

**SWAN VALLEY SCHOOL DISTRICT #92**

**Report on Audit of Basic Financial Statements,  
Required Supplemental Information,  
And Supplemental Information**

**For the Year Ended June 30, 2025**

**SWAN VALLEY SCHOOL DISTRICT #92**

**For the year ended June 30, 2025**

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**SWAN VALLEY SCHOOL DISTRICT #92**

**For the year ended June 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Swan Valley School District #92  
Irwin, ID 83428

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Swan Valley School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Swan Valley School 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 the Swan Valley School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows 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. 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 Swan Valley School 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.

### 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 Swan Valley School 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Swan Valley School 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 Swan Valley School 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.

## **Required Supplementary Information**

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Swan Valley School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been

subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Jensen Poulsen & Company, PLLC*

**JENSEN POULSEN & COMPANY, PLLC**

Certified Public Accountants

Idaho Falls, ID

October 8, 2025

SWAN VALLEY SCHOOL DISTRICT #92

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 1,366,216
Receivables:	
Local sources - taxes	\$ 88,887
Other receivables	32,820
Total receivables	<u>\$ 121,707</u>
Prepaid expenses	5,435
Total current assets	<u>\$ 1,493,358</u>
Net capital assets	<u>\$ 1,394,074</u>
<b>Total Assets</b>	<u><u>\$ 2,887,432</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferred outflows	\$ 144,642
Unspent grant allocation	<u>5,373</u>
<b>Total Deferred Outflows of Resources</b>	<u><u>\$ 150,015</u></u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><u>\$ 3,037,447</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 4,907
Salaries and benefits payable	98,207
Current portion of long term debt	<u>-</u>
Total current liabilities	<u>\$ 103,114</u>
Long-term liabilities	
Debt portion due in more than one year	\$ 106,645
Net pension liability	432,151
Compensated absences payable	<u>6,464</u>
<b>Total Liabilities</b>	<u><u>\$ 648,374</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferred inflows	\$ 7,844
Unspent grant allocation	<u>5,373</u>
<b>Total Deferred Inflows of Resources</b>	<u><u>\$ 13,217</u></u>
<b>NET POSITION</b>	
Investment in capital assets - net of related debt	\$ 1,287,429
Restricted for:	
Special programs	156,765
Capital projects	18,051
Unrestricted	<u>913,611</u>
<b>Total Net Position</b>	<u><u>\$ 2,375,856</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u><u>\$ 3,037,447</u></u>

The notes to the financial statements are an integral part of this statement.

**SWAN VALLEY SCHOOL DISTRICT #92**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2025**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE)
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	
<i>Governmental activities:</i>					
Instructions:					
Elementary programs	\$ 640,144	\$ -	\$ 81,002	\$ -	\$ (559,142)
Secondary/alternative programs	58,183	-	-	-	(58,183)
Exceptional/preschool programs	36,638	-	17,210	-	(19,428)
Other instructional programs	4,802	-	20,132	-	15,330
Support services:					
Student services	36,061	-	2,629	-	(33,432)
Educational media	3,493	-	-	-	(3,493)
School administration	14,185	-	-	-	(14,185)
Administration	198,719	-	-	-	(198,719)
Plant services	115,853	-	-	-	(115,853)
Pupil transportation	136,356	-	-	-	(136,356)
Non instructional programs:					
Food services	68,191	6,581	15,701	-	(45,909)
<b>Total Governmental Activities</b>	<b>\$ 1,312,625</b>	<b>\$ 6,581</b>	<b>\$ 136,674</b>	<b>\$ -</b>	<b>\$ (1,169,370)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					\$ 253,408
Property taxes, levied for capital projects					70,021
Grants and contributions not restricted to specific programs					
Foundation program					971,354
Other state revenue					234,087
Interest and investment earnings general fund					64,572
Other funds					706
Miscellaneous revenues					-
<b>Net pension revenue(expense)</b>					<b>(46,745)</b>
<b>Total general revenues and special items</b>					<b>\$ 1,547,403</b>
<b>Changes in net position</b>					<b>\$ 378,033</b>
<b>Net position - beginning</b>					<b>1,997,823</b>
<b>Net position - ending</b>					<b>\$ 2,375,856</b>

The notes to the financial statements are an integral part of this statement.

