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>94,116</u>
Capital assets in service	14,213,870	169,503	--	(57,850)	14,325,523
Accumulated depreciation	<u>(11,634,528)</u>	<u>(303,862)</u>	<u>--</u>	<u>57,850</u>	<u>(11,880,540)</u>
	2,579,342	(134,359)	--	--	2,444,983
Construction in progress	--	12,000	--	--	12,000
Land	<u>191,931</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>191,931</u>
Total capital assets	<u>\$ 2,771,273</u>	<u>\$ (122,359)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,648,914</u>

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

8. Capital Assets, Continued

Depreciation expense recorded in the Statement of Activities – District-Wide was charged to governmental functions as follows:

Instructional services:	
Elementary programs	\$ 81,790
Secondary programs	83,801
Alternative school program	<u>617</u>
	<u>166,208</u>
Support services:	
Technology program,	9,317
District administration	4,926
Custodial and maintenance	23,637
Transportation	<u>94,703</u>
	<u>132,583</u>
Non-instruction programs:	
Child nutrition program	<u>5,071</u>
	<u>\$ 303,862</u>

9. Interfund Receivables and Payables

Interfund receivables and payables arise primarily from one fund holding cash on behalf of another fund in order to limit the number of bank accounts held by the District. Interfund receivables and payables may also arise from one fund making payments on behalf of another fund to cover expenditures until grant reimbursements are received. When grant reimbursements are received, the paying fund is reimbursed for the payments made on behalf of the receiving fund.

Interfund receivables and payables at June 30, 2022 are summarized as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Title I-A Fund	\$ 194,692
General Fund	ESSER II CRRSA Fund	178,279
General Fund	ESSER III ARPA Fund	283,351
General Fund	Title VI Part B Fund	210,153
General Fund	Title VI Part B Preschool Fund	8,636
General Fund	Medicaid Fund	61,128
General Fund	Title IV-A Fund	8,843
General Fund	GEAR UP Fund	5,536

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

10. Interfund Transfers

Interfund transfers for the year ended June 30, 2022 are summarized as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Reason</u>	<u>Amount</u>
General Fund	Bus Acquisition	Transfer depreciation funds	\$ 74,336
Supplemental Levy 21-22	General Fund	Budgeted transfer for shortfall	1,924,444
Federal Forest	General Fund	Budgeted transfer	43,324
Title IV-A Fund	Title I-A	Grant transferability	40,651
Title II-A Fund	Title I-A	Grant transferability	61,504

11. Short-Term Borrowings

The District had no short-term borrowings outstanding at June 30, 2022, nor were there any short-term borrowings or repayments during the year then ended.

12. Long-Term Obligations

Accrued Compensated Absences

No portion of accrued compensated absences was considered to be due and payable as of June 30, 2022. Accordingly, the District has not recorded any amount of accrued compensated absences in the governmental fund financial statements.

Finance Purchase Agreements (formerly, Capital Leases)

During 2020, the District entered into a lease agreement for the purchase of photocopiers. The lease has a term of five years and calls for monthly payments of \$827, including an implicit interest rate of 5.19%. Prior to the implementation of GASB No. 87, the lease was accounted for as a capital lease. With the implementation of GASB No. 87, leases that transfer ownership of the underlying assets are required to be accounted for as a financed purchase and not as a lease. Accordingly, this lease agreement is now recorded as a finance purchase agreement, but the change in classification did not impact the amounts recorded as liabilities in the current year or in previously issued financial statements.

Future minimum lease payments under the remaining finance purchase agreement, formerly referred to as a capital lease, are as follows:

<u>Year ending June 30,</u>	
2023	\$ 9,925
2024	9,925
2025	<u>2,481</u>
Total future minimum lease payments	22,331
Less amount representing interest	<u>(1,299)</u>
Present value of net minimum lease payments	21,032
Less amount due within one year	<u>(9,045)</u>
Amount due after one year	<u>\$ 11,987</u>

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

12. Long-Term Obligations, Continued

A summary of the changes in long-term obligations of the District for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Obligations Incurred	Obligations Paid	Balance June 30, 2022	Due Within One Year
Accrued compensated absences \$	65,175	\$ 89,150	\$ (97,520)	\$ 56,805	\$ 56,805
Finance purchase agreement	<u>29,619</u>	<u>--</u>	<u>(8,587)</u>	<u>21,032</u>	<u>9,045</u>
Total long-term obligations	<u>\$ 94,794</u>	<u>\$ 89,150</u>	<u>\$ (106,107)</u>	<u>\$ 77,837</u>	<u>\$ 65,850</u>

13. Other Postemployment Benefits

GASB Statement No. 75 (GASB No. 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The District has two OPEB plans that are accounted for in accordance with GASB No. 75, as described below.

The District offers medical, dental, long-term care, prescription drug and vision insurance benefits to its retirees and their dependents, accounted for as an OPEB (the “Insurance Plan”). All employees of the District may become eligible for these benefits if they remain employed until normal retirement age. Additionally, employees who are eligible for early retirement may also become eligible for these benefits. The District does not explicitly contribute towards the cost of certain of these benefits for retirees, including long-term care and dental.

The District also participates in the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Fund (the “Sick Leave Plan”), as required by Idaho Statute. Employees who retire with an accumulated sick leave account, and are eligible for PERSI pension benefits, may use their sick leave account balance as a credit towards group retiree health, dental, accident, and life insurance premiums paid directly to the applicable insurance company.

Aggregate Amount for OPEB Plans

The aggregate amounts reported in the District’s Statement of Net Position – District-Wide and Statement of Activities – District-Wide for both OPEB plans subject to the provisions of GASB No. 75 as of and for the year ended June 30, 2022 are summarized as follows:

	Insurance Plan	Sick Leave Plan	Total
OPEB liability (asset)	\$ 336,583	\$ (608,054)	\$ (271,471)
Deferred outflows of resources	15,095	205,254	220,449
Deferred inflows of resources	480,964	277,739	758,703
OPEB expense (expense offset)	(25,758)	(24,997)	(50,755)

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

13. Other Postemployment Benefits, Continued

Insurance Plan

Plan Description

In accordance with Chapter 13, Title 59, Idaho Code, employees who have attained the normal retirement age of 65, or the early retirement age of 55, and completed 5 years of contractual service with the District are eligible to retire and participate in the District's healthcare plan by paying premiums equal to those charged for the District's active employees. Spouses and eligible dependent children of retirees may also be covered. The District does not explicitly contribute towards the cost of these benefits for retirees. This option creates a defined benefit other post-employment benefits plan (OPEB) since retirees are typically older than the average age of active plan participants and therefore receive a benefit of lower insurance rates. The OPEB plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The District covers OPEB costs when they come due, on a pay-as-you-go basis.

OPEB Benefits

The OPEB plan provides healthcare insurance benefits for retirees, eligible spouses and dependents as defined in Chapter 13, Title 59, Idaho Code. Eligible retirees are required to pay the full amount of their health insurance premiums.

Employees Covered by Benefit Terms

As of June 30, 2021, the most recent valuation date, the following employees are covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>146</u>
	<u>157</u>

The active employees have an average age of 51.0 as of June 30, 2021, the most recent valuation date, and an average of 10.6 years of service.

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

As of June 30, 2022, the District reported a total OPEB liability of \$336,583 related to this plan. The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021. The actuarial valuation date on which the total OPEB liability is based was as of June 30, 2021, with update procedures used to roll forward the total OPEB liability to the measurement date.

For the year ended June 30, 2022, the District recognized OPEB expense (expense offset) of \$(25,758) related to this plan. Since the District records costs as they come due, there are no deferred outflows of resources for contributions to the OPEB plan.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

13. Other Postemployment Benefits, Continued

Insurance Plan, Continued

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ --	\$ 430,694
Changes in assumptions or other inputs	<u>15,095</u>	<u>50,270</u>
Total	<u>\$ 15,095</u>	<u>\$ 480,964</u>

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:

Year Ending June 30,

2023	\$ (71,680)
2024	(71,680)
2025	(71,680)
2026	(71,680)
2027	(56,339)
Thereafter	<u>(122,810)</u>
	<u>\$ (465,869)</u>

The amortization period for changes in assumptions or other inputs and differences between expected and actual experience is based on the average expected remaining service lives of all employees that are provided with OPEB through the District (active and inactive employees). The amortization period, which was determined at June 30, 2021, is 11.23 years.

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined using the following assumptions and other inputs, based on the most recent actuarial valuation date of June 30, 2021, applied to all periods included in the measurement:

Participation rates	40.0% of future retirees will elect medical coverage 40.0% of future retirees will elect dental coverage 70.0% of future married retirees will elect spousal coverage
Marital status – at retirement	Actual spousal information is used for current retirees 60.0% of future retirees are assumed to be married Males are assumed to be 3 years older than females

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

13. Other Postemployment Benefits, Continued

Insurance Plan, Continued

Actuarial Assumptions, Continued

Discount rate	2.27%
Average salary increase	3.75%

Mortality for healthy participants is assumed to follow the RP-2000 Healthy Combined Mortality Table adjusted with generational mortality adjustments using Scale AA, set back three years for both males and females.

Mortality for disabled participants is assumed to follow the RP-2000 Disabled Mortality Table adjusted with generational mortality adjustments using Scale AA, set back one year for males and set forward two years for females.

