

**Post Falls School District No. 273**

**June 30, 2013**

**TABLE OF CONTENTS**

**FINANCIAL SECTION:**

**Independent Auditors' Report** ..... 1 – 2

**Management's Discussion and Analysis** ..... 3 – 8

**Basic Financial Statements:**

District-wide Financial Statements:

Statement of Net Position..... 9

Statement of Activities ..... 10

Governmental Funds Financial Statements:

Balance Sheet ..... 11 – 12

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position ..... 13

Statement of Revenues, Expenditures and Changes in Fund Balances..... 14 – 15

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities ..... 16

Agency Funds:

Statement of Fiduciary Net Position..... 17

Notes to the Financial Statements ..... 18 – 34

**Required Supplementary Information:**

Schedule of Funding Progress for Postemployment Benefit Plans ..... 35

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

General Fund ..... 36

School Lunch Fund ..... 37

**Other Supplementary Information:**

Nonmajor Governmental Funds – Combining Balance Sheet – By Fund Type..... 38

Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances – By Fund Type..... 39

Nonmajor Special Revenue Funds – Combining Balance Sheet..... 40 – 41

Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances ..... 42 – 43

Nonmajor Capital Projects Funds – Combining Balance Sheet..... 44

Nonmajor Capital Projects Funds – Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances ..... 45

Agency Funds – Schedule of Changes in Deposit Balances of Individual Schools..... 46

(Continued)

**Post Falls School District No. 273**

**June 30, 2013**

**TABLE OF CONTENTS**

**SINGLE AUDIT SECTION:**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance With <i>Government Auditing Standards</i> .....	47 – 48
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	49 – 50
Schedule of Expenditures of Federal Awards .....	51
Notes to Schedule of Expenditures of Federal Awards .....	52
Schedule of Findings and Questioned Costs .....	53 – 54

## FINANCIAL SECTION

### INDEPENDENT AUDITORS' REPORT

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Post Falls School District No. 273  
Post Falls, ID 83854

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Post Falls School District No. 273, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Post Falls School District No. 273's basic financial statements as listed in the table of contents. We also have audited each fiduciary fund type of Post Falls School District No. 273, as of June 30, 2013, as displayed in the Post Falls School District No. 273's basic financial statements.

### ***Management's Responsibility for the Financial Statements***

Post Falls School District No. 273's 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.

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Post Falls School District No. 273, as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-8), the schedule of funding progress for postemployment benefit plans (page 35), and budgetary comparison information (pages 36-37) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Post Falls School District No. 273's financial statements. The combining and individual nonmajor fund financial statements, the schedule of changes in deposit balances of individual schools, and the schedule of expenditures of federal awards, required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the schedule of changes in deposit balances of individual schools, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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, the schedule of changes in deposit balances of individual schools, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2013 on our consideration of Post Falls School District No. 273's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Post Falls School District No. 273's internal control over financial reporting and compliance.

*Magnuson, McHugh & Company, P.A.*

MAGNUSON, MCHUGH, & CO., P.A.

October 4, 2013

## FINANCIAL SECTION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

## **Post Falls School District No. 273**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the year ended June 30, 2013**

The discussion and analysis of the Post Falls School District's financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial activities for the fiscal year. Efforts have been made to provide comparison to prior year data when such data is available.

#### **FINANCIAL HIGHLIGHTS**

- The school district passed a supplemental levy for \$4,255,000 for each of the next two years. This amount was an increase from the previous levy of \$2,615,000 by \$1,640,000. This amount will close the gap between the state revenue stream and the district's annual expenditure budget and allow the district to maintain the programming at status quo.
- The school district finished the year with a general fund balance of \$388,073 which represents 1.43% of general fund revenues. This is a decrease from the prior year of \$1,003,938. Expenditures over and above revenues in the amount of \$1.4 million was the primary reason for this decrease.
- Funding from the State of Idaho saw its first increase in several years. Although only an increase of 2.2%, combined with the increased supplemental levy, the district should be able to operate the same quality programs without any further reduction in fund balance.
- The professional technical school, KTEC, a joint venture of the Post Falls, Lakeland and Coeur d'Alene school districts, commenced operations this year in September, 2012 and filled all available student openings. The three districts operate the school with funds contributed by the districts' based on enrollment from each district.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This section of the comprehensive annual financial report consists of three parts: management's discussion and analysis; basic financial statements, including notes to the financial statements; and other required supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the district's financial activities.

- The statement of net position and statement of activities provide information on a district-wide basis. The statements present an aggregate view of the district's finances. District-wide statements contain useful long-term information, as well as information for the just-completed fiscal year.
- The remaining statements are fund financial statements that focus on individual parts of the district. Fund statements generally report operations in more detail than the district-wide statements.

The notes to the financial statements provides further explanation of some of the information in the statements and provides additional disclosures so statement users have a complete picture of the district's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the district's budget data for the year.

## **Post Falls School District No. 273**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the year ended June 30, 2013**

#### **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

##### **District-wide Statements**

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The two district-wide statements report the district's net position and how this has changed. Net position, the difference between the district's assets and liabilities, are one way to measure the district's overall financial position.

- Increases or decreases in the district's net position are one indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the district, additional non-financial factors, such as changes in the district's property tax base and the condition of school buildings and other facilities, should be considered.

In the district-wide financial statements, the district's activities are all classified as governmental activities. Governmental activities include all regular and special education, all educational support activities, administration, transportation and food services. Most of these activities are supported by property taxes and formula aid from the State of Idaho.

##### **Fund Financial Statements**

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds and not on the district as a whole. Funds are accounting devices the district uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The district has two types of funds.

- Governmental funds – Most of the district's basic services are included in governmental funds, which generally focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Governmental fund information does not report on long-term commitments as is reported on the district-wide statements. Therefore an explanation of the differences between the governmental funds and the district-wide statements is included either at the bottom of the governmental funds statements or as a separate statement.
- Fiduciary funds – The district serves as a trustee, or fiduciary, for student organizations. The assets of these organizations belong to the organization, and not the district. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the district cannot use these assets to finance its operations.

## Post Falls School District No. 273

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the year ended June 30, 2013

#### FINANCIAL ANALYSIS

##### The District as a Whole

**Net Position.** Table I, below, provides a summary of the district's net position for the years ended June 30, 2013 and 2012.

**Table 1**  
**Statements of Net Position**  
**June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,584,655	\$ 6,815,680
Receivables	3,558,305	3,936,607
Capital assets, net of accumulated depreciation	32,887,005	34,191,145
Total assets	<u>42,029,965</u>	<u>44,943,432</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding of bonds	263,469	314,377
Total deferred outflows of resources	<u>263,469</u>	<u>314,377</u>
<b>LIABILITIES</b>		
Accounts payable	94,024	574,926
Accrued payroll and related costs	3,655,834	3,716,305
Interest payable	213,017	233,650
Long-term liabilities:		
Due within one year	2,541,950	2,725,241
Due in more than one year	10,857,949	13,341,920
Net OPEB obligation	64,521	30,247
Total liabilities	<u>17,427,295</u>	<u>20,622,289</u>
<b>NET POSITION</b>		
Net investment in capital assets	19,935,822	18,254,940
Restricted for:		
School Lunch	266,899	332,568
Debt service	3,419,960	2,786,381
Plant facility	207,864	292,256
Federal title programs	128,033	123,773
Unrestricted	907,561	2,845,602
Total net position	<u>\$ 24,866,139</u>	<u>\$ 24,635,520</u>

The district's combined net position increased by 1.0% to \$24,861,139. This represents an overall increase of \$230,619. The increase in net position is mostly the result of both revenues and expenditures comparing favorably to budgeted amounts.

The district calculation of net position uses a historical cost of school buildings that may not accurately reflect the true value. Post Falls' buildings are in very good condition as a result of sufficient annual operating funds appropriated for maintenance and repair.

