Idaho Educational Services for the Deaf and the Blind

Year Ended June 30, 2024

Audited Financial Statements



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Quest CPAs PLLC

IDAHO EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND
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Quest CPAs PLLC

Quality Expertise Service Timeliness

Independent Auditor's Report

Board of Directors
Idaho Educational Services for the Deaf and the Blind

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Idaho Educational Services for the Deaf and the Blind (the Organization) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Matter Giving Rise to the Qualified Opinion on the Governmental Activities section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Organization, as of June 30, 2024, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions on All Other Opinion Units Described Below

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Organization as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified 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 Organization 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.

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Matter Giving Rise to the Qualified Opinion on the Governmental Activities

Management has elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses related to the other postemployment benefits as well as note disclosures and required supplementary information. The amount by which the departure would affect net position, assets, liabilities, deferred outflows of resources, deferred inflows of resources, expenses, note disclosures, and required supplementary information has not been determined.

Responsibilities of Management for the Financial Statements

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

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 Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Organization'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 Organization'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 budgetary comparison schedules and schedule of employer's share of net pension asset and liability and schedule of employer contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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, and 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.

Management has not included the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying 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 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 31, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Quest CPAs PLLC

Meridian, Idaho
October 31, 2024

IDAHO EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Current Assets	
Cash	$2,154,650
Receivables:	
Local Sources	30,490
State Sources	86,773
Federal Sources	274,937
Prepaid Expenses	8,226
Total Current Assets	2,555,076
Noncurrent Assets	
Nondepreciable Capital Assets	75,525
Depreciable/Amortizable Net Capital Assets	1,199,945
Total Noncurrent Assets	1,275,470
Total Assets	3,830,546
Deferred Outflows of Resources	
Pension Items	3,850,333
Total Deferred Outflows of Resources	3,850,333
Total Assets and Deferred Outflows of Resources	$7,680,879
Liabilities	
Current Liabilities	
Accounts Payable	$165,451
Salaries & Benefits Payable	1,221,209
Unspent Grant Revenue	176,830
Long-Term Liabilities, Current	43,734
Total Current Liabilities	1,607,224
Noncurrent Liabilities	
Long-Term Liabilities, Noncurrent	7,562,251
Total Noncurrent Liabilities	7,562,251
Total Liabilities	9,169,475
Deferred Inflows of Resources	
Pension Items	0
Total Deferred Inflows of Resources	0
Total Liabilities and Deferred Inflows of Resources	9,169,475
Net Position	
Net Investment in Capital Assets	1,181,170
Restricted:	
Special Programs	38,741
Unrestricted (Deficit)	(2,708,507)
Total Net Position (Deficit)	(1,488,596)
Total Liabilities and Net Position	$7,680,879

IDAHO EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
Outreach	$4,313,170		$180,308		($4,132,862)
Campus Education	2,863,702		115,086		(2,748,616)
Special Services	1,566,358		272,211		(1,294,147)
Media/Braille Transcription	393,658				(393,658)
Student Camps	256,783		53,289		(203,494)
Employee Training & Workshops					0
Educational Interpreter	155,957		155,957		0
Student Services	1,313,014				(1,313,014)
Student Transportation	399,501				(399,501)
Athletics	42,407				(42,407)
Maintenance	947,636				(947,636)
Information Technology	672,529		18,865		(653,664)
Business Operations	1,696,470				(1,696,470)
Board of Directors	4,839				(4,839)
Professional Technical	41,594				(41,594)
Drivers Education					0
Child Nutrition	480,087	$1,354	58,596		(420,137)
Depreciation					0
Contingency					0
Total	$15,147,705	$1,354	$854,312	$0	(14,292,039)
	General Revenues				
	Local Revenue				226,141
	State Revenue				15,414,048
	Federal Revenue				
	Pension Revenue (Expense)				(2,049,107)
	Total				13,591,082
	Change in Net Position				(700,957)
	Net Position (Deficit) - Beginning				(787,639)
	Net Position (Deficit) - Ending				($1,488,596)