Healthcare cost trend rate:

<u>Plan year</u>	<u>Medical</u>	<u>Prescription Drugs</u>	<u>Dental</u>
2021	7.5%	7.5%	4.0%
2022	7.0%	7.0%	3.5%
2023	6.5%	6.5%	3.0%
2024	6.0%	6.0%	2.5%
2025	5.9%	5.9%	2.0%
2026	5.7%	5.7%	2.0%
2027	5.6%	5.6%	2.0%
2028	5.5%	5.5%	2.0%
2029	5.3%	5.3%	2.0%
2030+	4.8% (average)	4.8% (average)	2.0%

The annual age 65 per capita claims costs for the period from July 1, 2020 to June 30, 2021 are as follows:

<u>Coverage</u>	<u>Medical</u>	<u>Prescription Drugs</u>	<u>Dental</u>
Before Medicare Eligibility	\$ 9,677	\$ 1,640	\$ 462
After Medicare Eligibility	N/A	N/A	462

The following retiree contributions are a weighted average of all retiree contributions for the year ended June 30, 2021:

<u>Medical and Prescription Drug</u>	<u>Retiree/Surviving Spouse</u>	<u>Spouse</u>
Before Medicare Eligibility	\$ 6,933	\$ 8,616
After Medicare Eligibility	N/A	N/A
<u>Dental</u>		
Before Medicare Eligibility	\$ 416	\$ 416
After Medicare Eligibility	N/A	N/A

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

13. Other Postemployment Benefits, Continued

Insurance Plan, Continued

Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the fiscal year ended June 30, 2022:

Balance at June 30, 2021	<u>\$ 317,413</u>
Service cost	38,153
Interest	7,769
Changes in benefit terms	--
Differences between expected and actual experience	--
Changes in assumptions or other inputs	--
Benefit payments	<u>(26,752)</u>
Net change in total OPEB liability	<u>19,170</u>
Balance at June 30, 2022	<u>\$ 336,583</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability reported by the District calculated using the discount rate of 2.27%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate:

	<u>1% Decrease</u> <u>(1.27%)</u>	<u>Current Rate</u> <u>(2.27%)</u>	<u>1% Increase</u> <u>(3.27%)</u>
Employer's proportionate share of the total OPEB liability	\$ 353,373	\$ 336,583	\$ 320,510

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability reported by the District calculated using the current healthcare cost trend rate, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Employer's proportionate share of the total OPEB liability	\$ 310,072	\$ 336,583	\$ 367,011

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

13. Other Postemployment Benefits, Continued

Sick Leave Plan

Plan Description

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing, multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Sick Leave Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members are Idaho citizens who are 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 is 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 rates are 1.16% for school members with nine or ten sick days and 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. In addition, during November 2019, the PERSI Retirement Board approved an 18-month rate holiday from January 1, 2020 to June 30, 2021, which was subsequently extended for one year through June 30, 2022 during October 2020. During the rate holiday, all sick leave contribution rates are 0.0%. The District's contributions to the PERSI Sick Leave Plan were zero for the year ended June 30, 2022.

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

At June 30, 2022, the District reported an asset of \$608,054 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all employers participating in the Sick Leave Plan. At June 30, 2021, the District's proportion was 0.004187113.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

13. Other Postemployment Benefits, Continued

Sick Leave Plan, Continued

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

For the year ended June 30, 2022, the District recognized net OPEB expense (expense offset) related to the Sick Leave Plan of \$(24,997). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the Sick Leave Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 86,760	\$ --
Changes in assumptions or other inputs	71,417	115,192
Net difference between projected and actual earnings on investments	--	162,547
Change in proportionate share	47,077	--
Contributions made subsequent to the measurement date	<u>--</u>	<u>--</u>
Total	<u>\$ 205,254</u>	<u>\$ 277,739</u>

The amount reported as deferred outflows of resources related to OPEB for the Sick Leave Plan resulting from the District's contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

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

Year Ending June 30,

2023	\$ (27,747)
2024	(22,590)
2025	(20,663)
2026	(33,862)
2027	7,183
Thereafter	<u>25,194</u>
	<u>\$ (72,485)</u>

The amortization of the net difference between projected and actual earnings on investments is amortized over a closed 5-year period, beginning in the current fiscal year. The amortization period for changes in assumptions or other inputs and differences between expected and actual experience is based on the average expected remaining service lives of all employees that are provided with OPEB through the System (active and inactive employees). The amortization period, which was determined at July 1, 2020, the beginning of the measurement period ended June 30, 2021, is 8.9 years.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

13. Other Postemployment Benefits, Continued

Sick Leave Plan, Continued

Actuarial Assumptions

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

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return	5.45%, net of investment expenses

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

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

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

<i>Asset Class</i>	Target <u>Allocation</u>	Long-Term Expected Nominal Rate of <u>Return (Arithmetic)</u>	Long-Term Expected Real Rate of <u>Return (Arithmetic)</u>
Fixed Income	50.00%	2.80%	(0.20%)
US/Global Equities	39.30%	8.00%	6.00%
International Equities	10.70%	8.25%	6.25%
Assumed inflation – mean		2.00%	2.00%
Assumed inflation – standard deviation		1.50%	1.50%
Portfolio arithmetic mean return		6.18%	4.18%
Portfolio standard deviation		12.29%	12.29%
Portfolio long-term expected geometric rate of return		6.25%	3.89%
Assumed investment expenses		<u>0.40%</u>	<u>0.40%</u>
Portfolio long-term expected geometric rate of return, net of investment expenses		<u>5.85%</u>	<u>3.49%</u>

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

13. Other Postemployment Benefits, Continued

Sick Leave Plan, Continued

Actuarial Assumptions, Continued

Portfolio long-term expected real rate of return net of investment expenses	4.14%
Portfolio standard deviation	14.16%

Valuation Assumptions Chosen by PERSI Board

Long-term expected real rate of return, net of investment expenses	3.15%
Assumed inflation	<u>2.30%</u>

Long-term expected geometric rate of return, net of investment expenses	<u>5.45%</u>
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Discount Rate

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

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 5.45%, 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 one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (4.45%)	Current Rate (5.45%)	1% Increase (6.45%)
Employer's proportionate share of the net OPEB liability (asset)	\$ (527,650)	\$ (608,054)	\$ (683,157)

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

At June 30, 2022, the District reported no payables to the defined benefit OPEB plan for legally required employer contributions not yet remitted to PERSI.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

14. Public Employee Retirement System of Idaho Base Plan

Plan Description

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

Responsibility for administration of the Base Plan is assigned to the PERSI Board, which is 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 be Idaho citizens who are not members of the Base Plan, except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits 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 (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates, which are expressed as percentages of annual covered payroll, if current rates are actuarially determined to be inadequate or in excess of the rates needed to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. Effective July 1, 2019, the required contribution rate as a percentage of covered payroll for members was 7.16% (8.81%). The employer contribution rate is set by the Retirement Board and was 11.94% (12.28%) of covered compensation. The District's employer contributions required and paid were \$842,735 for the year ended June 30, 2022.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

14. Public Employee Retirement System of Idaho Base Plan, Continued

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

At June 30, 2022, the District reported a liability (asset) of \$(141,786) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the Base Plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the District's proportionate allocation was 0.001795266.

For the year ended June 30, 2022, the District recognized net pension expense (expense offset) of \$(173,598). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 208,903	\$ 82,416
Changes in assumptions or other inputs	1,627,525	--
Net difference between projected and actual earnings on investments	--	4,453,402
Change in proportionate share	--	168,496
Contributions made subsequent to the measurement date	<u>842,735</u>	<u>--</u>
Total	<u>\$ 2,679,163</u>	<u>\$ 4,704,314</u>

The amount reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date, in the amount of \$842,735, will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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

Year Ending June 30,

2023	\$ (710,612)
2024	(629,806)
2025	(527,239)
2026	<u>(1,000,229)</u>
	<u>\$ (2,867,886)</u>

The amortization of the net difference between projected and actual earnings on investments is amortized over a closed 5-year period, beginning in the current fiscal year. The amortization period for changes in assumptions or other inputs and differences between expected and actual experience is based on the average expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees). The amortization period, which was determined at July 1, 2020, the beginning of the measurement period ended June 30, 2021, is 4.6 years.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

14. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions

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

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

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

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

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%.
Teachers - Males	Pub-2010 Teacher Tables, increased 12%.
Teachers - Females	Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%.

