POST FALLS SCHOOL DISTRICT NO. 273

FINANCIAL STATEMENT
JUNE 30, 2018

Post Falls School District No. 273
June 30, 2018

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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, 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, 2018, 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, 2018, 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, each major fund, and the aggregate remaining fund information of Post Falls School District No. 273, as of June 30, 2018, 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.

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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 22, 2018 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 22, 2018

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Post Falls School District No. 273

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

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

FINANCIAL HIGHLIGHTS

- The school district finished the year with a general fund balance of $2,043,597, however there was a designated reserve of $400,000 earmarked for curriculum which was to be purchased in 2017-2018, but didn't arrive until after July 2018 and or the beginning of the new fiscal year. The unassigned fund balance, as noted on page 11, was $1,643,597 which represents 4.5% of general fund revenues. This is an increase from the prior year of $198,686.

- Revenues came in approximately $48,762 over the projected budgeted amount, which was due to greater than anticipated tax collections, and a strong interest on investment return. Meanwhile expenditures came in under $654,867 from the budgeted amount, which included the $400,000 of reserved curriculum purchase. The district continued to maintain a strong fund balance, which is a direct result of the Board of Trustees continued successful management of the budget. The district's general fund balance remains solidly secure within the district policy recommendation of 3% – 5%.

- During this past fiscal year the district purchased three new buses, upgraded security and information systems, and set aside funds to purchase upgraded curriculum. Due to the strength of the local economy, the district saw an overall increase in the prior year's tax collections, and although inflationary costs of doing business began to rise, the district was able to conservatively manage expenditures.

- The State of Idaho's economy continues to grow and all indications and forecasts support continued strength going forward. Funding for education has increased by 6.1% in the completed year. The local market values continue strong at 7.13% increase, and the student, population grew at a steady 1.6% growth rate and 95% attendance rate.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- The statement of net position and statement of activities provide information on a district-wide basis. The statements present an aggregate view of the district's finances. District-wide statements contain useful long-term information, as well as information for the just-completed fiscal year.

- The remaining statements are fund financial statements that focus on individual parts of the district. Fund statements generally report operations in more detail than the district-wide statements.

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

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

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, and not the district. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the district cannot use these assets to finance its operations.

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, 2018 and 2017.

Table 1
Statement of Net Position
June 30, 2018 and 2017

	2018	2017
ASSETS:		
Cash and cash equivalents	$ 6,746,371	$ 5,971,711
Receivables	4,476,471	4,443,541
Net OPEB asset - PERSI	1,400,992	-
Capital assets, net of accumulated depreciation	45,695,376	47,223,493
Total assets	58,319,210	57,638,745
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred OPEB outflows	291,233	-
Deferred pension outflows	4,635,630	10,489,929
Total deferred outflows of resources	4,926,863	10,489,929
LIABILITIES:		
Accounts payable	268,402	137,284
Accrued payroll and related costs	4,344,977	4,113,499
Interest payable	272,700	290,900
Long-term liabilities:		
Due within one year	2,002,431	1,977,194
Due in more than one year	19,232,890	21,271,811
Net pension liability	11,774,113	15,410,276
Total OPEB liability - District	2,212,437	348,656
Total liabilities	40,107,950	43,549,620
DEFERRED INFLOWS OF RESOURCES:		
Deferred OPEB inflows	199,491	-
Deferred pension inflows	1,912,987	5,056,219
Total deferred inflows of resources	2,112,478	5,056,219
NET POSITION:		
Net investment in capital assets	24,587,486	24,131,682
Restricted for:		
Debt service	3,020,852	3,225,742
School Lunch	335,018	301,691
Capital Construction	-	-
Plant Facility	351,673	267,769
Federal and State Title programs	292,945	395,083
Unrestricted	(7,562,329)	(8,799,132)
Total net position	$ 21,025,645	$ 19,522,835

FINANCIAL ANALYSIS (CONTINUED)

The district's combined net position increased by $1,967,405 for an ending total of $21,025,645.

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 2018 and 2017.

Table 2
Changes in Net Position from Operating Results
Government Activities 2018 and 2017

	2018	2017
REVENUES:		
Program revenues:		
Charges for services	$ 1,511,818	$ 1,289,241
Operating grants and contributions	4,936,949	4,539,730
General revenues:		
Property taxes, levied for general purposes	5,106,126	4,792,073
Property taxes, levied for debt services	2,375,519	2,618,317
State revenues	31,204,179	29,326,612
Grants and contributions not restricted to specific purposes:		
Loss on disposal of capital assets	-	(4,569)
Federal Forest	32,899	3,814
Interest and investment earnings	146,062	72,116
Miscellaneous	31,199	25,124
Total general revenues and special items	45,344,751	42,662,458
EXPENSES:		
Instructional services:		
Elementary programs	14,119,790	13,697,653
Secondary programs	10,396,052	10,210,476
Alternative school programs	703,491	671,874
Exceptional child programs	3,684,028	3,397,360
Activity programs	512,740	475,188
Other programs	67,234	66,462
Support services:		
Guidance and health programs	1,339,633	1,252,138
Special services	1,252,790	1,072,870
Improvement and media	431,426	382,350
District administration	363,682	332,039
School administration	2,304,152	2,187,827
Business administration	731,498	638,119
Maintenance	3,778,467	3,670,635
Transportation	1,986,103	1,817,916
Security	45,737	42,843
Non-instructional services:		
School lunch	2,015,888	1,971,204
Interest on long-term debt	663,279	565,625
Change in OPEB Obligation	(93,548)	103,343
Unallocated actual PERSI expense	(2,786,809)	(2,646,875)
Change in net pension liability	1,861,713	2,659,027
Total expenses	43,377,346	42,568,074
Change in net position	$ 1,967,405	$ 94,384

FINANCIAL ANALYSIS (CONCLUDED)

Changes in net position (Concluded)

As shown in Table 2, the Post Falls School District relies on local property taxes for 16.5% of its governmental activities. The district had total revenues of $45.3 million.