**SWAN VALLEY SCHOOL DISTRICT #92**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2025**

<b>ASSETS</b>	<b>General</b>	<b>Food</b>	<b>Facilities</b>	<b>Plant</b>	<b>Non Major</b>	<b>Total</b>
	<b>Fund</b>	<b>Service</b>	<b>Modernization</b>	<b>Facilities</b>	<b>Governmental</b>	<b>Governmental</b>
Cash.....	\$ 1,094,858	\$ 6,234	\$ 114,484	\$ 4,916	\$ 145,724	\$ 1,366,216
Tax receivable.....	70,675	-	-	18,212	-	88,887
Other receivable.....	11,920	-	-	-	20,900	32,820
Interfund receivable.....	-	-	-	-	-	-
Prepaid expense.....	2,344	881	-	2,210	-	5,435
<b>Total Assets.....</b>	<b>\$ 1,179,797</b>	<b>\$ 7,115</b>	<b>\$ 114,484</b>	<b>\$ 25,338</b>	<b>\$ 166,624</b>	<b>\$ 1,493,358</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable.....	\$ -	\$ -	\$ -	\$ 1,800	\$ 3,107	\$ 4,907
Accrued salaries payable.....	74,510	4,760	-	-	5,949	85,219
Accrued benefits payable.....	9,830	2,355	-	-	803	12,988
Interfund payable.....	-	-	-	-	-	-
Deferred revenue.....	23,189	-	-	5,487	-	28,676
<b>Total Liabilities.....</b>	<b>\$ 107,529</b>	<b>\$ 7,115</b>	<b>\$ -</b>	<b>\$ 7,287</b>	<b>\$ 9,859</b>	<b>\$ 131,790</b>
<b>FUND BALANCE</b>						
Restricted						
Special programs.....	\$ -	\$ -	\$ 114,484	\$ -	\$ 156,765	\$ 271,249
Capital projects.....	-	-	-	18,051	-	18,051
Unassigned.....	1,072,268	-	-	-	-	1,072,268
<b>Total Fund Balance.....</b>	<b>\$ 1,072,268</b>	<b>\$ -</b>	<b>\$ 114,484</b>	<b>\$ 18,051</b>	<b>\$ 156,765</b>	<b>\$ 1,361,568</b>
<b>Total Liabilities and Fund Balance.....</b>	<b>\$ 1,179,797</b>	<b>\$ 7,115</b>	<b>\$ 114,484</b>	<b>\$ 25,338</b>	<b>\$ 166,624</b>	<b>\$ 1,493,358</b>

The notes to the financial statements are an integral part of this statement.

**SWAN VALLEY SCHOOL DISTRICT #92**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**June 30, 2025**

**Total Governmental Fund Balances** \$ 1,361,568

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

Capital assets used in governmental activities are not financial resources  
 and are therefore not reported in the funds.

Cost of capital assets	3,213,489
Depreciation expense to date	<u>(1,819,415)</u>
	1,394,074

Property taxes received that are not available to pay for current period  
 expenditures are deferred in the funds. 28,676

Long-term liabilities are not due and payable in the current period and  
 therefore are not reported in the funds.

Lease payable	(106,645)
Compensated absences payable	<u>(6,464)</u>

GASB 68 requires the accrual of net pension assets and liabilities and the  
 deferred inflows and outflows of resources related thereto.

Change in deferred outflows of resources	150,015
Change in deferred inflows of resources	<u>(13,217)</u>
Current change in net pension liability	<u>(432,151)</u> <span style="float: right;"><u>(295,353)</u></span>

**Net Position of Governmental Activities** \$ 2,375,856

The notes to the financial statements are an integral part of this statement.