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 weighting 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.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

14. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

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

<i>Asset Class</i>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	30.00%	1.80%	(0.20%)
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed inflation – mean		2.00%	2.00%
Assumed inflation – standard deviation		1.50%	1.50%
Portfolio arithmetic mean return		6.18%	4.18%
Portfolio standard deviation		12.29%	12.29%
Portfolio long-term expected geometric rate of return		5.55%	3.46%
Assumed investment expenses		<u>0.40%</u>	<u>0.40%</u>
Portfolio long-term expected geometric rate of return, net of investment expenses		<u>5.15%</u>	<u>3.06%</u>
Portfolio long-term expected real rate of return net of investment expenses			4.14%
Portfolio standard deviation			14.16%

Valuation Assumptions Chosen by PERSI Board

Long-term expected real rate of return, net of investment expenses	4.05%
Assumed inflation	<u>2.30%</u>
Long-term expected geometric rate of return, net of investment expenses	<u>6.35%</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the Base 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 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.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

14. Public Employee Retirement System of Idaho Base Plan, Continued

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability (Asset)

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

	1% Decrease (<u>5.35%</u>)	Current Rate (<u>6.35%</u>)	1% Increase (<u>7.35%</u>)
Employer's proportionate share of net pension liability (asset)	\$ 4,928,798	\$ (141,786)	\$ (4,298,246)

Payables to the Pension Plan

At June 30, 2022, the District reported \$178,534 in payables to the defined benefit pension plan for legally required employer contributions or employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

15. Fund Equity

GASB Statement No. 54 requires the fund balance amounts to be properly reported within one of five categories (see Note 5). Specific amounts reported as committed and assigned are summarized below:

Committed: The District's Committed Fund Balance is fund balance reporting required by the District's Board of Trustees, either because of a Board policy or because of motions that passed at Board meetings. At June 30, 2022, amounts reported as Committed Fund Balance represent unforeseen expenditures, totaling \$866,151, which is reported within the General Fund.

Assigned: The District's Assigned Fund Balance is fund balance reporting occurring by the Board administration authority, as designated by the District's superintendent. At June 30, 2022, amounts reported as Assigned Fund Balance represent General Fund amounts available to be used on District expenditures in accordance with the above policy.

Restrictions of net position reported in the district-wide financial statements are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific restrictions on net position are summarized below:

Program Requirements: The amount is restricted for expenditures in accordance with the terms and conditions specified in the grant and contract agreements.

Replacement of Plant Equipment: The amount is restricted for capital outlay expenditures, in accordance with Idaho State statutes.

16. Risk Management

Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settled claims did not exceed coverage during any of the past three fiscal years.

West Bonner County School District No. 83
Notes to Financial Statements, Continued
June 30, 2022

16. Risk Management, Continued

Litigation

The District is occasionally named as a defendant in lawsuits arising principally in the normal course of operations. In the opinion of the District's administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying district-wide financial statements and, accordingly, no provision for loss has been recorded.

17. Commitments and Contingencies

Grants and Contracts

The District receives significant financial assistance from federal and state governmental agencies in the form of grants, which are governed by various rules and regulations of the grantor agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Therefore, to the extent that the District has not complied with the terms and conditions governing the grants, refunds of any money received may be required, and the collectability of any related receivables at June 30, 2022 may be impaired. Based on prior experience, the District's administration believes such amounts, if any, would be immaterial.

COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, during April 2020, the Governor of the State of Idaho issued proactive emergency declarations in response to the spread of COVID-19. As a result, economic uncertainties have arisen, but the impact of COVID-19 has not had a material impact to the District's financial statements as of and through June 30, 2022. However, if the severity of the economic disruptions increase as the duration of the COVID-19 pandemic continues, there is the potential that negative financial impact could occur in the near future. However, any potential impact to the District is unknown at this time.

In addition, during 2020 and 2021, the District was awarded various federal grants as part of the relief efforts related to COVID-19. Funds received under the umbrella of the various COVID-19 relief funds and acts will be reported separately from other federal funds and will be subject to additional rules and regulations. Through June 30, 2022, expenditures and revenue totaling approximately \$1,885,500 have been incurred and recognized under these grant awards.

18. Economic Dependency

The District receives a large portion of its funding from the State of Idaho. Therefore, the District is economically dependent on the State of Idaho for its continued operations.

Required Supplementary Information

West Bonner County School District No. 83
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2022

			Actual	Variances	
			Modified	Positive/(Negative)	
	Budgeted Amounts		Accrual	Original	Final
	Original	Final	Basis	to Final	to Actual
REVENUES					
Property taxes	\$ 3,608,579	\$ 3,615,578	\$ 3,632,122	\$ 6,999	\$ 16,544
Interest and investment earnings	387	387	4,775	-	4,388
Other local revenue	4,000	6,000	137,029	2,000	131,029
State assistance and reimbursements	6,167,196	6,789,642	6,928,484	622,446	138,842
Total revenues	9,780,162	10,411,607	10,702,410	631,445	290,803
EXPENDITURES					
Instruction:					
Elementary programs	1,798,305	2,100,378	1,986,959	(302,073)	113,419
Secondary programs	2,039,943	2,014,031	1,806,935	25,912	207,096
Vocational education programs	248,853	260,440	274,795	(11,587)	(14,355)
Special education programs	765,936	611,988	592,052	153,948	19,936
Exceptional child, gifted and talented programs	9,330	8,479	-	851	8,479
Interscholastic and school activity programs	394,247	378,502	335,594	15,745	42,908
Summer school	14,898	16,774	16,774	(1,876)	-
Total instruction	5,271,512	5,390,592	5,013,109	(119,080)	377,483
Support services:					
Attendance, guidance and health	267,454	286,926	310,336	(19,472)	(23,410)
Special services	182,750	191,394	234,637	(8,644)	(43,243)
Instruction improvement	614,524	804,632	400,944	(190,108)	403,688
Educational media program	150,822	143,390	120,044	7,432	23,346
Technology program	332,039	334,834	376,029	(2,795)	(41,195)
District administration	215,159	237,065	236,153	(21,906)	912
School administration	731,914	736,348	719,171	(4,434)	17,177
Business operations	352,030	355,671	343,684	(3,641)	11,987
Custodial and maintenance	1,776,425	1,937,888	1,645,772	(161,463)	292,116
Transportation	753,621	704,926	688,611	48,695	16,315
Other support services	-	-	33,656	-	(33,656)
Total support services	5,376,738	5,733,074	5,109,037	(356,336)	624,037
Non-instruction programs:					
Child nutrition programs	15,147	11,213	-	3,934	11,213
Total non-instruction programs	15,147	11,213	-	3,934	11,213
Debt service	16,909	12,800	10,542	4,109	2,258
Total capital assets and debt service	16,909	12,800	10,542	4,109	2,258
Total expenditures	10,680,306	11,147,679	10,132,688	(467,373)	1,014,991
Excess (deficiency) of revenues over (under) expenditures	(900,144)	(736,072)	569,722	164,072	1,305,794
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	(99,742)	(291,234)	(31,012)	(191,492)	260,222
Net change in fund balance	(999,886)	(1,027,306)	538,710	(27,420)	1,566,016
Total fund balance, beginning of year	1,001,806	1,027,306	2,374,680	25,500	1,347,374
Total fund balance, end of year	\$ 1,920	\$ -	\$ 2,913,390	\$ (1,920)	\$ 2,913,390

West Bonner County School District No. 83
Notes to Budgetary Comparison Schedule
June 30, 2022

1. Basis of Presentation

The budgetary comparison schedule has been prepared on the modified accrual basis of accounting, which is the same basis of accounting used in the governmental funds financial statements.

2. Expenditures in Excess of Budgeted Amounts

As disclosed in Note 1 above, the budgetary comparison schedule has been prepared in conformance with the presentation used in the preparation of the Governmental Funds financial statements. This presentation differs from the account groupings required by Idaho Statutes for Board of Trustees' budgetary control at the functional level, as described in Note 4 to the Financial Statements. As a result, the Budgetary Comparison Schedule for the General Fund at page 51 discloses five instances in which actual expenditures exceeded budgeted expenditures. In fact, there were no instances in which General Fund expenditures exceeded budgeted expenditures at the functional levels required by Idaho Statutes.

West Bonner County School District No. 83

**Schedule of Changes in the Total OPEB Liability and Related Ratios - Insurance Plan
Last 10 Fiscal Years***

	2022	2021	2020	2019	2018
Total OPEB liability, beginning of year	<u>\$ 317,413</u>	<u>\$ 416,007</u>	<u>\$ 390,543</u>	<u>\$ 862,789</u>	<u>\$ 842,771</u>
Service cost	38,153	35,032	37,697	60,446	64,236
Interest	7,769	11,054	14,323	35,268	34,648
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(102,388)	-	(491,091)	-
Changes in assumptions or other inputs	-	(13,854)	-	8,608	-
Benefit payments	<u>(26,752)</u>	<u>(28,438)</u>	<u>(26,556)</u>	<u>(85,477)</u>	<u>(78,866)</u>
Net change in total OPEB liability	<u>19,170</u>	<u>(98,594)</u>	<u>25,464</u>	<u>(472,246)</u>	<u>20,018</u>
Total OPEB liability, end of year	<u>\$ 336,583</u>	<u>\$ 317,413</u>	<u>\$ 416,007</u>	<u>\$ 390,543</u>	<u>\$ 862,789</u>
Employer's covered employee payroll	<u>\$ 6,380,753</u>	<u>\$ 5,594,081</u>	<u>\$ 6,374,516</u>	<u>\$ 6,393,402</u>	<u>\$ 6,395,207</u>
Total OPEB liability as a percentage of covered payroll	5.27%	5.67%	6.53%	6.11%	13.49%
	2017	2016	2015	2014	2013
Total OPEB liability, beginning of year	<u>\$ 809,399</u>	<u>\$ 975,246</u>	<u>\$ 931,179</u>	<u>\$ 744,760</u>	<u>\$ 710,649</u>
Service cost	68,678	54,614	57,898	47,553	50,101
Interest	33,543	43,769	42,059	33,673	32,332
Changes in benefit terms	-	-	N/A	N/A	N/A
Differences between expected and actual experience	-	(103,263)	N/A	N/A	N/A
Changes in assumptions or other inputs	-	(79,408)	N/A	N/A	N/A
Benefit payments	<u>(68,849)</u>	<u>(81,559)</u>	<u>(56,570)</u>	<u>(38,203)</u>	<u>(48,425)</u>
Net change in total OPEB liability	<u>33,372</u>	<u>(165,847)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total OPEB liability, end of year	<u>\$ 842,771</u>	<u>\$ 809,399</u>	<u>\$ 975,246</u>	<u>\$ 931,179</u>	<u>\$ 744,760</u>
Employer's covered employee payroll	<u>\$ 6,337,049</u>	<u>\$ 6,163,227</u>	<u>\$ 6,071,306</u>	<u>\$ 5,849,827</u>	<u>N/A</u>
Total OPEB liability as a percentage of covered payroll	13.30%	13.13%	16.06%	15.92%	N/A

* GASB Statement No. 75 requires ten years of information to be presented in this table.