Governmental Funds

The district completed the year with a total governmental fund balance of $6,390,607 resulting in an increase of $528,741 from the comparison ending balance from the prior fiscal year 2017 that was $5,861,866.

- The general fund had a net increase in fund balance of $598,686 for a net total of $2,043,597 at fiscal year-end. A restricted designated $400,000 delayed curriculum purchase accounted for 67% of that increase. The net increase of 198,686 was primarily due to increase in collected prior year tax revenue, earned interest on investment and state assistance, and strong fiscal management.
- The food service fund had an increase in fund balance of $33,327. The department ended the fiscal year with a positive fund balance of $335,018.
- The debt service fund had a decrease in fund balance of $204,890. The fund ended the fiscal year with a fund balance of $3,020,852. The receipt of the bond levy equalization payment of $85,054, in comparison to the prior year of $215,344, makes up the significant portion of the decrease, plus less tax dollars were levied in anticipation of the bond payoff in the 2018-19 school year.
- In August 2018, the district anticipates fully paying off its remaining 2015A Ref G.O. Bond balance of $1.9 million, leaving only one series of 2015B G.O Bond remaining to be paid by August 2034.

General Fund Budgetary Highlights

The district adopts an original budget in June for the subsequent year. The budget is then often amended later in the fiscal year, typically in February or March, following determination of the first attendance period and certification of all levies on property taxes. State revenues are primarily driven through the measurement of attendance for the first nine weeks of the school year. The district amended its budget in the 2017-2018 fiscal year to reflect increases in revenue and expenses.

When comparing final budget to actual, stronger than expected property tax collections and local reimbursements resulted in a favorable revenue variance in the amount of $48,762. Overall General fund expenses were less than budgeted. This was due in large part to the budgeted variance of $654,867, which included the $400,000 earmarked reserve for curriculum purchase for the upcoming fiscal year. The General fund overall resulted in maintaining a positive and or net favorable overall variance of $722,617 when compared to budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Post Falls School District has invested approximately $77.6 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 2018. Total accumulated depreciation on these assets amounts to $31.9 million.

- Asset acquisitions for governmental activities totaled $366,420 for the fiscal year. This figure represents primarily the purchase of three new buses, various equipment purchases, and a used vehicle purchase to add to the fleet of district vehicles.

Long-Term Debt

At year end the district had $21.2 million in general obligation bonds and other long-term debt outstanding. The district retired $1,849,763 of outstanding debt. The debt of the district is secured by an annual tax levy authorized by the patrons of the school district by a two-thirds majority vote in 1998 for $17.97 million and in 2015 for $19.5 million.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The existing labor agreement for teachers expires June 30, 2018 however a new agreement was reached which extends the agreement to June 30, 2019.

- The district increased enrollment during the 2017-2018 school year, however budgeted for less students, resulting in receiving more state funding than was originally budgeted. The career ladder placement and continued career ladder funding by the state of Idaho, also generated additional revenue. The district expects to see an increase in enrollment for the 2018-19 school year, with projected growth of over 150 new students. Because of the anticipated increase of students and projected increase of state appropriations, the district anticipates receiving more state dollars for the 18-19 budget year.

- The district's geographical area is the third largest growing community in the state. The Kootenai County Assessor estimates that the market value will continue to increase in the 2018-19 school year, thus resulting in a continued strong economic condition for the area.

- The economy of the State of Idaho continues to remain strong. This last year the State of Idaho general fund experienced an increase of 8.8%, which was greater than what analysts projected. Additionally, according to the Bureau of Labor Statistics, Idaho's unemployment rate was 2.8% as reported in August 2018, and is well below the National Unemployment rate of 3.9%.

- The local strength paired with the State of Idaho's economy continues to remain strong and the better than anticipated forecasts are projected for the upcoming state budget year. It is with that strength that the state funding is predicted to remain strong and carry forward and reflected into the next fiscal year's budget for the school district.

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 Lee, 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, 2018

ASSETS	
Cash and cash equivalents	$ 6,746,371
Receivables	4,476,471
Net OPEB asset - PERSI	1,400,992
Land	1,555,331
Capital assets, net of accumulated depreciation	44,140,045
Total assets	58,319,210
DEFERRED OUTFLOWS OF RESOURCES	
Deferred OPEB outflows	291,233
Deferred pension outflows	4,635,630
Total deferred outflows of resources	4,926,863
LIABILITIES	
Accounts payable	268,402
Accrued payroll and related costs	4,344,977
Interest payable	272,700
Long-term liabilities:	
Due within one year:	
Compensated absences	127,431
Long term debt	1,875,000
Due in more than one year:	
Long-term debt	19,232,890
Net pension liability	11,774,113
Net OPEB obligation - District	2,212,437
Total liabilities	40,107,950
DEFERRED INFLOWS OF RESOURCES	
Deferred OPEB inflows	199,491
Deferred pension inflows	1,912,987
Total deferred inflows of resources	2,112,478
NET POSITION	
Net investment in capital assets	24,587,486
Restricted for:	
School lunch	335,018
Debt service	3,020,852
Federal and state title programs	292,945
Plant facility	351,673
Unrestricted	(7,562,329)
Total net position	$ 21,025,645

