

POST FALLS SCHOOL DISTRICT No. 273

FINANCIAL STATEMENTS
JUNE 30, 2020

Post Falls School District No. 273
June 30, 2020

TABLE OF CONTENTS

FINANCIAL SECTION:

Independent Auditor's Report	1 – 2
Management's Discussion and Analysis	3 – 12
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities	14
Governmental Funds Financial Statements:	
Balance Sheet	15 – 16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18 – 19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Agency Funds:	
Statement of Fiduciary Net Position	21
Notes to the Financial Statements.....	22 – 48
Required Supplementary Information:	
GASB 75 Required Supplementary Information.....	49 - 50
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund.....	51
Child Nutrition Fund.....	52
Schedule of Employer's Share of Net Pension Liability- PERSI Base Plan.....	53
Schedule of Employer Contributions – PERSI Base Plan.....	53
Other Supplementary Information:	
Nonmajor Governmental Funds – Combining Balance Sheet – By Fund Type	54
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances – By Fund Type.....	55
Nonmajor Special Revenue Funds – Combining Balance Sheet.....	56 – 57
Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	58 – 59
Nonmajor Capital Projects Funds – Combining Balance Sheet	60
Nonmajor Capital Projects Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	61
Agency Funds – Schedule of Changes in Deposit Balances of Individual Schools	62

Post Falls School District No. 273
June 30, 2020

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>	63 – 64
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	65 – 66
Schedule of Expenditures of Federal Awards.....	67
Notes to Schedule of Expenditures of Federal Awards	68
Schedule of Findings and Questioned Costs.....	69 – 70

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S 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, fiduciary 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, 2020, 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, 2020, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, fiduciary activities, each major fund, and the aggregate remaining fund information of Post Falls School District No. 273, as of June 30, 2020, 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 AUDITOR'S REPORT (CONCLUDED)

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic 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 28, 2020 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 28, 2020

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Post Falls School District No. 273

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

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

FINANCIAL HIGHLIGHTS

- Idaho State Governor Little heldback 1% of general fund distributions to all school districts on April 21, 2020. The holdback affected a number of our programs, including technology (\$158,000) professional development (\$73,000), gifted and talented (\$14,000), IT staffing (\$34,000), content/curriculum (\$6,400) and discretionary funding (\$97,000) for a total holdback of (\$382,000).

The State of Idaho held our school district "harmless" in regards to attendance and funded the schools on full attendance after the shutdown and subsequent closure of the schools as a result of Covid19. Because of the hold-harmless provision, and some minor spending adjustments, the District was able to manage this loss of revenue. Overall, the District received additional state revenue due to enrollment/attendance increases and increases in the transportation reimbursement.

Further, with the schools shut down, all travel, and trainings ceased. Additionally, the savings of utilities, gas, and other services, including substitute pay, resulted in a large expenditure savings reflected in our ending balances for the year.

- The school district finished the year with a general fund balance of \$4,019,748. The unassigned fund balance, as noted on page 15 represents 9.7% of general fund revenues. This is an increase from the prior year of \$1,231,998.
- General fund revenues came in approximately \$415,544 over the projected budgeted amount. Meanwhile, expenditures came in under \$829,813 from the budgeted amount. The unanticipated savings and fund balance can be directly attributed to unforeseen consequences due to Covid19 and the Board of Trustees quick response and successful management of the budget.
- The District's strong general fund balance of 4% above the recommended minimum of 3% – 5%, will be used to balance the 2020-21 budget shortfalls. The State of Idaho will have a 5% holdback for school districts in 2020-21. The fund balance will be used in response to navigate the shortfall and school operations in an uncharted pandemic.
- In March 2019, the District passed a \$19 million bond for construction of a new elementary school, remodel projects, and land purchase for new build sites with a 72.68% favorable vote. Over \$12.5 million was used to build a new 500 student capacity elementary school, for occupancy in the fall of 2020. Treaty Rock Elementary School is nearly 98% completed and is expected to open ahead of schedule in early August 2020.

During 2019-20 school year, the District continued to work on a number of large capital construction projects included in their 10 year facility plan. These projects included installing new boilers and upgrading HVAC systems at our most senior facilities. During the 2019-20 school year, upgrades were completed for Seltice, Ponderosa, and New Vision/FPK schools. In addition to HVAC upgrades, roofing projects were completed at New Vision/FPK, and Post Falls Middle School. New upgraded wiring projects and cabling projects occurred at Post Falls Middle School and West Ridge Elementary. Security improvements and a VOIP phone system were completed district-wide.

The District also acquired 70 acres for future building sites.

Total capital expenses expended during 2019-20 school year amounted to \$14,022,477. The District intends to complete one more roofing and HVAC upgrade in 2020-21 school year and complete several needed paving projects.

Post Falls School District No. 273

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

FINANCIAL HIGHLIGHTS (CONCLUDED)

- To keep up with transportation demands, the district purchased five new buses, and updated cameras on some older model buses. The District fully integrated to a new student transportation management routing, scheduling, and mapping technology system which includes an enhanced GPS system.
- The State of Idaho's economy for the past twelve months experienced an 8% growth in the general fund revenue. This growth was 1.8% higher than predicted by the State budget analyst in January. This growth was not expected due to the Coronavirus pandemic. As a result, the Public Education Stabilization Fund (PESF) has approximately \$62 million to assist with public school funding going forward. The statewide budget stabilization fund (BSF) is estimated at year end to maintain a \$424 million balance, which may be appropriated as necessary by the Idaho Legislature. Idaho's unemployment rate increased over the last year from 2.8% in June of 2019 to 5.6% in June 2020. The rate in Idaho trends much lower than the national unemployment rate which was 11.1% as of June 2020. The increase in unemployment can be directly attributed to the Coronavirus pandemic and the State of Idaho's shutdown and four phase reopening plan. The local market values percent of annual change in taxable assessed value increased by 19%. The student population grew 1.8% and had a 95% attendance rate.
- Due to the strength of the local economy, change in market value, and a 1.8% growth of new students, the District implemented an Emergency School Levy. Because of the factors listed, the district was able to maintain a 2.08 per 1,000 for school year 2019-20. The annual market value growth of \$75 million is based on a 10 year average new construction, and the Kootenai County Assessor predicts that the market values will increase in the 2020-21 school year. The District does expect to see continued growth in the taxable market value, thus resulting in additional tax revenue for the District. The Kootenai County Assessor estimates that the market value will increase in the 2020-21 school year.
- Healthy community growth has remained constant, and the District has been able to conservatively manage expenditures while adjusting to the ever-changing environment resulting from the Coronavirus pandemic.

Post Falls School District No. 273

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

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

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

Post Falls School District No. 273

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

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 assets and how they have 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 assets 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 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, 2020

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, 2020 and 2019.

**Table 1
Statement of Net Position
June 30, 2020 and 2019**

	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 13,605,811	\$ 25,004,123
Receivables	5,548,336	4,872,710
Net OPEB asset - PERSI	1,743,753	1,518,959
Capital assets, net of accumulated depreciation	58,285,347	45,529,771
Total assets	<u>79,183,247</u>	<u>76,925,563</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred OPEB outflows - District	-	350,908
Deferred OPEB outflows - PERSI	75,006	204,326
Deferred pension outflows	4,499,468	5,094,499
Total deferred outflows of resources	<u>4,574,474</u>	<u>5,649,733</u>
LIABILITIES:		
Accounts payable	61,712	848,866
Accrued payroll and related costs	5,490,928	4,503,123
Interest payable	429,254	342,223
Long-term liabilities:		
Due within one year	1,342,061	949,859
Due in more than one year	36,359,955	37,494,955
Net pension liability	8,726,883	11,288,046
Total OPEB liability - District	1,469,644	2,414,330
Total liabilities	<u>53,880,437</u>	<u>57,841,402</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred OPEB inflows - District	900,908	199,491
Deferred OPEB inflows - PERSI	100,786	90,228
Deferred pension inflows	4,010,702	2,106,687
Total deferred inflows of resources	<u>5,012,396</u>	<u>2,396,406</u>
NET POSITION:		
Net investment in capital assets	20,790,392	7,244,816
Restricted for:		
Debt service	3,944,941	2,766,503
School Lunch	301,838	227,758
Capital Construction	3,954,631	17,977,108
Plant Facility	699,642	209,408
Federal and State Title programs	176,437	129,896
Unrestricted	(5,002,993)	(6,218,001)
Total net position	<u>\$ 24,864,888</u>	<u>\$ 22,337,488</u>

Post Falls School District No. 273

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

FINANCIAL ANALYSIS (CONTINUED)

The district's combined net position increased by \$2,527,400 for an ending total of \$24,864,888.

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.

Changes in net position. Table 2 shows the changes in net position for fiscal years 2020 and 2019.