IDAHO EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND

Balance Sheet - Governmental Funds

June 30, 2024

	General Fund	IDEA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	$2,089,599		$65,051	$2,154,650
Receivables:				
Local Sources	30,490		0	30,490
State Sources	86,773		0	86,773
Federal Sources	34,502	$49,107	191,328	274,937
Due From Other Funds	207,581		0	207,581
Prepaid Expenditures	7,766	460	0	8,226
Total Assets	$2,456,711	$49,567	$256,379	$2,762,657
Liabilities				
Accounts Payable	$136,108	$684	$28,659	$165,451
Due To Other Funds		48,883	158,698	207,581
Salaries & Benefits Payable	1,195,341		25,868	1,221,209
Unspent Grant Revenue	172,417		4,413	176,830
Total Liabilities	1,503,866	49,567	217,638	1,771,071
Fund Balances				
Nonspendable			0	0
Restricted:				
Special Programs			38,741	38,741
Committed	368,701		0	368,701
Unassigned	584,144		0	584,144
Total Fund Balances	952,845	0	38,741	991,586
Total Liabilities and Fund Balances	$2,456,711	$49,567	$256,379	$2,762,657

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

Total Governmental Fund Balances	$991,586
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,275,470
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(94,300)
Pension deferred outflows/inflows are not due and payable in the current period and therefore are not reported in the funds.	(3,661,352)
Net Position of Governmental Activities	($1,488,596)

IDAHO EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2024

	General Fund	IDEA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local Revenue	$281,091		$40,422	$321,513
State Revenue	15,424,103		22,084	15,446,187
Federal Revenue	397,348	$80,883	249,924	728,155
Total Revenues	16,102,542	80,883	312,430	16,495,855
Expenditures				
Outreach	5,142,897		165,792	5,308,689
Campus Education	3,427,425		33,455	3,460,880
Special Services	1,485,475	80,883	0	1,566,358
Media/Braille Transcription	393,658		0	393,658
Student Camps	256,783		0	256,783
Employee Training & Workshops			0	0
Educational Interpreter	155,957		0	155,957
Student Services	1,312,685		329	1,313,014
Student Transportation	399,501		0	399,501
Athletics	42,407		0	42,407
Maintenance	947,636		0	947,636
Information Technology	676,435		0	676,435
Business Operations	1,497,882		1,917	1,499,799
Board of Directors	4,839		0	4,839
Professional Technical			41,594	41,594
Drivers Education			0	0
Child Nutrition			480,087	480,087
Capital Outlay			0	0
Contingency			0	0
Total Expenditures	15,743,580	80,883	723,174	16,547,637
Excess (Deficiency) of Revenues Over Expenditures	358,962	0	(410,744)	(51,782)
Other Financing Sources (Uses)				
Transfers In			424,849	424,849
Transfers Out	(424,799)		(50)	(424,849)
Total Other Financing Sources (Uses)	(424,799)	0	424,799	0
Net Change in Fund Balances	(65,837)	0	14,055	(51,782)
Fund Balances - Beginning	1,018,682	0	24,686	1,043,368
Fund Balances - Ending	$952,845	$0	$38,741	$991,586

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds	($51,782)
Amounts reported for governmental activities in the statement of activities are different because:	
Government 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 or allocated over the appropriate term as amortization expense. This is the excess of capital outlays over (under) depreciation/amortization expense in the current period.	241,121
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	44,935
Changes in net pension asset/liability and related pension deferred outflows/inflows do not provide or require current financial resources and therefore are not reflected in the funds.	(935,231)
Change in Net Position of Governmental Activities	($700,957)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Idaho Educational Services for the Deaf and the Blind (the Organization) is a special purpose government entity established under section 33-3401 of Idaho Code. The Organization's purpose is providing supplemental educational services, early invention/education, consultation, and transition support to families and local school districts throughout the state of Idaho. These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to special purpose government entities. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Organization are discussed below.