# Post Falls School District No. 273

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the year ended June 30, 2013

### FINANCIAL ANALYSIS (Continued)

**Changes in net position.** Table 2 shows the changes in net position for fiscal years 2013 and 2012.

**Table 2  
Changes in Net Position from Operating Results  
Government Activities 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 1,228,253	\$ 1,187,385
Operating grants and contributions	4,253,564	4,367,986
General revenues:		
Property taxes, levied for general purposes	2,799,196	3,164,414
Property taxes, levied for debt services	3,993,368	3,690,876
State revenue	24,087,158	23,092,443
Federal assistance	140,083	386,454
Grants and contributions not restricted to specific purposes:		
Federal forest	41,702	43,536
Interest and investment earnings	6,713	144,124
Donated capital assets	9,867	
Miscellaneous	95,583	53,783
Special item - Kootenai Technical Education Campus	(89,974)	(1,133,190)
Total general revenues and special items	<u>36,565,513</u>	<u>34,997,811</u>
<b>EXPENSES</b>		
Instructional services:		
Elementary programs	11,063,747	10,704,969
Secondary programs	9,169,802	8,650,665
Alternative school programs	626,921	652,659
Exceptional child programs	2,659,393	2,701,073
Activity programs	384,007	396,274
Other programs	55,970	58,579
Support services:		
Guidance and health programs	1,104,803	1,076,687
Special services	834,463	785,901
Improvement and media	339,525	329,669
District administration	307,552	295,767
School administration	1,780,315	1,782,123
Business administration	451,366	508,360
Maintenance	2,921,953	2,897,452
Transportation	1,701,173	1,622,105
Non-instructional services:		
School lunch	2,297,187	2,244,400
Interest on long-term debt	602,443	682,208
Change in OPEB obligation	34,274	(13,818)
Total expenses	<u>36,334,894</u>	<u>35,375,073</u>
Change in net position	<u>\$ 230,619</u>	<u>\$ (377,262)</u>

## **Post Falls School District No. 273**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the year ended June 30, 2013**

#### **FINANCIAL ANALYSIS (Continued)**

##### **Changes in net position. (Continued)**

As shown in Table 2, the Post Falls School District relies on local property taxes for 18.6% of its governmental activities. The district had total revenues of \$36.6 million. Total revenues exceeded expenses by \$230,619.

##### **Governmental Funds**

The district completed the year with a total governmental fund balance of \$5,286,050, which is a decrease of 15.76% from the ending balance in fiscal year 2012 that was \$6,275,201.

- The general fund had a decrease in fund balance of \$1,003,938 for a net total of \$388,073 at fiscal year end. Expenditures over and above revenues in the amount of \$1,396,425 was the principal reason for this decrease.
- The food service fund had a decrease in fund balance of \$65,669. The department ended the fiscal year with a positive fund balance of \$266,899.
- The debt service fund had an increase in fund balance of \$790,628 due to an increased levy in September of 2012.
- The plant facility met its funding obligation to KTEC. This resulted in a decrease in fund balance of \$43,595.

##### **General Fund Budgetary Highlights**

The district adopts an original budget in June for the subsequent year. The budget is then often amended later in the fiscal year, typically in February or March, following determination of the first attendance period and certification of all levies on property taxes. State revenues are primarily driven through the measurement of attendance for the first nine weeks of the school year. The district amended its budget in the 2012-2013 fiscal year to reflect increases in revenue and expenses due to an allocation of nearly one million dollars in pay for performance funding.

Stronger than expected collections of state assistance and reimbursements resulted in a favorable variance in total revenues of \$265,445 when comparing final budget to actual. General Fund expenses were decreased across the board in response to the forecast of significantly reduced state funding for the following year. The end result was a favorable variance of \$41,256. The final result is the general fund ended the fiscal year with a fund balance with a favorable variance of \$308,626 when compared to budget.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended June 30, 2013****CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets**

The Post Falls School District has invested approximately \$57.4 million in a broad range of capital assets, including buildings, sites, library books, transportation equipment and other equipment as of the end of fiscal year 2013. Total accumulated depreciation on these assets amounts to \$24.5 million.

- Asset acquisitions for governmental activities totaled \$119,771 for the fiscal year. This figure represents \$119,771 in purchases for equipment.

**Long Term Debt**

At year end the district had \$13.3 million in general obligation bonds and other long-term debt outstanding. The district retired \$2,590,000 of outstanding debt. The debt of the district is secured by an annual tax levy authorized by the patrons of the school district by a two-thirds majority vote in 1998 for \$17.97 million and in 2006 for 10.875 million.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

Currently known circumstances that will impact the district's financial status in the future are:

- The existing labor agreement for teachers expires June 30, 2013 however a new agreement was reached in May, 2013 which extends the agreement to June 30, 2014.
- The economy of the State of Idaho continues to recover at a very slow pace and the forecast for the next fiscal year indicates moderate improvement. State revenue projections have been reduced for the four years previous to this one which signaled a possible turnaround with revenues increasing by 2.2% for the school districts in the state.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sid Armstrong, Director of Business Services, Post Falls School District #273, 206 West Mullan Avenue, Post Falls, ID 83854.

## FINANCIAL SECTION

### BASIC FINANCIAL STATEMENTS

**Post Falls School District No. 273**

**STATEMENT OF NET POSITION**

**June 30, 2013**

**ASSETS**

Cash and cash equivalents	\$ 5,584,655
Receivables	3,558,305
Land	1,155,331
Capital assets, net of accumulated depreciation	31,731,674
Total assets	<u>42,029,965</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charge on refunding of bonds	263,469
Total deferred outflows of resources	<u>263,469</u>

**LIABILITIES**

Accounts payable	94,024
Accrued payroll and related costs	3,655,834
Interest payable	213,017
Long-term liabilities:	
Due within one year:	
Capital leases	1,183
Compensated absences	125,767
Long term debt	2,415,000
Due in more than one year:	
Long term debt	10,857,949
Net OPEB obligation	64,521
Total liabilities	<u>17,427,295</u>

**NET POSITION**

Net investment in capital assets	19,935,822
Restricted for:	
School lunch	266,899
Debt service	3,419,960
Plant facility	207,864
Federal title programs	128,033
Unrestricted	907,561
Total net position	<u>\$ 24,866,139</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Post Falls School District No. 273**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2013**

	Expenses	Charges for Services	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>					
<b>Governmental activities:</b>					
Instructional services:					
Elementary programs	\$ 11,063,747	\$ 192,024	\$ 1,466,603	\$ -	\$ (9,405,120)
Secondary programs	9,169,802	448,468	152,065	-	(8,569,269)
Alternative school programs	626,921	-	-	-	(626,921)
Exceptional child programs	2,659,393	-	1,027,922	-	(1,631,471)
Activity programs	384,007	-	-	-	(384,007)
Other programs	55,970	-	-	-	(55,970)
Support services:					
Guidance and health programs	1,104,803	-	-	-	(1,104,803)
Special services	834,463	-	-	-	(834,463)
Improvement and media	339,525	-	-	-	(339,525)
District administration	307,552	-	-	-	(307,552)
School administration	1,780,315	-	-	-	(1,780,315)
Business administration	451,366	-	-	-	(451,366)
Maintenance	2,921,953	-	-	-	(2,921,953)
Transportation	1,701,173	-	-	-	(1,701,173)
Non-instructional services:					
School lunch	2,297,187	587,761	1,606,974	-	(102,452)
Interest on long-term debt	602,443	-	-	-	(602,443)
Change in OPEB obligation	34,274	-	-	-	(34,274)
<b>Total governmental activities</b>	<b>\$ 36,334,894</b>	<b>\$ 1,228,253</b>	<b>\$ 4,253,564</b>	<b>\$ -</b>	<b>(30,853,077)</b>
General revenues:					
Property taxes, levied for general purposes					2,799,196
Property taxes, levied for debt services					3,993,368
State revenue					24,087,158
Federal assistance					140,083
Grants and contributions not restricted to specific purposes:					
Federal Forest					41,702
Interest and investment earnings					6,713
Donated capital assets					9,867
Miscellaneous					95,583
Special item - contribution to Kootenai Technical Education Campus					(89,974)
Total general revenues					<u>31,083,696</u>
Change in net position					230,619
Net position July 1, 2012					<u>24,635,520</u>
Net position June 30, 2013					<u>\$ 24,866,139</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

# Post Falls School District No. 273

## GOVERNMENTAL FUNDS BALANCE SHEET June 30, 2013

	<b>General</b>	<b>Child Nutrition</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,517,621	\$ 195,409
Accounts receivable:		
Kootenai County	1,089,646	-
State of Idaho	-	-
Other receivable	301,984	95,732
Total assets	<u>\$ 3,909,251</u>	<u>\$ 291,141</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 74,626	\$ 12,576
Accrued payroll	3,403,209	11,666
Total liabilities	<u>3,477,835</u>	<u>24,242</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue-property taxes	43,343	-
Total deferred inflows of resources	<u>43,343</u>	<u>-</u>
<b>FUND BALANCES</b>		
Restricted to:		
School lunch, debt service and plant facility respectively	-	266,899
State and federal title programs	-	-
Assigned to:		
State and federal non title funding	-	-
Unassigned	388,073	-
Total fund balances	<u>388,073</u>	<u>266,899</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,909,251</u>	<u>\$ 291,141</u>

The accompanying "Notes to Financial Statements"  
are an integral part of this statement.