**SWAN VALLEY SCHOOL DISTRICT #92**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

	<b>General Fund</b>	<b>Food Services</b>	<b>Facilities Modernization</b>	<b>Plant Facilities</b>	<b>Non Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUE</b>						
Local taxes.....	\$ 262,937	\$ -	\$ -	\$ 68,317	\$ -	\$ 331,254
Other local revenues.....	75,238	6,581	-	706	862	83,387
State sources.....	971,354	-	223,421	-	22,702	1,217,477
Federal sources.....	-	15,701	-	-	97,409	113,110
Total Revenues.....	<b>\$ 1,309,529</b>	<b>\$ 22,282</b>	<b>\$ 223,421</b>	<b>\$ 69,023</b>	<b>\$ 120,973</b>	<b>\$ 1,745,228</b>
<b>EXPENDITURES</b>						
<b>Instruction Programs:</b>						
Elementary.....	\$ 565,818	\$ -	\$ -	\$ -	\$ 63,079	\$ 628,897
Secondary.....	30,704	-	-	-	-	30,704
Preschool exceptional child.....	13,114	-	-	-	-	13,114
Exceptional child.....	-	-	-	-	101,976	101,976
Interscholastic program.....	4,201	-	-	-	-	4,201
School activity.....	-	-	-	-	-	-
<b>Support Service Programs:</b>						
Attendance and guidance.....	-	-	-	-	601	601
Special services.....	15,689	-	-	-	-	15,689
Instructional improvement.....	1,002	-	-	-	19,370	20,372
Media.....	3,493	-	-	-	-	3,493
School board.....	7,316	-	-	-	-	7,316
Administration - district.....	201,445	-	-	-	-	201,445
Janitorial - building.....	59,778	-	-	-	-	59,778
Maintenance - building.....	-	-	-	-	-	-
Maintenance - equipment.....	24,779	-	-	-	-	24,779
Transportation.....	103,404	-	-	-	-	103,404
<b>Non-Instructional Programs:</b>						
Other support services programs.....	528	-	-	-	-	528
Food services.....	-	68,191	-	-	-	68,191
Capital outlay.....	-	-	108,937	55,972	-	164,909
Total Expenditures.....	<b>\$ 1,031,271</b>	<b>\$ 68,191</b>	<b>\$ 108,937</b>	<b>\$ 55,972</b>	<b>\$ 185,026</b>	<b>\$ 1,449,397</b>
Excess Revenues Over (Under) Expenditures.....	<b>\$ 278,258</b>	<b>\$ (45,909)</b>	<b>\$ 114,484</b>	<b>\$ 13,051</b>	<b>\$ (64,053)</b>	<b>\$ 295,831</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (out).....	(50,909)	45,909	-	5,000	-	-
Excess Revenues and Other Sources.....	<b>\$ 227,349</b>	<b>\$ -</b>	<b>\$ 114,484</b>	<b>\$ 18,051</b>	<b>\$ (64,053)</b>	<b>\$ 295,831</b>
<b>FUND BALANCE</b>						
Beginning Balance.....	844,919	-	-	-	220,818	1,065,737
Ending Balance.....	<b>\$ 1,072,268</b>	<b>\$ -</b>	<b>\$ 114,484</b>	<b>\$ 18,051</b>	<b>\$ 156,765</b>	<b>\$ 1,361,568</b>

The notes to the financial statements are an integral part of this statement.

**SWAN VALLEY SCHOOL DISTRICT #92**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2025**

**Net Change in Fund Balances - Total Governmental Funds** \$ 295,831

Amounts reported for governmental activities in the statement of activities are different due to:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is excess of capital outlays over (under) depreciation expense in the current period.

Capitalized assets	337,656	
Depreciation expense	<u>(97,535)</u>	240,121

Property tax revenues are deferred and not recognized in the funds until they are available to pay for current period expenditures. In the statement of activities, however, they are recognized when levied. This is the difference between the amount deferred at the beginning and end of the current period.