West Bonner County School District No. 83
Schedule of Employer's Share of the Net OPEB Asset - PERSI Sick Leave Plan
Last 10 Plan Years *

Plan Year	Employer's Portion of NOA	Employer's Proportionate Share of NOA (a)	Employer's Covered Employee Payroll (b)	Employer's NOA as a Percentage of Covered Payroll (a/b)	Plan Net Position as a Percentage of Total OPEB Asset
2017	0.004958554	\$ (380,633)	\$ 6,337,049	-6.01%	136.78%
2018	0.004756087	(394,493)	6,395,207	-6.17%	135.69%
2019	0.004521366	(433,058)	6,393,402	-6.77%	138.51%
2020	0.004187113	(515,562)	6,481,877	-7.95%	152.87%
2021	0.004187113	(608,054)	6,696,393	-9.08%	152.61%

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

Data reported is measured as of June 30 of each respective plan year.

West Bonner County School District No. 83
Schedule of Employer Contributions - PERSI Sick Leave Plan
Last 10 Fiscal Years*

Fiscal Year	Statutorily Required Contribution (a)	Actual Employer Contribution (b)	Contribution Excess (Deficiency) (b-a)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b / c)
2017	\$ 73,510	\$ 73,267	\$ (243)	\$ 6,337,049	1.16%
2018	74,184	74,186	2	6,395,207	1.16%
2019	74,163	74,164	1	6,393,402	1.16%
2020	37,628	37,628	-	6,481,877	0.58%
2021	-	-	-	6,696,393	0.00%
2022	-	-	-	7,021,938	0.00%

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

Data reported is measured as of June 30 of each respective fiscal year.

West Bonner County School District No. 83
Notes to Other Postemployment Benefits Plan Schedules
June 30, 2022

1. Changes of Benefit Terms – Insurance Plan

There were no changes in benefit terms during the Insurance Plan year ended June 30, 2022.

2. Changes in Assumptions – Insurance Plan

There were no changes in assumptions during the Insurance Plan year ended June 30, 2022.

3. Changes of Benefit Terms – PERSI Sick Leave Plan

There were no changes in benefit terms during the Sick Leave Plan year ended June 30, 2021.

4. Changes in Assumptions – PERSI Sick Leave Plan

There were four significant changes in actuarial assumptions during the Plan year ended June 30, 2021. The most significant changes included a decrease in the discount rate from 7.05% to 5.45%, a decrease in salary increases from 3.75% to 3.05%, a decrease in the inflation rate from 3.00% to 2.30% and in the capital market assumptions for both long-term expected nominal and real rates of return.

5. Changes in Statutorily Required Contributions – PERSI Sick Leave Plan

During November 2019, the PERSI Retirement Board approved an 18-month rate holiday from January 1, 2020 to June 30, 2021, which was subsequently extended for one year through June 30, 2022, during October 2020. During the rate holiday, all sick leave contribution rates are 0.0%.

West Bonner County School District No. 83
Schedule of Employer's Share of the Net Pension Liability (Asset) - PERSI Base Plan
Last 10 Plan Years *

Plan Year	Employer's Portion of NPL	Employer's Proportionate Share of NPL (a)	Employer's Covered Employee Payroll (b)	Employer's NPL as a Percentage of Covered Payroll (a/b)	Plan Net Position as a Percentage of Total Pension Liability
2014	0.002158908	\$ 1,589,294	\$ 5,849,827	27.17%	94.95%
2015	0.002169167	2,856,440	6,071,306	47.05%	91.38%
2016	0.002104832	4,266,818	6,163,227	69.23%	87.26%
2017	0.002033565	3,196,415	6,337,049	50.44%	90.68%
2018	0.001987718	2,931,919	6,394,287	45.85%	91.69%
2019	0.001888858	2,156,079	6,412,343	33.62%	93.79%
2020	0.001828011	4,244,883	6,512,197	65.18%	88.22%
2021	0.001795266	(141,786)	6,696,393	-2.12%	100.36%

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

Data reported is measured as of June 30 of each respective plan year.

West Bonner County School District No. 83
Schedule of Employer Contributions - PERSI Base Plan
Last 10 Fiscal Years *

Fiscal Year	Statutorily Required Contribution (a)	Actual Employer Contribution (b)	Contribution Excess (Deficiency) (b-a)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b / c)
2014	\$ 662,200	\$ 662,080	\$ (120)	\$ 5,849,827	11.32%
2015	687,272	687,273	1	6,071,306	11.32%
2016	697,677	697,678	1	6,163,227	11.32%
2017	717,354	717,353	(1)	6,337,049	11.32%
2018	723,833	723,833	-	6,394,287	11.32%
2019	725,877	725,877	-	6,412,343	11.32%
2020	777,556	777,527	(29)	6,512,197	11.94%
2021	799,549	799,550	1	6,696,393	11.94%
2022	842,734	842,735	1	7,058,077	11.94%

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

Data reported is measured as of June 30 of each respective fiscal year.

West Bonner County School District No. 83
Notes to PERSI Base Plan Schedules
June 30, 2022

1. Changes in Benefit Terms

There were no changes in benefit terms during the Plan year ended June 30, 2021.

2. Changes in Composition of the Population

There were no changes in the composition of the population during the Plan year ended June 30, 2021.

3. Changes in Assumptions

There were two significant changes in actuarial assumptions during the Plan year ended June 30, 2021. The most significant changes included a reduction in the discount rate from 7.05% to 6.35% and updates to the mortality rates used in the valuation.

Other Supplementary Information

West Bonner County School District No. 83
Combining Balance Sheet - General Fund
June 30, 2022

	General Fund	Medical Insurance Fund	Contingency Fund	General Grants Fund	Supplemental Levy 2018-2019	Supplemental Levy 2019-2020	Supplemental Levy 2020-2021	Supplemental Levy 2021-2022	Total General Fund
ASSETS									
Assets:									
Cash and cash equivalents	\$ (128,269)	\$ 224,097	\$ 866,151	\$ 354,803	\$ 250,297	\$ 224,616	\$ 239,912	\$ 2,912	\$ 2,034,519
Receivables	378,855	-	-	-	-	2,428	2,909	849,320	1,233,512
Prepaid expenses	(9,120)	-	-	-	9,120	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Due from other funds	950,618	-	-	-	-	-	-	-	950,618
Total assets	<u>\$ 1,192,084</u>	<u>\$ 224,097</u>	<u>\$ 866,151</u>	<u>\$ 354,803</u>	<u>\$ 259,417</u>	<u>\$ 227,044</u>	<u>\$ 242,821</u>	<u>\$ 852,232</u>	<u>\$ 4,218,649</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 87,113	\$ -	\$ -	\$ 502	\$ 10,963	\$ 5,061	\$ 17,216	\$ 28,085	\$ 148,940
Accrued payroll and related liabilities	952,359	-	-	28,011	-	-	-	23,337	1,003,707
Unearned grant revenue	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>1,039,472</u>	<u>-</u>	<u>-</u>	<u>28,513</u>	<u>10,963</u>	<u>5,061</u>	<u>17,216</u>	<u>51,422</u>	<u>1,152,647</u>
Deferred inflows of resources:									
Unavailable property tax revenue	<u>152,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,612</u>
Total deferred inflows of resources	<u>152,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,612</u>
Fund balances:									
Nonspendable:									
Prepaid expenses	(9,120)	-	-	-	9,120	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Restricted for:									
Program requirements	-	-	-	326,290	-	-	-	-	326,290
Replacement of plant equipment	-	-	-	-	-	-	-	-	-
Committed for:									
Unforeseen expenditures	-	-	866,151	-	-	-	-	-	866,151
Assigned to:									
Instruction	-	-	-	-	239,334	221,983	225,605	800,810	1,487,732
Support services	-	224,097	-	-	-	-	-	-	224,097
Unassigned	<u>9,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,120</u>
Total fund balances	<u>-</u>	<u>224,097</u>	<u>866,151</u>	<u>326,290</u>	<u>248,454</u>	<u>221,983</u>	<u>225,605</u>	<u>800,810</u>	<u>2,913,390</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,192,084</u>	<u>\$ 224,097</u>	<u>\$ 866,151</u>	<u>\$ 354,803</u>	<u>\$ 259,417</u>	<u>\$ 227,044</u>	<u>\$ 242,821</u>	<u>\$ 852,232</u>	<u>\$ 4,218,649</u>

See Independent Auditor's Report.

West Bonner County School District No. 83
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2022

	Total Non-Major State Funds	Total Non-Major Federal Funds	Student Activities Fund	Child Nutrition Fund	Bus Acquisition Fund	Total Non-Major Governmental Funds
ASSETS						
Assets:						
Cash and cash equivalents	\$ 94,252	\$ 36,415	\$ 164,369	\$ 154,455	\$ 9,591	\$ 459,082
Receivables	-	1,362,329	5,734	37,017	-	1,405,080
Prepaid expenses	-	-	-	-	-	-
Inventory	-	-	-	28,481	-	28,481
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 94,252</u>	<u>\$ 1,398,744</u>	<u>\$ 170,103</u>	<u>\$ 219,953</u>	<u>\$ 9,591</u>	<u>\$ 1,892,643</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 17,211	\$ 229,238	\$ -	\$ 6,178	\$ -	\$ 252,627
Accrued payroll and related liabilities	595	218,888	-	38,656	-	258,139
Unearned grant revenue	76,446	-	-	-	-	76,446
Due to other funds	-	950,618	-	-	-	950,618
Total liabilities	<u>94,252</u>	<u>1,398,744</u>	<u>-</u>	<u>44,834</u>	<u>-</u>	<u>1,537,830</u>
Deferred inflows of resources:						
Unavailable property tax revenue	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable:						
Prepaid expenses	-	-	-	-	-	-
Inventories	-	-	-	28,481	-	28,481
Restricted for:						
Program requirements	-	-	170,103	146,638	-	316,741
Replacement of plant equipment	-	-	-	-	9,591	9,591
Committed for:						
Unforeseen expenditures	-	-	-	-	-	-
Assigned to:						
Instruction	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>170,103</u>	<u>175,119</u>	<u>9,591</u>	<u>354,813</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 94,252</u>	<u>\$ 1,398,744</u>	<u>\$ 170,103</u>	<u>\$ 219,953</u>	<u>\$ 9,591</u>	<u>\$ 1,892,643</u>

West Bonner County School District No. 83
Combining Balance Sheet - Non-Major State Funds
June 30, 2022

	Drivers Education Fund	Vocational Education Fund	Technology Grant Fund	State Drug Free Grant Fund	Total Non-Major State Funds
ASSETS					
Assets:					
Cash and cash equivalents	\$ -	\$ 14,989	\$ 35,635	\$ 43,628	\$ 94,252
Receivables	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 14,989</u>	<u>\$ 35,635</u>	<u>\$ 43,628</u>	<u>\$ 94,252</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 5,489	\$ 11,338	\$ 384	\$ 17,211
Accrued payroll and related liabilities	-	595	-	-	595
Unearned grant revenue	-	8,905	24,297	43,244	76,446
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>14,989</u>	<u>35,635</u>	<u>43,628</u>	<u>94,252</u>
Deferred inflows of resources:					
Unavailable property tax revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	-	-	-	-	-
Inventories	-	-	-	-	-
Restricted for:					
Program requirements	-	-	-	-	-
Replacement of plant equipment	-	-	-	-	-
Committed for:					
Unforeseen expenditures	-	-	-	-	-
Assigned to:					
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 14,989</u>	<u>\$ 35,635</u>	<u>\$ 43,628</u>	<u>\$ 94,252</u>

West Bonner County School District No. 83
Combining Balance Sheet - Non-Major Federal Funds
June 30, 2022

	Federal Forest Fund	ESSER III ARPA Fund	Title I-A Fund	ESSER I CARES Act Fund	Governor Learning Loss Fund	ESSER II CRRSA Fund	Title VI Part B Fund	Title VI Part B Preschool Fund	Medicaid Fund	Title IV-A Fund	Title II-A Fund	Coronavirus Relief Fund	GEAR UP Fund	Total Non-Major Federal Funds
ASSETS														
Assets:														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 36,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,415
Receivables	-	467,530	263,393	56,882	-	178,279	250,414	8,636	118,737	8,843	-	-	9,615	1,362,329
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 467,530</u>	<u>\$ 263,393</u>	<u>\$ 93,297</u>	<u>\$ -</u>	<u>\$ 178,279</u>	<u>\$ 250,414</u>	<u>\$ 8,636</u>	<u>\$ 118,737</u>	<u>\$ 8,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,615</u>	<u>\$ 1,398,744</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES														
Liabilities:														
Accounts payable	\$ -	\$ 184,179	\$ 5,079	\$ 17,671	\$ -	\$ -	\$ 631	\$ -	\$ 21,678	\$ -	\$ -	\$ -	\$ -	\$ 229,238
Accrued payroll and related liabilities	-	-	63,622	75,626	-	-	39,630	-	35,931	-	-	-	4,079	218,888
Unearned grant revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	283,351	194,692	-	-	178,279	210,153	8,636	61,128	8,843	-	-	5,536	950,618
Total liabilities	<u>-</u>	<u>467,530</u>	<u>263,393</u>	<u>93,297</u>	<u>-</u>	<u>178,279</u>	<u>250,414</u>	<u>8,636</u>	<u>118,737</u>	<u>8,843</u>	<u>-</u>	<u>-</u>	<u>9,615</u>	<u>1,398,744</u>
Deferred inflows of resources:														
Unavailable property tax revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:														
Nonspendable:														
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for:														
Program requirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement of plant equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed for:														
Unforeseen expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned to:														
Instruction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 467,530</u>	<u>\$ 263,393</u>	<u>\$ 93,297</u>	<u>\$ -</u>	<u>\$ 178,279</u>	<u>\$ 250,414</u>	<u>\$ 8,636</u>	<u>\$ 118,737</u>	<u>\$ 8,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,615</u>	<u>\$ 1,398,744</u>

West Bonner County School District No. 83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund
For the Year Ended June 30, 2022

	General Fund	Medical Insurance Fund	Contingency Fund	General Grants Fund	Supplemental Levy 2018-2019	Supplemental Levy 2019-2020	Supplemental Levy 2020-2021	Supplemental Levy 2021-2022	Total General Fund
REVENUES									
Property taxes	\$ 191,262	\$ -	\$ -	\$ -	\$ 13,105	\$ 22,680	\$ 53,821	\$ 3,351,254	\$ 3,632,122
Interest and investment earnings	4,775	-	-	-	-	-	-	-	4,775
Other local revenue	35,535	75,294	-	26,200	-	-	-	-	137,029
State assistance and reimbursements	6,657,643	-	-	270,841	-	-	-	-	6,928,484
National Forest Reserve	-	-	-	-	-	-	-	-	-
Other federal revenues	-	-	-	-	-	-	-	-	-
Total revenues	6,889,215	75,294	-	297,041	13,105	22,680	53,821	3,351,254	10,702,410
EXPENDITURES									
Instruction:									
Elementary programs	1,855,946	-	-	109,990	334	3,279	8,856	8,554	1,986,959
Secondary programs	1,724,824	-	-	39,718	1,706	9,945	9,280	21,462	1,806,935
Vocational education programs	274,795	-	-	-	-	-	-	-	274,795
Special education programs	592,052	-	-	-	-	-	-	-	592,052
Exceptional child, gifted and talented programs	-	-	-	-	-	-	-	-	-
Interscholastic and school activity programs	-	-	-	-	-	2,215	19,855	313,524	335,594
Summer school	16,774	-	-	-	-	-	-	-	16,774
Total instruction	4,464,391	-	-	149,708	2,040	15,439	37,991	343,540	5,013,109
Support services:									
Attendance, guidance and health	205,907	-	-	43,310	-	45,050	-	16,069	310,336
Special services	234,637	-	-	-	-	-	-	-	234,637
Instruction improvement	57,427	-	-	40,834	-	111,228	42,709	148,746	400,944
Educational media program	105,583	-	-	-	289	1,241	2,074	10,857	120,044
Technology program	346,656	-	-	-	2,383	4,472	4,051	18,467	376,029
District administration	201,158	34,794	-	201	-	-	-	-	236,153
School administration	719,171	-	-	-	-	-	-	-	719,171
Business operations	343,684	-	-	-	-	-	-	-	343,684
Custodial and maintenance	1,407,386	-	-	-	20,412	-	25,174	192,800	1,645,772
Transportation	652,449	-	-	-	-	563	504	35,095	688,611
Other support services	33,656	-	-	-	-	-	-	-	33,656
Total support services	4,307,714	34,794	-	84,345	23,084	162,554	74,512	422,034	5,109,037
Non-instruction programs:									
Child nutrition programs	-	-	-	-	-	-	-	-	-
Community service programs	-	-	-	-	-	-	-	-	-
Total non-instruction programs	-	-	-	-	-	-	-	-	-
Debt service	10,542	-	-	-	-	-	-	-	10,542
Total capital assets and debt service	10,542	-	-	-	-	-	-	-	10,542
Total expenditures	8,782,647	34,794	-	234,053	25,124	177,993	112,503	765,574	10,132,688
Excess (deficiency) of revenues over (under) expenditures	(1,893,432)	40,500	-	62,988	(12,019)	(155,313)	(58,682)	2,585,680	569,722
OTHER FINANCING SOURCES (USES)									
Transfers from (to) other funds	1,893,432	-	-	-	-	-	-	(1,924,444)	(31,012)
Net changes in fund balances	-	40,500	-	62,988	(12,019)	(155,313)	(58,682)	661,236	538,710
Total fund balances, beginning of year	-	183,597	866,151	263,302	260,473	377,296	284,287	139,574	2,374,680
Total fund balances, end of year	\$ -	\$ 224,097	\$ 866,151	\$ 326,290	\$ 248,454	\$ 221,983	\$ 225,605	\$ 800,810	\$ 2,913,390

See Independent Auditor's Report.

West Bonner County School District No. 83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Total Non-Major State Funds	Total Non-Major Federal Funds	Student Activities Fund	Child Nutrition Fund	Bus Acquisition Fund	Total Non-Major Governmental Funds
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	-	-	-	-
Other local revenue	-	-	184,694	5,703	-	190,397
State assistance and reimbursements	152,429	-	-	-	-	152,429
National Forest Reserve	-	43,324	-	-	-	43,324
Other federal revenues	-	2,416,759	-	797,257	-	3,214,016
Total revenues	152,429	2,460,083	184,694	802,960	-	3,600,166
EXPENDITURES						
Instruction:						
Elementary programs	-	589,643	-	-	-	589,643
Secondary programs	41,141	205,878	-	-	-	247,019
Vocational education programs	4,027	-	-	-	-	4,027
Special education programs	-	365,420	-	-	-	365,420
Exceptional child, gifted and talented programs	-	-	-	-	-	-
Interscholastic and school activity programs	-	-	-	-	-	-
Summer school	-	-	-	-	-	-
Total instruction	45,168	1,160,941	-	-	-	1,206,109
Support services:						
Attendance, guidance and health	616	327,730	-	-	-	328,346
Special services	-	271,096	-	-	-	271,096
Instruction improvement	-	159,435	-	-	-	159,435
Educational media program	-	-	-	-	-	-
Technology program	106,645	73,100	-	-	-	179,745
District administration	-	-	-	-	-	-
School administration	-	215,876	-	-	-	215,876
Business operations	-	21,805	-	-	-	21,805
Custodial and maintenance	-	254,844	-	-	-	254,844
Transportation	-	-	-	-	99,500	99,500
Other support services	-	-	-	-	-	-
Total support services	107,261	1,323,886	-	-	99,500	1,530,647
Non-instruction programs:						
Child nutrition programs	-	-	-	634,213	-	634,213
Community service programs	-	-	187,090	-	-	187,090
Total non-instruction programs	-	-	187,090	634,213	-	821,303
Debt service						
Total capital assets and debt service	-	-	-	-	-	-
Total expenditures	152,429	2,484,827	187,090	634,213	99,500	3,558,059
Excess (deficiency) of revenues over (under) expenditures	-	(24,744)	(2,396)	168,747	(99,500)	42,107
OTHER FINANCING SOURCES (USES)						
Transfers from (to) other funds	-	(43,324)	-	-	74,336	31,012
Net changes in fund balances	-	(68,068)	(2,396)	168,747	(25,164)	73,119
Total fund balances, beginning of year	-	68,068	172,499	6,372	34,755	281,694
Total fund balances, end of year	\$ -	\$ -	\$ 170,103	\$ 175,119	\$ 9,591	\$ 354,813

West Bonner County School District No. 83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major State Funds
For the Year Ended June 30, 2022

	Drivers Education Fund	Vocational Education Fund	Technology Grant Fund	State Drug Free Grant Fund	Total Non-Major State Funds
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	-	-	-
Other local revenue	-	-	-	-	-
State assistance and reimbursements	5,325	39,843	106,645	616	152,429
National Forest Reserve	-	-	-	-	-
Other federal revenues	-	-	-	-	-
Total revenues	5,325	39,843	106,645	616	152,429
EXPENDITURES					
Instruction:					
Elementary programs	-	-	-	-	-
Secondary programs	5,325	35,816	-	-	41,141
Vocational education programs	-	4,027	-	-	4,027
Special education programs	-	-	-	-	-
Exceptional child, gifted and talented programs	-	-	-	-	-
Interscholastic and school activity programs	-	-	-	-	-
Summer school	-	-	-	-	-
Total instruction	5,325	39,843	-	-	45,168
Support services:					
Attendance, guidance and health	-	-	-	616	616
Special services	-	-	-	-	-
Instruction improvement	-	-	-	-	-
Educational media program	-	-	-	-	-
Technology program	-	-	106,645	-	106,645
District administration	-	-	-	-	-
School administration	-	-	-	-	-
Business operations	-	-	-	-	-
Custodial and maintenance	-	-	-	-	-
Transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Total support services	-	-	106,645	616	107,261
Non-instruction programs:					
Child nutrition programs	-	-	-	-	-
Community service programs	-	-	-	-	-
Total non-instruction programs	-	-	-	-	-
Debt service	-	-	-	-	-
Total capital assets and debt service	-	-	-	-	-
Total expenditures	5,325	39,843	106,645	616	152,429
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	-	-	-	-	-
Net changes in fund balances	-	-	-	-	-
Total fund balances, beginning of year	-	-	-	-	-
Total fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

West Bonner County School District No. 83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Federal Funds
For the Year Ended June 30, 2022

	Federal Forest Fund	ESSER III ARPA Fund	Title I-A Fund	ESSER I CARES Act Fund	Governor Learning Loss Fund	ESSER II CRRSA Fund	Title VI Part B Fund	Title VI Part B Preschool Fund	Medicaid Fund	Title IV-A Fund	Title II-A Fund	Coronavirus Relief Fund	GEAR UP Fund	Total Non-Major Federal Funds
REVENUES														
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State assistance and reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
National Forest Reserve	43,324	-	-	-	-	-	-	-	-	-	-	-	-	43,324
Other federal revenues	-	584,461	281,472	269,929	63,804	178,279	354,596	10,824	343,508	40,651	61,504	202,007	25,724	2,416,759
Total revenues	43,324	584,461	281,472	269,929	63,804	178,279	354,596	10,824	343,508	40,651	61,504	202,007	25,724	2,460,083
EXPENDITURES														
Instruction:														
Elementary programs	-	176,742	369,758	37	40,411	2,695	-	-	-	-	-	-	-	589,643
Secondary programs	-	191,541	-	7,042	-	7,295	-	-	-	-	-	-	-	205,878
Vocational education programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special education programs	-	-	-	-	-	-	354,596	10,824	-	-	-	-	-	365,420
Exceptional child, gifted and talented programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interscholastic and school activity programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Summer school	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total instruction	-	368,283	369,758	7,079	40,411	9,990	354,596	10,824	-	-	-	-	-	1,160,941
Support services:														
Attendance, guidance and health	-	-	-	162,803	-	7,948	-	-	156,979	-	-	-	-	327,730
Special services	-	-	-	16,499	-	-	-	-	254,597	-	-	-	-	271,096
Instruction improvement	-	11,272	-	-	-	122,439	-	-	-	-	-	-	25,724	159,435
Educational media program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technology program	-	20,727	-	23,873	23,393	5,107	-	-	-	-	-	-	-	73,100
District administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
School administration	-	-	13,869	-	-	-	-	-	-	-	-	202,007	-	215,876
Business operations	-	-	-	-	-	21,805	-	-	-	-	-	-	-	21,805
Custodial and maintenance	-	184,179	-	59,675	-	10,990	-	-	-	-	-	-	-	254,844
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total support services	-	216,178	13,869	262,850	23,393	168,289	-	-	411,576	-	-	202,007	25,724	1,323,886
Non-instruction programs:														
Child nutrition programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community service programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-instruction programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total capital assets and debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	584,461	383,627	269,929	63,804	178,279	354,596	10,824	411,576	-	-	202,007	25,724	2,484,827
Excess (deficiency) of revenues over (under) expenditures	43,324	-	(102,155)	-	-	-	-	-	(68,068)	40,651	61,504	-	-	(24,744)
OTHER FINANCING SOURCES (USES)														
Transfers from (to) other funds	(43,324)	-	102,155	-	-	-	-	-	-	(40,651)	(61,504)	-	-	(43,324)
Net changes in fund balances	-	-	-	-	-	-	-	-	(68,068)	-	-	-	-	(68,068)
Total fund balances, beginning of year	-	-	-	-	-	-	-	-	68,068	-	-	-	-	68,068
Total fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

Compliance Reports

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

Board of Trustees
West Bonner County School District No. 83
Priest River, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and 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 West Bonner County School District No. 83 ("the District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2022.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-003 to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2022-001 and 2022-002 to be significant deficiencies.

Report on 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*. This instance is detailed in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-004.