<b>Debt Service</b>	<b>Plant Facility Fund</b>	<b>Other Governmental</b>	<b>Total</b>
\$ 2,042,684	\$ 202,572	\$ 626,369	\$ 5,584,655
1,502,796	7,190	-	2,599,632
-	-	543,375	543,375
-	-	17,582	415,298
<u>\$ 3,545,480</u>	<u>\$ 209,762</u>	<u>\$ 1,187,326</u>	<u>\$ 9,142,960</u>
\$ -	\$ -	\$ 6,822	\$ 94,024
-	-	240,959	3,655,834
-	-	247,781	3,749,858
62,760	949	-	107,052
<u>62,760</u>	<u>949</u>	<u>-</u>	<u>107,052</u>
3,482,720	208,813	-	3,958,432
-	-	357,542	357,542
-	-	582,003	582,003
-	-	-	388,073
<u>3,482,720</u>	<u>208,813</u>	<u>939,545</u>	<u>5,286,050</u>
<u>\$ 3,545,480</u>	<u>\$ 209,762</u>	<u>\$ 1,187,326</u>	<u>\$ 9,142,960</u>

**Post Falls School District No. 273**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2013**

Total fund balances at June 30, 2013 - Governmental funds		\$ 5,286,050
Cost of capital assets at June 30, 2013	\$ 57,433,125	
Less: Accumulated depreciation as of June 30, 2013		
Buildings	(20,536,076)	
Buses and other transportation	(2,349,058)	
Equipment and library books	<u>(1,660,986)</u>	32,887,005
Elimination of deferred revenue		107,052
Deferred charge on refunding of bonds		263,469
Long-term liabilities at June 30, 2013		
Bonds payable	(12,950,000)	
Capital leases payable	(1,183)	
Premium on bonds payable, net of accumulated amortization of \$754,393	(322,949)	
Compensated absences	(125,767)	
Net OPEB obligation	(64,521)	
Accrued interest payable	<u>(213,017)</u>	<u>(13,677,437)</u>
Net position at June 30, 2013		<u>\$ 24,866,139</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Post Falls School District No. 273**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2013**

	<b>General</b>	<b>Child Nutrition</b>
<b>REVENUES</b>		
Property taxes	\$ 2,877,999	\$ -
Interest and investment earnings	6,713	-
Other local revenue	95,583	587,761
State assistance and reimbursements	24,013,563	-
Title programs and other federal revenues	140,083	1,606,974
Total revenues	<u>27,133,941</u>	<u>2,194,735</u>
<b>EXPENDITURES</b>		
Current:		
Instructional services:		
Elementary programs	8,951,127	-
Secondary programs	7,596,832	-
Alternative school programs	572,193	-
Exceptional child programs	1,630,674	-
Activity programs	384,007	-
Other programs	55,970	-
Total instructional services	<u>19,190,803</u>	<u>-</u>
Support services:		
Guidance and health programs	1,104,803	-
Special services	834,463	-
Improvement and media	336,290	-
District administration	307,552	-
School administration	1,780,315	-
Business administration	455,752	-
Maintenance	2,916,184	-
Transportation	1,552,333	-
Total support services	<u>9,287,692</u>	<u>-</u>
Non-instructional services:		
School lunch	-	2,297,187
Total non-instructional services	<u>-</u>	<u>2,297,187</u>
Capital outlay	51,871	10,640
Debt service:		
Principal retirement	-	-
Interest	-	-
Total debt service	<u>-</u>	<u>-</u>
Total expenditures	<u>28,530,366</u>	<u>2,307,827</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(1,396,425)</u>	<u>(113,092)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	500,000	47,423
Transfers (out)	(107,513)	-
Total other financing sources (uses)	<u>392,487</u>	<u>47,423</u>
<b>SPECIAL ITEMS</b>		
Contribution to Kootenai Technical Education Campus	-	-
Total special items	<u>-</u>	<u>-</u>
Net change in fund balance	(1,003,938)	(65,669)
Fund balance - beginning	<u>1,392,011</u>	<u>332,568</u>
Fund balance - ending	<u>\$ 388,073</u>	<u>\$ 266,899</u>

The accompanying "Notes to Financial Statements" are an integral part of this statement.

<b>Debt Service</b>	<b>Plant Facility Fund</b>	<b>Other Governmental</b>	<b>Total</b>
\$ 3,946,989	\$ 46,379	\$ -	\$ 6,871,367
-	-	-	6,713
-	-	219,274	902,618
73,595	-	753,239	24,840,397
-	-	2,356,271	4,103,328
<u>4,020,584</u>	<u>46,379</u>	<u>3,328,784</u>	<u>36,724,423</u>
-	-	1,619,747	10,570,874
-	-	804,864	8,401,696
-	-	54,728	626,921
-	-	1,028,719	2,659,393
-	-	-	384,007
-	-	-	55,970
<u>-</u>	<u>-</u>	<u>3,508,058</u>	<u>22,698,861</u>
-	-	-	1,104,803
-	-	-	834,463
-	-	-	336,290
-	-	-	307,552
-	-	-	1,780,315
-	-	-	455,752
-	-	-	2,916,184
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,552,333</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,287,692</u>
-	-	-	2,297,187
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,297,187</u>
-	-	47,393	109,904
2,590,000	-	-	2,590,000
639,956	-	-	639,956
<u>3,229,956</u>	<u>-</u>	<u>-</u>	<u>3,229,956</u>
<u>3,229,956</u>	<u>-</u>	<u>3,555,451</u>	<u>37,623,600</u>
<u>790,628</u>	<u>46,379</u>	<u>(226,667)</u>	<u>(899,177)</u>
-	-	60,090	607,513
-	-	(500,000)	(607,513)
<u>-</u>	<u>-</u>	<u>(439,910)</u>	<u>-</u>
-	(89,974)	-	(89,974)
-	(89,974)	-	(89,974)
790,628	(43,595)	(666,577)	(989,151)
<u>2,692,092</u>	<u>252,408</u>	<u>1,606,122</u>	<u>6,275,201</u>
<u>\$ 3,482,720</u>	<u>\$ 208,813</u>	<u>\$ 939,545</u>	<u>\$ 5,286,050</u>

## Post Falls School District No. 273

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2013

Total net changes in fund balances for year ended June 30, 2013	\$ (989,151)
Add: Capital outlay which is considered expenditures	109,904
Less: Depreciation expense for the year ended June 30, 2013	(1,423,911)
Add: Donated capital assets	9,867
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	607,513
Less: Interfund transfers in	(607,513)
Add: Debt principal retirement considered as an expenditure	2,590,000
Add: Capital lease principal retirement considered as an expenditure	4,285
Add: Change in compensated absences	5,189
Less: Change in OPEB obligation	(34,274)
Add: Difference between interest on long-term debt on modified accrual basis and interest on long-term debt on accrual basis	37,513
Less: Difference between revenue earned on property taxes on modified accrual basis and revenue on property taxes on accrual basis	<u>(78,803)</u>
Change in net position for year ended June 30, 2013	<u><u>\$ 230,619</u></u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Post Falls School District No. 273**

**AGENCY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2013**

**ASSETS**

Cash and cash equivalents	\$ 607,866
Total assets	<u>\$ 607,866</u>

**LIABILITIES**

Deposits due to others	\$ 607,866
Total liabilities	<u>\$ 607,866</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

## **Post Falls School District No. 273**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2013**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

Post Falls School District No. 273 (the "School District") operates under a locally elected five-member Board form of government and provides educational and supportive services as mandated by the State of Idaho and/or federal agencies. This Board of Trustees controls the School District's instructional and support facilities.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Post Falls School District No. 273, this includes general operations, school lunch, and debt service and student and supportive service activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt, or the levying of taxes. The School District has no component units.