Deferred revenue - 2025	28,676	
Deferred revenue - 2024	<u>(36,501)</u>	(7,825)

Debt payments are treated as an expenditure in the governmental funds, but the payments reduce long term debt in the Statement of Activities.

Capital lease payment	(106,866)	
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences - 2025	(6,464)	
Compensated absences - 2024	<u>9,981</u>	3,517

GASB 68 requires the calculation of net pension revenue/(expense), and the deferral of current contributions

Current contributions	66,564	
Net pension revenue	<u>(113,309)</u>	(46,745)

**Change in Net Position of Governmental Activities** \$ 378,033

The notes to the financial statements are an integral part of this statement.

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Swan Valley School District #92 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to school districts. The significant accounting policies of the District are described below.

##### A. Reporting Entity

Swan Valley School District #92 provides public school educational services as authorized by Section 33 of the Idaho Code. The District's boundaries for taxing and school enrollment purposes are located within Bonneville County.

Factors used in defining the reporting entity are as follows: Swan Valley School District #92 was established under the laws of the State of Idaho which designates the Board of Trustees as the governing authority. Members of the Board of Trustees are elected by the public. The Board of Trustees has control over the superintendent and management, and also has the authority to purchase equipment and other capital assets, and to levy taxes. The Board of Trustees has the power to establish annual budgets subject to public input from patrons, is responsible for funding deficits and operating deficiencies, and has the authority to borrow funds or issue bonded indebtedness.

The conclusion of the above criteria is that Swan Valley School District #92 is an independent school district in the State of Idaho, operating under an autonomous Board of Trustees constituting a Local Education Agency of government.

In the evaluation of how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made using criteria set forth in the accounting principles generally accepted in the United States of America. All funds and activities of Swan Valley School District #92 are included in the basic financial statements. Using the above criteria, the District has no component units.

##### B. Basis of Presentation, Basis of Accounting

#### Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the school district. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal balances and transfers. These statements distinguish between the *governmental* and *business-type* activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. All activities of the District are currently classified as governmental activities. No fiduciary funds are included in the *government-wide statements*.

The statement of activities presents a comparison between direct expenses and direct revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

##### **B. Basis of Presentation, Basis of Accounting, continued**

###### **Basis of Presentation, continued**

Allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about 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 and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program, and object. Accordingly, there is no allocation of indirect costs.

The District reports the following major governmental funds:

###### *General Fund*

The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Thus, it is always considered a major fund.

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###### *Food Service Fund*

The Food Service Fund accounts for all revenues and expenditures related to child nutrition within the District.

###### *Plant Facilities Fund*

The Plant Facilities Fund is used to account for revenues and expenditures related to the District's buildings, grounds, and equipment.

###### *Facilities Modernization Fund*

The Facilities Modernization Fund is to hold funds distributed to the school pursuant to Idaho Code 33-912 through 33-917.

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

##### B. Basis of Presentation, Basis of Accounting, continued

###### **Measurement Focus, Basis of Accounting**

*Government-wide and Fiduciary Fund Financial Statements:* The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue criteria are met, the revenue is recognized. Additionally, for both the government-wide and fund financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are thus reported as deferred revenue.

All governmental activities of the District follow FASB Statements and Interpretations issued on or after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The District does not maintain an encumbrance system, but in lieu of, exercises control through the administration of the budget process.

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

##### C. Cash and Investments

The District pools cash of all governmental fund types into a common bank account. The accounting records of each fund reflect the equity in pooled cash. Cash includes all checking accounts held in the District's name and monies invested with the State under the Local Government Investment Pool. This cash earns interest at a variable rate and is available upon demand.

##### D. Property Taxes

In accordance with Idaho law, ad valorem property taxes are levied in September for each calendar year. Levies are made on or before the 2<sup>nd</sup> Monday of September. One-half of the property taxes are due on or before the 20<sup>th</sup> of December. The remaining one-half is due on or before June 20<sup>th</sup> of the following year. A lien is filed on real property three years from the date of delinquency. Bonneville County bills and collects property taxes for the District.

