



FY19 AUDIT SUMMARY

To: Basin School District No. 72

Overall Audit Comments: The audit once again went very smoothly, thanks to Cindy’s hard work in preparing everything and getting us all the necessary documentation ahead of time – don’t let her retire next year! The books were in very good shape, and all major funds saw improvement this year (with the exception of Plant Facilities, which was intended to decrease). All the administrative staff should be commended for its hard work ensuring the school remains operational within its allocated budget.

Finances

Auditor’s Report (pages 1-3): Unmodified opinion (best possible, i.e. “clean”) with qualification on GASB 45 OPEB health insurance implicit rate subsidy issue – same as last year.

Fund Finance Analysis (pages 9-10):

Fund Name	Increase (Decrease)	Ending Fund Balance	Comments
General	\$40,377	\$424,629	The increase brought fund balance up again; however, because operating expenses increased, the operating reserve stayed the same, at just under 1.6 months’ reserve. Still on the low end of the recommended 1.5 – 3 months. See discussion on next page.
Forest Reserve	\$72,001	\$187,249	Once again received funding this year, which helped boost the fund balance for future needs.
Child Nutrition	\$6,901	\$19,305	After three years of operating at a loss, finally showing an increase and continued improvement. Net profit increased \$12,713 from last year’s \$5,812 loss. Great work!
Plant Facilities	(\$22,908)	\$14,597	As expected, the fund decreased once more since the levy ended. The fund will likely be closed once the balance is spent on qualifying plant/maintenance expenditures.
Other Governmental	\$21,275	\$112,560	These are the School’s nonmajor governmental funds (i.e. Title I-A). All these funds are performing as they should.

Internal Control Over Financial Reporting and Compliance

Auditor's Report (pages 38-39): No *internal control over financial reporting* or *compliance* findings are reported.

Other Recommendations or Comments

Great job ending the year with another overall increase in the General Fund. Once again, we reiterate the importance of maintaining at *least* a 1.5-month operating reserve in the fund. This allows the school to pay for its regular maintenance and operations without running into serious cash flow issues. The operating reserve should be closer to an optimal three months to accommodate unforeseen expenditures, and we recommend that the School continues to make this a priority going forward.

There continue to be a number of new accounting and reporting requirements that affect school finance. Here is a brief summary:

Annual Report / Building-Level Expenditure Reporting: Effective FY19 (6/30/19). This ESSA regulation now requires that all expenditures be reported at the school level (i.e. building level), which is accomplished in your accounting software by adding a unique 3-digit code that identifies the building/school with the expenditure. In addition, the Annual Report must be submitted via an ISEE upload in csv format (rather than paper or Excel format as in the past). The SDE has more detailed information on this requirement at www.sde.idaho.gov/tech-services/isee/files/data-collection/2018-2019-required/2018-2019-Annual-School-Finance-Items-and-Option-Sets.xlsx. We recommend that you fully utilize your accounting software and all features it has added to assist you in accomplishing this reporting requirement.

GASB 84 Fiduciary Activities: Effective FY20 (6/30/20). This new GASB requires that fiduciary activities, such as student funds, present both balance sheets and revenue and expense statements in the financial statements (only balance sheets were required in the past). In addition, in most circumstances, these student funds and their activities will now be required to be reported as a governmental fund (i.e. like a local 230-239 range fund reported in your accounting software) rather than a fiduciary 700 range fund. The details of which 230 range fund should be used as well as the most logical way to account for these are still being working out, but the majority of business managers have suggested that they will continue to have the schools account for and maintain the student records and bank accounts the same as before, and then the business managers will journal entry a summary of the transactions into the 230 range fund on a quarterly or annual basis. This topic will continue to be discussed as the year goes on and we will keep you updated.

GASB 87 Leases: Effective FY21 (6/30/21). This new GASB requires that all material leases (normally anything larger than a copier lease) which are also long-term (that extend beyond one year) be subject to complex accounting, financial reporting, and disclosure requirements. In summary, these leases now require recording intangible assets and lease liabilities in addition to a number of new disclosures relating to the lease arrangements. We recommend that you be aware of this new GASB and the related work and cost that will be required to account for, report, and audit leases in the future or for any leases that may still exist at the implementation date of this standard. Obviously, these complications and costs can be avoided if the leases either don't exist or have been paid off by the implementation date (i.e. 6/30/21).

Thank you for having us perform your audit and please contact us should you have any questions.

Tim Hoyt, CPA, CMA

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