Table 2
Changes in Net Position from Operating Results
Government Activities 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUES:		
Program revenues:		
Charges for services	\$ 1,484,560	\$ 1,443,704
Operating grants and contributions	5,117,598	5,111,705
General revenues:		
Property taxes, levied for general purposes	5,797,217	5,151,085
Property taxes, levied for debt services	3,206,322	2,335,108
State revenues	35,678,623	33,218,801
Grants and contributions not restricted to specific purposes:		
Federal Forest	27,995	30,200
Interest and investment earnings	488,143	298,756
Donated Capital Assets	-	(7,000)
Miscellaneous	20,798	165,235
Total general revenues and special items	<u>51,821,256</u>	<u>47,747,594</u>
EXPENSES:		
Instructional services:		
Elementary programs	14,716,531	14,084,530
Secondary programs	11,601,354	11,638,877
Alternative school programs	684,725	690,134
Exceptional child programs	4,193,454	3,804,205
Activity programs	551,257	522,062
Other programs	47,708	67,810
Support services:		
Guidance and health programs	1,462,290	1,492,495
Special services	1,407,843	1,393,559
Improvement and media	465,700	437,841
District administration	360,151	354,670
School administration	2,593,668	2,376,673
Business administration	1,579,902	1,365,182
Maintenance	3,804,767	3,981,110
Transportation	2,189,019	2,094,713
Security	184,066	340
Non-instructional services:		
School lunch	2,069,248	2,061,070
Interest on long-term debt	1,421,567	747,957
Bond issuance costs	-	163,606
Change in OPEB Obligation	22,723	(89,847)
Unallocated actual PERSI expense	(3,228,541)	(2,914,255)
Change in net pension liability	3,166,424	2,163,019
Total expenses	<u>49,293,856</u>	<u>46,435,751</u>
Change in net position	<u>\$ 2,527,400</u>	<u>\$ 1,311,843</u>

Post Falls School District No. 273

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

FINANCIAL ANALYSIS (CONTINUED)

Changes in net position (Concluded)

As shown in Table 2, the Post Falls School District relies on local property taxes for 17.3% of its governmental activities. The district had total revenues of \$51.8 million.

Governmental Funds

The district completed the year with a total governmental fund balance of \$13,345,246 resulting in a decrease of \$10,971,470 from the comparison ending balance from the prior fiscal year 2019 that was \$24,316,716.

- The general fund had a net increase in fund balance of \$1,231,988 for a net total of \$4,019,748 at fiscal year-end. The net increase was primarily due to state revenues coming in higher than anticipated and the subsequent decrease in expenditures as directly related to the facility shut down. This expenditure savings occurred primarily during the periods of (March through end of June) and is directly related to COVID19 pandemic and strong fiscal management and planning.
- The food service fund had an increase in fund balance of \$74,080. The food service department served over 150,000 grab and go meals during the school shut down, and was able to acquire a waiver from the USDA extending Summer Food Service Program (SFSP) reimbursement rates during this period. Overall the fund ended the fiscal year with a positive fund balance of \$301,838.
- The debt service fund had an increase in fund balance of \$1,178,438. The fund ended the fiscal year with a fund balance of \$3,944,941. Primary reason was to set aside enough money to cover the bond principal and interest payments that were subsequently due in July and August 2020 for the 2015B and 2019 G.O. bond payments occurring in the 2020-21 school year.
- The bond capital construction fund had an ending fund balance of \$3,954,631. The majority of expenses were due to capital construction costs for Treaty Rock Elementary School and for building upgrades for multiple schools throughout the district. Just over \$14,274,921 was expended. The District earned \$252,444 in interest income which made a net change in fund balance of \$14,022,477.

Post Falls School District No. 273

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

FINANCIAL ANALYSIS (CONCLUDED)

General Fund Budgetary Highlights

The District adopts an original budget in June for the subsequent year. The 2019-20 budget was amended in June of 2020 when the District's 2020-21 budget was adopted.

When comparing final budget to actual, the general fund had stronger than expected property tax collections and interest and investment earnings were greater than projected. State assistance due to funding at 100% attendance rate, and full Transportation funding resulted in a favorable revenue variance in the amount of \$415,544. Additionally, as an unforeseen positive consequence from the pandemic, the District was able to save utility costs, gas for operating buses, travel expenses, substitute expenses, and contract services from March through June. Lastly, a reduction in expenses related to the reduced pension liability and the reduction in the OPEB for health insurance were included as an expense variable. The aforementioned unanticipated expense savings resulted in a total of \$804,233. The general fund overall maintained a positive and/or net favorable overall variance of \$1,219,777 when compared to budget.

School districts in the State of Idaho were notified in late May 2020 to anticipate a State General Fund holdback of approximately 5%. This holdback addressed many areas within the public school budget, including the elimination of leadership stipends, reduction of technology funding, reduction in professional development, elimination of content curricular funding, freezing all movement on the career ladder, and eliminating the 2% salary base increase approved for classified and administrative personnel. In addition, the discretionary funding was reduced by 4.5%. The District conservatively budgeted for a decrease in students in the 2020-21 school year. The total anticipated loss of state funding for 2020-21 will be fully realized after the Legislature convenes in the spring. However, the District anticipates with a healthy fund balance coupled with Federal Cares funding, they will be in a good financial position.

The District plans on utilizing the excess fund balance from the 2019-20 school year and Federal Cares funding to help balance offset deficiencies for the 2020-21 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Post Falls School District has invested approximately \$79.1 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 2020. Total accumulated depreciation on these assets amounts to \$44 million.

- Asset acquisitions for governmental activities totaled \$14,805,876 for the fiscal year. This figure represents primarily the purchase of five new buses, various equipment, land, and purchases for construction in progress.

Long-Term Debt

At year end the district had \$33.4 million in general obligation bonds and other long-term debt outstanding. The district retired \$1,983,921 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 2015 for \$19.5 million and in 2019 for \$19 million.

Post Falls School District No. 273

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

FACTORS BEARING ON THE DISTRICT'S FUTURE

- The existing labor agreement for teachers expires June 30, 2020 however a new agreement was reached which extends the agreement to June 30, 2021.
- The District increased enrollment during the 2019-20 school year and certified a \$615,000 emergency levy for the increase in students, resulting in additional local tax revenue for the year. The State of Idaho also implemented and paid for new beginning pay amounts for starting teachers and increased the professional salary base.
- At the time of the budget development and passage, the District Board of Trustees and Administration believed schools would reopen in the fall in a normal brick and mortar setting. As of today, that scenario is very fluid. The District will need to amend and adjust its 2020-21 budget when all funding is identified and the complexities of operating schools in the Covid19 environment are fully realized.
- The District does expect to have fewer students and therefore will receive less state funding in the future. However, as an offset to the funding loss, the State of Idaho has passed on much needed Federal Cares money to assist the school districts with the additional costs to operate during the pandemic, and the District ended its school year with a considerably higher fund balance.
- Some of the pandemic mitigation and forward planning for the new fiscal year included the District's preparation for on-line instruction by securing curriculum, purchasing additional chromebooks for families, training staff to teach on-line, and hiring on-line instructors. An additional FTE for nursing, the purchase of PPE equipment, sanitization mitigation purchases, and additional supplies have all been purchased with CARES money. The District has implemented some contingency measures to manage various stages of shutdown and reopening while trying to provide families and students with a quality education.
- The District is the third largest growing geographical area in the state. The State of Idaho's economy for the past twelve months experienced an 8% growth in the general fund revenue. This growth was 1.8% higher than predicted by the State budget analyst in January. This growth was not expected due to the Coronavirus pandemic. As a result the Public Education Stabilization Fund (PESF) has approximately \$62 million to assist with public school funding, going forward. The statewide budget stabilization fund (BSF) is estimated at year end to maintain a \$424 million balance, which may be appropriated as necessary by the Idaho Legislature. Idaho's unemployment rate increased over the last year from 2.8% in June of 2019 to 5.6% in June 2020. The rate in Idaho trends much lower than the national unemployment rate of 11.1% as of June 2020. The increase in unemployment can be directly attributed to the Coronavirus pandemic and the State of Idaho's shutdown and four phase reopening plan. The local market values percent of annual change in taxable assessed value increased by 19%.
- At current time, the economy of the State of Idaho unemployment is at 4.2% the third lowest rate in the nation since the pandemic. The housing activity in the State of Idaho shot up 20.6% in Idaho and in Kootenai County ended at 19%.
- The local strength paired with the State of Idaho's economy continues to remain stronger than expected during the pandemic recovery and better than anticipated forecasts are projected for the upcoming state education budget year. The strength of Idaho's economy and the greater than projected PESF balance is predicted to assist local school districts to maintain operation and adjust to the cyclical nature of providing public education amidst an ever-changing pandemic.

Post Falls School District No. 273

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

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 Wendy J. Lee, CFO and 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, 2020

ASSETS

Cash and cash equivalents	\$ 13,605,811
Receivables	5,548,336
Net OPEB asset - PERSI	1,743,753
Land	2,762,065
Construction in progress	11,515,814
Capital assets, net of accumulated depreciation	44,007,468
Total assets	<u>79,183,247</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred OPEB outflows - PERSI	75,006
Deferred pension outflows	4,499,468
Total deferred outflows of resources	<u>4,574,474</u>

LIABILITIES

Accounts payable	61,712
Accrued payroll and related costs	5,490,928
Interest payable	429,254
Long-term liabilities:	
Due within one year:	
Compensated absences	207,061
Long-term debt	1,135,000
Due in more than one year:	
Long-term debt	36,359,955
Net pension liability	8,726,883
Net OPEB obligation - District	1,469,644
Total liabilities	<u>53,880,437</u>

DEFERRED INFLOWS OF RESOURCES

Deferred OPEB inflows - District	900,908
Deferred OPEB inflows - PERSI	100,786
Deferred pension inflows	4,010,702
Total deferred inflows of resources	<u>5,012,396</u>

NET POSITION

Net investment in capital assets	20,790,392
Restricted for:	
School lunch	301,838
Debt service	3,944,941
Capital projects	3,954,631
Federal and state title programs	176,437
Plant facility	699,642
Unrestricted	(5,002,993)
Total net position	<u><u>\$ 24,864,888</u></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, 2020**

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instructional services:					
Elementary programs	\$ 14,716,531	\$ 689,811	\$ 1,573,779	\$ -	\$ (12,452,941)
Secondary programs	11,601,354	338,824	390,446	-	(10,872,084)
Alternative school programs	684,725	-	7,725	-	(677,000)
Exceptional child programs	4,193,454	-	1,090,168	-	(3,103,286)
Activity programs	551,257	-	-	-	(551,257)
Other programs	47,708	-	-	-	(47,708)
Support services:					
Guidance and health programs	1,462,290	-	-	-	(1,462,290)
Special services	1,407,843	-	44,413	-	(1,363,430)
Improvement and media	465,700	-	11,179	-	(454,521)
District administration	360,151	-	-	-	(360,151)
School administration	2,593,668	-	-	-	(2,593,668)
Business administration	1,579,902	-	256,588	-	(1,323,314)
Maintenance	3,804,767	-	527	-	(3,804,240)
Transportation	2,189,019	-	-	-	(2,189,019)
Security	184,066	-	66,479	-	(117,587)
Non-instructional services:					
School lunch	2,069,248	455,925	1,676,295	-	62,972
Interest and amortization	1,421,567	-	-	-	(1,421,567)
Change in OPEB obligation	22,723	-	-	-	(22,723)
Unallocated actual PERSI expense	(3,228,541)	-	-	-	3,228,541
Change in net pension liability	3,166,424	-	-	-	(3,166,424)
Total governmental activities	\$ 49,293,856	\$ 1,484,560	\$ 5,117,598	\$ -	(42,691,698)
General revenues:					
Property taxes, levied for general purposes					5,797,217
Property taxes, levied for debt services					3,206,322
State revenue					35,678,623
Grants and contributions not restricted to specific purposes:					
Federal Forest					27,995
Interest and investment earnings					488,143
Miscellaneous					20,798
Total general revenues					45,219,098
Change in net position					2,527,400
Net position beginning					22,337,488
Net position ending					\$ 24,864,888

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, 2020**

	General	Child Nutrition	Debt Service
ASSETS			
Cash and cash equivalents	\$ 5,189,228	\$ 269,331	\$ 2,765,387
Accounts receivable:			
Kootenai County	2,294,334	-	1,267,041
State of Idaho	1,347,549	156,543	-
Interest receivable	7,556	-	1,837
Due from other funds	156,642	-	-
Total assets	<u>\$ 8,995,309</u>	<u>\$ 425,874</u>	<u>\$ 4,034,265</u>
LIABILITIES			
Accounts payable	\$ (16,014)	\$ (40)	\$ -
Accrued payroll	4,824,638	124,076	-
Due to other funds	-	-	-
Total liabilities	<u>4,808,624</u>	<u>124,036</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	166,937	-	89,324
Total deferred inflows of resources	<u>166,937</u>	<u>-</u>	<u>89,324</u>
FUND BALANCES			
Restricted to:			
School lunch, debt service and capital projects, respectively	-	301,838	3,944,941
State and federal title programs	-	-	-
Assigned to:			
State and federal non title funding	-	-	-
Unassigned	4,019,748	-	-
Total fund balances	<u>4,019,748</u>	<u>301,838</u>	<u>3,944,941</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,995,309</u>	<u>\$ 425,874</u>	<u>\$ 4,034,265</u>

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

Capital Construction Project	Other Governmental	Total
\$ 4,034,669	\$ 1,347,196	\$ 13,605,811
-	-	3,561,375
-	467,543	1,971,635
5,933	-	15,326
-	-	156,642
<u>\$ 4,040,602</u>	<u>\$ 1,814,739</u>	<u>\$ 19,310,789</u>
\$ 85,971	\$ (8,205)	\$ 61,712
-	542,214	5,490,928
-	156,642	156,642
<u>85,971</u>	<u>690,651</u>	<u>5,709,282</u>
-	-	256,261
<u>-</u>	<u>-</u>	<u>256,261</u>
3,954,631	699,642	8,901,052
-	176,437	176,437
-	248,009	248,009
-	-	4,019,748
<u>3,954,631</u>	<u>1,124,088</u>	<u>13,345,246</u>
<u>\$ 4,040,602</u>	<u>\$ 1,814,739</u>	<u>\$ 19,310,789</u>

Post Falls School District No. 273

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020**

Total fund balances at June 30, 2020 - Governmental funds		\$ 13,345,246
Cost of capital assets at June 30, 2020	\$ 93,724,974	
Less: Accumulated depreciation as of June 30, 2020		
Buildings and portables	(30,285,343)	
Buses and other transportation	(2,443,825)	
Equipment and library books	<u>(2,710,459)</u>	58,285,347
Elimination of deferred revenue		256,261
Pension liabilities and deferred outflows of resources and deferred inflows of resources related to pensions:		
District's proportionate share of the net pension liability		(8,726,883)
Proportionate share of collective deferred outflows of resources		4,499,468
Proportionate share of collective deferred inflows of resources		(4,010,702)
OPEB liabilities and deferred outflows of resources and deferred inflows of resources related to OPEB:		
District's proportionate share of the net OPEB asset		1,743,753
Total OPEB liability - District		(1,469,644)
Deferred outflows of OPEB resources		75,006
Deferred inflows of OPEB resources		(1,001,694)
Long-term liabilities at June 30, 2020		
Bonds payable	(32,560,000)	
Premium on bonds payable, net of accumulated amortization of \$431,497	(4,934,955)	
Compensated absences	(207,061)	
Accrued interest payable	<u>(429,254)</u>	<u>(38,131,270)</u>
Net position at June 30, 2020		<u><u>\$ 24,864,888</u></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, 2020**

	General	Child Nutrition	Debt Service
REVENUES			
Property taxes	\$ 5,749,084	\$ -	\$ 3,205,484
Interest and investment earnings	212,437	-	23,262
Other local revenue	20,798	455,925	-
State assistance and reimbursements	35,153,789	-	74,228
Title programs and other federal revenues	-	1,676,295	-
Total revenues	<u>41,136,108</u>	<u>2,132,220</u>	<u>3,302,974</u>
EXPENDITURES			
Instructional services:			
Elementary programs	11,519,967	-	-
Secondary programs	9,751,555	-	-
Alternative school programs	679,793	-	-
Exceptional child programs	2,980,204	-	-
Activity programs	551,257	-	-
Other programs	47,708	-	-
Total instructional services	<u>25,530,484</u>	<u>-</u>	<u>-</u>
Support services:			
Guidance and health programs	1,462,290	-	-
Special services	1,363,385	-	-
Improvement and media	455,433	-	-
District administration	360,151	-	-
School administration	2,593,668	-	-
Business administration	1,281,076	-	-
Maintenance	3,479,568	-	-
Transportation	1,960,795	-	-
Security	119,066	-	-
Total support services	<u>13,075,432</u>	<u>-</u>	<u>-</u>
Non-instructional services:			
Food services	-	2,069,248	-
Total non-instructional services	<u>-</u>	<u>2,069,248</u>	<u>-</u>
Capital outlay	<u>357,457</u>	<u>18,798</u>	<u>-</u>
Debt service:			
Principal retirement	-	-	790,000
Interest	-	-	1,334,536
Total debt service	<u>-</u>	<u>-</u>	<u>2,124,536</u>
Total expenditures	<u>38,963,373</u>	<u>2,088,046</u>	<u>2,124,536</u>
Excess (deficiency) of revenues over expenditures	<u>2,172,735</u>	<u>44,174</u>	<u>1,178,438</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	80,483	46,967	-
Transfers (out)	(1,021,220)	(17,061)	-
Total other financing sources (uses)	<u>(940,737)</u>	<u>29,906</u>	<u>-</u>
Net change in fund balance	1,231,998	74,080	1,178,438
Fund balance - beginning	<u>2,787,750</u>	<u>227,758</u>	<u>2,766,503</u>
Fund balance - ending	<u>\$ 4,019,748</u>	<u>\$ 301,838</u>	<u>\$ 3,944,941</u>

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

Capital Construction Project	Other Governmental	Total
\$ -	\$ 838	\$ 8,955,406
252,444	-	488,143
-	402,426	879,149
-	1,157,580	36,385,597
-	3,388,533	5,064,828
<u>252,444</u>	<u>4,949,377</u>	<u>51,773,123</u>
16,511	2,383,608	13,920,086
65,806	784,811	10,602,172
-	4,932	684,725
-	1,213,250	4,193,454
-	-	551,257
-	-	47,708
<u>82,317</u>	<u>4,386,601</u>	<u>29,999,402</u>
-	-	1,462,290
-	44,458	1,407,843
-	10,267	465,700
-	-	360,151
-	-	2,593,668
-	236,626	1,517,702
28,088	285,660	3,793,316
-	-	1,960,795
-	65,000	184,066
<u>28,088</u>	<u>642,011</u>	<u>13,745,531</u>
-	-	2,069,248
-	-	2,069,248
<u>14,164,516</u>	<u>265,105</u>	<u>14,805,876</u>
-	-	790,000
-	-	1,334,536
-	-	2,124,536
<u>14,274,921</u>	<u>5,293,717</u>	<u>62,744,593</u>
<u>(14,022,477)</u>	<u>(344,340)</u>	<u>(10,971,470)</u>
-	982,275	1,109,725
-	(71,444)	(1,109,725)
-	910,831	-
<u>(14,022,477)</u>	<u>566,491</u>	<u>(10,971,470)</u>
<u>17,977,108</u>	<u>557,597</u>	<u>24,316,716</u>
<u>\$ 3,954,631</u>	<u>\$ 1,124,088</u>	<u>\$ 13,345,246</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, 2020**

Total net changes in fund balances for year ended June 30, 2020	\$ (10,971,470)
Add: Capital outlay which is considered expenditures	14,805,876
Less: Depreciation expense for the year ended June 30, 2020	(2,050,300)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	1,109,725
Less: Interfund transfers in	(1,109,725)
Add: Debt principal retirement considered as an expenditure	790,000
Less: Change in compensated absences	(47,202)
Less: Change in OPEB obligation	(22,723)
Less: Difference between interest on long-term debt on modified accrual basis and interest on long-term debt on accrual basis	(87,031)
Add: Difference between revenue earned on property taxes on modified accrual basis and revenue on property taxes on accrual basis	48,133
Add: Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date	3,228,541
Less: Change in net pension liability	<u>(3,166,424)</u>
Change in net position for year ended June 30, 2020	<u><u>\$ 2,527,400</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, 2020**

ASSETS

Cash and cash equivalents	\$ 885,054
Total assets	<u>\$ 885,054</u>

LIABILITIES

Deposits due to others	\$ 885,054
Total liabilities	<u>\$ 885,054</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, 2020

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.

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, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – fund financial statements (Concluded)

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.

Capital Construction Project Fund – The Capital Construction Project fund is used to account for the accumulation of resources for and payment of costs that are legally restricted for major capital improvements currently related to the proceeds of the 2019 general obligation bonds.

The School District reports the following non-major governmental fund types:

Special Revenue Funds – The special revenue funds account for other resources for and the payment of costs in which the use is restricted or assigned to a particular purpose.

Capital Projects - Nonmajor – The plant facilities fund accounts for tax revenue sources that are legally restricted for capital improvements.

Additionally, the School District reports the following fund types:

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.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Concluded)

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.

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, child nutrition fund, debt service fund, capital projects, 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.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Concluded)

During the fiscal year ended June 30, 2020, investments were limited to the Idaho State Investment Pool.

The District invests in one 2a-7-like pools, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The Idaho State Investment Pool is 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.

Following GASB 72, ¶69 and ¶B62 the balance that the District has in the Idaho State Investment Pool is carried at cost, which materially approximates fair market value.

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

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.

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.

Land and construction in progress are not depreciated. The other property, equipment, vehicles and infrastructure of the School District are depreciated using the straight-line method over the following estimated 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

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premiums and bond discounts. Bond issuance costs are reported as expenses in the year incurred. In the fund financial statements, governmental funds recognize bond premiums, bond discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources.

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 district has two items that qualify for reporting in this category. They are the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, Accounting and Financial Reporting for Pensions, and in accordance with GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

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.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources (Concluded)

The District has one type of item, which arises 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 revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The District has one type of item, which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, proportionate share of collective deferred inflows of resources, is reported only on the government-wide statement of net position. The government-wide statement of net position reports proportionate share of collective deferred inflows of resources from one source: accounting for the net pension obligation, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

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.

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.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balance Classifications (Concluded)

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.

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 and deferred inflows of resources. 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.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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.

O. Pensions

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

P. 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.

Q. Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund's fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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, 2020, 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, 2020, 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:

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 3: CASH AND INVESTMENTS (CONCLUDED)

Deposits without exposure to custodial credit risk:

Deposits:

Amount insured by FDIC or other agencies	\$ 1,605,196
Amount collateralized with securities held in trust, but not in the District's name	14,939,097
Total deposits without exposure to custodial credit risk	<u>\$ 16,544,293</u>

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

Cash and cash equivalents	\$ 13,605,811
Student body agency funds	885,054
Total carrying value of cash and cash equivalents	<u>\$ 14,490,865</u>

Credit Risk:

The Idaho State Investment Pool 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, 2020 consist of the following:

Taxes receivable	\$3,561,375
State of Idaho	1,971,635
Interest	<u>15,326</u>
	<u>\$5,548,336</u>

NOTE 5: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended June 30, 2020:

Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable capital assets:				
Land	\$ 1,555,331	\$ 1,206,734	\$ -	\$ 2,762,065
Construction-in-progress	1,065,527	10,450,287	-	11,515,814
Total nondepreciable capital assets	<u>2,620,858</u>	<u>11,657,021</u>	<u>-</u>	<u>14,277,879</u>
Depreciable capital assets:				
Buildings and sites	68,703,535	2,464,184	-	71,167,719
Portable classrooms	582,943	-	-	582,943
Buses	3,150,132	466,191	209,057	3,407,266
Other vehicles	208,302	39,100	-	247,402
Equipment	3,879,940	179,380	17,555	4,041,765
Total depreciable capital assets	<u>76,524,852</u>	<u>3,148,855</u>	<u>226,612</u>	<u>79,447,095</u>
Less accumulated depreciation for:				
Buildings and sites	28,127,681	1,574,719	-	29,702,400
Portable classrooms	582,943	-	-	582,943
Buses	2,287,890	178,231	209,057	2,257,064
Other vehicles	166,662	20,099	-	186,761
Equipment	2,450,763	277,251	17,555	2,710,459
Total accumulated depreciation	<u>33,615,939</u>	<u>2,050,300</u>	<u>226,612</u>	<u>35,439,627</u>
Total depreciable capital assets, net	<u>42,908,913</u>	<u>1,098,555</u>	<u>-</u>	<u>44,007,468</u>
Total capital assets, net	<u>\$ 45,529,771</u>	<u>\$ 12,755,576</u>	<u>\$ -</u>	<u>\$ 58,285,347</u>

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 5: CAPITAL ASSETS (CONCLUDED)

Depreciation expense of \$2,050,300 for the year ended June 30, 2020 was charged to the following governmental functions:

INSTITUTIONAL SERVICES:

Elementary	\$ 796,445
Secondary	999,182
Business administration	14,998
Maintenance	11,451
Transportation	<u>228,224</u>
	<u>\$2,050,300</u>

Following is a recap of the June 30, 2020 balances by generic location:

	Elementary	Secondary	Administration	Total
Land	\$ 527,702	\$ 1,025,534	\$ 1,208,829	\$ 2,762,065
Construction in process	11,456,967	58,111	736	11,515,814
Buildings and portables	31,219,507	39,254,180	1,276,975	71,750,662
Buses	-	-	3,407,266	3,407,266
Other vehicles	-	-	247,402	247,402
Equipment	<u>1,546,777</u>	<u>1,935,703</u>	<u>559,285</u>	<u>4,041,765</u>
	<u>\$ 44,750,953</u>	<u>\$ 42,273,528</u>	<u>\$ 6,700,493</u>	<u>\$ 93,724,974</u>

NOTE 6: ACCRUED PAYROLL AND VACATION BENEFITS

Accrued payroll includes amounts due to contracted teachers and other employees at June 30, 2020, which were not paid until July and August 2020, in conformity with contractual stipulations.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: BONDS PAYABLE

GENERAL OBLIGATION BONDS, 2019

On March 12, 2019, School District 273 voters approved \$15,935,000 of General Obligation Bonds, Series 2019, with interest ranging from 4% to 5%. Pursuant to this authority, the sale of bonds followed on May 15, 2019, with net proceeds of \$19,163,607 (including principal of \$15,935,000, premiums of \$3,228,607 less issuance costs of \$163,607) and repayment that began in the fiscal year ending June 30, 2020. The bond sale proceeds were for the construction of a new elementary school in the amount of \$12,500,000 and \$6,500,000 to be used to update and enhance numerous schools. Bond funds would also be used to purchase land for future school sites.

SERIES 2019

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2021	4.00%	\$ 315,000	\$ 737,050	\$ 686,675
2022	4.00%	545,000	719,850	1,275,750
2023	4.00%	565,000	697,650	1,273,950
2024	4.00%	590,000	674,550	1,276,350
2025	4.00%	615,000	650,450	1,277,750
2026	4.00%	640,000	625,350	1,278,150
2027	4.00%	665,000	599,250	1,277,550
2028	4.00%	690,000	572,150	1,275,950
2029	4.00%	715,000	544,050	1,273,350
2030	5.00%	745,000	511,125	1,274,750
2031	5.00%	785,000	472,875	1,277,500
2032	5.00%	825,000	432,625	1,278,250
2033	5.00%	865,000	390,375	1,277,000
2034	5.00%	905,000	346,125	1,273,750
2035	5.00%	950,000	299,750	1,273,500
2036	5.00%	1,000,000	251,000	1,276,000
2037	5.00%	1,050,000	199,750	1,276,000
2038	5.00%	1,100,000	146,000	1,273,500
2039	5.00%	1,155,000	89,625	1,273,500
2040	5.00%	1,215,000	30,375	1,275,750
		<u>\$ 15,935,000</u>	<u>\$ 8,989,975</u>	<u>\$ 24,924,975</u>

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 7: BONDS PAYABLE (CONCLUDED)

GENERAL OBLIGATION REFUNDING BONDS, 2015B

SERIES 2015B

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	4.00%	\$ 820,000	\$ 713,850	\$ 1,533,850
2022	4.00%	855,000	680,350	1,535,350
2023	4.00%	890,000	645,450	1,535,450
2024	4.00%	925,000	609,150	1,534,150
2025	4.00%	960,000	571,450	1,531,450
2026	4.00%	1,000,000	532,250	1,532,250
2027	4.00%	1,040,000	491,450	1,531,450
2028	4.00%	1,080,000	449,050	1,529,050
2029	5.00%	1,125,000	399,325	1,524,325
2030	5.00%	1,180,000	341,700	1,521,700
2031	4.00%	1,240,000	287,400	1,527,400
2032	4.00%	1,290,000	236,800	1,526,800
2033	5.00%	1,340,000	177,500	1,517,500
2034	5.00%	1,405,000	108,875	1,513,875
2035	5.00%	1,475,000	36,875	1,511,875
		<u>\$ 16,625,000</u>	<u>\$ 6,281,475</u>	<u>\$ 22,906,475</u>

NOTE 8: CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES

	<u>Total General Obligation Bonds Payable</u>
Balance, beginning of year	\$ 38,284,955
Payment of principal - 2015B Bonds	(790,000)
Balance, end of year	<u>\$ 37,494,955</u>
Current portion	\$ 1,135,000
Long-term portion, net of premium	36,359,955
	<u>\$ 37,494,955</u>

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 8: CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES (CONCLUDED)

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

	Bonds Payable	Compensated Absences	Total
Balance, July 1, 2019	\$ 38,284,955	\$ 159,859	\$ 38,444,814
Additions	-	47,202	47,202
Retirements/payments	(790,000)	-	(790,000)
Balance, June 30, 2020	37,494,955	207,061	37,702,016
Current portion	1,135,000	207,061	1,342,061
Long-term portion, net of premium	\$ 36,359,955	\$ -	\$ 36,359,955

NOTE 9: DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020, it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. Post Falls School District's contributions were \$3,199,179 for the year ended June 30, 2020.

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

At June 30, 2020, Post Falls School District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020, the District's proportion was 0.7645529 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$3,166,424. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,972,996
Changes of assumptions	485,439	-
Net difference between projected and actual earnings on pension plan investments	811,030	1,028,507
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	9,199
Post Falls School District contributions subsequent to the measurement date	3,202,999	-
Total	<u>\$ 4,499,468</u>	<u>\$ 4,010,702</u>

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$3,202,999 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2018 the beginning of the measurement period ended June 30, 2019 is 4.8 and 4.8 for the measurement period June 30, 2020.

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

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

Year ended June 30:

2020	\$ (314,245)
2021	\$(1,346,320)
2022	\$ (655,813)
2023	\$ (388,655)
2024	\$ -

Actuarial Assumptions

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

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases*	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1.00%

*There is an additional component of assumed salary grown (on top of the 3.75%) that varies for each individual member based on years of service

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2019 is based on the results of an actuarial valuation date July 1, 2019.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2019.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Rate of Return (Arithmetic)</u>	<u>Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			<u>7.05%</u>

Discount Rate

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

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

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

	<u>1% Decrease (6.05%)</u>	<u>Current Discount Rate (7.05%)</u>	<u>1% Increase (8.05%)</u>
Employer's net pension liability (asset) - Employer	\$26,358,550	\$ 8,726,883	\$(5,853,942)

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Pension plan fiduciary net position

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

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

Payables to the pension plan

At June 30, 2020, the District reported payables to the defined benefit pension plan of \$539,912 for legally required employer contributions and \$324,238 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 10: CONTINGENT LIABILITIES

The School District participates in a number of state and federally assisted grant programs including the National Child Nutrition Program, Title I, IDEA-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.

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. The District's results of operations could be adversely affected to the extent that the coronavirus or any other epidemic harms the economy. The District's management is monitoring the outbreak and potential financial impact, which are currently uncertain. The duration and intensity of the impact of the coronavirus and resulting disruption to the District's operations are uncertain and could adversely affect financial results.

NOTE 11: 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.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

NOTE 12: POST EMPLOYMENT HEALTHCARE PLAN

Plan Description

Post Falls School District No. 273 contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

OPEB Benefits

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company.

Employer Contributions

The contribution rate for employers are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. The Retirement Board approved an 18-month rate holiday from January 1, 2020 to June 30, 2021. During the rate holiday, all sick leave contribution rates are 0%. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The District's contributions were \$149,665 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2020, the District's proportion was 1.8205737 percent.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 12: POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

For the year ended June 30, 2020 the District recognized OPEB expense (expense offset) of (\$84,916). \$75,006 reported as deferred outflows of resources related to OPEBs resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2020.

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses

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

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

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 12: POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%

Discount Rate

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

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 12: POST EMPLOYMENT HEALTHCARE PLAN (CONCLUDED)

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

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

	<u>1% Decrease (6.05%)</u>	<u>Current Discount Rate (7.05%)</u>	<u>1% Increase (8.05%)</u>
Total June 30, 2020 OPEB asset	\$ 1,535,468	\$ 1,743,753	\$ 1,941,848

OPEB Plan Fiduciary Net Position

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

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

Payables to the OPEB Plan

At June 30, 2020, the District reported payables to the defined benefit OPEB plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 13: OTHER POST EMPLOYMENT BENEFITS

Plan Description and OPEB Benefits

Upon separation from public school employment by retirement in accordance with Chapter 13, Title 59, Idaho Code, a retiree may continue to pay premiums for the retiree and the retiree's dependents at the rate for the active employee's group health, long-term care, vision, prescription drug and dental insurance programs as maintained by the employer for the active employees until the retiree and/or the retiree's spouse becomes eligible for Medicare at which time the District shall make available a supplemental program to Medicare for the eligible individual.

Total OPEB Liability

The District's total OPEB liability of \$1,469,644 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Salary increases	3.75%
Discount rate	2.53%
Retirees' share of benefit-related costs	100% of projected health premiums for retirees

Healthcare cost trend rates:

Fiscal year ending	Medical	Prescription Drugs	Dental
2020*	5.5%	5.5%	3.8%
2021	7.0%	7.0%	3.5%
2022	6.5%	6.5%	3.0%
2023	6.0%	6.0%	2.5%
2024	5.9%	5.9%	2.0%
2025	5.7%	5.7%	2.0%
2026	5.6%	5.6%	2.0%
2027	5.5%	5.5%	2.0%
2028	5.3%	5.3%	2.0%
2029-2045	5.2%	5.2%	2.0%
2046	5.1%	5.1%	2.0%
2047-2048	5.0%	5.0%	2.0%
2049-2051	4.9%	4.9%	2.0%
2052-2055	4.8%	4.8%	2.0%
2056-2060	4.7%	4.7%	2.0%
2061-2067	4.6%	4.6%	2.0%
2068	4.5%	4.5%	2.0%
2069	4.4%	4.4%	2.0%
2070	4.3%	4.3%	2.0%
2071-2072	4.2%	4.2%	2.0%
2073	4.1%	4.1%	2.0%
2074-2075	4.0%	4.0%	2.0%
2076	3.9%	3.9%	2.0%
2077+	3.8%	3.8%	2.0%

*Trends based on actual renewal rates.

The discount rate used to measure the OPEB liability was 2.53%. The discount rate was based on the Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years. Mortality rates were based on the RP-2000 Mortality Table with generational mortality adjustments.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of a 2016 PERSI Investigation of Experience Study.

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

	Total OPEB Liability
Balance as of June 30, 2019	\$ 2,414,330
Changes for the year:	
Service cost	176,130
Interest on total OPEB liability	87,557
Effect of plan changes	-
Effect of differences in experience	(448,301)
Effect of assumptions changes or inputs	(604,024)
Expected benefit payments	(156,048)
Balance as of June 30, 2020	<u>\$ 1,469,644</u>

Sensitivity of the total OPEB liability to changes in the discount rate and health-care cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (1.53%)	Current Discount Rate (2.53%)	1% Increase (3.53%)
Total June 30, 2020 OPEB liability	\$ 1,572,016	\$ 1,469,644	\$ 1,371,074

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total June 30, 2020 OPEB liability	\$ 1,301,830	\$ 1,469,644	\$ 1,668,901

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONCLUDED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense (offset) of \$107,639. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 647,792
Changes in assumptions and other inputs	-	253,116
Total	<u>\$ -</u>	<u>\$ 900,908</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Measurement period ending June 30:

2020	\$ (62,346)
2021	(62,346)
2022	(62,346)
Thereafter	(729,698)

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables, which are due to the pooling of cash:

	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 156,642	\$ -
Title I-A	-	102,734
Emergency relief funds	-	26,350
IDEA-B Preschool	-	4,850
Title IV-A	-	8,049
Title II-A	-	14,659
	<u>\$ 156,642</u>	<u>\$ 156,642</u>

(Continued)

Post Falls School District No. 273

NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

NOTE 15: INTERFUND TRANSFERS

Interfund transfers occur for many reasons and may occur either one time or be annually reoccurring. Some of these reasons include covering operations expenses and charging allowable indirect costs to federal title programs. The following is a summary of current year transfers:

	<u>Transfer in</u>	<u>Transfer out</u>
General fund	\$ 80,483	\$ 1,021,220
Child Nutrition	46,967	17,061
Non-major	982,275	71,444
Total	<u>\$ 1,109,725</u>	<u>\$ 1,109,725</u>

NOTE 16: DEFICIT FUND BALANCES

The funds listed below had a deficit balance as of June 30, 2020:

<u>Nonmajor Special Revenue Funds</u>	
IDEA-B School Age	\$18,703

NOTE 17: EXCESS ACTUAL EXPENDITURES OVER BUDGET

The following is a schedule of an excess of functional expenditures over appropriations for the year ended June 30, 2020. 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>
Child Nutrition	\$ 1,946,812	\$ 2,088,046	\$ 141,234	\$ 2,132,220

NOTE 18: SUBSEQUENT EVENT

COVID-19 Pandemic

On March 13, 2020, Governor Little declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures include closing schools, canceling public events, limiting gathering sizes, and requiring people to stay home unless they are leaving for an essential function. On April 6, 2020, the Idaho State Board of Education closed all public and private K–12 school buildings throughout the remainder of the 2019–2020 school year. Post Falls School District opened its 2020-2021 school year with an alternate day hybrid structure with in person instruction two days a week and online instruction the remaining days. An online only option was also available.

The length of time these measures will be in place, and the full extent of the financial impact on the school district, is unknown at this time.

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

Post Falls School District

**GASB 75 Required Supplementary Information
For the Year Ended June 30, 2020**

**Schedule of Employer's Share of Net OPEB Asset
PERSI – OPEB Plan
Last 10 - Fiscal Years ***

PERSI - OPEB PLAN

	2020	2019	2018
Employer's portion of net the OPEB asset	1.8205737%	1.8312852%	1.8250891%
Employer's proportionate share of the net OPEB asset	\$ 1,743,753	\$ 1,518,959	\$ 1,400,992
Employer's covered-employee payroll	\$ 27,109,783	\$ 25,740,859	\$ 24,618,453
Employer's proportional share of the net OPEB asset as a percentage of its covered-employee payroll	6.43%	5.90%	5.69%
Plan fiduciary net position as a percentage of the total OPEB Asset	138.51%	135.69%	136.78%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2019 (measurement date).

**Schedule of Employer Contributions
PERSI – OPEB Plan
Last 10 - Fiscal Years ***

	2020	2019	2018
Statutorily required contribution	\$ 149,665	\$ 298,594	\$ 285,574
Contributions in relation to the statutorily required contribution	149,665	298,594	285,574
Contribution (deficiency) excess	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 27,109,783	\$ 25,740,859	\$ 24,618,453
Contributions as a percentage of covered-employee payroll	0.55%	1.16%	1.16%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2020.

Post Falls School District

GASB 75 Required Supplementary Information For the Year Ended June 30, 2020

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Last 10 - Fiscal Years *

Total OPEB Liability	2020	2019	2018
Service cost	\$ 176,130	\$ 175,526	\$ 168,891
Interest on total OPEB liability	87,557	80,481	80,728
Changes of benefit terms	-	-	-
Effect of differences in experience	(448,301)	-	(199,491)
Effect of assumption changes or inputs	(604,024)	75,576	275,332
Expected benefit payments	(156,048)	(129,690)	(115,386)
Net change in total OPEB liability	(944,686)	201,893	210,074
Total OPEB liability, beginning	2,414,330	2,212,437	2,002,363
Total OPEB liability, ending	<u>\$ 1,469,644</u>	<u>\$ 2,414,330</u>	<u>\$ 2,212,437</u>
Covered employee payroll	\$ 27,109,783	\$ 25,740,859	\$ 24,618,453
Total OPEB liability as a % of covered employee payroll	5.42%	9.38%	8.99%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2019 (measurement date).

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, 2020**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 5,095,000	\$ 5,700,000	\$ 5,749,084	\$ 49,084
Interest and investment earnings	110,000	151,500	212,437	60,937
Other local revenue	61,000	19,500	20,798	1,298
State assistance and reimbursements	35,230,690	34,849,564	35,153,789	304,225
Total revenues	<u>40,496,690</u>	<u>40,720,564</u>	<u>41,136,108</u>	<u>415,544</u>
EXPENDITURES				
Instructional services:				
Elementary programs	12,537,436	11,747,603	11,519,967	227,636
Secondary programs	9,929,320	10,057,398	9,751,555	305,843
Alternative school programs	716,000	687,949	679,793	8,156
Exceptional child programs	2,801,704	3,032,447	2,980,204	52,243
Activity programs	678,356	579,186	551,257	27,929
Other programs	69,405	47,708	47,708	-
Total instructional services	<u>26,732,221</u>	<u>26,152,291</u>	<u>25,530,484</u>	<u>621,807</u>
Support services:				
Guidance and health programs	1,676,721	1,353,221	1,462,290	(109,069)
Special services	1,363,013	1,413,013	1,363,385	49,628
Improvement and media	460,501	452,101	455,433	(3,332)
District administration	376,202	360,002	360,151	(149)
School administration	2,569,833	2,596,833	2,593,668	3,165
Business administration	1,141,615	1,205,615	1,281,076	(75,461)
Maintenance	3,577,296	3,783,134	3,479,568	303,566
Transportation	2,080,894	2,091,144	1,960,795	130,349
Security	148,593	121,832	119,066	2,766
Total support services	<u>13,394,668</u>	<u>13,376,895</u>	<u>13,075,432</u>	<u>301,463</u>
Capital outlay	265,500	264,000	357,457	(93,457)
Total expenditures	<u>40,392,389</u>	<u>39,793,186</u>	<u>38,963,373</u>	<u>829,813</u>
Excess (deficiency) of revenues over expenditures	<u>104,301</u>	<u>927,378</u>	<u>2,172,735</u>	<u>1,245,357</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	143,073	143,073	80,483	(62,590)
Transfers (out)	(239,249)	(1,058,230)	(1,021,220)	37,010
Total other financing sources (uses)	<u>(96,176)</u>	<u>(915,157)</u>	<u>(940,737)</u>	<u>(25,580)</u>
Net change in fund balances	8,125	12,221	1,231,998	1,219,777
Fund balances - beginning	<u>2,100,000</u>	<u>2,787,750</u>	<u>2,787,750</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,108,125</u>	<u>\$ 2,799,971</u>	<u>\$ 4,019,748</u>	<u>\$ 1,219,777</u>

Post Falls School District No. 273

**CHILD NUTRITION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	Budgeted Amounts		Variance with Final Budget
	Original	Final	
REVENUES			
Other local revenue	\$ 564,000	\$ 457,800	\$ 455,925
Title programs and other federal revenues	1,450,000	1,472,291	1,676,295
Total revenues	<u>2,014,000</u>	<u>1,930,091</u>	<u>2,132,220</u>
EXPENDITURES			
Non-instructional services:			
Food services	2,047,812	1,896,812	2,069,248
Capital outlay	50,000	50,000	18,798
Total expenditures	<u>2,097,812</u>	<u>1,946,812</u>	<u>2,088,046</u>
Excess (deficiency) of revenues over expenditures	<u>(83,812)</u>	<u>(16,721)</u>	<u>44,174</u>
OTHER FINANCING SOURCES			
Transfers in	52,074	52,074	46,967
Transfers (out)	(25,000)	(25,000)	(17,061)
Total other financing sources	<u>27,074</u>	<u>27,074</u>	<u>29,906</u>
Net change in fund balances	(56,738)	10,353	74,080
Fund balances - beginning	-	-	227,758
Fund balances - ending	<u>\$ (56,738)</u>	<u>\$ 10,353</u>	<u>\$ 301,838</u>

Post Falls School District

**GASB 68 Required Supplementary Information
For the Year Ended June 30, 2020**

**Schedule of Employers' Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years ***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.7645529%	0.7652822%	0.7490712%	0.7601928%	0.7614323%	0.7646000%
Employer's proportionate share of the net pension liability	\$ 8,726,883	\$ 11,288,046	\$ 11,774,113	\$ 15,410,276	\$ 10,026,825	\$ 5,628,300
Employer's covered-employee payroll	\$ 27,109,783	\$ 25,740,859	\$ 24,618,453	\$ 23,382,298	\$ 22,248,569	\$ 20,665,425
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	32.19%	43.85%	47.83%	65.91%	45.07%	27.24%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%	90.68%	87.26%	91.38%	94.95%

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

Data reported is measured as of June 30, 2019 (measurement date).

**Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years ***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 3,202,999	\$ 2,913,865	\$ 2,786,809	\$ 2,646,875	\$ 2,518,538	\$ 2,402,598
Contributions in relation to the statutorily required contribution	3,202,999	2,913,865	2,786,809	2,646,875	2,518,538	2,402,598
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll of its covered employee payroll	\$ 27,109,783	\$ 25,740,859	\$ 24,618,453	\$ 23,382,298	\$ 22,248,569	\$ 21,219,407
Contributions as a percentage of covered-employee payroll	11.81%	11.32%	11.32%	11.32%	11.32%	11.32%

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

Data reported is measured as of June 30, 2020.

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

Post Falls School District No. 273

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - BY FUND TYPE
June 30, 2020**

	Special Revenue	Nonmajor Capital Projects	Total
ASSETS			
Cash and cash equivalents	\$ 573,431	\$ 773,765	\$ 1,347,196
Accounts receivable:			
State of Idaho	467,543	-	467,543
Total assets	<u>\$ 1,040,974</u>	<u>\$ 773,765</u>	<u>\$ 1,814,739</u>
LIABILITIES			
Accounts payable	\$ (8,205)	\$ -	\$ (8,205)
Accrued payroll	542,214	-	542,214
Due to other funds	156,642	-	156,642
Total liabilities	<u>690,651</u>	<u>-</u>	<u>690,651</u>
FUND BALANCES			
Restricted	176,437	699,642	876,079
Assigned	173,886	74,123	248,009
Total fund balances	<u>350,323</u>	<u>773,765</u>	<u>1,124,088</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,040,974</u>	<u>\$ 773,765</u>	<u>\$ 1,814,739</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, 2020

	Special Revenue	Nonmajor Capital Projects	Total
REVENUES			
Property taxes	\$ -	\$ 838	\$ 838
Other local revenue	402,426	-	402,426
State assistance and reimbursements	706,974	450,606	1,157,580
Title programs and other federal revenues	3,388,533	-	3,388,533
Total revenues	<u>4,497,933</u>	<u>451,444</u>	<u>4,949,377</u>
EXPENDITURES			
Instructional services:			
Elementary programs	2,383,608	-	2,383,608
Secondary programs	784,811	-	784,811
Alternative school program	4,932	-	4,932
Exceptional child program	1,213,250	-	1,213,250
Support services:			
Business administration	236,626	-	236,626
Maintenance	3,599	282,061	285,660
Special services	44,458	-	44,458
Improvement and media	10,267	-	10,267
Security	65,000	-	65,000
Capital outlay	15,468	249,637	265,105
Total expenditures	<u>4,762,019</u>	<u>531,698</u>	<u>5,293,717</u>
Excess (deficiency) of revenues over expenditures	<u>(264,086)</u>	<u>(80,254)</u>	<u>(344,340)</u>
OTHER FINANCING SOURCES			
Transfers in	311,704	670,571	982,275
Transfers (out)	<u>(71,444)</u>	<u>-</u>	<u>(71,444)</u>
Total other financing sources	<u>240,260</u>	<u>670,571</u>	<u>910,831</u>
Net change in fund balances	(23,826)	590,317	566,491
Fund balance beginning	<u>374,149</u>	<u>183,448</u>	<u>557,597</u>
Fund balances - ending	<u>\$ 350,323</u>	<u>\$ 773,765</u>	<u>\$ 1,124,088</u>

Post Falls School District No. 273

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2020

	Forest Reserve Fund	Medicaid	Before and After School Program	No Kid Hungry
ASSETS				
Cash and cash equivalents	\$ 59,212	\$ 72,412	\$ 184,116	\$ 25,500
Accounts receivable:				
State of Idaho	-	-	8	-
Total assets	<u>\$ 59,212</u>	<u>\$ 72,412</u>	<u>\$ 184,124</u>	<u>\$ 25,500</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	72,412	69,450	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>72,412</u>	<u>69,450</u>	<u>-</u>
FUND BALANCE				
Restricted	-	-	-	25,500
Assigned	<u>59,212</u>	<u>-</u>	<u>114,674</u>	<u>-</u>
Total fund balances	<u>59,212</u>	<u>-</u>	<u>114,674</u>	<u>25,500</u>
Total liabilities and fund balances	<u>\$ 59,212</u>	<u>\$ 72,412</u>	<u>\$ 184,124</u>	<u>\$ 25,500</u>

Rural Nursing Grant	Emergency Relief Funds	Driver Education	Vocational Program	Public School Technology
\$ 1	\$ -	\$ 1	\$ -	\$ 145,537
-	26,350	(1)	-	2,473
<u>\$ 1</u>	<u>\$ 26,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,010</u>
\$ -	\$ -	\$ -	\$ -	\$ (4,210)
1	-	-	-	-
-	26,350	-	-	-
<u>1</u>	<u>26,350</u>	<u>-</u>	<u>-</u>	<u>(4,210)</u>
-	-	-	-	152,220
-	-	-	-	-
-	-	-	-	152,220
<u>\$ 1</u>	<u>\$ 26,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,010</u>

Drug Free State Money	Title 1 Disadvantaged	IDEA-B School Age	IDEA-B Preschool
\$ 7,419	\$ -	\$ 72,840	\$ -
-	297,376	111,079	7,937
<u>\$ 7,419</u>	<u>\$ 297,376</u>	<u>\$ 183,919</u>	<u>\$ 7,937</u>
\$ -	\$ -	\$ -	\$ -
-	194,642	202,622	3,087
-	102,734	-	4,850
<u>-</u>	<u>297,376</u>	<u>202,622</u>	<u>7,937</u>
7,419	-	(18,703)	-
-	-	-	-
<u>7,419</u>	<u>-</u>	<u>(18,703)</u>	<u>-</u>
<u>\$ 7,419</u>	<u>\$ 297,376</u>	<u>\$ 183,919</u>	<u>\$ 7,937</u>

Carl Perkins	Improving Teacher Quality	Title IV-A Student Support	Total
\$ 6,393	\$ -	\$ -	\$ 573,431
-	14,272	8,049	467,543
<u>\$ 6,393</u>	<u>\$ 14,272</u>	<u>\$ 8,049</u>	<u>\$ 1,040,974</u>
\$ -	\$ (3,995)	\$ -	\$ (8,205)
-	-	-	542,214
-	14,659	8,049	156,642
<u>-</u>	<u>10,664</u>	<u>8,049</u>	<u>690,651</u>
6,393	3,608	-	176,437
-	-	-	173,886
<u>6,393</u>	<u>3,608</u>	<u>-</u>	<u>350,323</u>
<u>\$ 6,393</u>	<u>\$ 14,272</u>	<u>\$ 8,049</u>	<u>\$ 1,040,974</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, 2020**

	Forest Reserve Fund	Medicaid	Before and After School Program	No Kid Hungry
REVENUES				
Local revenue	\$ -	\$ -	\$ 386,591	\$ 5,500
State assistance and reimbursements	-	-	20,717	-
Title programs and other federal revenues	27,995	631,709	-	-
Total revenues	<u>27,995</u>	<u>631,709</u>	<u>407,308</u>	<u>5,500</u>
EXPENDITURES				
Instructional services:				
Elementary programs	-	369,022	489,050	-
Secondary programs	-	404,416	-	-
Alternative school program	-	-	-	-
Exceptional child program	-	-	-	-
Support services:				
Business administration	-	-	-	-
Maintenance	-	-	-	-
Special services	-	-	-	-
Improvement and media	-	-	-	-
Security	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>773,438</u>	<u>489,050</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of asset	-	-	-	-
Transfers in	-	132,892	-	20,000
Transfers (out)	-	-	(7,287)	-
Total other financing (uses)	<u>-</u>	<u>132,892</u>	<u>(7,287)</u>	<u>20,000</u>
Net change in fund balance	27,995	(8,837)	(89,029)	25,500
Fund balances - beginning	<u>31,217</u>	<u>8,837</u>	<u>203,703</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 59,212</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 114,674</u></u>	<u><u>\$ 25,500</u></u>

Rural Nursing Grant	Emergency Relief Funds	Driver Education	Vocational Program	Public School Technology
\$ -	\$ -	\$ 10,335	\$ -	\$ -
-	-	4,171	37,529	570,195
-	26,350	-	-	-
-	26,350	14,506	37,529	570,195
75	22,751	-	-	139,840
-	-	14,687	43,041	128,589
-	-	-	-	3,240
-	150,362	-	-	-
-	-	-	-	236,626
-	3,599	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	15,468
75	176,712	14,687	43,041	523,763
-	-	-	-	-
-	150,362	427	8,023	-
(421)	-	(15,053)	-	-
(421)	150,362	(14,626)	8,023	-
(496)	-	(14,807)	2,511	46,432
496	-	14,807	(2,511)	105,788
\$ -	\$ -	\$ -	\$ -	\$ 152,220

Drug Free State Money	Title 1 Disadvantaged	IDEA-B School Age	IDEA-B Preschool
\$ -	\$ -	\$ -	\$ -
74,362	-	-	-
-	1,180,071	1,087,676	30,186
<u>74,362</u>	<u>1,180,071</u>	<u>1,087,676</u>	<u>30,186</u>
-	1,162,891	-	-
74,362	-	-	-
-	-	-	-
-	-	1,034,365	28,523
-	-	-	-
-	-	-	-
-	-	43,525	933
-	-	9,980	287
-	-	-	-
-	-	-	-
<u>74,362</u>	<u>1,162,891</u>	<u>1,087,870</u>	<u>29,743</u>
-	-	-	-
-	-	-	-
-	(17,168)	(18,449)	(443)
-	(17,168)	(18,449)	(443)
-	12	(18,643)	-
7,419	(12)	(60)	-
<u>\$ 7,419</u>	<u>\$ -</u>	<u>\$ (18,703)</u>	<u>\$ -</u>

Carl Perkins	Improving Teacher Quality	Title IV-A Student Support	Total
\$ -	\$ -	\$ -	\$ 402,426
-	-	-	706,974
91,486	202,261	110,799	3,388,533
91,486	202,261	110,799	4,497,933
-	184,383	15,596	2,383,608
77,591	13,548	28,577	784,811
-	1,692	-	4,932
-	-	-	1,213,250
-	-	-	236,626
-	-	-	3,599
-	-	-	44,458
-	-	-	10,267
-	-	65,000	65,000
-	-	-	15,468
77,591	199,623	109,173	4,762,019
-	-	-	-
-	-	-	311,704
(8,023)	(2,974)	(1,626)	(71,444)
(8,023)	(2,974)	(1,626)	240,260
5,872	(336)	-	(23,826)
521	3,944	-	374,149
\$ 6,393	\$ 3,608	\$ -	\$ 350,323

Post Falls School District No. 273

NONMAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET June 30, 2020

	Lottery Fund	Plant Facility Fund	Bus Depreciation Fund	Total
ASSETS				
Cash and cash equivalents	\$ 74,123	\$ 594,395	\$ 105,247	\$ 773,765
Total assets	<u>\$ 74,123</u>	<u>\$ 594,395</u>	<u>\$ 105,247</u>	<u>\$ 773,765</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	-	594,395	105,247	699,642
Assigned	<u>74,123</u>	<u>-</u>	<u>-</u>	<u>74,123</u>
Total fund balances	<u>74,123</u>	<u>594,395</u>	<u>105,247</u>	<u>773,765</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 74,123</u>	<u>\$ 594,395</u>	<u>\$ 105,247</u>	<u>\$ 773,765</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, 2020**

	Lottery Fund	Plant Facility Fund	Bus Depreciation Fund	Total
REVENUES				
Property taxes	\$ -	\$ 838	\$ -	\$ 838
Other state revenue	450,606	-	-	450,606
Total revenues	450,606	838	-	451,444
EXPENDITURES				
Support services:				
Maintenance	282,061	-	-	282,061
Capital outlay	68,462	-	181,175	249,637
Total expenditures	350,523	-	181,175	531,698
Excess (deficiency) of revenues over expenditures	100,083	838	(181,175)	(80,254)
OTHER FINANCING SOURCES				
Transfers in	-	510,023	160,548	670,571
Total other financing sources	-	510,023	160,548	670,571
Net change in fund balances	100,083	510,861	(20,627)	590,317
Fund balances - beginning	(25,960)	83,534	125,874	183,448
Fund balances - ending	\$ 74,123	\$ 594,395	\$ 105,247	\$ 773,765

Post Falls School District No. 273

**AGENCY FUNDS
SCHEDULE OF CHANGES IN DEPOSIT BALANCES
OF INDIVIDUAL SCHOOLS
For the Year Ended June 30, 2020**

School	Cash June 30, 2019	Receipts	Disbursements	Cash June 30, 2020
Westridge Elementary	\$ 50,003	\$ 68,073	\$ 48,048	\$ 70,028
Kindergarten Center	4,401	14,670	18,647	424
Prairie View Elementary	33,931	57,476	45,955	45,452
Ponderosa Elementary	27,285	58,617	51,625	34,277
Seltice Elementary	25,251	52,918	51,404	26,765
Mullan Trail Elementary	30,175	57,994	53,966	34,203
Post Falls Middle School	61,765	79,687	59,118	82,334
River City Middle School	33,651	69,066	54,532	48,185
Post Falls High School	386,526	647,662	565,621	468,567
New Vision High School	30,911	19,361	16,902	33,370
Greensferry Elementary	41,115	50,415	50,081	41,449
	<u>\$ 725,014</u>	<u>\$ 1,175,939</u>	<u>\$ 1,015,899</u>	<u>\$ 885,054</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 AUDITOR'S 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, fiduciary 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, 2020, 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 28, 2020.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 28, 2020

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Post Falls School District No. 273's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Post Falls School District's major federal programs for the year ended June 30, 2020. 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

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Post Falls School District No. 273's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Post Falls School District No. 273's compliance.

Opinion on Each Major Federal Program

In our opinion, Post Falls School District No. 273 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (CONCLUDED)

Report on Internal Control over Compliance

Management of Post Falls School District No. 273 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Post Falls School District No. 273's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Magnuson, McHugh & Company, P.A.

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

October 28, 2020

Post Falls School District No. 273

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2020

Program Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed through State Department of Education:			
Special Education Cluster:			
Special Education Grants to States (IDEA, Part B)	84.027	826000813	\$ 1,106,319
Special Education Preschool Grant (IDEA Preschool)	84.173	826000813	30,186
Total Special Education Cluster:			<u>1,136,505</u>
Title I Grants to Local Educational Agencies	84.010	826000813	1,180,059
Improving Teacher Quality State Grants (Title II-A)	84.367	826000813	202,597
Vocational Education Basic Grants to States (Carl Perkins)	84.048A	826000813	85,614
Title IV-A Student Support and Academic Enrichment Program	84.424	826000813	110,799
Elementary and Secondary School Emergency Relief Fund	84.425	826000813	176,712
<i>Total Department of Education</i>			<u>2,892,286</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of Idaho Department of Education:			
Nutrition Cluster:			
School Breakfast Program	10.553	826000813	153,007
National School Lunch Program	10.555	826000813	899,417
Summer Food Service Program	10.559	826000813	623,871
Total Nutrition Cluster:			<u>1,676,295</u>
<i>Total Department of Agriculture</i>			<u>1,676,295</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 4,568,581</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, 2020

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Post Falls School District No. 273 under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 assets, 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Post Falls School District No. 273 has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
- (2) Pass-through 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, 2020, the School District had received food commodities totaling \$110,905.

Post Falls School District No. 273

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ 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 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

CFDA Number(s):

84.027
84.173
84.367

Name of Federal Program or Cluster

Special Education Cluster:
Special Education Grants to States (IDEA, Part B)
Special Education Preschool Grant (IDEA Preschool)

Improving Teacher Quality State Grants (Title II-A)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Post Falls School District No. 273

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2020

Section II. - Findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards

We noted no findings relating to the financial statement which are required to be reported in accordance with generally accepted government auditing standards.

Section III. - Findings and questioned costs for Federal Awards

We noted no findings relating to the financial statement which are required in accordance with generally accepted government auditing standards.

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

There were no findings relating to prior year audit findings relating to federal awards in accordance with generally accepted government auditing standards.