##### E. Inventories

The District normally has unused janitorial and food service supplies including food stock on hand at year end. Remaining janitorial supplies, food service supplies, and food stock are deemed immaterial in dollar amount and they are therefore not valued or accounted for in the financial statements.

##### F. Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$3,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Swan Valley School District # 92 is a Phase III government meaning that is not required to report infrastructure. Depreciation on all assets (exclusive of land) is provided on the straight-line (SL) method over the following estimated useful lives:

Computer equipment (SL method)	5 years
Equipment, furniture and fixtures (SL method)	10-20 years
Buildings (SL method)	50-99 years

##### G. Net Position

Net position is the difference between assets and liabilities. Net position invested in capital assets, net of related debt, are capital assets, less accumulated depreciation and outstanding debt related to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors, grantors, or enabling legislation. In Swan Valley School District there are restrictions of \$174,816 in the special revenue and capital projects funds. When expenses are incurred for purposes for which both restricted and unrestricted net position is available, restricted net position is applied first.

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

##### **H. Fund Balance Reserves**

The five categories of fund balance are nonspendable, restricted, committed, assigned, and unassigned. For the year ended June 30, 2023, the District had restricted fund balances of \$289,300 and unassigned fund balances of \$1,072,268. Restricted funds are those which are constrained to being used for a specific purpose by external parties, constitutional provisions, or enabling legislation. Unassigned funds are those which are available for any purpose.

##### **I. Teachers Contracts**

Contracts for teacher's salaries are payable in twelve monthly installments beginning in September. At June 30, the liability for the remaining two months of the current contracts and associated contracted benefits are accrued.

##### **J. Nonmonetary Transactions**

Items received via the Federal Food Commodities Program are recognized at their stated fair market value. For the fiscal year ending June 30, 2025, that amount was \$954.

##### **K. Risk Management**

The district is exposed to a considerable number of risks of loss including but not limited to a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) workers compensation, i.e. employee injuries and f) medical insurance costs of its employees. Commercial insurance policies transferring the risk of loss, but for a relatively small deductible amount, are purchased for property and content damage, employee's torts and professional liabilities. Settlement claims resulting from these risks have not exceeded the insurance deductible provided for in the last three years.

##### **L. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

##### **M. Pensions**

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

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 2

#### CASH AND INVESTMENTS

Cash for all funds consist of the following at year end:

Cash—demand deposits (net of overdrafts)	\$ 293,534
Cash—State Investment Pool	<u>1,072,682</u>
	<u>\$1,366,216</u>

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. At year end, the carrying amounts of the District's deposits were \$1,366,216 and the bank balances were \$1,438,261. Of the bank balances, \$250,000 was covered by federal depository insurance. Cash held at the Local Government Investment Pool is uninsured and uncollateralized.

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 does not have a deposit policy for custodial credit risk. As of June 30, 2025, the District had \$1,188,261 of their bank balances subject to this risk.

#### Investments

Idaho statutes authorize school districts to invest in obligations of the United States Treasury, agencies and instrumentalities of the United States, repurchase agreements, interest-bearing bonds of any city, county, school district or municipality in Idaho, tax anticipation notes, time deposit accounts in state depositories, accounts in financial institutions, and the State of Idaho's Local Government Investment Pool. The District's investment policy complies with state statutes.

The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposits are federally insured. The U.S. government securities and the collateral for the repurchase agreement are held in trust by a safekeeping bank. Interest income earned on pooled investments is allocated to the various funds of the District in proportion to each fund's respective investment balances.

Statement 3 of the Government Accounting Standards Board requires government entities disclose the level of risk assumed on deposit and investment balances.

Statement 40 of the Government Accounting Standards Board requires more comprehensive disclosure requirements addressing other common risks of the deposits and investments of governmental entities. At June 30, 2025 the District did not hold any investments that require disclosure. The District has chosen to recognize the monies held at the Local Government Investment Pool as cash.