The financial statements of Post Falls School District No. 273 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

New Pronouncements – During the year ended June 30, 2013, the School District implemented GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

The most significant of the School District's accounting policies are described below:

##### **B. Basis of Presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

##### **C. Basis of Presentation – fund financial statements**

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into two categories; governmental and fiduciary.

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

(Continued)

## Post Falls School District No. 273

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### C. Basis of presentation – fund financial statements (Continued)

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund is available for any purpose provided it is expended or transferred according to the laws of the State of Idaho.

Child Nutrition Fund – Child nutrition is a program that provides nourishing meals to students in all grades. This program is supplemented by federal funds that are based on reimbursement and participation.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for and the payment of general long-term obligation bonds including principal, interest and related costs.

Plant Facilities – The plant facilities fund accounts for tax revenue sources that are legally restricted for capital improvements.

The other governmental funds (non-major funds) of the School District account for other resources in which the use is restricted to a particular purpose.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The only fund accounted for in this category by the School District is the agency fund. The agency fund accounts for assets held by the School District as an agent for schools and school organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

##### D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(Continued)

## Post Falls School District No. 273

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### D. Measurement Focus and Basis of Accounting (continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the School District.

Fiduciary funds are reported using the economic resources measurement focus. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

##### E. Cash and Cash Equivalents

In the following funds, cash received by the School District is pooled for investment purposes and is presented as "Cash and Cash Equivalents" on the financial statements: General fund, school lunch fund, debt service fund, plant facilities, and other governmental. Interest earned in the pooled accounts is allocated to the participating funds in proportion to the average daily balances in each fund.

During the fiscal year ended June 30, 2013, investments were limited to the Idaho State Investment Pool and the Diversified Bond Fund. The Idaho State Investment Pool and Diversified Bond Fund are investment pools, which allow school districts within the state of Idaho to pool their funds for investment purposes. Investments in Idaho State Investment Pool and the Diversified Bond Fund are valued at cost which materially equals market value.

For presentation on the financial statements, investments in the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

(Continued)

## Post Falls School District No. 273

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### F. Capital Assets

General capital assets typically result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of four thousand dollars. The School District does not possess any infrastructure. Improvements and interest incurred during the construction of capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	40 years
Modulars	15 years
Furniture and equipment	5 - 20 years
Library books	10 years
Buses	10 years
Other vehicles	5 years

##### G. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of capital leases, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(Continued)

## Post Falls School District No. 273

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### H. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability. The benefits are earned if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees who qualify.

Sick leave benefits are not accrued as a liability, since sick leave benefits are only paid when used and not upon termination.

The entire compensated absence liability is reported on the government-wide financial statements.

##### I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

##### J. Fund Balance Classifications

The School District has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the School District to classify and report amounts in the appropriate fund balance classifications. The School District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of nonspendable, restricted, committed, assigned, or unassigned.

(Continued)

## Post Falls School District No. 273

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### J. Fund Balance Classifications (Continued)

The School District reports the following classifications:

*Nonspendable Fund Balance* — Nonspendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form—such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact—such as a trust that must be retained in perpetuity.

*Restricted Fund Balance* — Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds—such as the School District's federal award revenue, which must be used to fund federally defined title programs. Legal enforceability means that the School District can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed Fund Balance* — Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Trustees. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board of Trustees. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* — Assigned fund balances are amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the Director of Finance, or (b) an appointed body (e.g., a budget or finance committee) or official to which the Trustees have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the School District itself.

*Unassigned Fund Balance* — Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

(Continued)

## **Post Falls School District No. 273**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2013**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **K. Fund Balance Flow Assumptions**

Sometimes the School District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balances. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

##### **L. Net Position Flow Assumptions**

Net position represents the difference between assets and deferred outflows of resources, and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Sometimes the School District will fund outlays for a particular purpose from both restricted (e.g. restrict bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restrict – net position to have been depleted before unrestricted – net position is applied.

##### **M. Property Taxes**

Property taxes levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June. Property taxes become a lien on the property when it is levied.

##### **N. Extraordinary and Special Items**

Extraordinary items are transactions that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Trustees and that are either unusual in nature or infrequent in occurrence. See note 15 for details of current year extraordinary and special items for the fiscal year ending June 30, 2013.

##### **O. Estimates**

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

(Continued)

## Post Falls School District No. 273

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

#### NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

##### Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the general, special revenue, debt service, and capital project funds. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund, special revenue funds, and debt service funds. This is in conformance with Idaho State Statutes which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation.

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

- a) The School District publishes a proposed budget for public review.
- b) Public hearings are set to obtain taxpayer comments.
- c) Prior to July 1, the budget is adopted by resolution of the Board of Trustees and published.
- d) The final budget is then filed with the State Department of Education. Expenditures may not legally exceed budgeted appropriations at the fund level.

During the fiscal year ended June 30, 2013, the budget was amended to reflect revised revenue and expense estimates. The amendment was properly approved by the Board of Trustees.

Lapsing of Appropriations – At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

#### NOTE 3: CASH AND INVESTMENTS

State statutes authorize the School District's investments and deposits. The School District is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

##### Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the School District's deposits and investments may not be returned to it. As of June 30, 2013, the School District's deposits and investments were not exposed to custodial credit risk. The School District's deposits and investments are insured and collateralized as follows:

Deposits without exposure to custodial credit risk:

Deposits:

Amount insured by FDIC

\$ 1,121,433

Amount collateralized with securities held in trust, but not in the District's name

5,262,371

Total deposits without exposure to custodial credit risk

\$ 6,383,804

The carrying amount of deposits is displayed in the statements as follows:

Cash and cash equivalents

\$ 5,584,655

Student body funds (agency funds)

607,866

Total carrying value of cash and cash equivalents

\$ 6,192,521

(Continued)

## Post Falls School District No. 273

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

#### NOTE 3: CASH AND INVESTMENTS (CONTINUED)

##### Fair Value:

The School District's investments in 2a-7-like pools are valued based upon the value of pool shares. The School District invests in two 2a-7-like pools, the Idaho State Investment Pool and the Idaho Diversified Bond Fund. The advisory board of the Idaho State Investment Pool and the Idaho Diversified Bond Fund are composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool and the Idaho Diversified Bond Fund are duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

The balances that the School District has in the State Investment Pool and the Idaho Diversified Bond Fund are carried at its market value of \$5,395,156. The School District's portion of the State Investment Pool and the Idaho Diversified Bond Fund had an unrealized loss of \$57,336. This amount has been recognized as a component of interest and investment earnings for the fiscal year ending June 30, 2013.

The School District considers funds held in the State Investment Pool and the Idaho Diversified Bond Fund to be cash equivalents, as the School District is able to liquidate their account at any time.

##### Credit Risk:

The Idaho State Investment Pool and the Idaho Diversified Bond Fund does not have an established credit rating, but invests in entities with a minimum credit rating of "A" as stipulated by Idaho code. Financial information on the investment pool can be obtained by contacting the Idaho State Treasurer.

#### NOTE 4: RECEIVABLES

The receivables as of June 30, 2013 consist of the following:

Taxes receivable	\$2,599,632
State of Idaho	543,375
Other	<u>415,298</u>
	<u>\$3,558,305</u>

(Continued)

# Post Falls School District No. 273

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

### NOTE 5: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended June 30, 2013:

<b>Governmental activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Nondepreciable capital assets:				
Land	\$ 1,155,331	\$ -	\$ -	\$ 1,155,331
Total nondepreciable capital assets	<u>1,155,331</u>	<u>-</u>	<u>-</u>	<u>1,155,331</u>
Depreciable capital assets:				
Buildings and sites	50,719,614	-	-	50,719,614
Portable classrooms	582,943	-	-	582,943
Buses	2,564,146	-	-	2,564,146
Other vehicles	160,828	-	-	160,828
Equipment	1,999,706	119,771	-	2,119,477
Library books	130,786	-	-	130,786
Total depreciable capital assets	<u>56,158,023</u>	<u>119,771</u>	<u>-</u>	<u>56,277,794</u>
Less accumulated depreciation for:				
Buildings and sites	18,771,962	1,181,171	-	19,953,133
Portable classrooms	582,943	-	-	582,943
Buses	2,087,390	116,481	-	2,203,871
Other vehicles	137,756	7,431	-	145,187
Equipment	1,421,500	115,593	-	1,537,093
Library books	120,658	3,235	-	123,893
Total accumulated depreciation	<u>23,122,209</u>	<u>1,423,911</u>	<u>-</u>	<u>24,546,120</u>
Total depreciable capital assets, net	<u>33,035,814</u>	<u>(1,304,140)</u>	<u>-</u>	<u>31,731,674</u>
Total capital assets, net	<u>\$ 34,191,145</u>	<u>\$ (1,304,140)</u>	<u>\$ -</u>	<u>\$ 32,887,005</u>

Depreciation expense of \$1,423,911 for the year ended June 30, 2013 was charged to the following governmental functions:

#### INSTITUTIONAL SERVICES:

Elementary	\$ 492,873
Secondary	768,106
Improvement and media	3,235
Business administration	5,088
Maintenance	5,769
Transportation	<u>148,840</u>
	<u>\$1,423,911</u>

(Continued)

**Post Falls School District No. 273**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

Following is a recap of the June 30, 2013 balances by generic location:

	Elementary	Secondary	Administration and Other	Total
Land	\$ 127,702	\$ 1,025,534	\$ 2,095	\$ 1,155,331
Buildings and portables	18,921,242	31,104,340	1,276,975	51,302,557
Buses	-	-	2,564,146	2,564,146
Other vehicles	-	-	160,828	160,828
Equipment	905,485	911,985	302,007	2,119,477
Library books	34,349	96,437	-	130,786
	<u>\$ 19,988,778</u>	<u>\$ 33,138,296</u>	<u>\$ 4,306,051</u>	<u>\$ 57,433,125</u>

**NOTE 6: ACCRUED PAYROLL AND VACATION BENEFITS**

Accrued payroll includes amounts due to contracted teachers and other employees at June 30, 2013, which were not paid until July and August 2013, in conformity with contractual stipulations.

**NOTE 7: BONDS PAYABLE**

On February 15, 2005 the School District issued \$12.63 million in General Obligation Refunding Bonds with an average interest rate of 3.71% to advance refund \$12.82 million of outstanding 1998 series bonds with an average interest rate of 4.794%. The net proceeds of \$13,109,706 (after payment of \$120,128 in issuance fees) plus an additional \$187,192 were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Series bonds. As a result, the 1998 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying of the old debt of \$476,897. This difference, reported in the accompanying financial statements as a deferred charge, is being charged to operations through the year 2018 using the straight-line method. The advance refunding increased the School District's total debt service payments over the next 14 years by \$113,525 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$569,223.

(Continued)

**Post Falls School District No. 273**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7: BONDS PAYABLE (CONTINUED)**

**GENERAL OBLIGATION REFUNDING BONDS, 2005**

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	*	1,100,000	314,425	1,414,425
2015	**	1,145,000	273,650	1,418,650
2016	5.00%	1,180,000	224,750	1,404,750
2017	5.00%	1,240,000	164,250	1,404,250
2018	5.00%	1,300,000	100,750	1,400,750
2019	5.00%	<u>1,365,000</u>	<u>34,125</u>	<u>1,399,125</u>
		7,330,000	<u>\$1,111,950</u>	<u>\$8,441,950</u>
Unamortized premium on bond issuance costs		<u>235,649</u>		
		<u>\$7,565,649</u>		

\* Principal of \$700,000 at an interest rate of 4.250% and principal of \$400,000 at an interest rate of 3.250%

\*\* Principal of \$125,000 at an interest rate of 3.500% and principal of \$1,020,000 at an interest rate of 3.375%

On July 26, 2006, the School District issued General Obligation Bonds, Series 2006A (Tax-Exempt) in the amount of \$9,750,000 and 2006B (Taxable) in the amount of \$990,000. The proceeds of these bonds were used to finance the construction of a new elementary school, the eight classroom addition to the high school and a new transportation building as well as provide funds for the purchase of a second high school site for the future.

**GENERAL OBLIGATION BONDS, 2006A (Tax-Exempt) & 2006B (Taxable)**

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	4.25%	1,315,000	221,544	1,536,544
2015	**	1,370,000	162,838	1,532,838
2016	4.50%	1,435,000	99,788	1,534,788
2017	4.50%	<u>1,500,000</u>	<u>3,750</u>	<u>1,503,750</u>
		5,620,000	<u>\$487,920</u>	<u>\$ 6,107,920</u>
Unamortized premium on bond issuance costs		<u>87,300</u>		
		<u>\$5,707,300</u>		

\*\* Bifurcated Coupons

(Continued)

# Post Falls School District No. 273

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

### NOTE 8: CAPITAL LEASES PAYABLE

In October 2008, the School District purchased a copier for \$19,600. This purchase was financed partially through a capital lease in the amount of \$16,600. The lease calls for monthly payments of \$405 with an implied interest rate of 16.15% over 60 months. The lease is secured by the equipment. The amortization of this lease is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	16.15%	\$1,183	\$ 32	\$1,215
		<u>\$1,183</u>	<u>\$32</u>	<u>\$1,215</u>

### NOTE 9: CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES

The following is a summary of long-term debt transactions this past year and amounts due within the next year:

	<u>Bonds Payable</u>	<u>Compensated Absences</u>	<u>Capital Leases Payable</u>	<u>Total</u>
Balance, July 1, 2012	\$ 15,930,737	\$ 130,956	\$ 5,468	\$ 16,067,161
Amortization of bond premium	(67,788)	-	-	(67,788)
Retirements/payments	(2,590,000)	(5,189)	(4,285)	(2,599,474)
Balance, June 30, 2013	13,272,949	125,767	1,183	13,399,899
Current portion	2,415,000	125,767	1,183	2,541,950
Long-term portion, net of premium	<u>\$ 10,857,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,857,949</u>

(Continued)

## Post Falls School District No. 273

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

#### NOTE 10: DEFINED BENEFIT PENSION PLAN

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](http://www.persi.idaho.gov).

The actuarially determined contribution requirements of Post Falls School District No. 273 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2013, the required contribution rate as a percentage of covered payrolls for members was 6.23%. The employer rate as a percentage of covered payroll was 10.39%. Post Falls School District No. 273 employer contributions required and paid were \$2,431,624 \$2,342,903 and \$2,147,459 and for the three years ended June 30, 2013, 2012 and 2011, respectively.

#### NOTE 11: CONTINGENT LIABILITIES

The School District participates in a number of state and federally assisted grant programs including the National School Lunch Program, Title I, Title VI-B, and Carl Perkins grants. These programs are subject to further review and audit by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial.

#### NOTE 12: EXCESS ACTUAL EXPENDITURES OVER BUDGET

The following is a schedule of an excess of functional expenditures over appropriations for the year ended June 30, 2013. Also included are the actual revenues realized in each of those funds.

<u>Funds</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess of Budgeted Expenditures</u>	<u>Actual Revenues</u>
School Lunch	<u>\$2,207,638</u>	<u>\$2,307,827</u>	<u>\$100,189</u>	<u>\$2,194,735</u>

(Continued)

## Post Falls School District No. 273

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

#### NOTE 13: RISK MANAGEMENT

Post Falls School District No. 273 is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District contracts with an insurance company for property insurance and general liability insurance.

General and professional liability is protected by an outside insurance company with a \$2,000,000 single occurrence limit, \$5,000,000 aggregate limit and a deductible of \$2,500. Vehicles are also covered by the same insurance company and have a \$1,000 deductible for comprehensive and collision. Automobile liability has a \$3,000,000 combined single limit of liability.

The School District pays the State Workers' Compensation System a premium based on a predetermined rate. This rate is calculated based on accident history and administrative costs.

