



FY20 AUDIT SUMMARY

To: Basin School District No. 72

Overall Audit Comments: We are pleased to report another successful audit. With so many unprecedented changes already this year, we appreciate Cindy’s and Kendra’s willingness to work with us as we transitioned to a remote audit. They did a fantastic job preparing all the necessary documentation and getting it to us in a format that helps minimize contact and promote safety. We would like to especially thank Cindy for her years of service in working with us on the audit; we wish her the best in retirement and look forward to working more with Kendra in the future.

Finances

Auditor’s Report (pages 1-3): Unmodified opinion (best possible, i.e. “clean”) with qualification on GASB 75 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	(\$40,051)	\$384,478	The general fund experienced a loss this year, primarily due to the circumstances created by COVID-19. While not surprising, it leaves the general fund with just a 1.4-month operating reserve. We recommend that the School work towards bringing the fund balance closer to a 3-month reserve.
Forest Reserve	\$46,083	\$233,332	This fund received grant monies again this year, which helped boost the fund balance for future needs.
Child Nutrition	\$13,086	\$32,391	Excellent work turning around a program that was operating at a loss for several years! This fund has seen a profit of over \$10,000 two years in a row. Keep up the good work.
Plant Facilities	(\$14,597)	\$0	As planned, the remaining fund balance was used on facility needs. The fund will be closed until needed in the future.
Other Governmental	(\$15,979)	\$96,581	These are the School’s nonmajor governmental funds (i.e. Title I-A). All these funds are performing as they should. The overall “loss” was created by a bus purchase using the built-up fund balance in the bus fund.

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

As a result of the extenuating circumstances caused by the Coronavirus outbreak, the GASB announced a minimum one-year postponement of most new regulations that were to be implemented in the coming years. Last year we mentioned several of those that are pertinent to the school, and they are summarized below as a reminder of what will be coming into effect in the next two years:

GASB 84 *Fiduciary Activities*: Effective FY21 (6/30/21). 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 (fund 238 reported in your accounting software) rather than a fiduciary 750 fund.

GASB 87 *Leases*: Effective FY22 (6/30/22). 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. 6/30/22).

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

Tim Hoyt, CPA, CMA

Quest CPAs PLLC