#### Credit Risk

Per the Local Government Investment Pool, the investment pool itself does not have a credit rating.

**SWAN VALLEY SCHOOL DISTRICT #92**

**Notes to the Basic Financial Statements**  
**June 30, 2025**

**NOTE 3 RECEIVABLES**

Receivables at year end consist of the following:

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u>	<u>Non Major</u> <u>Fund</u>
<b>Local Sources</b>			
Local Taxes	\$ 86,817	\$ 11,473	\$ -
<b>State Sources</b>			
State of Idaho	\$ 25,311	\$ -	\$ 9,348
<b>Total Receivables</b>	<b><u>\$ 112,128</u></b>	<b><u>\$ 11,473</u></b>	<b><u>\$ 9,348</u></b>

**NOTE 4**

**CAPITAL ASSETS**

A summary of Capital Assets is as follows:

	<u>Balance</u> <u>07-01-24</u>	<u>Capital</u> <u>Acquisitions</u>	<u>Sales &amp;</u> <u>Other</u> <u>Dispositions</u>	<u>Balance</u> <u>06-30-25</u>
<b>Non-depreciable Assets</b>				
Land	\$ 1,200	\$ -	\$ -	\$ 1,200
Work in Progress	<u>613,690</u>	<u>124,737</u>	<u>-</u>	<u>738,427</u>
<b>Total Cost</b>	<b><u>\$ 614,890</u></b>	<b><u>\$ 124,737</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 739,627</u></b>
<b>Depreciable Assets</b>				
Buildings/Sites	\$ 1,124,892	\$ 76,536	\$ -	\$ 1,201,428
Equip, Furn & Fixtures	600,924	6,371	4,114	603,181
Transportation	<u>533,284</u>	<u>135,968</u>	<u>-</u>	<u>669,252</u>
<b>Total Cost</b>	<b><u>\$ 2,259,100</u></b>	<b><u>\$ 35,773</u></b>	<b><u>\$ 4,114</u></b>	<b><u>\$ 2,473,861</u></b>
<b>Accumulated Depreciation</b>				
Buildings/Sites	\$ 881,517	\$ 31,157	\$ -	\$ 912,674
Equip, Furn & Fixtures	419,448	37,540	4,114	452,874
Transportation	<u>420,915</u>	<u>32,952</u>	<u>-</u>	<u>453,867</u>
<b>Total Accum. Deprec.</b>	<b><u>\$ 1,721,880</u></b>	<b><u>\$ 101,649</u></b>	<b><u>\$ 4,114</u></b>	<b><u>\$ 1,819,415</u></b>
<b>Net Capital Assets</b>	<b><u>\$ 1,152,110</u></b>	<b><u>\$ 241,964</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,394,074</u></b>

Depreciation expense was charged to functions as follows:

Education	\$ 52,669
School Administration	8,014
Plant Services	8,014
Transportation	32,952
<b>Total</b>	<b><u>\$ 101,649</u></b>

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 5

#### PENSION PLAN

##### *Plan Description*

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

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

##### *Pension Benefits*

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

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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 (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2024 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The Swan Valley School District's contributions were \$66,564 for the year ended June 30, 2025.

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 6

#### PENSION PLAN (continued)

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

At June 30, 2025 the Swan Valley School District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Swan Valley School District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2025, the District's proportion was .01155286%.

For the year ended June 30, 2024, the Swan Valley School District recognized pension expense of \$46,745. At June 30, 2025, 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	\$ 68,803	\$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	17,120	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Contributions subsequent to the measurement date	<u>66,564</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$152,487</u></b>	<b><u>\$ -</u></b>

\$63,297 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2023 the beginning of the measurement period ended June 30, 2024 is 4.8 and 4.7 years for the measurement period June 30, 2024.