Basic Financial Statements - Government-Wide Statements – The Organization's basic financial statements include both government-wide (reporting the Organization as a whole) and fund financial statements (reporting the Organization's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the Organization's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the Organization's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The Organization allocates and reports expenditures by function and program within its various funds. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the Organization as an entity and the change in the Organization's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the Organization are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the Organization include:

General Fund – The general fund is the Organization's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the IDEA fund, which accounts for the monies used in the Organization's IDEA program.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and fiduciary fund financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash – Nearly all the cash balances of the Organization's funds are pooled for investment purposes. The individual funds' portions of the pooled cash are reported in each fund as cash. Interest earned on pooled cash is allocated to the various funds in proportion to each fund's respective investment balance.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition 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. Depreciation over the estimated useful lives of depreciable assets is recorded using the straight line method.

Leases/SBITAs and Amortization – Material long-term leases and subscription-based information technology arrangements (SBITAs) are reported in accordance with the provisions of GASB 87 *Leases* and GASB 96 *SBITAs*. When incurred, amortization over the appropriate lease or SBITA term is recorded using the straight-line method.

Compensated Absences – The Organization provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded. Compensated absences will be paid by the fund in which the employee works.

Other Post-Employment Benefits – The Organization does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, certain retired employees can remain on the Organization insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average monthly cost is referred to as an "implicit subsidy" since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. GASB 75 requires that employers have actuarial calculations performed for these other post-employment benefits so that an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses can be recorded in the government-wide financial statements and related notes and required supplementary information can be prepared. Management believes the costs of implementing GASB 75 cannot be justified at this time. Accordingly, the Organization accounts for the other-post employment benefits for retirees on the pay-as-you-go basis. Other post-employment benefits will be paid by the fund in which the employee works.

Pensions – For purposes of measuring the net pension asset/liability and pension revenue/expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/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. Pension obligations will be paid by the fund in which the employee works.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the Organization first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the Organization first utilizes committed resources then assigned resources before using unassigned resources.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to

elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Custodial Credit Risk – The Organization maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The Organization does not have a formal policy concerning custodial credit risk.

Risk Management – The Organization is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Nonmonetary Transactions – Items received via food commodities programs are recognized at their stated fair market value.

Subsequent Events – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

B. CASH

Cash consists of the following at year end:

Cash - Deposits	$2,154,650
Total	$2,154,650

Deposits – At year end, the carrying amounts of the Organization's deposits were $2,154,650 and the bank balances were $2,262,296. Of the bank balances, $2,231,835 was insured and the balance was uninsured and uncollateralized.

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Government, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The Organization's investment policy complies with state statutes.

C. RECEIVABLES

Receivables consist of the following at year end:

	General Fund	Special Revenue Funds	Total
Local Sources			
Other Local Sources	$30,490		$30,490
Total	$30,490		$30,490
State Sources			
Special Programs	$86,773		$86,773
Total	$86,773		$86,773
Federal Sources			
Special Programs	$34,502	$240,435	$274,937
Total	$34,502	$240,435	$274,937

D. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Construction in Progress	$0	$75,525		$75,525
Total	0	75,525	$0	75,525
Depreciable/Amortizable Capital Assets				
Buildings	131,086	82,068		213,154
Equipment	522,186			522,186
Vehicles	1,272,850	321,228		1,594,078
Leased Buildings	321,211			321,211
Subtotal	2,247,333	403,296	0	2,650,629
Accumulated Depreciation				
Buildings	9,769	4,265		14,034
Equipment	243,128	48,074		291,202
Vehicles	763,518	143,814		907,332
Subtotal	1,016,415	196,153	0	1,212,568
Accumulated Amortization				
Leased Buildings	196,569	41,547		238,116
Subtotal	196,569	41,547	0	238,116
Total	1,034,349	165,596	0	1,199,945
Net Capital Assets	$1,034,349	$241,121	$0	$1,275,470

Depreciation expense of $196,153 and amortization expense of $41,547 were charged to the capital assets – student occupied program.

E. LONG-TERM LIABILITIES

Facilities Lease – At year end, the Organization had a lease as follows:

Lease for facilities for 5 years starting August 1, 2021, due in monthly payments ranging from $3,772 to $4,003, with interest at 4.75% (incremental borrowing rate), paid through the general fund	$94,300
Total	$94,300

Future lease payments are estimated as follows:

Year Ended	Principal	Interest	Total
6/30/25	$43,734	$3,536	$47,270
6/30/26	46,579	1,398	47,977
6/30/27	3,987	16	4,003
Total	$94,300	$4,950	$99,250

Changes in long-term liabilities are as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Note Payable	$3,906		$3,906	$0	
Facilities Lease	135,329		41,029	94,300	$43,734
Net Pension Liability	7,370,904	$140,781		7,511,685	-
Total	$7,510,139	$140,781	$44,935	$7,605,985	$43,734

Interest costs during the year amounted to $5,593 of which $48 was charged to the information technology program and $5,545 was charged to the business operations program.

F. PENSION PLAN

Plan description

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

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

Pension benefits

The Base Plan provides retirement, disability, death and survivor benefits 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.

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

Member and employer contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2023 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The Organization's contributions were $1,113,876 for the year ended June 30, 2024.

Pension asset/liabilities, pension revenue (expense), and deferred outflows/inflows of resources related to pensions

At June 30, 2024, the Organization reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on the Organization'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, 2023, the Organization's proportion was 0.18823116%.

For the year ended June 30, 2024, the Organization recognized pension revenue (expense) of ($2,049,107). At June 30, 2024, the Organization 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	$1,287,560	
Changes in assumptions or other inputs	743,815	
Net difference between projected and actual earnings on pension plan investments	705,082	
Employer contributions subsequent to the measurement date	1,113,876	
Total	$3,850,333	$0

$1,113,876 reported as deferred outflows of resources related to pensions resulting from Organization contributions made subsequent to the measurement date will be recognized as an adjustment to the pension revenue (expense) 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, 2022 is 4.6 and 4.4 for the measurement period June 30, 2023.

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

Year Ended	
6/30/25	($973,144)
6/30/26	(457,307)
6/30/27	(1,422,612)
6/30/28	116,605
Total	($2,736,458)

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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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% 5% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2023.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	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 asset. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

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

The following presents the Organization's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Organization's proportionate share of the net pension

liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Organization's proportionate share of the net pension	$13,510,076	$7,511,685	$2,609,126

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.

Impact on the Organization's net position

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the Organization may periodically experience a deficit in its net position. This can occur as a result of recording the Organization's allocable portion of the net pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan when deemed necessary), such deficits are not deemed to be of substantial concern.

G. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund		
Due To Fund	IDEA	Nonmajor Governmental	**Total**
General	$48,883	$158,698	$207,581
Total	$48,883	$158,698	$207,581

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

Interfund transfers during the year consist of the following:

Fund	Transfer In	Transfer Out	Purpose
General		$424,799	Support
Nonmajor Governmental	$424,849	50	Support
Total	$424,849	$424,849	