Post Falls School District No. 273 provides medical and dental insurance to most employees.

#### NOTE 14: POST EMPLOYMENT HEALTHCARE PLAN

*Plan Description.* Post Falls School District No. 273 operates a single – employer retiree benefit plan that provides post-employment comprehensive medical and dental benefits to all Post Falls School District employees who retire and satisfy the eligibility requirements for PERSI. Eligibility for Post Falls School District post employment benefits is tied to pension eligibility under PERSI. Thus, all members receiving post employment benefits are also members in the PERSI retirement plan.

*Funding Policy.* The School District had not established a fund to supplement the costs for the net OPEB obligation. Contributions are made on a pay-as-you-go basis.

*Annual OPEB Cost and Net OPEB Obligation.* The School Districts annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Districts annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Districts net OPEB obligation:

Annual required contribution	\$233,280
Adjustment to annual required contribution	61
Annual OPEB cost (expense)	233,341
Contributions made	(193,227)
Increase in net OPEB obligation	40,114
Net OPEB obligation – beginning of year	24,407
Net OPEB obligation – end of year	<u>\$ 64,521</u>

(Continued)

## Post Falls School District No. 273

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

#### NOTE 14: POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

The School Districts annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$145,282	103%	\$44,065
6/30/12	\$139,321	110%	\$30,247
6/30/13	\$233,341	83%	\$64,521

*Funded Status and Funding Progress.* As of July 1, 2010, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$1.45 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.43 million. The covered payroll (annual payroll of active employees covered by the plan) was \$21.19 million, and the ratio of the UAAL to the covered payroll was 7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the Projected Unit Credit (PUC) actuarial cost method was used. The actuarial assumptions included a 9.2 percent investment rate of return (net of investment expenses), calculated based on the expected return on the School District's general funds at the valuation date. Health care cost trend rates for medical is 4.9% for the first year and then starting in 2013 9.0% decreasing by half percent decrements until leveling off at 5% at 2021. Health care cost trend rates for Prescription Drugs is 9.2% for the first year and then starting in 2012 9.0% decreasing by one percent decrements until leveling off at 5% at 2021. Health care cost trend rates for Dental is 0.0% for the first year and then starting in 2013 8.0% decreasing by half percent decrements until leveling off at 5% at 2021. Retiree contribution increases for medical and prescription drugs is 4.9% for the first year and then starting in 2013 9.0% decreasing by .6% increments until leveling off at 5% at 2021. Retiree contribution increases for dental is 2.0% for the first year and then starting in 2013 9.0% decreasing by half percent increments until leveling off at 5% at 2021. The UAAL is amortized as a level percentage of the projected salaries of present and future members of the School District, on an open basis, over a 25-year period from the valuation date. General wage increase and assumed payroll growth is 2.5 percent. The remaining amortization period at July 1, 2012, was twenty five years.

(Continued)

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2013****NOTE 15: SPECIAL ITEM**

Kootenai Technical Education Campus (KTEC) is a joint venture among the three Kootenai County school districts which includes Post Falls School District, Lakeland School District, and the Coeur d'Alene School District. Each of the three school districts ran separate school plant facility levies to fund construction of a professional technical school located near the intersection of Meyers and Lancaster. The KTEC Board of Trustees appointed Lakeland School District to be the fiscal agent for the construction project. It was agreed that after each of the major collections, January 25 and July 25, the property taxes collected through that date would be forwarded to Lakeland to pay the bills related to the construction project. This transfer is reported as a "Special Item" within the Plant Facility Fund.

**NOTE 16: INTERFUND TRANSACTIONS**

For the fiscal year ending June 30, 2013 the District transferred \$107,513 out of the General Fund. This transfer was to cover employer payroll taxes for the School Lunch Fund in the amount of \$47,423 and bus depreciation in the Bus Depreciation Fund in the amount of \$60,090.

For the fiscal year ending June 30, 2013 the District transferred \$500,000 out of the Federal Forest Fund into the General Fund. This transfer was to cover operating expenses.

## FINANCIAL SECTION

### REQUIRED SUPPLEMENTARY INFORMATION

**Post Falls School District No. 273**

**SCHEDULE OF FUNDING PROGRESS FOR  
POSTEMPLOYMENT BENEFIT PLANS  
For the Year Ended June 30, 2013**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) /c)</b>
July 1, 2008	\$ -	\$ 1,094,262	\$ 1,094,292	0%	\$ 22,174,000	5%
July 1, 2010	\$ -	\$ 1,449,512	\$ 1,449,512	0%	\$ 21,191,957	7%
July 1, 2012	\$ -	\$ 2,429,179	\$ 2,429,179	0%	\$ 21,586,755	11%

**Post Falls School District No. 273**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Property taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,877,999	\$ 77,999
Interest and investment earnings	100,000	100,000	6,713	(93,287)
Other local revenue	15,000	15,000	95,583	80,583
State assistance and reimbursements	23,296,052	23,813,496	24,013,563	200,067
Title programs and other federal assistance	140,000	140,000	140,083	83
Total revenues	<u>26,351,052</u>	<u>26,868,496</u>	<u>27,133,941</u>	<u>265,445</u>
<b>EXPENDITURES</b>				
Instructional services:				
Elementary programs	8,727,378	8,988,085	8,951,127	36,958
Secondary programs	7,367,750	7,692,229	7,596,832	95,397
Alternative school programs	609,309	609,309	572,193	37,116
Exceptional child programs	1,557,248	1,614,977	1,630,674	(15,697)
Activity programs	364,498	394,498	384,007	10,491
Other programs	59,600	59,600	55,970	3,630
Total instructional services	<u>18,685,783</u>	<u>19,358,698</u>	<u>19,190,803</u>	<u>167,895</u>
Support services:				
Guidance and health programs	1,079,975	1,079,975	1,104,803	(24,828)
Special services	838,350	838,350	834,463	3,887
Improvement and media	329,544	329,544	336,290	(6,746)
District administration	282,416	282,416	307,552	(25,136)
School administration	1,734,011	1,783,551	1,780,315	3,236
Business administration	509,714	509,714	455,752	53,962
Maintenance	2,903,249	3,000,249	2,916,184	84,065
Transportation	1,339,125	1,389,125	1,552,333	(163,208)
Total support services	<u>9,016,384</u>	<u>9,212,924</u>	<u>9,287,692</u>	<u>(74,768)</u>
Capital outlay	-	-	51,871	(51,871)
Total expenditures	<u>27,702,167</u>	<u>28,571,622</u>	<u>28,530,366</u>	<u>41,256</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(1,351,115)</u>	<u>(1,703,126)</u>	<u>(1,396,425)</u>	<u>306,701</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	500,000	500,000	500,000	-
Transfers (out)	(109,438)	(109,438)	(107,513)	1,925
Total other financing sources (uses)	<u>390,562</u>	<u>390,562</u>	<u>392,487</u>	<u>1,925</u>
Net change in fund balances	(960,553)	(1,312,564)	(1,003,938)	308,626
Fund balances - beginning	<u>1,100,000</u>	<u>1,392,011</u>	<u>1,392,011</u>	<u>-</u>
Fund balances - ending	<u>\$ 139,447</u>	<u>\$ 79,447</u>	<u>\$ 388,073</u>	<u>\$ 308,626</u>

# Post Falls School District No. 273

## SCHOOL LUNCH FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL For the Year Ended June 30, 2013

	Budget Amounts		Variance with Final Budget
	Final *	Actual	
<b>REVENUES</b>			
Local revenue	\$ 606,000	\$ 587,761	\$ (18,239)
Title programs and other federal revenues	1,550,000	1,606,974	56,974
Total revenues	2,156,000	2,194,735	38,735
<b>EXPENDITURES</b>			
Non-instructional services:			
School lunch	2,207,638	2,297,187	(89,549)
Capital Outlay	-	10,640	(10,640)
Total expenditures	2,207,638	2,307,827	(100,189)
(Deficiency) excess of revenues (under) over expenditures	(51,638)	(113,092)	(61,454)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	51,638	47,423	(4,215)
Total other financing sources	51,638	47,423	(4,215)
Net change in fund balances	-	(65,669)	(65,669)
Fund balances - beginning		332,568	332,568
Fund balances - ending	\$ -	\$ 266,899	\$ 266,899