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

#### Year ended 2025:

2025	\$ 21,329
2026	\$ 80,576
2027	\$(13,895)
2028	\$ (9,932)

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

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 6

#### PENSION PLAN (continued)

##### *Actuarial Assumptions*

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

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

##### **Contributing Member, Service Retirement Member, 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%
- 5% of Fire and Police active member deaths are assumed to be duty
- Disabled Members – Males Pub-2010 Disabled Tables, increased 38%
- Disables Members – Females Pub-2010 Disabled Tables, Increased 36%

Assumption used to calculate the enclosed figures are described in our 2024 Experience Study. The Total Pension Liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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

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

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 6 PENSION PLAN (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. The capital market assumptions are as of January 1, 2022.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	(0.25)%
TIPS	10.00%	(0.30)%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

#### *Discount Rate*

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

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 6 PENSION PLAN (continued)

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
	(5.35%)	(6.35%)	(7.35%)
Proportionate share of the net pension liability (asset)	\$ 821,222	\$ 432,151	\$ 114,380

#### *Pension plan fiduciary net position*

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

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

#### NOTE 7 COMPENSATED ABSENCES

The District provides personal and sick leave to its employees, as well as paid vacations depending on job classifications, lengths of service, and other factors. The estimated amount of compensation for future amounts is \$6,464 which is reported as a liability, on the Statement of Net Position.

#### NOTE 8 DEFERRED REVENUES – FUND FINANCIAL STATEMENTS

Revenues are recognized when they become available to the District. Taxes and other receivables not received soon enough after year end to pay current liabilities do not represent available expendable resources and recognition of revenue is deferred until collection. Deferred revenues at year end consist of the following:

Property Taxes – General Fund	\$ 23,189
Property Taxes – Capital Project Fund	<u>5,487</u>
Total Deferred Revenue	<u><u>\$ 28,676</u></u>

**SWAN VALLEY SCHOOL DISTRICT #92**

**Notes to the Basic Financial Statements**  
**June 30, 2025**

**NOTE 9**

**EXCESS OF EXPENDITURES OVER APPROPRIATION**

The following individual funds have an excess of expenditures over appropriations at June 30, 2025.

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Over Budget</u>
Plant Facilities	\$ 5,880	\$ 55,972	\$ 50,092
Child Nutrition	50,000	68,191	18,191

**NOTE 10**

**CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial.

**NOTE 11**

**RELATED PARTY TRANSACTIONS**

The District has not been involved in any related party transactions that would violate the Idaho Code or applicable federal regulation.

**NOTE 12**

**SUBSEQUENT EVENTS**

As of October 8, 2025 the date through which subsequent events were evaluated, no material subsequent events were identified.

**NOTE 13**

**ECONOMIC DEPENDENCY**

The District is economically reliant on the State of Idaho, from which it received \$1,217,477 or 70% of the District's revenue.

**NOTE 14**

**POST RETIREMENT BENEFITS**

Swan Valley School District #92 funds post-retirement benefits through PERSI. During the school year ended June 30, 2025, the district paid 1.16% of the wages covered by PERSI to the State of Idaho. Upon retirement, one-half of the employee's accumulated sick leave is transferred from the sick leave pool established by PERSI to the individual employee's retirement account. These funds are used to pay post-retirement health insurance premiums.

## SWAN VALLEY SCHOOL DISTRICT #92

### Notes to the Basic Financial Statements June 30, 2025

#### NOTE 15 RETIREMENT HEALTHCARE PLAN

GASB Statement 45, is an accounting and financial reporting requirement for employers to measure and report the cost and liabilities associated with other (than pension) postemployment benefits (OPEB).

Swan Valley School District #92's Employee Group Benefits Plan is a single-employer defined benefit healthcare plan administered by Blue Cross of Idaho. Blue Cross provides medical, prescription drug insurance and dental benefits to eligible retirees and their eligible dependents.

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

The District has not implemented the requirements of GASB Statement 45 and as a result has not determined in annual OPEB cost and net OPEB obligation. The District's plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis.