

LAKELAND JOINT SCHOOL DISTRICT No. 272

Rathdrum, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2016**

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

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Rathdrum, Idaho

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lakeland Joint School District No. 272
Rathdrum, Idaho 83858

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 the Lakeland Joint School District No. 272, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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. 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Aggregate Discretely Presented Component Unit	Qualified
General Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on the Governmental Activities and Aggregate Discretely Presented Component Unit

The financial statements of Lakeland Education Foundation, Inc. have not been audited, and we were not engaged to audit the Lakeland Education Foundation, Inc. financial statements as part of our audit of the Lakeland Joint School District No. 272's basic financial statements. Lakeland Education Foundation, Inc.'s financial activities are included in the District's basic financial statements as a discretely presented component unit and represent all of the assets, net position, revenues and expenses, respectively, of the District's aggregate discretely presented component unit.

Lakeland Joint School District No. 272 believes the cost of adopting GASB 45 cannot be justified at the present time. The District believes the future cost of the implicit rate subsidy built into the current health care premiums is not material to the financial statements. The amount by which this GAAP departure would affect the governmental activities, liabilities and net position is not determinable.

Qualified Opinions

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions on the Governmental Activities and Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position the governmental activities and aggregate discretely presented component unit of Lakeland Joint School District No. 272, as of June 30, 2016 thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Lakeland Joint School District No. 272, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Debt Service Fund, and Capital Projects Funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and on pages 5 through 10 and the net pension liability related schedules on page 41 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 the Lakeland Joint School District No. 272's basic financial statements. The introductory section, combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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 14, 2016, on our consideration of the Lakeland Joint School District No. 272'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 Lakeland Joint School District No. 272's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
October 14, 2016

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2016

As management of the Lakeland Joint School District No. 272 (District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2016.

Financial Highlights

- The 2015-16 fiscal year saw a continuing increase in student enrollment. Start of the year enrollment was up 36 students from the year before. However, over the course of the year, enrollment stayed flat for the majority of the year with a slight drop towards the end. This positive sign allowed the District to budget stable enrollment rather than making budget reductions. The increase was sufficient to allow the District to levy an "emergency levy." The unexpected levy dollars combined with additional state funding allowed the district to balance the budget without continuing to utilize unreserved fund balance. Additionally, the School Board approved a fund balance policy that will help manage the fund balance to appropriate levels on an ongoing basis.
- After two years of not reaching agreement with the teachers association, an agreement has been reached for the 2016-17 contract year. The District issued teacher contracts for FY 2015-2016 based on the board's offer in negotiations and all teachers received an increase of some amount.
- The state budget for FY15 included a funding increase for public schools in salary support, as well as another large increase in "discretionary funding". This increase allowed the District to fully fund textbooks, library materials, and support staffing. The District also was able to provide salary increases to support staff and administrators.
- In March of 2014 the District passed a two year supplemental levy in the amount of \$4,795,000. It passed with 69% approval. This amount was \$155,000 less than the expiring levy. A new supplemental levy was passed in March of 2016 for the coming year for \$5,300,000 which includes \$300,000 for safety improvements to our schools.
- The building market in Rathdrum has picked up dramatically in a large part due the opening of the new North Idaho Career Technical Center. Accordingly, we anticipate school enrollment to continue rising as evidenced by the 161 student increase for FY2016-2017.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

- 1) Government-wide Financial Statements,
- 2) Fund Financial Statements, and
- 3) Notes to the Financial Statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statements present an aggregate view of the District's finances. They contain useful long-term information for the just completed fiscal year.

The statement of net position presents information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. In the statements, the District's activities are all classified as government 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.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than the government-wide statements.

Some funds are required by state law and bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. repaying long-term debt.) The District has two types of funds: Governmental and Fiduciary.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial

statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 13-19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 22-40 of this report.

Required Supplementary Information. The net pension liability schedules provide additional information required by GASB 68.

Required supplementary information can be found on page 41 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Combining and individual fund statements and schedules can be found on pages 42-60 of this report.

**Government -Wide financial Analysis
Statement of Net Position**

	<u>2015 - 2016</u>	<u>2014 - 2015</u>	<u>Change</u>
Assets			
Current and other assets	13,086,611	12,831,053	255,558
Capital assets, net	<u>27,318,557</u>	<u>28,353,987</u>	<u>(1,035,430)</u>
Total Assets	<u>40,405,168</u>	<u>41,185,040</u>	<u>(779,872)</u>
Deferred Outflows of Resources	<u>5,577,862</u>	<u>2,483,015</u>	<u>3,094,847</u>
Liabilities			
Accounts payable and other current liabilities	5,155,259	5,146,429	8,830
Long-term liabilities Outstanding	<u>19,486,455</u>	<u>16,792,170</u>	<u>2,694,285</u>
Total Liabilities	<u>24,641,714</u>	<u>21,938,599</u>	<u>2,703,115</u>
Deferred Inflows of Resources	<u>13,181,383</u>	<u>13,731,301</u>	<u>(549,918)</u>
Net Position			
Net investment in capital assets	15,178,050	15,171,487	6,563
Restricted	1,940,993	1,805,571	135,422
Unrestricted	<u>(8,959,110)</u>	<u>(8,978,903)</u>	<u>19,793</u>
Total Net Position	<u>\$ 8,159,933</u>	<u>\$ 7,998,155</u>	<u>\$ 161,778</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position as of June 30, 2016 was \$8,159,933.

The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government- Wide Financial Analysis
Changes in Net Position

	<u>2015 - 2016</u>	<u>2014 - 2015</u>	<u>Change</u>
Revenues			
Program Revenues:			
Charges for services	409,365	416,846	(7,481)
Operating grants and contributions	4,013,186	4,160,971	(147,785)
Capital grants and contributions	39,418	39,418	-
Property taxes	7,459,710	7,399,179	60,531
Federal and state revenues	20,166,086	19,066,858	1,099,228
Sale or compensation for disposal of fixed assets	4,665	-	4,665
Interest and investment earnings	4,597	54,867	(50,270)
Other	433,318	461,398	(28,080)
Total Revenues	<u>32,530,345</u>	<u>31,599,537</u>	<u>930,808</u>
Expenses			
Program Expenses:			
Instruction	17,834,639	16,459,001	1,375,638
Support services			
Pupil support	1,643,851	1,478,190	165,661
Staff support	1,460,230	1,468,196	(7,966)
District administration	608,933	534,451	74,482
School/business administration	2,489,595	2,324,438	165,157
Operations/maintenance	2,890,523	2,759,957	130,566
Transportation	1,480,037	1,529,466	(49,429)
Other	26,796	44,202	(17,406)
Child Nutrition	1,392,143	1,416,151	(24,008)
Capital Outlay	597,384	218,524	378,860
Debt Service	419,217	432,130	(12,913)
Depreciation, unallocated	1,331,340	1,367,327	(35,987)
Total Expenses	<u>32,174,688</u>	<u>30,032,033</u>	<u>2,178,642</u>
Change in Net Position	355,657	1,567,504	(1,211,847)
Net Position – Beginning	7,998,155	17,524,108	(9,525,953)
Net Position – Prior Period Adjustment	(193,879)	(11,093,457)	10,899,578
Net Position – Ending	<u>\$ 8,159,933</u>	<u>\$ 7,998,155</u>	<u>\$ 161,778</u>

District Funds

General fund. The General Fund is the chief operating fund of the District. At the end of the current fiscal year the ending fund balance was \$(12,666). The unassigned fund balance decreased by \$64,858 during the current fiscal year.

Expenditures for general District purposes totaled \$26,647,914 a net increase of 1.12% during the current fiscal year.

Capital Asset and Debt Administration

Capital Assets. The Capital Projects Fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Governmental Activities Capital Assets Net of Accumulated Depreciation

	<u>2015 - 2016</u>	<u>2014 - 2015</u>	<u>Change</u>
Sites	1,353,484	1,353,484	-
Buildings	24,803,367	25,782,694	(979,327)
Equipment	486,689	564,305	(77,616)
Transportation	<u>675,017</u>	<u>653,503</u>	<u>21,514</u>
Total Net Assets	<u>\$ 27,318,557</u>	<u>\$ 28,353,986</u>	<u>\$ (1,035,429)</u>

At year end, the capital projects fund has a total fund balance of \$118,468.

Long-term Debt. The Debt Service Fund has a total fund balance of \$1,426,373, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance increased by \$32,015.

At year end the District had \$11,955,000 in general obligation bonds outstanding. The debt of the District is secured by an annual tax levy authorized in past years by the patrons.

At the end of the year to meet cash flow needs, the District obtained a short term note of \$400,000 of which \$200,000 was payable at the end of the year.

Requests for Information. This financial report is designed to provide a general overview of the Lakeland Joint School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to David McDowell, Director of Business and Support Services, Lakeland Joint School District, PO Box 39, Rathdrum, ID 83858.