IDAHO EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND

Budgetary Comparison Schedule - General and Major Special Revenue Funds

Year Ended June 30, 2024

General Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues					
Local Revenue	$250,475	$402,208	$281,091	($121,117)	
State Revenue	15,283,155	15,449,946	15,424,103	(25,843)	
Federal Revenue	165,693	216,890	397,348	180,458	
Total Revenues	15,699,323	16,069,044	16,102,542	33,498	
Expenditures					
Outreach	5,088,243	5,224,582	5,142,897	81,685	
Campus Education	3,562,236	3,599,243	3,427,425	171,818	
Special Services	2,087,327	2,090,828	1,485,475	605,353	
Media/Braille Transcription	360,891	384,411	393,658	(9,247)	
Student Camps	0	157,620	256,783	(99,163)	
Employee Training & Workshops	0	0	0	0	
Educational Interpreter	165,693	165,693	155,957	9,736	
Student Services	1,301,627	1,304,725	1,312,685	(7,960)	
Student Transportation	477,218	477,218	399,501	77,717	
Athletics	49,118	57,754	42,407	15,347	
Maintenance	905,184	905,184	947,636	(42,452)	
Information Technology	602,329	602,329	676,435	(74,106)	
Business Operations	1,467,472	1,467,472	1,497,882	(30,410)	
Board of Directors	5,350	5,350	4,839	511	
Professional Technical	0	0	0	0	
Drivers Education	0	0	0	0	
Child Nutrition	0	0	0	0	
Capital Outlay	0	0	0	0	
Contingency	0	0	0	0	
Total Expenditures	16,072,688	16,442,409	15,743,580	698,829	*
Excess (Deficiency) of Revenues Over Expenditures	(373,365)	(373,365)	358,962	732,327	
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	
Transfers Out	(357,635)	(357,635)	(424,799)	(67,164)	*
Total Other Financing Sources (Uses)	(357,635)	(357,635)	(424,799)	(67,164)	
Net Change in Fund Balances	(731,000)	(731,000)	(65,837)	665,163	
Fund Balances - Beginning	731,000	731,000	1,018,682	287,682	
Fund Balances - Ending	$0	$0	$952,845	$952,845	

**Total expenditures (over) under appropriations are:* $631,665

IDEA Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues					
Local Revenue	$0	$0	$0	$0	
State Revenue	0	0	0	0	
Federal Revenue	78,407	80,883	80,883	0	
Total Revenues	78,407	80,883	80,883	0	
Expenditures					
Outreach	0	0	0	0	
Campus Education	0	0	0	0	
Special Services	78,407	80,883	80,883	0	
Media/Braille Transcription	0	0	0	0	
Student Camps	0	0	0	0	
Employee Training & Workshops	0	0	0	0	
Educational Interpreter	0	0	0	0	
Student Services	0	0	0	0	
Student Transportation	0	0	0	0	
Athletics	0	0	0	0	
Maintenance	0	0	0	0	
Information Technology	0	0	0	0	
Business Operations	0	0	0	0	
Board of Directors	0	0	0	0	
Professional Technical	0	0	0	0	
Drivers Education	0	0	0	0	
Child Nutrition	0	0	0	0	
Capital Outlay	0	0	0	0	
Contingency	0	0	0	0	
Total Expenditures	78,407	80,883	80,883	0	*
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0	
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	
Transfers Out	0	0	0	0	*
Total Other Financing Sources (Uses)	0	0	0	0	
Net Change in Fund Balances	0	0	0	0	
Fund Balances - Beginning	0	0	0	0	
Fund Balances - Ending	$0	$0	$0	$0	
	**Total expenditures (over) under appropriations are:*			$0	

IDAHO EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND

Schedule of Employer's Share of Net Pension Asset and Liability
and Schedule of Employer Contributions
PERSI - Base Plan

Schedule of Employer's Share of Net Pension Asset and Liability*

Fiscal Year Ended June 30	Employer's Portion of the Net Pension (Asset) Liability	Employer's Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability
2015	0.17661000%	$1,300,126	$4,784,594	27.17%	94.95%
2016	0.17467740%	$2,300,217	$4,917,703	46.77%	91.38%
2017	0.17051230%	$3,456,546	$5,003,816	69.08%	87.26%
2018	0.17144820%	$2,694,871	$5,343,030	50.44%	90.68%
2019	0.18820710%	$2,776,088	$6,130,124	45.29%	91.69%
2020	0.18511720%	$2,113,061	$6,319,973	33.43%	93.79%
2021	0.18792490%	$4,363,865	$6,757,638	64.58%	88.22%
2022	0.18365153%	($145,044)	$6,887,420	-2.11%	100.36%
2023	0.18713778%	$7,370,904	$7,408,183	99.50%	83.09%
2024	0.18823116%	$7,511,685	$8,119,899	92.51%	83.83%

*As of the measurement date of the net pension (asset) liability.

Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$556,684	$556,684	$0	$4,917,703	11.32%
2016	$566,432	$566,432	$0	$5,003,816	11.32%
2017	$604,831	$604,831	$0	$5,343,030	11.32%
2018	$693,930	$693,930	$0	$6,130,124	11.32%
2019	$715,421	$715,421	$0	$6,319,973	11.32%
2020	$806,862	$806,862	$0	$6,757,638	11.94%
2021	$822,358	$822,358	$0	$6,887,420	11.94%
2022	$884,537	$884,537	$0	$7,408,183	11.94%
2023	$969,516	$969,516	$0	$8,119,899	11.94%
2024	$1,113,876	$1,113,876	$0	$8,777,589	12.69%

Schedules above intended to show information for 10 years. Information for additional years will be presented as it becomes available.

IDAHO EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds			
	Student Activity	Child Nutrition Fund	State Grants Fund	Total
Assets				
Cash	$27,917	$37,134		$65,051
Receivables:				
Local Sources				0
State Sources				0
Federal Sources			$191,328	191,328
Due From Other Funds				0
Prepaid Expenditures				0
Total Assets	$27,917	$37,134	$191,328	$256,379
Liabilities				
Accounts Payable	$29	$1,423	$27,207	$28,659
Due To Other Funds			158,698	158,698
Salaries & Benefits Payable		25,868		25,868
Unspent Grant Revenue			4,413	4,413
Total Liabilities	29	27,291	190,318	217,638
Fund Balances				
Nonspendable				0
Restricted:				
Special Programs	27,888	9,843	1,010	38,741
Committed				0
Unassigned				0
Total Fund Balances	27,888	9,843	1,010	38,741
Total Liabilities and Fund Balances	$27,917	$37,134	$191,328	$256,379

IDAHO EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds			
	Student Activity	Child Nutrition Fund	State Grants Fund	Total
Revenues				
Local Revenue	$39,068	$1,354		$40,422
State Revenue			$22,084	22,084
Federal Revenue		58,596	191,328	249,924
Total Revenues	39,068	59,950	213,412	312,430
Expenditures				
Outreach			165,792	165,792
Campus Education	28,439		5,016	33,455
Special Services				0
Media/Braille Transcription				0
Student Camps				0
Employee Training & Workshops				0
Educational Interpreter				0
Student Services	329			329
Student Transportation				0
Athletics				0
Maintenance				0
Information Technology				0
Business Operations	1,917			1,917
Board of Directors				0
Professional Technical			41,594	41,594
Drivers Education				0
Child Nutrition		480,087		480,087
Capital Outlay				0
Contingency				0
Total Expenditures	30,685	480,087	212,402	723,174
Excess (Deficiency) of Revenues Over Expenditures	8,383	(420,137)	1,010	(410,744)
Other Financing Sources (Uses)				
Transfers In	50	424,799		424,849
Transfers Out	(50)			(50)
Total Other Financing Sources (Uses)	0	424,799	0	424,799
Net Change in Fund Balances	8,383	4,662	1,010	14,055
Fund Balances - Beginning	19,505	5,181	0	24,686
Fund Balances - Ending	$27,888	$9,843	$1,010	$38,741

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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 Directors
Idaho Educational Services for the Deaf and the Blind

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Idaho Educational Services for the Deaf and the Blind (the Organization), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated October 31, 2024. In our report, we expressed a qualified opinion on the governmental activities as management has elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

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contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Quest CPAs PLLC

Meridian, Idaho
October 31, 2024