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, 2018

Functions/Programs	Expenses	Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental activities:					
Instructional services:					
Elementary programs	$ 14,119,790	$ 326,790	$ 2,070,506	$ -	$ (11,722,494)
Secondary programs	10,396,052	636,693	214,132	-	(9,545,227)
Alternative school programs	703,491	-	-	-	(703,491)
Exceptional child programs	3,684,028	-	1,180,073	-	(2,503,955)
Activity programs	512,740	-	-	-	(512,740)
Other programs	67,234	-	-	-	(67,234)
Support services:					
Guidance and health programs	1,339,633	-	-	-	(1,339,633)
Special services	1,252,790	-	-	-	(1,252,790)
Improvement and media	431,426	-	-	-	(431,426)
District administration	363,682	-	-	-	(363,682)
School administration	2,304,152	-	-	-	(2,304,152)
Business administration	731,498	-	-	-	(731,498)
Maintenance	3,778,467	-	-	-	(3,778,467)
Transportation	1,986,103	-	-	-	(1,986,103)
Security	45,737				(45,737)
Non-instructional services:					
School lunch	2,015,888	548,335	1,472,238	-	4,685
Interest and amortization	663,279	-	-	-	(663,279)
Change in OPEB obligation	(93,548)	-	-	-	93,548
Unallocated actual PERSI expense	(2,786,809)	-	-	-	2,786,809
Change in GASB 68 NPL	1,861,713	-	-	-	(1,861,713)
Total governmental activities	$ 43,377,346	$ 1,511,818	$ 4,936,949	$ -	(36,928,579)
General revenues:					
Property taxes, levied for general purposes					5,106,126
Property taxes, levied for debt services					2,375,519
State revenue					31,204,179
Grants and contributions not restricted to specific purposes:					
Federal Forest					32,899
Interest and investment earnings					146,062
Miscellaneous					31,199
Total general revenues					38,895,984
Change in net position					1,967,405
Net position beginning					19,522,835
Restatement of net position, see Note 16					(464,595)
Net position ending					$ 21,025,645

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, 2018

	General	Child Nutrition	Debt Service
ASSETS			
Cash and cash equivalents	$ 3,622,992	$ 281,735	$ 2,156,245
Accounts receivable:			
Kootenai County	2,100,255	-	937,797
State of Idaho	768,871	72,794	-
Total assets	$ 6,492,118	$ 354,529	$ 3,094,042
LIABILITIES			
Accounts payable	$ 157,243	$ 12,263	$ -
Accrued payroll	4,145,612	7,248	-
Total liabilities	4,302,855	19,511	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	145,666	-	73,190
Total deferred inflows of resources	145,666	-	73,190
FUND BALANCES			
Restricted to:			
School lunch, debt service and capital projects, respectively	-	335,018	3,020,852
State and federal title programs	-	-	-
Assigned to:			
Curriculum program	400,000	-	-
State and federal non title funding	-	-	-
Unassigned	1,643,597	-	-
Total fund balances	2,043,597	335,018	3,020,852
Total liabilities, deferred inflows of resources, and fund balances	$ 6,492,118	$ 354,529	$ 3,094,042

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

Other Governmental	Total
$ 685,399	$ 6,746,371
(435)	3,037,617
597,189	1,438,854
$ 1,282,153	$ 11,222,842
$ 98,896	$ 268,402
192,117	4,344,977
291,013	4,613,379
-	218,856
-	218,856
351,673	3,707,543
292,945	292,945
-	400,000
346,522	346,522
-	1,643,597
991,140	6,390,607
$ 1,282,153	$ 11,222,842

Post Falls School District No. 273

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances at June 30, 2018 - Governmental funds		$ 6,390,607
Cost of capital assets at June 30, 2018	$ 77,568,658	
Less: Accumulated depreciation as of June 30, 2018		
Buildings and portables	(27,163,085)	
Buses and other transportation	(2,452,123)	
Equipment and library books	(2,258,074)	45,695,376
Elimination of deferred revenue		218,856
Pension liabilities and deferred outflows of resources and deferred inflows of resouces related to pensions:		
District's proportionate share of the net pension liability		(11,774,113)
Proportionate share of collective deferred outflows of resources		4,635,630
Proportionate share of collective deferred inflows of resources		(1,912,987)
OPEB liabilities and deferred outflows of resources and deferred inflows of resouces related to OPEB:		
District's proportionate share of the net OPEB asset		1,400,992
Total OPEB liability - District		(2,212,437)
Deferred outflows of OPEB resources		291,233
Deferred inflows of OPEB resources		(199,491)
Long-term liabilities at June 30, 2018		
Bonds payable	(19,290,000)	
Premium on bonds payable, net of accumulated amortization of $491,361	(1,817,890)	
Compensated absences	(127,431)	
Accrued interest payable	(272,700)	(21,508,021)
Net position at June 30, 2018		$ 21,025,645

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, 2018

	General	Child Nutrition	Debt Service
REVENUES			
Property taxes	$ 5,189,873	$ -	$ 2,375,456
Interest and investment earnings	146,062	-	-
Other local revenue	31,199	548,335	-
State assistance and reimbursements	30,770,024	-	85,054
Title programs and other federal revenues	-	1,472,238	-
Total revenues	36,137,158	2,020,573	2,460,510
EXPENDITURES			
Instructional services:			
Elementary programs	11,140,447	-	-
Secondary programs	8,603,930	-	-
Alternative school programs	642,863	-	-
Exceptional child programs	2,580,146	-	-
Activity programs	512,740	-	-
Other programs	67,234	-	-
Total instructional services	23,547,360	-	-
Support services:			
Guidance and health programs	1,339,633	-	-
Special services	1,194,112	-	-
Improvement and media	422,560	-	-
District administration	363,682	-	-
School administration	2,304,152	-	-
Business administration	750,619	-	-
Maintenance	3,553,427	-	-
Transportation	1,815,144	-	-
Security	45,737	-	-
Total support services	11,789,066	-	-
Non-instructional services:			
Food services	-	2,015,888	-
Total non-instructional services	-	2,015,888	-
Capital outlay	165,348	-	-
Debt service:			
Principal retirement	-	-	1,820,000
Interest	-	-	845,400
Total debt service	-	-	2,665,400
Total expenditures	35,501,774	2,015,888	2,665,400
Excess (deficiency) of revenues over expenditures	635,384	4,685	(204,890)
OTHER FINANCING SOURCES (USES)			
Transfers in	126,279	44,020	-
Transfers (out)	(162,977)	(15,378)	-
Total other financing sources (uses)	(36,698)	28,642	-
Net change in fund balance	598,686	33,327	(204,890)
Fund balance - beginning	1,444,911	301,691	3,225,742
Fund balance - ending	$ 2,043,597	$ 335,018	$ 3,020,852