FINANCIAL STATEMENTS



LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

STATEMENT OF NET POSITION

June 30, 2016

ASSETS

Current assets

Cash	1,455,921
Investments	10,270
Taxes receivable	198,024
Unbilled taxes receivable	8,414,650
Other receivables:	
Due from other governmental units	3,744,297
Other	9,227
Prepaid expenses	4,333
Inventory	43,012
Total current assets	<u>13,879,734</u>

Noncurrent assets

Non-depreciated capital assets	1,353,484
Depreciated capital assets	50,481,732
Less: accumulated depreciation	<u>(24,516,659)</u>
Total noncurrent assets	<u>27,318,557</u>

Total Assets 41,198,291

DEFERRED OUTFLOWS OF RESOURCES

Pension related items 5,577,862

LIABILITIES

Current liabilities

Accounts payable and other current liabilities	3,720,007
Other post employment benefit payable	155,252
Current portion of long-term debt	<u>1,280,000</u>
Total current liabilities	<u>5,155,259</u>

Noncurrent liabilities

Noncurrent portion of long-term debt	10,875,000
Net pension liability	<u>8,611,455</u>
Total noncurrent liabilities	<u>19,486,455</u>

Total Liabilities 24,641,714

DEFERRED INFLOWS OF RESOURCES

Deferred revenue	5,345
Unavailable property tax revenue	8,414,650
Pension related items	<u>5,554,511</u>
	<u>13,974,506</u>

NET POSITION

Net investment in capital assets	15,178,050
Restricted for:	
Debt service	1,455,035
Capital projects	134,548
Grant programs	351,410
Unrestricted	<u>(8,959,110)</u>

Total net position \$ 8,159,933

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
Preschool - 12 Instruction	17,834,639	-	1,651,192	-	(16,183,447)
Support Services:					
Pupil support	1,643,851	-	272,532	-	(1,371,319)
Staff support	1,460,230	-	-	-	(1,460,230)
General Administration	608,933	-	-	-	(608,933)
School/Business Administration	2,489,595	-	-	-	(2,489,595)
Maintenance/Custodial	2,890,523	-	-	-	(2,890,523)
Transportation	1,480,037	-	1,072,990	-	(407,047)
Other services	26,796	-	-	-	(26,796)
Child Nutrition	1,392,143	409,365	1,016,472	-	33,694
Capital Outlay	597,384	-	-	-	(597,384)
Debt Services	419,217	-	-	39,418	(379,799)
Depreciation, unallocated	1,331,340	-	-	-	(1,331,340)
Total School District	<u>\$ 32,174,688</u>	<u>\$ 409,365</u>	<u>\$ 4,013,186</u>	<u>\$ 39,418</u>	<u>(27,712,719)</u>

General Revenues

Taxes	
Property taxes levied for general purposes	5,165,288
Property taxes levied for liability insurance	49,519
Property taxes levied for debt service	1,433,478
Property taxes levied for capital projects	811,425
Federal and State aid not restricted to specific purposes	20,166,086
Sale or compensation on disposal of fixed assets	4,665
Other	433,318
Interest and investment earnings	<u>4,597</u>
Total General Revenues	<u>28,068,376</u>
Change in Net Position	355,657
Net position - beginning	7,998,155
Prior period adjustment (see Note 12)	<u>(193,879)</u>
Net position - ending	<u>\$ 8,159,933</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2016

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash	1,455,921	-	-	-	1,455,921
Investments	10,270	-	-	-	10,270
Due from other funds	-	879,946	-	369,906	1,249,852
Taxes receivable	137,449	38,799	21,776	-	198,024
Unbilled taxes receivable	6,141,468	1,473,182	800,000	-	8,414,650
Other receivables:					
Due from other governmental units	2,612,180	536,290	300,772	295,055	3,744,297
Other	9,227	-	-	-	9,227
Prepaid expenses	4,333	-	-	-	4,333
Inventory	-	-	-	43,012	43,012
Total assets	10,370,848	2,928,217	1,122,548	707,973	15,129,586
Deferred outflows of resources					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u>\$ 10,370,848</u>	<u>\$ 2,928,217</u>	<u>\$ 1,122,548</u>	<u>\$ 707,973</u>	<u>\$ 15,129,586</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Due to other funds	907,849	-	160,703	181,300	1,249,852
Accounts payable	316,767	-	27,297	76,638	420,702
Accrued payroll and benefits	2,911,759	-	-	97,453	3,009,212
Total liabilities	4,136,375	-	188,000	355,391	4,679,766
Deferred inflows of resources:					
Deferred revenue	105,671	28,662	16,080	1,172	151,585
Unavailable property tax revenue	6,141,468	1,473,182	800,000	-	8,414,650
Total deferred inflows of resources	6,247,139	1,501,844	816,080	1,172	8,566,235
Fund balances:					
Nonspendable	4,333	-	-	43,012	47,345
Restricted	-	1,426,373	118,468	308,398	1,853,239
Unassigned	(16,999)	-	-	-	(16,999)
Total fund balances	(12,666)	1,426,373	118,468	351,410	1,883,585
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	<u>\$ 10,370,848</u>	<u>\$ 2,928,217</u>	<u>\$ 1,122,548</u>	<u>\$ 707,973</u>	<u>\$ 15,129,586</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES

June 30, 2016

Total Fund Balances - Governmental Funds 1,883,585

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in government funds.

Cost of capital assets 51,835,216
Accumulated depreciation (24,516,659)

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 146,240

In the statement of activities, operating expenses are incurred when an exchange transaction takes place. However, in the government funds the expense did not meet the same criteria. (104,586)

Certain pension related items are recorded as deferred outflow or inflow of resources and recognized in futures periods for governmental activities (see note 6):
Deferred outflow of resources 5,577,862
Deferred inflow of resources (5,554,511)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditure is reported when paid. (185,507)

Other post employment benefits are accrued and expensed in the statements of net position and activities. However, in the government funds, the accrual and expense did not meet the same criteria. (155,252)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities consisted of the following:
General obligation bonds (11,955,000)
Note payable (200,000)
Net pension liability (8,611,455)

Total Net Position - Governmental Activities \$ 8,159,933

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local	5,430,236	1,453,771	806,767	685,891	8,376,665
State	20,981,191	39,418	-	347,888	21,368,497
Federal	231,087	-	-	2,619,106	2,850,193
Total revenues	26,642,514	1,493,189	806,767	3,652,885	32,595,355
EXPENDITURES					
Instruction	15,953,195	-	-	2,179,066	18,132,261
Support	10,494,683	-	-	238,107	10,732,790
Non-instruction	-	-	-	1,408,448	1,408,448
Capital objects	-	-	791,831	-	791,831
Debt service	200,036	1,461,174	-	-	1,661,210
Total expenditures	26,647,914	1,461,174	791,831	3,825,621	32,726,540
Excess (deficiency) of revenue over/under expenditures	(5,400)	32,015	14,936	(172,736)	(131,185)
Other financing sources (uses):					
Transfer in	10	-	103,532	166,722	270,264
Transfer out	(270,254)	-	-	(10)	(270,264)
Loan proceeds	400,000	-	-	-	400,000
Sale or compensation on disposal of fixed assets	4,665	-	-	-	4,665
Total other financing sources (uses)	134,421	-	103,532	166,712	404,665
Net change in fund balance	129,021	32,015	118,468	(6,024)	273,480
Fund balance-Beginning of year	52,192	1,394,358	-	357,434	1,803,984
Prior period adjustment	(193,879)	-	-	-	(193,879)
Fund balance-End of year	\$ (12,666)	\$ 1,426,373	\$ 118,468	\$ 351,410	\$ 1,883,585