\* Budget was not amended

## FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

# Post Falls School District No. 273

## NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET - BY FUND TYPE June 30, 2013

	Special Revenue	Capital Projects	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 396,468	\$ 229,901	\$ 626,369
Accounts receivable:			
State of Idaho	543,375	-	543,375
Other receivable	17,582	-	17,582
Total assets	<u>\$ 957,425</u>	<u>\$ 229,901</u>	<u>\$ 1,187,326</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 6,822	\$ -	\$ 6,822
Accrued payroll	240,959	-	240,959
Total liabilities	<u>247,781</u>	<u>-</u>	<u>247,781</u>
Fund balances:			
Restricted	128,033	229,509	357,542
Assigned	581,611	392	582,003
Total fund balances	<u>709,644</u>	<u>229,901</u>	<u>939,545</u>
Total liabilities and fund balances	<u>\$ 957,425</u>	<u>\$ 229,901</u>	<u>\$ 1,187,326</u>

# Post Falls School District No. 273

## NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BY FUND TYPE For the Year Ended June 30, 2013

	Special Revenue	Capital Projects	Total
<b>REVENUES</b>			
Other local revenue	\$ 219,274	\$ -	\$ 219,274
State assistance and reimbursements	753,239	-	753,239
Title programs and other federal revenues	2,356,271	-	2,356,271
Total revenues	<u>3,328,784</u>	<u>-</u>	<u>3,328,784</u>
<b>EXPENDITURES</b>			
Instructional services:			
Elementary programs	1,614,782	4,965	1,619,747
Secondary programs	718,507	86,357	804,864
Alternative school program	54,728	-	54,728
Exceptional child program	1,028,719	-	1,028,719
Capital outlay	34,826	12,567	47,393
Total expenditures	<u>3,451,562</u>	<u>103,889</u>	<u>3,555,451</u>
(Deficiency) of revenues (under) expenditures	<u>(122,778)</u>	<u>(103,889)</u>	<u>(226,667)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	60,090	60,090
Transfers (out)	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>60,090</u>	<u>(439,910)</u>
Net change in fund balances	(622,778)	(43,799)	(666,577)
Fund balance beginning	<u>1,332,422</u>	<u>273,700</u>	<u>1,606,122</u>
Fund balances - ending	<u>\$ 709,644</u>	<u>\$ 229,901</u>	<u>\$ 939,545</u>

**Post Falls School District No. 273**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2013**

	<b>Forest Reserve Fund</b>	<b>Medicaid</b>	<b>Before and After School Program</b>	<b>Rural Nursing Grant</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 70,895	\$ 458,472	\$ 48,784	\$ 9,073
Accounts receivable:				
State of Idaho	-	58,943	2,521	-
Other receivable	-	-	-	-
Total assets	<u>\$ 70,895</u>	<u>\$ 517,415</u>	<u>\$ 51,305</u>	<u>\$ 9,073</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 5,147	\$ -	\$ -
Accrued payroll	-	47,943	8,363	5,624
Total liabilities	<u>-</u>	<u>53,090</u>	<u>8,363</u>	<u>5,624</u>
Fund balance:				
Restricted	-	-	-	-
Assigned	70,895	464,325	42,942	3,449
Total fund balances	<u>70,895</u>	<u>464,325</u>	<u>42,942</u>	<u>3,449</u>
Total liabilities and fund balances	<u>\$ 70,895</u>	<u>\$ 517,415</u>	<u>\$ 51,305</u>	<u>\$ 9,073</u>

School Building Maintenance	Driver Education	Vocational Program
\$ 85,122	\$ 6,963	\$ (9,865)
-	4,124	14,877
-	-	-
<u>\$ 85,122</u>	<u>\$ 11,087</u>	<u>\$ 5,012</u>

\$ -	\$ 852	\$ 13
-	-	-
<u>-</u>	<u>852</u>	<u>13</u>

85,122	10,235	4,999
-	-	-
<u>85,122</u>	<u>10,235</u>	<u>4,999</u>
<u>\$ 85,122</u>	<u>\$ 11,087</u>	<u>\$ 5,012</u>

<b>Public School Technology</b>	<b>Title 1 Disadvantaged</b>	<b>Title VI-B</b>
\$ 17,603	\$ (100,888)	\$ (83,543)
-	190,659	146,925
-	-	-
<u>\$ 17,603</u>	<u>\$ 89,771</u>	<u>\$ 63,382</u>

\$ -	\$ -	\$ 502
-	90,406	63,834
-	90,406	64,336

17,603	(635)	(954)
-	-	-
<u>17,603</u>	<u>(635)</u>	<u>(954)</u>
<u>\$ 17,603</u>	<u>\$ 89,771</u>	<u>\$ 63,382</u>

<b>Title VI-B Preschool</b>	<b>Carl Perkins</b>	<b>Eisenhower Math/Science DDEMSEA</b>	<b>Community Garden</b>	<b>Total</b>
\$ (1,935)	\$ (72,890)	\$ (13,791)	\$ (17,532)	\$ 396,468
1,935	84,976	38,415	-	543,375
-	-	-	17,582	17,582
<u>\$ -</u>	<u>\$ 12,086</u>	<u>\$ 24,624</u>	<u>\$ 50</u>	<u>\$ 957,425</u>
\$ -	\$ -	\$ 187	\$ 121	\$ 6,822
-	-	24,789	-	240,959
-	-	24,976	121	247,781
-	12,086	(352)	(71)	128,033
-	-	-	-	581,611
-	12,086	(352)	(71)	709,644
<u>\$ -</u>	<u>\$ 12,086</u>	<u>\$ 24,624</u>	<u>\$ 50</u>	<u>\$ 957,425</u>

# Post Falls School District No. 273

## NONMAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended June 30, 2013

	Forest Reserve Fund	Medicaid	Before and After School Program	Rural Nursing Grant
<b>REVENUES</b>				
Local revenue	\$ -	\$ -	\$ 192,024	\$ -
State assistance and reimbursements	-	421,268	32,537	70,059
Title programs and other federal revenues	41,702	-	-	-
Total revenues	41,702	421,268	224,561	70,059
<b>EXPENDITURES</b>				
Instructional services:				
Elementary programs	28,321	-	209,601	76,452
Secondary programs	-	570,254	-	-
Alternative school program	-	-	-	-
Exceptional child program	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	28,321	570,254	209,601	76,452
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(500,000)	-	-	-
Total other financing (uses)	(500,000)	-	-	-
Net change in fund balance	(486,619)	(148,986)	14,960	(6,393)
Fund balances - beginning	557,514	613,311	27,982	9,842
Fund balances - ending	\$ 70,895	\$ 464,325	\$ 42,942	\$ 3,449

<b>School Building Maintenance</b>	<b>Driver Education</b>	<b>Vocational Program</b>
\$ -	\$ 27,200	\$ -
-	17,542	49,590
-	-	-
-	44,742	49,590
-	-	-
-	42,959	34,174
-	-	15,398
-	-	-
-	-	-
-	42,959	49,572
-	-	-
-	-	-
-	1,783	18
85,122	8,452	4,981
\$ 85,122	\$ 10,235	\$ 4,999

<b>Public School Technology</b>	<b>Title 1 Disadvantaged</b>	<b>Title VI-B</b>
\$ -	\$ -	\$ -
162,243	-	-
-	1,022,071	998,559
<u>162,243</u>	<u>1,022,071</u>	<u>998,559</u>
123,033	1,021,088	-
-	1,618	-
-	-	-
-	-	999,440
34,826	-	-
<u>157,859</u>	<u>1,022,706</u>	<u>999,440</u>
-	-	-
-	-	-
4,384	(635)	(881)
<u>13,219</u>	<u>-</u>	<u>(73)</u>
<u>\$ 17,603</u>	<u>\$ (635)</u>	<u>\$ (954)</u>