District's Responses to the Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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

DeCoria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S.
Spokane, Washington

December 8, 2022

West Bonner County School District No. 83
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor Program Title	Federal Assistance Listing (AL) Number	Pass-Through ID Number	Expenditures
U.S. Department of Education Passed Through Idaho State Department of Education:			
Title I-A - Local Education Agencies	84.010	S010A200012	\$ 18,079
Title I-A - Local Education Agencies	84.010	S010A210012	263,393
			\$ 281,472
Special Education Cluster:			
Title VI-B - Federal Special Education K-12	84.027	H027A200088	43,613
Title VI-B - Federal Special Education K-12	84.027	H027A210088	281,898
Title VI-B - Federal Special Education Innovation	84.027	H027A190088	29,085
Title VI-BP - Federal Special Education Preschool	84.173	H173A210030	10,824
			365,420
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S180012	(11,216)
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S180012	36,940
			25,724
Title II-A - Supporting Effective Instruction	84.367	S367A210011	61,504
			61,504
Title IV-A - Student Support & Academic Enrichment	84.424	S424A210013	40,651
			40,651
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief (ESSER) I Fund	84.425D	S425D200043	269,929
COVID-19 Education Stabilization Fund - ESSER II Fund Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act	84.425D	S425D200043	178,279
COVID-19 Education Stabilization Fund - ESSER III Fund American Rescue Plan Act (ARPA)	84.425U	S425U210043	584,461
			1,032,669
Total U.S. Department of Education			1,807,440
U.S. Department of Agriculture Passed Through Idaho State Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	202222N119947	29,461
Cash Assistance:			
School Breakfast Program	10.553	202121N109947	19,574
School Breakfast Program	10.553	202222N119947	65,262
National School Lunch Program	10.555	202121N109947	45,385
National School Lunch Program	10.555	202222N119947	370,160
National School Lunch Program - Emergency Operating	10.555	202121H170347	7,700
Summer Food Service Program for Children	10.559	202121N109947	65,866
Fresh Fruit and Vegetable Program	10.582	202120L160347	2,952
Fresh Fruit and Vegetable Program	10.582	202120L160347	27,853
			634,213
Schools and Roads Grants to States (Forest Reserve)	10.665	--	43,324
Total U.S. Department of Agriculture			677,537

West Bonner County School District No. 83
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor Program Title	Federal Assistance Listing (AL) Number	Pass-Through ID Number	Expenditures
U.S. Department of Treasury Passed Through Idaho State Department of Education:			
COVID-19 Coronavirus Relief Fund - Distance and Blended Learning	21.019	20-1892-0-1-806	\$ 38,767
COVID-19 Coronavirus Relief Fund - K-12 Learning Loss	21.019	20-1892-0-1-806	23,393
COVID-19 Coronavirus Relief Fund - K-4 Learning Loss	21.019	20-1892-0-1-806	40,411
			<u>\$ 102,571</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) - Classified Premium	21.027	SLFRP0142	66,970
COVID-19 CSLFRF - Teacher Premium	21.027	SLFRP0142	88,497
COVID-19 CSLFRF - Admin Premium	21.027	SLFRP0142	7,773
			<u>163,240</u>
Total U.S. Department of Treasury			<u>265,811</u>
Total Federal Financial Assistance			<u><u>\$ 2,750,788</u></u>

West Bonner County School District No. 83
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of West Bonner County School District No. 83 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. Federal De Minimis Indirect Rate

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Program Costs and Matching Contributions

The amounts shown as current year expenditures represent only the federal grant portion of program costs. Entire program costs, including the District's local matching share, may be more than shown. 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.

4. Transferability

As allowed by federal regulations, the District elected to transfer various program funds. During 2022, the District expended funds from original grant awards on allowable activities of other grant programs, as follows:

<u>Transfer From (Original Award)</u>	<u>Transfer To</u>	<u>Amount</u>
Title II-A (AL No. 84.367)	Title I-A (AL No. 84.010)	\$ 40,651
Title IV-A (AL No. 84.424)	Title I-A (AL No. 84.010)	61,504

These amounts are reflected in the accompanying Schedule of Expenditures of Federal Awards as expenditures of the original grant award.

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

Board of Trustees
West Bonner County School District No. 83
Priest River, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Bonner County School District No. 83'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 each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, West Bonner County School District No. 83 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibility of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Findings 2022-004 and 2022-005 to be material weaknesses.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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.

DeCoria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S.
Spokane, Washington

December 8, 2022

West Bonner County School District No. 83
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I – Summary of Auditor’s Results:

Financial Statements

The independent auditor’s report expressed unmodified opinions on the basic financial statements of West Bonner County School District No. 83.

The audit of the financial statements of West Bonner County School District No. 83 disclosed two significant deficiencies in internal control over financial reporting.

The audit of the financial statements of West Bonner County School District No. 83 disclosed one material weakness in internal control over financial reporting.

The audit disclosed one compliance finding material to the financial statements of West Bonner County School District No. 83.

Federal Awards

The independent auditor’s report expressed an unmodified opinion on compliance for major programs.

The audit identified no significant deficiencies for internal control over major programs.

The audit identified two material weaknesses for internal control over major programs.

The audit disclosed no compliance findings that are required to be reported in accordance with the Uniform Guidance.

Identification of Major Programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
84.425D	COVID-19 Education Stabilization Fund – Elementary and Secondary School Emergency Relief (ESSER) I Fund
84.425D	COVID-19 Education Stabilization Fund – ESSER II Fund Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
84.425U	COVID-19 Education Stabilization Fund – ESSER III Fund American Rescue Plan Act (ARPA)

The dollar threshold used to distinguish type A and B programs was \$750,000.

The auditee qualified as a low-risk auditee.

West Bonner County School District No. 83
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2022

Section II – Financial Statement Findings:

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2022-001 (Financial Statements – Significant Deficiency)

Condition	The overall size and experience of the District’s business finance department makes it difficult to allow for a complete segregation of duties for an effective system of internal control over financial reporting. The District’s management continues to implement various procedures to improve segregation of duties related to most of the day-to-day operations. However, the District has a limited number of individuals with sufficient understanding of the accounting principles necessary to provide adequate oversight and review of the various financial reporting requirements in accordance with accounting principles generally accepted in the United States of America.
Criteria	An effective system of internal control over financial reporting requires that closely related duties be segregated, including duties outside of the day-to-day operations. These additional functions specifically relate to the various reporting requirements in accordance with accounting principles generally accepted in the United States of America; general journal entries; nonroutine or unusual transactions; recording of restrictions of fund balances and net position classifications; and the modified-accrual and accrual bases of accounting for financial reporting purposes. In addition, an effective system of internal control over financial reporting requires adequate oversight and review procedures.
Effect	The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish a complete system of automatic internal checks on the accuracy and reliability of the accounting records. In addition, transactions outside of the day-to-day operations generally contain a higher degree of complexity and, therefore, result in a greater risk that a material misstatement related to these transactions would not be detected and corrected on a timely basis.
Cause	The District’s staff is too small to allow a complete segregation of duties, and adequate oversight and review of the various financial reporting requirements.
Recommendation	Although the District’s staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting, specifically related to duties outside of the day-to-day operations, we recommend that officials be aware that the condition does exist. In addition, we recommend that month-end, quarter-end and year-end closing procedures, as applicable, continue to be evaluated for potential opportunities to improve segregation of duties, as well as oversight and review procedures. Finally, the District may consider consulting with external sources who have sufficient knowledge and experience related to the various financial reporting requirements specific to school districts, for unusual or overly complex accounting issues, as deemed necessary, or to assist in oversight and review procedures of more complex and unusual accounting matters.

West Bonner County School District No. 83
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2022

Finding 2022-001, Continued

Management's Response	Management and the Board of Trustees are aware of this condition. Management believes that the District has minimized the risk to the degree possible, given the size of the District, the limited number of office staff, and associated costs or other considerations. In order to mitigate the risk of fraud or errors in financial reporting, the Board of Trustees reviews the financial statements for unusual fluctuations and significant variances from budget at each meeting. In addition, all checks require two signatures, and the Board of Trustees approves all checks issued by the District.
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Finding 2022-002 (Financial Statements – Significant Deficiency)

Condition	During the fiscal years ended June 30, 2021 and 2022, the District was required to establish new governmental special revenue funds to track and record proceeds and specific revenue sources that are restricted to expenditure of specified purposes, in accordance with GASB Statement No. 54 and per guidance provided by the Idaho State Department of Education. The amounts related to these activities were reflected in the District's accounting records, but were not properly classified within separate special revenue funds.
Criteria	GASB Statement No. 54 states that special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. An effective system of internal control over financial reporting includes establishing and performing procedures to identify amounts that are required to be reported within separate funds, based on the nature of the specific revenue sources.
Effect	In connection with performing our audit testing, while the amounts related to these special revenue funding sources were properly reflected within the District's accounting records, we proposed audit adjustments that were necessary to properly record these amounts within separate governmental special revenue funds. Clarified Statement on Auditing Standards Section 265, <i>Communicating Internal Control Related Matters Identified in an Audit</i> (AU-C 265), indicates that identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control over financial reporting should at least be regarded as a significant deficiency and should be considered as a strong indicator of a material weakness in internal control over financial reporting.
Cause	Due in part to transition of management, primarily within the District's business finance department, the District did not completely perform all of the procedures that should be performed in order to properly identify amounts that are required to be accounted for within separate governmental special revenue funds.