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016**

Net change in fund balances - total governmental funds		273,480
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital outlays	295,911	
Depreciation expense	<u>(1,331,340)</u>	(1,035,429)
<p>Some property taxes will not be collected for several months after the District's fiscal year ends and they are not considered as "available" revenues in the governmental funds. Instead they are counted as deferred tax revenues. They are however, recorded as revenues in the statement of activities.</p>		
		(69,674)
Net pension liability adjustments:		
Fiscal year 2015 employer PERSI contributions recognized as pension expense in the current year.	(2,080,363)	
Fiscal year 2016 employer PERSI contributions deferred to subsequent year	2,094,991	
Pension related amortization expense	<u>410,362</u>	424,990
<p>In the statement of activities, operating expenses are incurred when an exchange transaction takes place. However, in the government funds the expense did not meet the same criteria.</p>		
		(79,702)
<p>Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.</p>		
		16,992
<p>Loan proceeds are revenues in the governmental funds, but increase the long-term liabilities in the statement of net position and do not affect the statement of activities</p>		
		(400,000)
<p>Repayment of the principal on general bonded indebtedness is an expenditure in the governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.</p>		
		<u>1,225,000</u>
Net change in net position of governmental activities		<u>\$ 355,657</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variances	
				Favorable (Unfavorable) Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	4,932,300	4,932,300	5,268,927	336,627	336,627
Earnings on investments	35,000	35,000	4,500	(30,500)	(30,500)
Other	181,000	181,000	156,809	(24,191)	(24,191)
Total local	5,148,300	5,148,300	5,430,236	281,936	281,936
State:					
Base program	16,606,552	16,606,552	16,609,206	2,654	2,654
Transportation	1,150,000	1,150,000	1,072,990	(77,010)	(77,010)
Tuition equivalency	52,500	52,500	68,059	15,559	15,559
Benefit apportionment	2,575,000	2,575,000	2,218,953	(356,047)	(356,047)
Other state support	679,390	679,390	643,066	(36,324)	(36,324)
Lottery/additional state maintenance	247,000	247,000	247,629	629	629
Revenue in lieu of taxes	85,000	85,000	63,977	(21,023)	(21,023)
Other state revenue	-	-	57,311	57,311	57,311
Total state	21,395,442	21,395,442	20,981,191	(414,251)	(414,251)
Federal:					
Unrestricted	135,000	135,000	231,087	96,087	96,087
Total revenues	26,678,742	26,678,742	26,642,514	(36,228)	(36,228)
EXPENDITURES					
Instruction:					
Salaries	11,806,840	11,806,840	11,629,411	177,429	177,429
Benefits	3,463,996	3,463,996	3,436,455	27,541	27,541
Purchased services	97,000	97,000	81,090	15,910	15,910
Supplies-materials	685,500	685,500	806,239	(120,739)	(120,739)
Total instruction	16,053,336	16,053,336	15,953,195	100,141	100,141
Support:					
Salaries	6,263,362	6,263,362	6,216,821	46,541	46,541
Benefits	1,872,626	1,872,626	1,864,198	8,428	8,428
Purchased services	1,317,300	1,317,300	1,653,036	(335,736)	(335,736)
Supplies-materials	755,000	755,000	626,516	128,484	128,484
Capital outlay	-	-	150	(150)	(150)
Insurance	133,537	133,537	133,962	(425)	(425)
Total support	10,341,825	10,341,825	10,494,683	(152,858)	(152,858)
Debt service:					
Principal	-	-	200,000	(200,000)	(200,000)
Interest	-	-	36	(36)	(36)
Total debt service	-	-	200,036	(200,036)	(200,036)
Total expenditures	26,395,161	26,395,161	26,647,914	(252,753)	(252,753)
Excess (deficiency) of revenues other expenditures	283,581	283,581	(5,400)	(288,981)	(288,981)
Other financing sources (uses):					
Transfer in	-	-	10	10	10
Transfer out	(283,581)	(283,581)	(270,254)	13,327	13,327
Loan proceeds	-	-	400,000	400,000	400,000
Sale or compensation on disposal of fixed assets	-	-	4,665	4,665	4,665
Total other financing sources (uses)	(283,581)	(283,581)	134,421	418,002	418,002
Net change in fund balance	\$ -	\$ -	129,021	\$ 129,021	\$ 129,021
Fund balance-Beginning of year			52,192		
Prior period adjustment (See Note 12)			(193,879)		
Fund balance-End of year			\$ (12,666)		

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variances Favorable (Unfavorable)	
				<u>Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Local:					
Taxes	1,460,425	1,460,425	1,453,745	(6,680)	(6,680)
Earnings on investments	500	500	26	(474)	(474)
Total local	<u>1,460,925</u>	<u>1,460,925</u>	<u>1,453,771</u>	<u>(7,154)</u>	<u>(7,154)</u>
State:					
Other state revenue	<u>38,500</u>	<u>38,500</u>	<u>39,418</u>	<u>918</u>	<u>918</u>
Total revenues	<u>1,499,425</u>	<u>1,499,425</u>	<u>1,493,189</u>	<u>(6,236)</u>	<u>(6,236)</u>
EXPENDITURES					
Debt service:					
Principal	1,025,000	1,025,000	1,025,000	-	-
Interest	<u>435,425</u>	<u>435,425</u>	<u>436,174</u>	<u>(749)</u>	<u>(749)</u>
Total expenditures	<u>1,460,425</u>	<u>1,460,425</u>	<u>1,461,174</u>	<u>(749)</u>	<u>(749)</u>
Net change in fund balance	<u>\$ 39,000</u>	<u>\$ 39,000</u>	32,015	<u>\$ (6,985)</u>	<u>\$ (6,985)</u>
Fund balance-Beginning of year			<u>1,394,358</u>		
Fund balance-End of year			<u>\$ 1,426,373</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variances Favorable (Unfavorable) Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Local:					
Taxes	800,000	800,000	806,713	6,713	6,713
Earnings on investments	150	150	54	(96)	(96)
Total revenues	<u>800,150</u>	<u>800,150</u>	<u>806,767</u>	<u>6,617</u>	<u>6,617</u>
EXPENDITURES					
Capital objects	<u>917,009</u>	<u>917,009</u>	<u>791,831</u>	<u>125,178</u>	<u>125,178</u>
Total expenditures	<u>917,009</u>	<u>917,009</u>	<u>791,831</u>	<u>125,178</u>	<u>125,178</u>
Excess (deficiency) of revenues over/under expenditures	(116,859)	(116,859)	14,936	131,795	131,795
Other financing sources (uses):					
Transfer in	<u>116,859</u>	<u>116,859</u>	<u>103,532</u>	<u>(13,327)</u>	<u>(13,327)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	118,468	<u>\$ 118,468</u>	<u>\$ 118,468</u>
Fund balance-Beginning of year			<u>-</u>		
Fund balance-End of year			<u>\$ 118,468</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

FIDUCIARY FUNDS AND COMPONENT UNIT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2016

	Agency Funds	Component Unit Lakeland Education Foundation, Inc.
	<u> </u>	<u> </u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Cash	76,580	96,708
Investments	316,500	-
Total assets	<u>393,080</u>	<u>96,708</u>
 Deferred outflows of resources	 <u>-</u>	 <u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 393,080</u></u>	<u><u>\$ 96,708</u></u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities:		
Due to student groups	393,080	-
 Deferred inflows of resources	 <u>-</u>	 <u>-</u>
Total liabilities and deferred inflows of resources	<u>393,080</u>	<u>-</u>
NET POSITION		
Restricted	<u>-</u>	<u>96,708</u>
Total net position	<u><u>\$ -</u></u>	<u><u>\$ 96,708</u></u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

COMPONENT UNIT - LAKELAND EDUCATION FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FIDUCIARY NET POSITION
June 30, 2016

REVENUES

Net investment income	394
Restricted donations	<u>35,103</u>

Total revenues 35,497

EXPENSES

Administrative expenses	1,114
Scholarship awards	<u>11,625</u>

Total expenses 12,739

Change in Net Position **22,758**

Net Position - Beginning 73,950

Net Position - Ending \$ 96,708

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 Summary of Significant Account Policies

The financial statements of the Lakeland Joint School District No. 272 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

Reporting Entity

The Lakeland Joint School District No. 272 is the basic level of government, which has financial accountability, and control over all activities related to the public school education within the District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. The unaudited financial statements of the Lakeland Education Foundation, Inc., a component unit, are presented discretely on the Statement of Fiduciary Net Position and Statement of Revenues, Expenditures, and Changes in Fiduciary Net Position.

Basis of Presentation, Fund Accounting - District-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall district, except for fiduciary activities. Only governmental-type activities are shown, since there are no "business-type activities" within the School District. The District eliminates internal activity on the statement of net position.

The statement of activities presents a comparison between direct expenses and program revenues for each different function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the District related to the administration and support of the District's programs, such as personnel and accounting – are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not

NOTE 1 Summary of Significant Account Policies (Continued)

classified as program revenues, including all taxes and state foundation aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- **General Fund.** This is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.
- **Debt Service Fund.** This fund is used to account for the financial resources that are legally restricted for the retirement of District general obligation bonds.
- **Capital Projects Fund.** This fund is used to account for financial resources that are legally restricted for the acquisition, construction, or major repair of school property.

The District reports the following fiduciary types:

- **Agency funds.** These funds account for assets held by the District as an agent for various student groups and clubs.

Component Unit:

- The District reports the net position and changes in net position of one component unit, the Lakeland Education Foundation, Inc. The component unit financial statements are presented pursuant to GASB 39 because the economic resources received by the Foundation are held for the direct benefit of the District and its students.
- The unaudited statements of the Lakeland Education Foundation, Inc. are fiduciary in nature and are not included in the activity of the government wide financial statements.

Basis of Accounting - The District-wide and fiduciary fund (excepting agency funds) 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. State support for grant revenues are susceptible to accrual.

NOTE 1 Summary of Significant Account Policies (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by cost-reimbursement grants and general revenues. When program expenses are incurred, the related revenue of cost-reimbursement grants is recognized.

Restricted Resources - The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Budgets - Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for general, special revenue, and capital projects funds.

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least 14 days prior to the public hearing the District publishes a proposed budget for public review.
2. A public hearing is set to obtain taxpayers comments.
3. The final budget is adopted by resolution of the Board at the regular June meeting of the Board of Directors.
4. Prior to July 15, the final budget is filed with the State Department of Education.

The budget is a plan of spending under which expenditures may not exceed the budget at the fund level.

Cash and Investments - The District's cash includes amounts in demand deposits and savings accounts in local depositories. Investments are deposited in the Idaho State Treasurer's Local Government Investment Pool, which allow school districts within the state of Idaho to pool their funds for investments purposes.

Interest income is defined as non-operating revenue.

Deposits in State Treasurer's local government investment pool are stated at cost, which approximates market. All funds are invested in accordance with Section 67-1210 and 67-1210A

NOTE 1 Summary of Significant Account Policies (Continued)

of the Idaho Code. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

Short-Term Interfund Loans Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.” Interfund balances have been eliminated, when applicable, on the statement of net position.

Inventory - The District does not follow the practice of capitalizing expendable supplies at year-end in the General Fund. All supplies are recorded as expenditures in the period in which they were purchased. However, in the Food Service Fund, the District records inventory of food commodities at cost at year-end.

General Fixed Assets - Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

The Board has set a capitalization threshold of \$5,000. All purchases and improvements to facilities, which are not considered repairs, are capitalized and depreciated using the straight-line method in the government-wide statements and proprietary funds. Lives for buildings and improvements range from 15–30 years. Lives for equipment range from 3–10 years. Vehicles and school buses have estimated lives of 10-20 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Accumulated Unpaid Vacation and Sick Pay - Under the terms of the "Lakeland Joint School District Personnel Manual" District employees are granted vacation and sick leave in varying amounts. In the event an employee leaves the District's services, unused vacation credits are compensated at the employee's current rate of pay, ranging from 0 - 15 days. Employees are not paid for unused sick leave upon termination of employment with the District.

Long Term Obligations - In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Compensation - The Sick Leave Bank represents a type of long-term payroll protection insurance for absences beyond the employee's accumulated sick leave. Participation is optional

NOTE 1 Summary of Significant Account Policies (Continued)

for all employees eligible for the Idaho Public Employees Retirement System, with all new participants contributing one sick leave day.

The Bank is administered by an in-District five-member committee as provided in the Teacher Negotiated Agreement. At June 30, 2016 there were 155.89 days of sick leave for classified employees, and 103 for certified employees.

Encumbrances - The District does not utilize an encumbrance system.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance, GASB 54 - The *nonspendable* fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (grants), or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, *assigned* fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amount not contained in the other classifications.

Deferred Revenue - Deferred revenue in the General, Debt Service and Capital Projects Funds represent property taxes recorded but not estimated to be collected within sixty days of the end of the accounting period.

Unavailable Property Tax Revenue - Unavailable property tax revenue in the General Fund, Debt Service Fund and Capital Projects Fund represent the property taxes levied for 2016 that is measurable but unavailable to the District, and therefore recorded as a deferred inflow of resources in both the governmental funds and the government-wide financial statements.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflow 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 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.

NOTE 1 Summary of Significant Account Policies (Continued)

Subsequent Events - Management has evaluated subsequent events through the date of the audit report. This is the date the financial statements were available to be issued. Management has concluded that no material subsequent events have occurred other than the item discussed in Note 13.

NOTE 2 Property Tax

The District's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the District. A revaluation of all property is required to be completed no less than every five years. The market value for the District as of January 1, 2015 upon which the 2015 levy was based was \$2,278,378,175.

The District's actual levy was 0.20756% per \$100 of market valuation for tort liability insurance and claims, 3.51127% per \$100 for school plant facilities, and 6.32561% per \$100 for the payment of principal and interest on long-term debt. The combined tax rate to finance educational services other than the payment of principal and interest on long-term debt and plant facility acquisitions for the year ended June 30, 2016 was 22.06144% per \$100, which means the District was required to pass an override levy in the amount of 21.8538% per \$100. The total tax levy for the year ended June 30, 2015 was \$7,256,634 with total tax collections being \$7,091,892.

Taxes are due in two equal installments on the December 20 and June 20 following the levy date. Current tax collections for the year ended June 30, 2016 were 97.73% of the tax levy. Property taxes levied for 2015 are recorded as receivables if uncollected and a deferred revenue amount is recorded to the extent of taxes not estimated to be collected within sixty days of the end of the accounting period.

In accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the District has recognized the 2016 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The total property taxes levy for 2016 of \$8,414,650 is recorded as uncollected but are not considered available at June 30, 2016. The entire receivable is considered a deferred inflow of resources.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Total taxes receivable at June 30, 2016	137,449	38,799	21,776	-	198,024
Less: Taxes estimated to be collected by the County Treasurer by August 31, 2016	35,951	10,137	5,696	-	51,784
Other deferred amounts	4,173	-	-	1,172	5,345
Deferred revenue	<u>\$ 105,671</u>	<u>\$ 28,662</u>	<u>\$ 16,080</u>	<u>\$ 1,172</u>	<u>\$ 151,585</u>

NOTE 3 Cash and Investments

Deposits

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash		
Checking and Savings Accounts	\$ 1,532,501	\$ 2,035,391

Deposits were with Columbia Bank, Wells Fargo, and Panhandle State Bank of which \$250,000 of interest bearing accounts and non-interest bearing accounts were covered by Federal Deposit Insurance.

Investments

Detail of investments at June 30, 2016 are as follows:

		General		
	<u>Rate</u>	<u>Fund</u>	<u>Agency</u>	<u>Total</u>
State Treasurer's Pool	Variable	-	316,500	316,500
Money Market	Variable	10,270	-	10,270
Total		<u>\$10,270</u>	<u>\$316,500</u>	<u>\$ 326,770</u>

The District's investments, except for amounts held in the State Treasurer's Pool, are classified as uncollateralized.

Investment Maturities:

<u>External Investment Pool</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Less than 1 Year</u>	<u>1-8 Years</u>
State Investment Pool	\$ 316,500	\$ 316,500	\$ 316,500	\$ -

The State Treasurer's Local Government Investment Pool is managed by the State of Idaho Treasurer's office. All funds are invested in accordance with Section 67-1210 and 67-1210A of Idaho Code. Authorized investments include bonds, treasury bills, interest-bearing notes, and other obligations of the U.S. Government, general obligation or revenue bonds of the State of Idaho or other local governments within the state of Idaho, bonds, debentures, or other similar obligations issued by the farm credit system or by public corporations of the state of Idaho, repurchase agreements covered by any legal investment for the state of Idaho, tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the state of Idaho, revenue bonds of institutions of higher education of the state of Idaho, and time deposits and savings accounts in amounts not to exceed applicable insurance limits. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

The State Treasurer's investment policies and the Local Government Investment Pool financial statements can be obtained by writing P.O. Box 83720, Boise, ID 83720-0091.

NOTE 3 Deposits and Investments (Continued)

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Custodial credit risk for investments is the risk that in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or Standard & Poor's. The investments of the District at year-end are not required to be rated. The District does not have a policy regarding credit risk.

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rate. At year-end, the District is not subject to interest rate risk as all investments are held in the State Treasurer's Local Government Investment Pool, which has a maturity of 91 days. The District does not have a policy regarding interest rate risk.

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total investments of the entity are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The district has no policy limiting the amount it may invest in any one issuer.

NOTE 4 Changes in Capital Assets

A summary of changes in capital assets and accumulated depreciation is as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets not being depreciated				
Land	1,353,484	-	-	1,353,484
Total capital assets not being depreciated	1,353,484	-	-	1,353,484

NOTE 4 Changes in Capital Assets (Continued)

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets being depreciated				
Buildings	45,001,266	79,734	-	45,081,000
Equipment	1,625,695	42,921	-	1,668,616
Transportation	3,656,360	173,256	(97,500)	3,732,116
Total depreciated assets	<u>50,283,321</u>	<u>295,911</u>	<u>(97,500)</u>	<u>50,481,732</u>
Less: Accumulated Depreciation				
Buildings	(19,218,571)	(1,059,062)	-	(20,277,633)
Equipment	(1,061,390)	(120,537)	-	(1,181,927)
Transportation	(3,002,858)	(151,741)	97,500	(3,057,099)
Total accumulated depreciation	<u>(23,282,819)</u>	<u>(1,331,340)</u>	<u>97,500</u>	<u>(24,516,659)</u>
Governmental Activities Assets	<u>\$ 28,353,986</u>	<u>\$(1,035,429)</u>	<u>\$ -</u>	<u>\$ 27,318,557</u>

NOTE 5 Long Term Debt

The following is a summary of bond transactions of the District for the year ended June 30, 2016:

Bonds payable @ June 30, 2015	12,980,000
Debt retired	<u>(1,025,000)</u>
Bonds payable @ June 30, 2016	<u>\$11,955,000</u>

Bonds payable at June 30, 2016, are comprised of the following individual issues:

General Obligation Bonds:

2013 Refunding Series

Original issue of \$8,490,000 due August 15, 2025. Interest varies between 2.0% and 4.0%

8,390,000

2012 Refunding Series

Original issue of \$3,955,000 due August 15, 2023. Interest is stated at 3.0%

3,565,000

Total

\$11,955,000

NOTE 5 Long Term Debt (Continued)

The annual requirements to amortize all debt outstanding as of June 30, 2016 including interest payments are as follows:

2012 Refunding Series				
Date of Redemption	Interest Rate	Bond Principal	Interest Requirement	Total Requirement
8/15/2016	3.00	400,000	53,475	453,475
2/15/2017	0.00	-	47,475	47,475
8/15/2017	3.00	415,000	47,475	462,475
2/15/2018	0.00	-	41,250	41,250
8/15/2018	3.00	425,000	41,250	466,250
2/15/2019	0.00	-	34,875	34,875
8/15/2019	3.00	440,000	34,875	474,875
2/15/2020	0.00	-	28,275	28,275
8/15/2020	3.00	455,000	28,275	483,275
2/15/2021	0.00	-	21,450	21,450
8/15/2021	3.00	460,000	21,450	481,450
2/15/2022	0.00	-	14,550	14,550
8/15/2022	3.00	480,000	14,550	494,550
2/15/2023	0.00	-	7,350	7,350
8/15/2023	3.00	490,000	7,350	497,350
Total		<u>\$ 3,565,000</u>	<u>\$ 443,925</u>	<u>\$ 4,008,925</u>

2013 Refunding Series				
Date of Redemption	Interest Rate	Bond Principal	Interest Requirement	Total Requirement
8/15/2016	4.00	680,000	153,375	833,375
2/15/2017	0.00	-	139,775	139,775
8/15/2017	4.00	705,000	139,775	844,775
2/15/2018	0.00	-	125,675	125,675
8/15/2018	4.00	760,000	125,675	885,675
2/15/2019	0.00	-	110,475	110,475
8/15/2019	4.00	790,000	110,475	900,475
2/15/2020	0.00	-	94,675	94,675
8/15/2020	4.00	825,000	94,675	919,675
2/15/2021	0.00	-	78,175	78,175
8/15/2021	4.00	855,000	78,175	933,175

NOTE 5 Long Term Debt (Continued)

2013 Refunding Series (Continued)

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
2/15/2022	0.00	-	61,075	61,075
8/15/2022	4.00	890,000	61,075	951,075
2/15/2023	0.00	-	43,275	43,275
8/15/2023	3.00	925,000	43,275	968,275
2/15/2024	0.00	-	29,400	29,400
8/15/2024	3.00	975,000	29,400	1,004,400
2/15/2025	0.00	-	14,775	14,775
8/15/2025	3.00	985,000	14,775	999,775
Total		<u>\$ 8,390,000</u>	<u>\$ 1,547,975</u>	<u>\$ 9,937,975</u>

Combined Totals

<u>Date of Redemption</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
2016	1,080,000	206,850	1,286,850
2017	1,120,000	374,500	1,494,500
2018	1,185,000	333,850	1,518,850
2019	1,230,000	290,700	1,520,700
2020	1,280,000	245,900	1,525,900
2021	1,315,000	199,250	1,514,250
2022	1,370,000	151,250	1,521,250
2023	1,415,000	101,250	1,516,250
2024	975,000	58,800	1,033,800
2025	985,000	29,550	1,014,550
Totals	<u>\$ 11,955,000</u>	<u>\$ 1,991,900</u>	<u>\$ 13,946,900</u>

Changes in long-term bond obligations: During the year ended June 30, 2016, the following changes occurred in liabilities:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
2012 Refunding series	3,955,000	-	390,000	3,565,000	400,000
2013 Refunding series	8,390,000	-	-	8,390,000	680,000
Series 2005	635,000	-	635,000	-	-
Totals	<u>\$ 12,980,000</u>	<u>\$ -</u>	<u>\$ 1,025,000</u>	<u>\$ 11,955,000</u>	<u>\$ 1,080,000</u>

NOTE 5 Long Term Debt (Continued)

The District's Legal Debt Margin is calculated at 5% of the fair market value of property located within the District. At June 30, 2016 the Legal Debt Margin was:

Market Value at January 1, 2015	2,278,378,175
Percentage allowed	5%
Debt Limitation	113,918,909
Less Bonded debt at June 30, 2016	11,955,000
Legal Debt Margin	<u>\$ 101,963,909</u>

As of June 30, 2016, \$1,426,373 was available in the debt service fund to service the general obligation bonds.

In June 2016, the District obtained a Revenue Anticipation Note, 2016A, in the amount of \$400,000 at an interest rate of 3.25% per annum. \$200,000 was paid in June and a remaining balance of \$200,000 is due and payable in fiscal year 2017.

NOTE 6 PENSION PLAN

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions*, which became effective for the year ended June 30, 2015, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June 30, 2015. All amounts are as of June 30, 2015 unless otherwise noted.

Plan Description

The 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.

NOTE 6 PENSION PLAN (Continued)

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. Amounts in parenthesis represent police/firefighters.

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.

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% (72%) of the employer rate. As of June 30, 2015 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The District's employer contributions required and paid were \$2,094,991, \$2,073,479, and \$2,002,195 for the three years ended June 30, 2016, 2015, and 2014, respectively.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability as of June 30, 2015. The net pension liability was measured as of July 1, 2015, 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 July 1, 2015, the District's proportion was 0.6539498 percent.

NOTE 6 PENSION PLAN (Continued)

The District’s pension expense (revenue) is calculated and made available as part of PERSI’s annual audit. PERSI’s audit for the year ended June 30, 2015 has not been completed at the time of issuance. The pension expense (revenue) for the year ending June 30, 2014 was calculated at \$1,716,039.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	1,032,328
Changes in assumptions or other inputs	313,616	-
Net difference between projected and actual earning on pension plan investments	3,169,255	4,522,183
Employer contributions subsequent to the measurement date	<u>2,094,991</u>	<u>-</u>
Total	<u>\$5,577,862</u>	<u>\$5,554,511</u>

\$2,094,991 reported as deferred outflow 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 ended June 30, 2017.

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:

<u>For the Year Ending June 30:</u>	<u>Amount to be Recognized</u>
2017	(883,354)
2018	(883,354)
2019	(883,354)
2020	641,159
2021	(62,738)

NOTE 6 PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	4.5 – 10.25%
Salary Inflation	3.75%
Investment rate of return	7.10% net of investment expenses
Cost-of-living adjustments	1%

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 experienced study was performed in 2012 for the period July, 1 2007 through June 30, 2011 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, 2015 is based on the results of an actuarial valuation date of June 30, 2015.

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 Callan Associates 2014 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 per Callan Associates investment consulting as of January 1, 2014.

NOTE 6 PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	6.9%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation Mean			3.25%
Assumed Inflation Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			.40%
Long-Term Expected Rate of Return, Net 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 proportionate share of the net pension liability (asset)	20,974,376	8,611,455	(1,666,674)

Pension plan fiduciary net position

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

NOTE 6 PENSION PLAN (Continued)

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, 2015, the District reported payables to the defined benefit pension 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 7 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 8 Excess of Actual Expenditures over Budget in Individual Funds

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2016:

Fund	Excess
General	425,168
Debt Service	749
Title I-A, ESEA – Improving Basic Programs	40,782
Before and After School Enrichment	3,494
IDEA Part B – School Age	465
IDEA Part B – Preschool Age	18
State Professional Technical	4,839
Title II-A ESEA - Improving Teacher Quality	9,348
Gifted and Talented	830
Miscellaneous Grant	18,700

To meet the student's education needs, the Board of Trustees approved the additional expenditures when additional funding became available. Idaho Code Section 33-701 allows the District to make budget adjustments to reflect the availability of funds and the requirements of the school district.

NOTE 9 Interfund Receivables, Payables and Transfers

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

Interfund Transfers - Transfers to support the operations of other funds are recorded as “Transfers” and are classified as “Other financing sources or uses.” Idaho Code and State Department of Education Regulations mandate transfers into the Capital Projects Fund to cover the depreciation reimbursement, and transfers into the Child Nutrition Fund from the General Fund to provide a matching contribution. Total transfers are as follows:

	<u>Out</u>	<u>In</u>
General	270,254	10
Gifted and talented	7	-
Miscellaneous grant	3	-
Professional Technical Academy	-	166,722
School Plant Facility Fund	-	103,532
Total	<u>\$ 270,264</u>	<u>\$ 270,264</u>

NOTE 10 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The District is currently in the appeals process with the Federal Communications Commission (FCC) related to E-Rate reimbursements received by the District for fiscal years ending June 30, 2012, 2013, and 2014. The results of the appeal process will finalize the amount, if any, the District would be responsible to repay for previously received reimbursements. As of the date of the audit report, there has been no resolution to the matter nor liability accrued.

NOTE 11 Other Post-Employment Benefits

Fiscal year-end 2009 was the first year of recognition of a non-current liability for Other Post-Employment Benefits (OPEB) pursuant to the requirements of GASB Statement 45.

The Lakeland Joint School District #272 Employee Group Benefits Plan is a single-employer plan that provides health insurance benefits to eligible retirees and their dependents from the time of retirement until the employee/retiree reaches age 65 and becomes eligible for Medicare benefits. Retirees pay 100% of the premium cost for themselves and their dependents.

The District believes the cost of updating the GASB 45 information cannot be justified at this time. The amount shown as a non-current liability represents the annual required contribution as of June 30, 2009 in the amount of \$155,252.

NOTE 12 Prior Period Adjustment

The District was required to repay \$193,879 of E-Rate reimbursements received in prior years. The amount has been recorded as a prior period adjustment and is included as part of accounts payable balance as of June 30, 2016.

NOTE 13 Revenue Anticipation Note (2016B)

In July 2016, the District received revenue anticipation note, 2016B, in the amount of \$1,100,000 at an interest rate of 3.25% per annum to cover short term cash flow needs of the District. The note was paid in full in August 2016 upon the receipt of revenue in the month.

REQUIRED SUPPLEMENTARY INFORMATION



LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Share of Net Pension Liability*

PERSI - Base Plan

As of June 30,

	2015	2014
Employer's portion of the net pension liability	0.6539498%	0.6570844%
Employer's proportionate share of the net pension liability	8,611,455	4,837,170
Employer's covered employee payroll	18,316,951	17,801,274
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	47.01%	27.17%
Plan fiduciary net position as a percentage of the total	91.38%	94.95%

Schedule of the District's Contributions*

PERSI - Base Plan

As of June 30,

	2015	2014
Statutorily required contribution	2,073,479	2,015,105
Contributions in relation to the statutorily required contributor	(2,073,479)	(2,015,105)
Contribution (deficiency) excess	-	-
Employer's covered employee payroll	18,316,951	17,801,274
Contributions as a percentage of covered employee payroll	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 {Employer} will present information for those use for which information is available.

Data is reported is measured as of June 30, 2015.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

As of June 30, 2015 and 2014

Change of Assumptions. Amounts reported as of June 30, 2014 reflect an adjustment of the investment rate of return to 7.10 percent, net of pension plan investment expense.

SUPPLEMENTARY INFORMATION



LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION:			
Elementary school			
Salaries	4,717,869	4,730,942	13,073
Benefits	1,426,239	1,396,093	(30,146)
Purchased services	4,830	9,000	4,170
Supplies-materials	400,768	326,500	(74,268)
Capital outlay	-	-	-
Total elementary school	6,549,706	6,462,535	(87,171)
Secondary school			
Salaries	4,880,235	5,049,910	169,675
Benefits	1,464,381	1,463,727	(654)
Purchased services	17,191	47,500	30,309
Supplies-materials	383,355	333,500	(49,855)
Capital outlay	-	-	-
Total secondary school	6,745,162	6,894,637	149,475
Alternative School			
Salaries	399,837	407,406	7,569
Benefits	111,404	110,827	(577)
Purchased services	150	2,500	2,350
Supplies-materials	3,234	14,500	11,266
Total alternative school	514,625	535,233	20,608
Special education			
Salaries	1,041,442	989,293	(52,149)
Benefits	309,712	304,905	(4,807)
Purchased services	15,425	-	(15,425)
Supplies-materials	10,073	6,500	(3,573)
Total special education	1,376,652	1,300,698	(75,954)
Gifted and talented			
Salaries	60,496	61,039	543
Benefits	16,173	22,599	6,426
Purchased services	1,728	6,250	4,522
Supplies-materials	6,766	4,250	(2,516)
Total gifted and talented	85,163	94,138	8,975
Interscholastic			
Salaries	481,761	512,500	30,739
Benefits	99,138	154,622	55,484
Purchased services	41,766	31,750	(10,016)
Supplies-materials	2,043	-	(2,043)
Total interscholastic	624,708	698,872	74,164

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016**

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION (Continued):			
Summer School			
Salaries	47,295	55,250	7,955
Benefits	9,369	11,185	1,816
Supplies-materials	-	250	250
Total summer school	56,664	66,685	10,021
Adult School			
Salaries	476	500	24
Benefits	39	38	(1)
Total adult school	515	538	23
TOTAL INSTRUCTION:			
Salaries	11,629,411	11,806,840	177,429
Benefits	3,436,455	3,463,996	27,541
Purchased services	81,090	97,000	15,910
Supplies-materials	806,239	685,500	(120,739)
Total Instruction	\$ 15,953,195	\$ 16,053,336	\$ 100,141
SUPPORT:			
Attendance, guidance and health			
Salaries	735,519	747,949	12,430
Benefits	217,290	227,893	10,603
Purchased services	2,771	2,500	(271)
Supplies-materials	3,064	3,750	686
Total attendance, guidance and health	958,644	982,092	23,448
Special education support services			
Salaries	402,439	423,431	20,992
Benefits	119,337	126,990	7,653
Purchased services	153,139	92,500	(60,639)
Supplies-materials	6,494	7,500	1,006
Total special education support services	681,409	650,421	(30,988)
Instruction improvement program			
Salaries	231,600	215,000	(16,600)
Benefits	67,022	57,378	(9,644)
Purchased services	79,059	90,000	10,941
Supplies-materials	423	500	77
Total instruction improvement program	378,104	362,878	(15,226)

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016

	Actual	Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued):			
Educational media			
Salaries	355,196	364,190	8,994
Benefits	122,946	117,643	(5,303)
Supplies-materials	48,099	49,900	1,801
Total educational media	526,241	531,733	5,492
Instruction related technology			
Salaries	246,843	275,950	29,107
Benefits	74,252	81,649	7,397
Purchased services	608	250	(358)
Supplies-materials	73,106	92,000	18,894
Total instruction related technology	394,809	449,849	55,040
Board of education			
Purchased services	51,737	43,750	(7,987)
Supplies-materials	2,045	750	(1,295)
Insurance	31,276	31,307	31
Total board of education	85,058	75,807	(9,251)
District administration			
Salaries	380,721	384,140	3,419
Benefits	107,657	109,927	2,270
Purchased services	33,265	31,750	(1,515)
Supplies-materials	9,619	9,500	(119)
Total district administration	531,262	535,317	4,055
School administration			
Salaries	1,645,362	1,626,086	(19,276)
Benefits	488,679	482,385	(6,294)
Purchased services	9,219	11,500	2,281
Supplies-materials	23,114	27,100	3,986
Total school administration	2,166,374	2,147,071	(19,303)
Business operations			
Salaries	214,728	213,500	(1,228)
Benefits	65,028	65,536	508
Purchased services	2,411	3,500	1,089
Supplies-materials	-	500	500
Total business operations	282,167	283,036	869
Administrative technology			
Salaries	17,104	-	(17,104)
Benefits	5,097	-	(5,097)
Purchased services	5,791	5,075	(716)
Supplies-materials	48,838	55,250	6,412
Total administrative technology	76,830	60,325	(16,505)

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016

	Actual	Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued):			
Buildings-care program (custodial)			
Salaries	606,751	615,116	8,365
Benefits	189,219	194,138	4,919
Purchased services	1,070,638	828,975	(241,663)
Supplies-materials	41,658	47,500	5,842
Insurance	76,564	76,639	75
Total buildings-care program (custodial)	<u>1,984,830</u>	<u>1,762,368</u>	<u>(222,462)</u>
Maintenance - non-student occupied			
Purchased services	40,197	42,500	2,303
Supplies-materials	13,584	25,000	11,416
Total maintenance - non-student occupied	<u>53,781</u>	<u>67,500</u>	<u>13,719</u>
Maintenance - student occupied			
Salaries	463,442	452,500	(10,942)
Benefits	153,316	153,262	(54)
Purchased services	141,126	93,000	(48,126)
Supplies-materials	118,614	115,000	(3,614)
Total maintenance - student occupied	<u>876,498</u>	<u>813,762</u>	<u>(62,736)</u>
Pupil-to-school transportation			
Salaries	914,137	942,500	28,363
Benefits	253,285	254,850	1,565
Purchased services	61,469	59,000	(2,469)
Supplies-materials	206,290	310,750	104,460
Capital outlay	150	-	(150)
Insurance	13,043	12,500	(543)
Total pupil-to-school transportation	<u>1,448,374</u>	<u>1,579,600</u>	<u>131,226</u>
General transportation:			
Salaries	2,979	3,000	21
Benefits	1,070	975	(95)
Purchased services	1,606	13,000	11,394
Supplies-materials	31,568	10,000	(21,568)
Insurance	13,079	13,091	12
Total general transportation	<u>50,302</u>	<u>40,066</u>	<u>(10,236)</u>
TOTAL SUPPORT:			
Salaries	6,216,821	6,263,362	46,541
Benefits	1,864,198	1,872,626	8,428
Purchased services	1,653,036	1,317,300	(335,736)
Supplies-materials	626,516	755,000	128,484
Capital outlay	150	-	(150)
Insurance	133,962	133,537	(425)
Total Support	<u>\$ 10,494,683</u>	<u>\$ 10,341,825</u>	<u>\$ (152,858)</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS

Child Nutrition Fund - To account for costs of operating the school lunch program at the District. Financing is provided by State and Federal assistance and by sales of lunches. Reporting is done as a special revenue fund rather than as an enterprise fund due to the large amounts of State and Federal assistance received by the program.

Federal Forest Fund - To account for unrestricted Federal revenue received from the U.S. Department of Agriculture. This Fund has been used for special capital outlay projects.

Title I-A, ESEA – Improving Basic Programs Fund - To account for restricted Federal revenue to be spent on programs to provide special instruction to disadvantaged students.

Before and After School Enrichment Fund - To account for local revenues supporting a before and after school enrichment program.

IDEA Part B – School Age Fund - To account for restricted Federal revenue to be spent on programs to provide for special testing, physical therapy, teacher aids, equipment and materials, etc. in special education.

IDEA Part B – Preschool Fund - To account for restricted Federal revenue to be spent on programs to provide for preschool handicapped (3-5 years old) in the same manner provided for school age children in IDEA Part B program.

State Professional Technical Fund - To account for restricted State revenue to be spent on equipment and materials for vocational programs.

Title II-A, ESEA – Improving Teacher Quality Fund - To account for restricted Federal revenue to be spent on in-service training of math and/or science teachers.

State Substance Abuse Fund - To account for restricted State revenue to be spent on drug education in-service training for teachers and parents and materials for classroom.

Technology Grant Fund - To account for restricted State revenue to be spent on capital outlay projects.

Perkins III – Professional Technical Act Fund - To account for restricted Federal revenue to be spent on vocational training.

Gifted and Talented Fund - To account for State revenues to be spent on in service training for the gifted and talented program.

Professional Technical Academy - To account for Local revenues to be spent on salaries and benefits in vocational activities.

Idaho Reading Initiative Grant Fund - To account for State revenues to be spent on interventions for kindergarten through third grade students whose reading scores fall below grade level.

Miscellaneous Grant Fund - To account for State and Local revenue to be spent on the current needs of the District as indicated by each grant.

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2016

	Child Nutrition	Federal Forest	Title I-A - ESEA Improving Basic Programs	Before and After School Enrichment	IDEA Part B School Age	IDEA Part B PreSchool	State Professional Technical	Title II-A ESEA - Improving Teacher Quality
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Assets:								
Due from other funds	228,168	9,276	-	61,308	-	-	-	-
Other receivables:								
State reimbursements	-	-	-	2,060	-	-	22,752	-
Federal reimbursements	8,951	-	62,163	-	147,095	-	-	32,222
Inventory	43,012	-	-	-	-	-	-	-
Total assets	<u>280,131</u>	<u>9,276</u>	<u>62,163</u>	<u>63,368</u>	<u>147,095</u>	<u>-</u>	<u>22,752</u>	<u>32,222</u>
Deferred outflows of resources	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 280,131</u>	<u>\$ 9,276</u>	<u>\$ 62,163</u>	<u>\$ 63,368</u>	<u>\$ 147,095</u>	<u>\$ -</u>	<u>\$ 22,752</u>	<u>\$ 32,222</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Due to other funds	-	-	62,163	-	72,135	-	17,461	13,189
Accounts payable	67,889	-	-	941	-	-	5,291	-
Accrued payroll and benefits	-	-	-	-	74,960	-	-	19,033
Total liabilities	<u>67,889</u>	<u>-</u>	<u>62,163</u>	<u>941</u>	<u>147,095</u>	<u>-</u>	<u>22,752</u>	<u>32,222</u>
Deferred inflows of resources								
Deferred revenue	-	-	-	1,172	-	-	-	-
Fund balances:								
Nonspendable	43,012	-	-	-	-	-	-	-
Restricted	169,230	9,276	-	61,255	-	-	-	-
Total fund balances	<u>212,242</u>	<u>9,276</u>	<u>-</u>	<u>61,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 280,131</u>	<u>\$ 9,276</u>	<u>\$ 62,163</u>	<u>\$ 63,368</u>	<u>\$ 147,095</u>	<u>\$ -</u>	<u>\$ 22,752</u>	<u>\$ 32,222</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2016

	State Substance Abuse	Technology Grant	Perkins III Professional Technical Act	Gifted and Talented	Professional Technical Academy	Idaho Reading Initiative Grant	Miscellaneous Grant	Combining Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Assets:								
Due from other funds	57,690	-	-	-	-	7,179	6,285	369,906
Other receivables:								
State reimbursements	-	-	-	-	-	-	-	24,812
Federal reimbursements	-	-	19,812	-	-	-	-	270,243
Inventory	-	-	-	-	-	-	-	43,012
Total assets	57,690	-	19,812	-	-	7,179	6,285	707,973
Deferred outflows of resources	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
	\$ 57,690	\$ -	\$ 19,812	\$ -	\$ -	\$ 7,179	\$ 6,285	\$ 707,973
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Due to other funds	-	-	16,352	-	-	-	-	181,300
Accounts payable	1,323	-	-	-	-	1,194	-	76,638
Accrued payroll and benefits	-	-	3,460	-	-	-	-	97,453
Total liabilities	1,323	-	19,812	-	-	1,194	-	355,391
Deferred inflows of resources								
Deferred revenue	-	-	-	-	-	-	-	1,172
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	43,012
Restricted	56,367	-	-	-	-	5,985	6,285	308,398
Total fund balances	56,367	-	-	-	-	5,985	6,285	351,410
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
	\$ 57,690	\$ -	\$ 19,812	\$ -	\$ -	\$ 7,179	\$ 6,285	\$ 707,973

SINGLE AUDIT SECTION



LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
June 30, 2016

	Child Nutrition	Federal Forest	Title I-A - ESEA Improving Basic Programs	Before and After School Enrichment	IDEA Part B School-Age	IDEA Part B Pre-School	State Professional Technical	Title II-A ESEA - Improving Teacher Quality
REVENUES								
Local:								
Earnings on investments	17	-	-	-	-	-	-	-
Lunch sales	409,365	-	-	-	-	-	-	-
Other	-	-	-	259,968	-	-	-	-
Total local	409,382	-	-	259,968	-	-	-	-
State:								
Restricted	-	-	-	-	-	-	75,843	-
Other state revenue	100	-	-	-	-	-	-	-
Total state	100	-	-	-	-	-	75,843	-
Federal:								
School lunch reimbursement	922,751	-	-	-	-	-	-	-
Unrestricted	-	30,647	-	-	-	-	-	-
Restricted	93,721	-	634,969	-	719,394	18,904	-	150,502
Total federal	1,016,472	30,647	634,969	-	719,394	18,904	-	150,502
Total revenues	1,425,954	30,647	634,969	259,968	719,394	18,904	75,843	150,502
EXPENDITURES								
Instruction:								
Salaries	-	-	451,153	181,188	549,804	16,270	-	116,613
Benefits	-	-	142,589	43,983	167,426	2,634	-	33,443
Purchased services	-	-	3,103	5,562	451	-	8,236	446
Supplies-materials	-	-	38,124	4,261	1,713	-	62,989	-
Capital objects	-	-	-	-	-	-	4,618	-
Total instruction	-	-	634,969	234,994	719,394	18,904	75,843	150,502
Support:								
Salaries	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-
Purchased services	-	22,476	-	-	-	-	-	-
Supplies-materials	-	4,320	-	-	-	-	-	-
Total support	-	26,796	-	-	-	-	-	-
Non-instruction:								
Salaries	404	-	-	-	-	-	-	-
Benefits	128	-	-	-	-	-	-	-
Purchased services	721,924	-	-	-	-	-	-	-
Supplies-materials	652,879	-	-	-	-	-	-	-
Capital objects	16,271	-	-	-	-	-	-	-
Insurance	16,842	-	-	-	-	-	-	-
Total non-instruction	1,408,448	-	-	-	-	-	-	-
Total expenditures	1,408,448	26,796	634,969	234,994	719,394	18,904	75,843	150,502
Excess (deficiency) of revenues over/under expenditures	17,506	3,851	-	24,974	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balance	17,506	3,851	-	24,974	-	-	-	-
Fund balance-beginning of year	194,736	5,425	-	36,281	-	-	-	-
Fund balance-end of year	\$ 212,242	\$ 9,276	\$ -	\$ 61,255	\$ -	\$ -	\$ -	\$ -

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
June 30, 2016

	State Substance Abuse	Technology Grant	Perkins III Professional Technical Act	Gifted and Talented	Professional Technical Academy	Idaho Reading Initiative Grant	Miscellaneous Grant	Combining Total
REVENUES								
Local:								
Earnings on investments	-	-	-	-	-	-	-	17
Lunch sales	-	-	-	-	-	-	-	409,365
Other	-	-	-	-	-	-	16,541	276,509
Total local	-	-	-	-	-	-	16,541	685,891
State:								
Restricted	-	186,523	-	-	-	-	-	262,366
Other state revenue	55,362	-	-	-	-	26,798	3,262	85,522
Total state	55,362	186,523	-	-	-	26,798	3,262	347,888
Federal:								
School lunch reimbursement	-	-	-	-	-	-	-	922,751
Unrestricted	-	-	-	-	-	-	-	30,647
Restricted	-	-	48,218	-	-	-	-	1,665,708
Total federal	-	-	48,218	-	-	-	-	2,619,106
Total revenues	55,362	186,523	48,218	-	-	26,798	19,803	3,652,885
EXPENDITURES								
Instruction:								
Salaries	-	-	37,071	-	-	106,253	762	1,459,114
Benefits	-	-	11,147	-	-	811	-	402,033
Purchased services	-	-	-	823	166,722	2,936	6,593	194,872
Supplies-materials	-	-	-	-	-	-	10,619	117,706
Capital objects	-	-	-	-	-	-	723	5,341
Total instruction	-	-	48,218	823	166,722	110,000	18,697	2,179,066
Support:								
Salaries	-	83,787	-	-	-	-	-	83,787
Benefits	76	25,873	-	-	-	-	-	25,949
Purchased services	24,490	4,749	-	-	-	-	-	51,715
Supplies-materials	222	72,114	-	-	-	-	-	76,656
Total support	24,788	186,523	-	-	-	-	-	238,107
Non-instruction:								
Salaries	-	-	-	-	-	-	-	404
Benefits	-	-	-	-	-	-	-	128
Purchased services	-	-	-	-	-	-	-	721,924
Supplies-materials	-	-	-	-	-	-	-	652,879
Capital objects	-	-	-	-	-	-	-	16,271
Insurance	-	-	-	-	-	-	-	16,842
Total non-instruction	-	-	-	-	-	-	-	1,408,448
Total expenditures	24,788	186,523	48,218	823	166,722	110,000	18,697	3,825,621
Excess (deficiency) of revenues over/under expenditures	30,574	-	-	(823)	(166,722)	(83,202)	1,106	(172,736)
Other financing sources (uses):								
Transfers in	-	-	-	-	166,722	-	-	166,722
Transfer out	-	-	-	(7)	-	-	(3)	(10)
Total other financing sources (uses)	-	-	-	(7)	166,722	-	(3)	166,712
Net change in fund balance	30,574	-	-	(830)	-	(83,202)	1,103	(6,024)
Fund balance-beginning of year	25,793	-	-	830	-	89,187	5,182	357,434
Fund balance-end of year	\$ 56,367	\$ -	\$ -	\$ -	\$ -	\$ 5,985	\$ 6,285	\$ 351,410

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 For the Year Ended June 30, 2016

	<u>Revenues</u>	<u>Budget</u>	<u>Variance</u>	<u>Expenses</u>	<u>Budget</u>	<u>Variance</u>
Special Revenue Fund:						
Child Nutrition	1,425,954	1,462,426	(36,472)	1,408,448	1,462,426	53,978
Federal Forest	30,647	29,500	1,147	26,796	29,500	2,704
Title I-A - ESEA Improving Basic Programs	634,969	594,187	40,782	634,969	594,187	(40,782)
Before and After School Enrichment	259,968	231,500	28,468	234,994	231,500	(3,494)
IDEA Part B School-Age	719,394	718,929	465	719,394	718,929	(465)
IDEA Part B Pre-School	18,904	18,886	18	18,904	18,886	(18)
State Professional Technical	75,843	71,004	4,839	75,843	71,004	(4,839)
Title II-A ESEA - Improving Teacher Quality	150,502	141,154	9,348	150,502	141,154	(9,348)
State Substance Abuse	55,362	52,500	2,862	24,788	52,500	27,712
Technology Grant	186,523	190,900	(4,377)	186,523	190,900	4,377
Perkins III Professional Technical Act	48,218	48,218	-	48,218	48,218	-
Gifted and Talented	-	-	-	830	-	(830)
Professional Technical Academy	166,722	166,722	-	166,722	166,722	-
Idaho Reading Initiative Grant	26,798	85,000	(58,202)	110,000	85,000	(25,000)
Miscellaneous Grant	19,803	-	19,803	18,700	-	(18,700)
Total	<u>\$ 3,819,607</u>	<u>\$ 3,810,926</u>	<u>\$ 8,681</u>	<u>\$ 3,825,631</u>	<u>\$ 3,810,926</u>	<u>\$ (14,705)</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2016**

	Federal CFDA Number	Pass Through Grantor's Number	Federal Grant Number	Expenditures
U. S. Department of Agriculture				
Passed through State Department of Education				
Child Nutrition Cluster				
School Lunch	10.555	15-272	201616N109947	680,831
School Lunch - Commodities	10.555	15-272	201616N109948	93,721
Breakfast Program	10.553	15-272	201616N109949	165,034
Summer Food	10.559	15-272	2015IN109947	20,711
Total Child Nutrition Cluster				<u>960,297</u>
Other Programs				
Fresh Fruit and Vegetable	10.582	15-272	201616L160347	17,815
Child and Adult Care Food Program	10.558	15-272	201616N109947	39,007
Child Nutrition Discretionary Grants	10.579	15-272	20140L430330	4,947
Total Other Programs				<u>61,769</u>
Direct through U.S. Department of Agriculture				
Federal Forest	10.665	15-272		26,796
Total U.S. Department of Agriculture				<u>1,048,862</u>
U.S. Department of Education				
Passed through State Department of Education				
Special Education (IDEA) Cluster				
Part B, IDEA - School Age	84.027	15-272	H027A150088	719,394
Part B, IDEA - Preschool	84.173	15-272	H173A150030	18,904
Total Special Education Cluster				<u>738,298</u>
Other Programs				
Title I-A, ESEA - Improving Basic Programs	84.010	15-272	S010A150012	634,969
Perkins III, Professional Technical	84.048	15-272	V048A150012	48,218
Title II-A, ESEA - Improving Teacher Quality	84.367	15-272	S367A150011	150,502
Total Other Programs				<u>833,689</u>
Total U.S. Department of Education				<u>1,571,987</u>
Total Expenditures				<u>\$ 2,620,849</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2016

NOTE 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Lakeland Joint School District No. 272 under programs of the federal government for the year ended June 30, 2016. 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 the Lakeland Joint School District No. 272, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Lakeland Joint School District No. 272

NOTE 2 Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the 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.
- (2) Lakeland Joint School District No. 272 has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2016, the School District had received food commodities totaling \$93,721.

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

To the Board of Trustees
Lakeland Joint School District No. 272
Rathdrum, Idaho 83858

We have audited, in accordance with the 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 governmental activities, each major fund, and the aggregate remaining fund information of Lakeland Joint School District No. 272, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise Lakeland Joint School District No. 272's basic financial statements, and have issued our report thereon dated October 14, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lakeland Joint School District No. 272'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 Lakeland Joint School District No. 272's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lakeland Joint School District No. 272'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

our audit, we did not identify any deficiencies in internal control 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 Lakeland Joint School District No. 272'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*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hayden Ross, PLLC

Moscow, Idaho
October 14, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Lakeland Joint School District No. 272
Rathdrum, Idaho 83858

Report on Compliance for Each Major Federal Program

We have audited Lakeland Joint School District No. 272's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lakeland Joint School District No. 272's major federal programs for the year ended June 30, 2016. Lakeland Joint School District No. 272'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 its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Lakeland Joint School District No. 272'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 Governmental Auditing Standards, issued by the Comptroller General of the United States; and the audit 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). 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 the Lakeland Joint School District No. 272'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 on Lakeland Joint School District No. 272's compliance.

Opinion on Each Major Federal Program

In our opinion, Lakeland Joint School District No. 272 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, 2016.

Report on Internal Control Over Compliance

Management of Lakeland Joint School District No. 272 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 Lakeland Joint School District No. 272's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 Lakeland Joint School District No. 272'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.

Hayden Ross, PLLC

Moscow, Idaho
October 14, 2016

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Governmental Activities and Discretely Presented Component Unit Qualified
Each Major Fund and Aggregate Remaining Fund Information Unmodified

Internal control over financial reporting:

- material weakness(es) identified? yes no

- significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- material weakness(es) identified? yes no

- significant deficiency(ies) identified? yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

yes no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555, 10.556, 10.559
84.010

Child Nutrition Cluster
Title I

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

yes no

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For The Year Ended June 30, 2016

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.