<b>Title VI-B Preschool</b>	<b>Carl Perkins</b>	<b>Eisenhower Math/Science DDEMSEA</b>	<b>Community Garden</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 50	\$ 219,274
-	-	-	-	753,239
29,363	84,933	162,061	17,582	2,356,271
<u>29,363</u>	<u>84,933</u>	<u>162,061</u>	<u>17,632</u>	<u>3,328,784</u>
-	-	156,287	-	1,614,782
-	63,377	6,125	-	718,507
-	21,627	-	17,703	54,728
29,279	-	-	-	1,028,719
-	-	-	-	34,826
<u>29,279</u>	<u>85,004</u>	<u>162,412</u>	<u>17,703</u>	<u>3,451,562</u>
-	-	-	-	(500,000)
-	-	-	-	(500,000)
84	(71)	(351)	(71)	(622,778)
<u>(84)</u>	<u>12,157</u>	<u>(1)</u>	<u>-</u>	<u>1,332,422</u>
<u>\$ -</u>	<u>\$ 12,086</u>	<u>\$ (352)</u>	<u>\$ (71)</u>	<u>\$ 709,644</u>

**Post Falls School District No. 273**

**NONMAJOR CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET**

**June 30, 2013**

	<b>Lottery Fund</b>	<b>Capital Projects</b>	<b>Bus Depreciation Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 392	\$ 94,073	\$ 135,436	\$ 229,901
Total assets	<u>\$ 392</u>	<u>\$ 94,073</u>	<u>\$ 135,436</u>	<u>\$ 229,901</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Fund balances:				
Restricted	\$ -	\$ 94,073	\$ 135,436	\$ 229,509
Assigned	392	-	-	392
Total fund balances	<u>392</u>	<u>94,073</u>	<u>135,436</u>	<u>229,901</u>
Total liabilities and fund balances	<u>\$ 392</u>	<u>\$ 94,073</u>	<u>\$ 135,436</u>	<u>\$ 229,901</u>

**Post Falls School District No. 273**

**NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2013**

	<b>Lottery Fund</b>	<b>Capital Project</b>	<b>Bus Depreciation Fund</b>	<b>Total</b>
<b>EXPENDITURES</b>				
Instructional services:				
Elementary programs	\$ -	\$ 4,965	\$ -	\$ 4,965
Secondary programs	36,059	50,298	-	86,357
Capital outlay	12,567	-	-	12,567
Total expenditures	48,626	55,263	-	103,889
 (Deficiency) of revenues (under) expenditures	 (48,626)	 (55,263)	 -	 (103,889)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	60,090	60,090
Total other financing sources	-	-	60,090	60,090
 Net change in fund balances	 (48,626)	 (55,263)	 60,090	 (43,799)
 Fund balances - beginning	 49,018	 149,336	 75,346	 273,700
 Fund balances - ending	 \$ 392	 \$ 94,073	 \$ 135,436	 \$ 229,901

# Post Falls School District No. 273

## AGENCY FUNDS SCHEDULE OF CHANGES IN DEPOSIT BALANCES OF INDIVIDUAL SCHOOLS For the Year Ended June 30, 2013

<b>School</b>	<b>Cash June 30, 2012</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Cash June 30, 2013</b>
Westridge Elementary	\$ 22,551	\$ 57,487	\$ 54,591	\$ 25,447
Kindergarten Center	1,993	16,789	15,442	3,340
Prairie View Elementary	26,985	69,587	70,679	25,893
Ponderosa Elementary	53,222	60,918	63,607	50,533
Seltice Elementary	31,050	57,709	49,085	39,674
Mullan Trail Elementary	27,073	55,460	51,675	30,858
Post Falls Middle School	55,858	88,597	84,106	60,349
River City Middle School	33,313	66,632	63,061	36,884
Post Falls High School	269,019	682,653	642,877	308,795
New Vision High School	26,191	19,211	19,309	26,093
	<u>\$ 547,255</u>	<u>\$ 1,175,043</u>	<u>\$ 1,114,432</u>	<u>\$ 607,866</u>

## SINGLE AUDIT SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Post Falls School District No. 273  
Post Falls, ID 83854

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Post Falls School District No. 273 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Post Falls School District No. 273's basic financial statements, and have issued our report thereon dated October 4, 2013

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Post Falls School District No. 273's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Post Falls School District No. 273's internal control. Accordingly, we do not express an opinion on the effectiveness of Post Falls School District No. 273's internal control.

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

Our consideration of internal control 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Post Falls School District No. 273's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONCLUDED)**

**Purpose of this Report**

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

*Magnuson, McHugh & Company, P.A.*

Magnuson, McHugh, & Co., P.A.

October 4, 2013

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Post Falls School District No. 273  
Post Falls, ID 83854

***Compliance***

We have audited the compliance of Post Falls School District No. 273 with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Post Falls School District No. 273's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management.

***Auditor's Responsibility***

Our responsibility is to express an opinion on Post Falls School District No. 273's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the compliance audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. A compliance audit includes examining, on a test basis, evidence about Post Falls School District No. 273's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on Post Falls School District No. 273's compliance with those requirements.

***Opinion***

In our opinion, Post Falls School District No. 273 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (CONCLUDED)**

**Internal Control over Compliance**

The management of Post Falls School District No. 273 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered Post Falls School District No. 273's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Post Falls School District No. 273's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

***Restricted Use***

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

*Magnuson, McHugh & Company, P.A.*

Magnuson, McHugh, & Co., P.A.

October 4, 2013

# Post Falls School District No. 273

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended June 30, 2013

Program Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	826000813	\$ 1,022,072
Special Education State Improvement for Child Disabilities	84.323	826000813	5,000
Improving Teacher Quality State Grants (Title II-A)	84.367	826000813	162,061
Special Education _Grants to States (Title VI-B)	84.027	826000813	998,589
Special Education_Preschool Grant (Title VI-B Preschool)	84.173	826000813	29,364
Vocational Education_Basic Grants to States (Carl Perkins)	84.048	826000813	84,932
Education Jobs Bill - ARRA	84.410A	826000813	140,083
<i>Total Department of Education</i>			<u>2,442,101</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of Idaho Department of Education:			
Nutrition Cluster:			
School Breakfast Program	10.553	826000813	261,489
National School Lunch Program	10.555	826000813	1,096,606
Summer Food Service Program	10.559	826000813	176,414
Child Nutrition Discretionary Grants	10.579	826000813	11,369
Fresh Fruit and Vegetable Program	10.582	826000813	6,065
 School and Roads- Federal Forest Grant	 10.665	 826000813	 528,321
<i>Total Department of Agriculture</i>			<u>2,080,264</u>
<u>U.S. Department of Justice</u>			
Passed through Idaho Department of Juvenile Corrections:			
Juvenile Justice and Delinquency Prevention Allocation to State	16.540	826000813	17,852
<i>Total U.S. Department of Justice</i>			<u>17,852</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 4,540,217</u>

See accompanying notes to the schedule of expenditures of federal awards.

## **Post Falls School District No. 273**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2013**

#### **NOTE A: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Post Falls School District No. 273 under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Post Falls School District No. 273, it is not intended to and does not present the financial position, changes in net position or cash flows of Post Falls School District No. 273.

#### **NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

#### **NOTE C: FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2013, the School District had received food commodities totaling \$55,031.

Post Falls School District No. 273

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2013

**Section I – Summary of Auditors' Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
  - Significant deficiency(ies) identified that are not considered to be material weakness(es) \_\_\_\_\_ Yes      X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ Yes      X   No

Identification of major programs:

CFDA Number(s):

10.553  
10.555  
10.559  
10.579  
10.582  
10.665

Name of Federal Program or Cluster

School Breakfast Program  
National School Lunch Program  
Summer Food Service Program  
Child Nutrition Discretionary Grants  
Fresh Fruit and Vegetable Program  
Schools and Roads – Federal Forest Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

**Post Falls School District No. 273**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Section II. – Financial Statement Findings**

We noted no findings relating to the financial statements, which are required to be reported in accordance with generally accepted *Government Auditing Standards*.

**Section III. – Federal Programs Findings**

We noted no findings relating to the financial statements, which are required to be reported in accordance with generally accepted *OMB Circular A-133*.

**Section IV. – Prior Year Audit Findings Relating to Federal Awards**

We noted no findings in the prior year audit relating to the financial statements, which are required to be reported in accordance with *OMB Circular A-133*.