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

Other Governmental	Total
$ 63	$ 7,565,392
-	146,062
355,205	934,739
1,747,202	32,602,280
2,707,787	4,180,025
4,810,257	45,428,498
2,282,862	13,423,309
776,114	9,380,044
60,628	703,491
1,103,882	3,684,028
-	512,740
-	67,234
4,223,486	27,770,846
-	1,339,633
58,678	1,252,790
8,866	431,426
-	363,682
-	2,304,152
64	750,683
224,529	3,777,956
-	1,815,144
-	45,737
292,137	12,081,203
-	2,015,888
-	2,015,888
201,072	366,420
-	1,820,000
-	845,400
-	2,665,400
4,716,695	44,899,757
93,562	528,741
118,958	289,257
(110,902)	(289,257)
8,056	-
101,618	528,741
889,522	5,861,866
$ 991,140	$ 6,390,607

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, 2018

Total net changes in fund balances for year ended June 30, 2018	$ 528,741
Add: Capital outlay which is considered expenditures	366,420
Less: Depreciation expense for the year ended June 30, 2018	(1,894,537)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	289,257
Less: Interfund transfers in	(289,257)
Add: Debt principal retirement considered as an expenditure	1,820,000
Add: Change in compensated absences	29,763
Less: Change in OPEB obligation	93,548
Less: Difference between interest on long-term debt on modified accrual basis and interest on long-term debt on accrual basis	182,121
Less: Difference between revenue earned on property taxes on modified accrual basis and revenue on property taxes on accrual basis	(83,747)
Add: Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date	2,786,809
Less: Change in net pension liability	(1,861,713)
Change in net position for year ended June 30, 2018	$ 1,967,405

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, 2018

ASSETS		
Cash and cash equivalents	$	603,874
Total assets	$	603,874
LIABILITIES		
Deposits due to others	$	603,874
Total liabilities	$	603,874

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

NOTE 1: SUMMARY OF SIGNFICIANT 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:

New Pronouncements – During the year ended June 30, 2018, the District implemented GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

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)

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.

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)

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)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Concluded)

During the fiscal year ended June 30, 2018, 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:

Description	Estimated Lives
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)

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)

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)

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 o 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)

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)

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, 2018, 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, 2018, 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)

NOTE 3: CASH AND INVESTMENTS (CONCLUDED)

Deposits without exposure to custodial credit risk:	
Deposits:	
Amount insured by FDIC or other agencies	$ 1,451,883
Amount collateralized with securities held in trust, but not in the District's name	6,716,884
Total deposits without exposure to custodial credit risk	$ 8,168,767

The carrying amount of deposits is displayed in the statements as follows:	
Cash and cash equivalents	$ 6,746,371
Student body agency funds	603,874
Total carrying value of cash and cash equivalents	$ 7,350,245

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, 2018 consist of the following:

Taxes receivable	$3,037,617
State of Idaho	1,438,854
	$4,476,471

NOTE 5: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended June 30, 2018:

Governmental activities:	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable capital assets:					
Land	$ 1,555,331	$ -	$ -	$ -	$ 1,555,331
Total nondepreciable capital assets	1,555,331	-	-	-	1,555,331
Depreciable capital assets:					
Buildings and sites	68,703,536	-	-	-	68,703,536
Portable classrooms	582,943	-	-	-	582,943
Buses	2,952,390	187,817	104,027	-	3,036,180
Other vehicles	174,484	9,600	-	-	184,084
Equipment	3,184,425	169,003	-	153,156	3,506,584
Library books	153,156	-	-	(153,156)	-
Total depreciable capital assets	75,750,934	366,420	104,027	-	76,013,327
Less accumulated depreciation for:					
Buildings and sites	25,032,605	1,547,537	-	-	26,580,142
Portable classrooms	582,943	-	-	-	582,943
Buses	2,271,069	130,698	104,027	-	2,297,740
Other vehicles	142,748	11,635	-	-	154,383
Equipment	1,920,317	204,667	-	133,090	2,258,074
Library books	133,090	-	-	(133,090)	-
Total accumulated depreciation	30,082,772	1,894,537	104,027	-	31,873,282
Total depreciable capital assets, net	45,668,162	(1,528,117)	-	-	44,140,045
Total capital assets, net	$ 47,223,493	$ (1,528,117)	$ -	$ -	$ 45,695,376

(Continued)

NOTE 5: CAPITAL ASSETS (CONCLUDED)

Depreciation expense of $1,894,537 for the year ended June 30, 2018 was charged to the following governmental functions:

INSTITUTIONAL SERVICES:	
Elementary	$ 696,481
Secondary	1,016,008
Improvement and media	-
Business administration	10,578
Maintenance	511
Transportation	170,959
	$1,894,537

Following is a recap of the June 30, 2018 balances by generic location:

	Elementary	Secondary	Administration	Total
Land	$ 527,702	$ 1,025,534	$ 2,095	$ 1,555,331
Buildings and portables	29,026,647	38,982,856	1,276,976	69,286,479
Buses	-	-	3,036,180	3,036,180
Other vehicles	-	-	184,084	184,084
Equipment	1,286,501	1,823,337	396,746	3,506,584
Library books	-	-	-	-
	$ 30,840,850	$ 41,831,727	$ 4,896,081	$ 77,568,658

NOTE 6: ACCRUED PAYROLL AND VACATION BENEFITS

Accrued payroll includes amounts due to contracted teachers and other employees at June 30, 2018, which were not paid until July and August 2018, in conformity with contractual stipulations.

NOTE 7: BONDS PAYABLE

GENERAL OBLIGATION REFUNDING BONDS, 2015A

SERIES 2015A REFUNDING BONDS

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	3.00%	$ 1,875,000	$ 28,125	$ 1,903,125
		$ 1,875,000	$ 28,125	$ 1,903,125

(Continued)

NOTE 7: BONDS PAYABLE (CONCLUDED)

GENERAL OBLIGATION REFUNDING BONDS, 2015B

SERIES 2015B

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019		$ -	$ 761,850	$ 761,850
2020	4.00%	790,000	746,050	1,536,050
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
		$ 17,415,000	$ 7,789,375	$ 25,204,375

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

	Total General Obligation Bonds Payable
Balance, beginning of year	$ 23,091,811
Payment of principal - 2015A Series Refunding Bonds	(1,820,000)
Amortization of bond premium-2015A bonds	(52,864)
Payment of principal - 2015 B Bonds	-
Amortization of 2015B bond premiums	(111,057)
Balance, end of year	$ 21,107,890
Current portion	$ 1,875,000
Long-term portion, net of premium	19,232,890
	$ 21,107,890

(Continued)

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, 2017	$ 23,091,811	$ 157,194	$ 23,249,005
Additions	-	-	-
Amortization of bond premium	(163,921)	-	(163,921)
Retirements/payments	(1,820,000)	(29,763)	(1,849,763)
Balance, June 30, 2018	21,107,890	127,431	21,235,321
Current portion	1,875,000	127,431	2,002,431
Long-term portion, net of premium	$ 19,232,890	$ -	$ 19,232,890

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)

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, 2017, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. Post Falls School District's contributions were $2,786,809 for the year ended June 30, 2018.

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

At June 30, 2017, 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, 2017, 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, 2017, the District's proportion was 0.7491 percent.

For the year ended June 30, 2018, the District recognized pension expense of $1,861,713. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 705,436
Changes of assumptions	217,735	-
Net difference between projected and actual earnings on pension plan investments	1,631,086	1,060,748
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	146,803
Post Falls School District contributions subsequent to the measurement	2,786,809	-
Total	$ 4,635,630	$ 1,912,987

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

$2,786,809 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, 2019.

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, 2016 the beginning of the measurement period ended June 30, 2017 is 4.9 and 5.5 for the measurement period June 30, 2016.

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:	
2018	$ (640,081)
2019	$ 1,106,182
2020	$ 313,873
2021	$ (697,336)
2022	$ -

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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 - 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

(Continued)

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, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2018 is based on the results of an actuarial valuation date July 1, 2017.

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, 2017.

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.15%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

Actuarial Assumptions	
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	**7.10%**

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's net pension liability (asset) - Employer	$27,365,460	$ 11,774,113	$(1,182,711)

(Continued)

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, 2018, the District had no payables to the defined benefit pension plan for legally required employer contributions or 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.

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)

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. 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 $285,574 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, 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, 2017, the District's proportion was 1.8250891 percent.

(Continued)

NOTE 12: POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

For the year ended June 30, 2018 the District recognized OPEB expense (expense offset) of ($227,781). $15,901 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, 2019.

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, 2017 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	7.10%, 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)

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	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.15%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

Actuarial Assumptions	
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.08%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	**7.10%**

Discount Rate

The discount rate used to measure the total OPEB liability was 7.10%. 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)

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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Total June 30, 2018 OPEB asset	$ 1,243,840	$ 1,400,992	$ 1,584,636

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, 2018, 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 $2,212,437 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

(Continued)

NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017 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	3.87%
Retirees' share of benefit-related costs	100% of projected health premiums for retirees

Healthcare cost trend rates:

Fiscal year ending	Medical	Prescription Drugs	Dental
2018*	10.00%	10.00%	1.70%
2019*	8.60%	8.60%	3.10%
2020	6.50%	6.50%	3.00%
2021	6.00%	6.00%	2.50%
2022	5.90%	5.90%	2.00%
2023	5.70%	5.70%	2.00%
2024	5.60%	5.60%	2.00%
2025	5.50%	5.50%	2.00%
2026	5.30%	5.30%	2.00%
2027-2043	5.20%	5.20%	2.00%
2044	5.10%	5.10%	2.00%
2045-2046	5.00%	5.00%	2.00%
2047-2049	4.90%	4.90%	2.00%
2050-2053	4.80%	4.80%	2.00%
2054-2058	4.70%	4.70%	2.00%
2059-2065	4.60%	4.60%	2.00%
2066	4.50%	4.50%	2.00%
2067	4.40%	4.40%	2.00%
2068	4.30%	4.30%	2.00%
2069-2070	4.20%	4.20%	2.00%
2071	4.10%	4.10%	2.00%
2072-2073	4.00%	4.00%	2.00%
2074	3.90%	3.90%	2.00%
2075+	3.80%	3.80%	2.00%

*Trends based on actual renewal rates.

The discount rate used to measure the OPEB liability was 3.87%. 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)

NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

	Total OPEB Liability
Balance as of June 30, 2017	$ 2,002,363
Changes for the year:	
Service cost	168,891
Interest on total OPEB liability	80,728
Effect of plan changes	-
Effect of differences in experience	(199,491)
Effect of assumptions changes or inputs	275,332
Expected benefit payments	(115,386)
Balance as of June 30, 2018	$ 2,212,437

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 (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total June 30, 2018 OPEB liability	$ 2,387,246	$ 2,212,437	$ 2,052,765

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, 2018 OPEB liability	$ 1,987,734	$ 2,212,437	$ 2,476,347

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

For the year ended June 30, 2018, the District recognized OPEB expense (offset) of ($93,548). At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 199,491
Changes in assumptions and other inputs	275,332	-
Total	$ 275,332	$ 199,491

(Continued)

NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONCLUDED)

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:	
2018	$ -
2019	5,180
2020	5,180
2021	5,180
2022	5,180
Thereafter	55,122

NOTE 14: INTERFUND TRANSACTIONS

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 charing allowable indirect costs to federal title programs. The following is a summary of current year transfers:

	Transfer in	Transfer out
General fund	$ 126,279	$ 162,977
Child Nutrition	44,020	15,378
Non-major	118,958	110,902
Total	$ 289,257	$ 289,257

NOTE 15: DEFICIT FUND BALANCE

The Carl Perkins Fund had a deficit balance of $521 as of June 30, 2018.

NOTE 16: RESTATEMENT OF NET POSITION

In accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, beginning net position was restated in order to properly report the beginning total OPEB liability. As a result, beginning net position was decreased by $464,595.

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

Post Falls School District

GASB 75 Required Supplementary Information
For the Year Ended June 30, 2018

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

PERSI - OPEB PLAN	2018
Employer's portion of net the OPEB asset	1.8250891%
Employer's proportionate share of the net OPEB asset	$ 1,400,992
Employer's covered-employee payroll	$ 24,618,453
Employer's proportional share of the net OPEB asset as a percentage of its covered-employee payroll	5.69%
Plan fiduciary net position as a percentage of the total OPEB Asset	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, 2017 (measurement date).

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

	2018
Statutorily required contribution	$ 285,574
Contributions in relation to the statutorily required contribution	285,574
Contribution (deficiency) excess	$ -
Employer's covered-employee payroll	24,618,453
Contributions as a percentage of covered-employee payroll	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, 2018.

Post Falls School District

GASB 75 Required Supplementary Information
For the Year Ended June 30, 2018

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

Last 10 - Fiscal Years *

Total OPEB Liability	**2018**
Service cost	$ 168,891
Interest on total OPEB liability	80,728
Changes of benefit terms	-
Effect of differences in experience	(199,491)
Effect of assumption changes or inputs	275,332
Expected benefit payments	(115,386)
Net change in total OPEB liability	210,074
Total OPEB liability, beginning	2,002,363
Total OPEB liability, ending	$ 2,212,437
Covered employee payroll	$ 24,618,453
Total OPEB liability as a % of covered employee payroll	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, 2017 (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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 4,980,000	$ 5,131,211	$ 5,189,873	$ 58,662
Interest and investment earnings	60,000	110,000	146,062	36,062
Other local revenue	43,000	18,000	31,199	13,199
State assistance and reimbursements	30,570,953	30,829,185	30,770,024	(59,161)
Total revenues	35,653,953	36,088,396	36,137,158	48,762
EXPENDITURES				
Instructional services:				
Elementary programs	10,860,509	11,230,313	11,140,447	89,866
Secondary programs	9,281,857	8,948,514	8,603,930	344,584
Alternative school programs	664,431	683,985	642,863	41,122
Exceptional child programs	2,663,211	2,704,383	2,580,146	124,237
Activity programs	506,005	506,005	512,740	(6,735)
Other programs	60,065	64,717	67,234	(2,517)
Total instructional services	24,036,078	24,137,917	23,547,360	590,557
Support services:				
Guidance and health programs	1,403,376	1,418,439	1,339,633	78,806
Special services	1,144,327	1,189,218	1,194,112	(4,894)
Improvement and media	428,331	431,452	422,560	8,892
District administration	350,520	350,520	363,682	(13,162)
School administration	2,272,851	2,298,655	2,304,152	(5,497)
Business administration	666,653	761,842	750,619	11,223
Maintenance	3,266,718	3,495,897	3,553,427	(57,530)
Transportation	1,733,173	1,769,673	1,815,144	(45,471)
Security	83,000	83,000	45,737	37,263
Total support services	11,348,949	11,798,696	11,789,066	9,630
Capital outlay	184,528	220,028	165,348	54,680
Total expenditures	35,569,555	36,156,641	35,501,774	654,867
Excess (deficiency) of revenues over expenditures	84,398	(68,245)	635,384	703,629
OTHER FINANCING SOURCES (USES)				
Transfers in	85,122	113,834	126,279	12,445
Transfers (out)	(169,520)	(169,520)	(162,977)	6,543
Total other financing sources (uses)	(84,398)	(55,686)	(36,698)	18,988
Net change in fund balances	-	(123,931)	598,686	722,617
Fund balances - beginning	1,444,911	1,444,911	1,444,911	-
Fund balances - ending	$ 1,444,911	$ 1,320,980	$ 2,043,597	$ 722,617

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, 2018

	Budget Amounts		
	Final *	Actual	Variance with Final Budget
REVENUES			
Other local revenue	$ 523,000	$ 548,335	$ 25,335
Title programs and other federal revenues	1,450,000	1,472,238	22,238
Total revenues	1,973,000	2,020,573	47,573
EXPENDITURES			
Non-instructional services:			
Food services	1,995,079	2,015,888	(20,809)
Capital outlay	25,000	-	25,000
Total expenditures	2,020,079	2,015,888	4,191
Excess (deficiency) of revenues over expenditures	(47,079)	4,685	51,764
OTHER FINANCING SOURCES			
Transfers in	47,079	44,020	(3,059)
Transfers (out)	-	(15,378)	(15,378)
Total other financing sources	47,079	28,642	(18,437)
Net change in fund balances	-	33,327	33,327
Fund balances - beginning	-	301,691	301,691
Fund balances - ending	$ -	$ 335,018	$ 335,018

* Budget was not amended

Post Falls School District

GASB 68 Required Supplementary Information
For the Year Ended June 30, 2018

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

	2018	2017	2016	2015
Employer's portion of the net pension liability	0.7490712%	0.7601928%	0.7614323%	0.7646000%
Employer's proportionate share of the net pension liability	$ 11,774,113	$ 15,410,276	$ 10,026,825	$ 5,628,300
Employer's covered-employee payroll	$ 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	47.83%	65.91%	45.07%	27.24%
Plan fiduciary net position as a percentage of the total pension liability	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, 2018 (measurement date).

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

	2018	2017	2016	2015
Statutorily required contribution	$ 2,786,809	$ 2,646,875	$ 2,518,538	$ 2,402,598
Contributions in relation to the statutorily required contribution	2,786,809	2,646,875	2,518,538	2,402,598
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Employer's covered-employee payroll of its covered employee payroll	$ 24,618,453	$ 23,382,298	$ 22,248,569	$ 21,219,407
Contributions as a percentage of covered-employee payroll	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, 2017.

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

Post Falls School District No. 273

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - BY FUND TYPE
June 30, 2018

	Special Revenue	Nonmajor Capital Projects	Total
ASSETS			
Cash and cash equivalents	$ 333,291	$ 352,108	$ 685,399
Accounts receivable:			
Kootenai County	-	(435)	(435)
State of Idaho	597,189	-	597,189
Total assets	$ 930,480	$ 351,673	$ 1,282,153
LIABILITIES			
Accounts payable	$ 98,896	$ -	$ 98,896
Accrued payroll	192,117	-	192,117
Total liabilities	291,013	-	291,013
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues- property taxes	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Restricted	292,945	351,673	644,618
Assigned	346,522	-	346,522
Total fund balances	639,467	351,673	991,140
Total liabilities, deferred inflows of resources and fund balances	$ 930,480	$ 351,673	$ 1,282,153

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, 2018

	Special Revenue	Nonmajor Capital Projects	Total
REVENUES			
Property taxes	$ -	$ 63	$ 63
Other local revenue	355,205	-	355,205
State assistance and reimbursements	1,398,101	349,101	1,747,202
Title programs and other federal revenues	2,707,787	-	2,707,787
Total revenues	4,461,093	349,164	4,810,257
EXPENDITURES			
Instructional services:			
Elementary programs	2,282,862	-	2,282,862
Secondary programs	776,114	-	776,114
Alternative school program	60,628	-	60,628
Exceptional child program	1,103,882	-	1,103,882
Support services:			
Business administration	64	-	64
Maintenance	-	224,529	224,529
Special services	58,678	-	58,678
Improvement and media	8,866	-	8,866
Capital outlay	35,804	165,268	201,072
Total expenditures	4,326,898	389,797	4,716,695
Excess (deficiency) of revenues over expenditures	134,195	(40,633)	93,562
OTHER FINANCING SOURCES			
Transfers in	-	118,958	118,958
Transfers (out)	(110,902)	-	(110,902)
Total other financing sources	(110,902)	118,958	8,056
Net change in fund balances	23,293	78,325	101,618
Fund balance beginning	616,174	273,348	889,522
Fund balances - ending	$ 639,467	$ 351,673	$ 991,140

Post Falls School District No. 273

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	Forest Reserve Fund	Medicaid	Before and After School Program	Rural Nursing Grant
ASSETS				
Cash and cash equivalents	$ 31,217	$ 80,901	$ 136,912	$ 16,475
Accounts receivable:				
State of Idaho	-	113,467	2,565	-
Total assets	$ 31,217	$ 194,368	$ 139,477	$ 16,475
LIABILITIES				
Accounts payable	$ -	$ 2,544	$ -	$ -
Accrued payroll	-	10,464	6,419	15,588
Total liabilities	-	13,008	6,419	15,588
FUND BALANCE				
Restricted	-	-	-	-
Assigned	31,217	181,360	133,058	887
Total fund balances	31,217	181,360	133,058	887
Total liabilities and fund balances	$ 31,217	$ 194,368	$ 139,477	$ 16,475

School Building Maintenance	Driver Education	Vocational Program	Public School Technology
$ -	$ 8,750	$ 2,975	$ 357,055
-	6,749	-	-
$ -	$ 15,499	$ 2,975	$ 357,055
$ -	$ 1,939	$ 110	$ 86,946
-	239	-	-
-	2,178	110	86,946
-	13,321	2,865	270,109
-	-	-	-
-	13,321	2,865	270,109
$ -	$ 15,499	$ 2,975	$ 357,055

Drug Free State Money	Title 1 Disadvantaged	IDEA-B School Age	IDEA-B Preschool
$ 7,169	$ (105,192)	$ (114,134)	$ (10,132)
-	214,522	169,961	10,132
$ 7,169	$ 109,330	$ 55,827	$ -
$ -	$ 180	$ 5,568	$ -
-	109,148	50,259	-
-	109,328	55,827	-
7,169	2	-	-
-	-	-	-
7,169	2	-	-
$ 7,169	$ 109,330	$ 55,827	$ -

Carl Perkins	Improving Teacher Quality	Title IV-A Student Support	Total
$ (78,705)	$ -	$ -	$ 333,291
79,793	-	-	597,189
$ 1,088	$ -	$ -	$ 930,480
$ 1,609	$ -	$ -	$ 98,896
-	-	-	192,117
1,609	-	-	291,013
(521)	-	-	292,945
-	-	-	346,522
(521)	-	-	639,467
$ 1,088	$ -	$ -	$ 930,480

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, 2018

	Forest Reserve Fund	Medicaid	Before and After School Program	Rural Nursing Grant
REVENUES				
Local revenue	$ -	$ -	$ 326,790	$ -
State assistance and reimbursements	-	608,278	19,788	90,059
Title programs and other federal revenues	32,899	-	-	-
Total revenues	32,899	608,278	346,578	90,059
EXPENDITURES				
Instructional services:				
Elementary programs	8,225	-	317,252	90,059
Secondary programs	-	534,355	-	-
Alternative school program	-	-	-	-
Exceptional child program	-	-	-	-
Support services:				
Business administration	-	-	-	-
Maintenance	-	-	-	-
Special services	-	-	-	-
Impovement and media	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	8,225	534,355	317,252	90,059
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(2,492)	-
Total other financing (uses)	-	-	(2,492)	-
Net change in fund balance	24,674	73,923	26,834	-
Fund balances - beginning	6,543	107,437	106,224	887
Fund balances - ending	$ 31,217	$ 181,360	$ 133,058	$ 887

School Building Maintenance	Driver Education	Vocational Program	Public School Technology
$ -	$ 28,415	$ -	$ -
-	14,043	46,905	545,637
-	-	-	-
-	42,458	46,905	545,637
-	-	-	492,029
-	46,285	39,605	34,235
-	-	9,106	-
-	-	-	-
-	-	-	64
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	37,344
-	46,285	48,711	563,672
(85,122)	-	-	-
(85,122)	-	-	-
(85,122)	(3,827)	(1,806)	(18,035)
85,122	17,148	4,671	288,144
$ -	$ 13,321	$ 2,865	$ 270,109