West Bonner County School District No. 83
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2022

Finding 2022-002, Continued

Recommendation	We recommend that year-end closing procedures be further developed, documented and implemented for each general ledger account, and that additional training over the required procedures be provided to new District personnel, primarily within the business finance department. These additional procedures should incorporate a review of any new funding sources, to be evaluated based on whether the resources are restricted or committed, in accordance with GASB Statement No. 54, and also compared to documented guidance provided by the Idaho State Department of Education. By documenting the procedures and providing training to personnel, especially in relation to new or unusual transactions that may occur less frequently or are outside of the general nature of operations, the need for audit adjustments should be reduced or eliminated altogether.
Management's Response	The District has already committed to and has actively enrolled personnel in various training opportunities, and will also continue to develop and implement documented procedures for reconciling and adjusting account balances for each general ledger account, including a process to ensure that any new funding sources are properly recorded in separate special revenue funds, if required or deemed appropriate. Future trainings will also be made available on an as-needed basis, in an effort to eliminate audit adjustments.

Finding 2022-003 (Financial Statements – Material Weakness)

Condition	Due in part to the District's size and limited resources, as well as significant transition of management, primarily within the District's business finance department, year-end closing procedures are not fully formalized and documented for certain accounts and have not consistently been performed in a timely manner. Specifically, during 2022, it was apparent that significant analysis and adjustments were yet to be performed. It appeared that many of the District funds and the underlying general ledger accounts had not been properly analyzed and adjusted for quite some time. Throughout the audit process, the District assisted us with the necessary analysis and adjustments, as requested. However, much of the analysis, reconciliations and adjustments were completed several months after year-end. In summary, accounting records were in disarray, and a significant amount of effort was expended to analyze and adjust these records.
Criteria	The District's management and the Board of Trustees are responsible for the preparation and fair presentation of financial statements in accordance with applicable accounting pronouncements. This includes the design and implementation of relevant internal controls to ensure accurate and timely financial reporting, as well as periodically reconciling each general ledger account, and adjusting the recorded balances if necessary.

West Bonner County School District No. 83
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2022

Finding 2022-003, Continued

Effect	In connection with performing our audit testing, we proposed several audit adjustments to correct account balances. Clarified Statement on Auditing Standards Section 265, <i>Communicating Internal Control Related Matters Identified in an Audit</i> (AU-C 265), indicates that identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control over financial reporting should at least be regarded as a significant deficiency and should be considered as a strong indicator of a material weakness in internal control over financial reporting.
Cause	This situation may be the result of various factors, including transition in District management, inadequate oversight by the District's management, and the lack of formal policies and procedures. The year-end closing process, including necessary analyses, reconciliations, and adjustments, should normally be completed within a couple months after year-end. If accounting records are consistently and accurately maintained throughout the fiscal year, the year-end closing process can be completed in a much more efficient manner. If balances and transactions have not been analyzed and reconciled in a timely manner, it could be an indication that District management and the Board of Trustees are not receiving accurate financial information throughout the fiscal year. In addition, the District may not be able to comply with various reporting requirements in a timely manner.
Recommendation	We recommend that month-end and year-end closing procedures continue to be further developed, documented and implemented for each general ledger account. In addition to the formal accounting policies and procedures, we recommend the District prepare a schedule of accounting procedures to be performed each month, quarter, and at year-end, as applicable. The schedule should include a detailed description of the required analyses and adjustments, along with due dates for the various procedures. The schedule should include provisions for sign-off, indicating when the applicable procedures were performed and reviewed as necessary. Applicable District management and staff should be thoroughly trained and knowledgeable regarding generally accepted accounting principles as they relate to local governments. This will help to ensure accurate, consistent and timely financial reporting. The implementation of increased procedures should reduce or eliminate the need for audit adjustments.
Management's Response	The District has already committed to and has actively enrolled personnel in various training opportunities, and will also continue to develop and implement documented procedures for reconciling and adjusting account balances for each general ledger account, including a process to ensure that any new funding sources are properly recorded in separate special revenue funds, if required or deemed appropriate. Future trainings will also be made available on an as-needed basis, in an effort to eliminate audit adjustments.

West Bonner County School District No. 83
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings (significant deficiencies, material weaknesses, and instances of non-compliance, including questioned costs) related to federal awards that are required to be reported in accordance with the Uniform Guidance.

Finding 2022-004 (Compliance – Material Weakness)

Condition	The District does not have formalized or documented procedures related to the accurate tracking, recording, reconciling or oversight of grant programs. In addition, there appears to be a lack of appropriate communication between those administering the grants and those responsible for the financial records.
Criteria	Costs charged to federal programs are to be supported by adequate documentation in accordance with guidelines established in the OMB <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (commonly referred to as “Uniform Guidance”). Furthermore, governmental accounting standards require that revenue for expenditure-driven grant programs be recognized when the District meets the eligibility requirements of the grant and the resources are considered to be available, and for the subsequent reimbursement requests to be submitted in a timely manner. When grant funds are received in advance, unearned revenue should be recorded until the costs have been incurred, eligibility requirements are met, or unexpended funds are returned to the granting agency.
Effect	In connection with performing our audit testing, as described in other findings, it was discovered that the District struggled to accurately identify the correct expenditure amounts applicable to each grant, which resulted in several reimbursement requests not being submitted on a timely basis. In some instances, adjustments were required in order to properly remove eligible costs from the applicable grants due to the expiration of the available grant award. While there is no evidence that the District submitted requests for ineligible expenditures, it is apparent that the District did not submit for grant funds that they would have been entitled to had the submissions been completed timely. In addition, without adequate procedures in place, grant expenditures and revenue may not be properly identified, which could result in noncompliance with the grant requirements or Uniform Guidance.
Cause	Due in part to transition of management, as described in other findings, the District does not have formalized, documented procedures for tracking and recording activity related to grants. In addition, the District did not completely perform all of the procedures that should be performed in order to properly identify eligible grant expenditure amounts for purposes of submitting timely reimbursement requests.
Questioned Costs	No known questioned costs were identified during the course of the audit.

West Bonner County School District No. 83
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2022

Finding 2022-004, Continued

Recommendation	We recommend that the District develop and implement a comprehensive set of procedures to identify and track federal and state grants. These procedures should include maintaining a schedule of all grants, detailing the source of funding, expenditures incurred and revenues earned on a grant-to-date basis and a year-to-date basis. These procedures should also include documented communication between those administering the grants and those responsible for the financial records. In addition, we recommend that the District appoint an individual with the responsibility of providing compliance oversight, specifically related to the proper recording of grant expenditures and the timely submission of reimbursement requests. The individual can either be an existing employee or an external contractor who possesses sufficient skill, knowledge or experience in understanding Uniform Guidance requirements.
Management's Response	The District will develop and implement documented procedures for recording and communicating information regarding grants. Oversight and the necessary training will be made available on an as-needed basis, in an effort to eliminate audit adjustments and ensure compliance with grant requirements. In addition, the District will develop procedures to ensure that grant draw requests are prepared, reviewed and submitted on a timely basis in accordance with the grant agreements.

Finding 2022-005 (Compliance – Material Weakness)

Condition	The District's management did not have adequate technical knowledge of and experience with the financial reporting requirements necessary to prepare accurate and complete financial statements and the other supplementary information, including the Schedule of Expenditures for Federal Awards (SEFA).
Criteria	The District's management and the Board of Trustees are responsible for the preparation and fair presentation of the SEFA in conformity with the Uniform Guidance. This includes the design and implementation of relevant internal controls to ensure accurate and timely reporting of information included in the SEFA, as well as internal controls over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.
Effect	Consistent with descriptions in other findings, a significant amount of effort was expended to analyze and adjust the underlying grant records in order to assist the District's management in preparing accurate financial statements and the SEFA. Had these corrections not been made, we would not have been able to issue unmodified opinions on the financial statements and the SEFA.
Cause	Due in part to transition of management, as described in other findings, the District does not have formalized, documented procedures for tracking and recording activity related to grants. As a result, the District has not designed sufficient controls to ensure that financial statements, including its SEFA, were accurately prepared for audit.

West Bonner County School District No. 83
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2022

Finding 2022-005, Continued

Questioned Costs	No known questioned costs were identified during the course of the audit.
Recommendation	We recommend that the District train appropriate employees regarding the applicable financial statement and the SEFA reporting requirements to ensure the required financial statements and other supplementary information are accurately prepared. In connection with recommendations presented in other findings for implementing additional internal controls over financial reporting, these procedures must include detailed review and monitoring of the financial reports and other supplementary information, including the SEFA, by a knowledgeable person other than the person preparing them, before they are submitted for audit.
Management's Response	The District will develop procedures to ensure that individuals responsible for the preparation of the financial statements and other supplementary information, including the SEFA, have the resources and training needed in order to accurately prepare the information in accordance with applicable requirements.

West Bonner County School District No. 83
Status of Prior Year Findings
Year Ended June 30, 2022

Finding 2021-001

Condition: The size of the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting.

Status: This condition continues to exist as of June 30, 2022. See Finding 2022-001.

Finding 2021-002

Condition: During the fiscal year ended June 30, 2021, the District was required to establish two new governmental special revenue funds to track and record proceeds and specific revenue sources that are restricted to expenditure of specified purposes, in accordance with GASB Statement No. 54 and per guidance provided by the Idaho State Department of Education. The amounts related to these activities were reflected in the District's accounting records, but were not properly classified within separate special revenue funds.

Status: While improvement did occur, this condition continues to exist as of June 30, 2022. See Finding 2022-002.