Drug Free State Money	Title 1 Disadvantaged	IDEA-B School Age	IDEA-B Preschool
$ -	$ -	$ -	$ -
73,391	-	-	-
-	1,194,771	1,151,290	28,783
73,391	1,194,771	1,151,290	28,783
-	1,183,835	-	-
66,222	-	-	-
-	-	-	-
-	-	1,075,553	28,329
-	-	-	-
-	-	-	-
-	-	58,384	294
-	-	8,866	-
-	-	(1,540)	-
66,222	1,183,835	1,141,263	28,623
-	(10,932)	(10,027)	(160)
-	(10,932)	(10,027)	(160)
7,169	4	-	-
-	(2)	-	-
$ 7,169	$ 2	$ -	$ -

Carl Perkins	Improving Teacher Quality	Title IV-A Student Support	Total
$ -	$ -	$ -	$ 355,205
-	-	-	1,398,101
79,793	201,131	19,120	2,707,787
79,793	201,131	19,120	4,461,093
-	191,462	-	2,282,862
47,912	7,500	-	776,114
32,402	-	19,120	60,628
-	-	-	1,103,882
-	-	-	64
-	-	-	-
-	-	-	58,678
-	-	-	8,866
-	-	-	35,804
80,314	198,962	19,120	4,326,898
-	(2,169)	-	(110,902)
-	(2,169)	-	(110,902)
(521)	-	-	23,293
-	-	-	616,174
$ (521)	$ -	$ -	$ 639,467

Post Falls School District No. 273

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2018

	Lottery Fund	Plant Facility Fund	Bus Depreciation Fund	Total
ASSETS				
Cash and cash equivalents	$ -	$ 228,992	$ 123,116	$ 352,108
Accounts receivable - Kootenai County	-	(435)	-	(435)
Total assets	$ -	$ 228,557	$ 123,116	$ 351,673
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues- property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Restricted	-	228,557	123,116	351,673
Assigned	-	-	-	-
Total fund balances	-	228,557	123,116	351,673
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 228,557	$ 123,116	$ 351,673

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, 2018

	Lottery Fund	Plant Facility Fund	Bus Depreciation Fund	Total
REVENUES				
Property taxes	$ -	$ 63	$ -	$ 63
Other State revenue	349,101	-	-	349,101
Total revenues	349,101	63	-	349,164
EXPENDITURES				
Support services:				
Maintenance	224,529	-	-	224,529
Capital outlay	130,151	-	35,117	165,268
Total expenditures	354,680	-	35,117	389,797
Excess (deficiency) of revenues over expenditures	(5,579)	63	(35,117)	(40,633)
OTHER FINANCING SOURCES				
Transfers in	-	-	118,958	118,958
Total other financing sources	-	-	118,958	118,958
Net change in fund balances	(5,579)	63	83,841	78,325
Fund balances - beginning	5,579	228,494	39,275	273,348
Fund balances - ending	$ -	$ 228,557	$ 123,116	$ 351,673

Post Falls School District No. 273

AGENCY FUNDS
SCHEDULE OF CHANGES IN DEPOSIT BALANCES
OF INDIVIDUAL SCHOOLS
For the Year Ended June 30, 2018

School	Cash June 30, 2017	Receipts	Disbursements	Cash June 30, 2018
Westridge Elementary	$ 30,754	$ 87,255	$ 79,648	$ 38,361
Kindergarten Center	1,853	20,691	17,205	5,339
Prairie View Elementary	30,902	48,477	53,512	25,867
Ponderosa Elementary	38,527	49,455	65,622	22,360
Seltice Elementary	15,580	44,895	40,760	19,715
Mullan Trail Elementary	32,186	55,261	50,503	36,944
Post Falls Middle School	43,739	83,365	78,077	49,027
River City Middle School	29,681	89,038	88,787	29,932
Post Falls High School	320,794	878,154	880,901	318,047
New Vision High School	29,228	35,792	30,142	34,878
Greensferry Elementary	27,436	68,965	72,997	23,404
	$ 600,680	$ 1,461,348	$ 1,458,154	$ 603,874

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, 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, 2018, 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 22, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

2100 NW Blvd., Suite 400, Coeur d'Alene, ID 83814 mmcocpa.com // p 208-765-9500 // f 208-667-9174

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, & Co., P.A.

October 22, 2018

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAMAND 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, 2018. 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, 2018.

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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 22, 2018

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Post Falls School District No. 273

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Program Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through State Department of Education:			
Special Education Cluster:			
Special Education Grants to States (IDEA, Part B)	84.027	826000813	$ 1,151,290
Special Education Preschool Grant (IDEA Preschool)	84.173	826000813	28,783
Total Special Education Cluster:			1,180,073
Title I Grants to Local Educational Agencies	84.010	826000813	1,194,767
Improving Teacher Quality State Grants (Title II-A)	84.367	826000813	201,131
Vocational Education Basic Grants to States (Carl Perkins)	84.048A	826000813	80,314
Title IV-A Student Support and Academic Enrichment Program	84.424	826000813	19,120
Total Department of Education			2,675,405
U.S. Department of Agriculture			
Passed through State of Idaho Department of Education:			
Nutrition Cluster:			
School Breakfast Program	10.553	826000813	217,084
National School Lunch Program	10.555	826000813	1,068,761
Summer Food Service Program	10.559	826000813	186,393
Total Nutrition Cluster:			1,472,238
Passed through State of Idaho:			
School and Roads - Federal Forest Grant	10.665	826000813	8,225
Total Department of Agriculture			1,480,463
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 4,155,868

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, 2018

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, 2018. 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 DISTRUBITION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2018, the School District had received food commodities totaling $97,029.

Post Falls School District No. 273

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

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 __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) _____ Yes __X__ None reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes __X__ No

Identification of major programs:

CFDA Number(s):	*Name of Federal Program or Cluster*
84.010	Title I Grants to Local Education Agencies

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

Auditee qualified as low-risk auditee? __X__ Yes ____ No

Post Falls School District No. 273

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

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 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.