

LAKELAND JOINT SCHOOL DISTRICT No. 272

Rathdrum, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2017**

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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, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2017 and the changes in financial position 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, 2017, 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 40 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, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the “Basis for Qualified Opinion” paragraph, the combining and individual nonmajor fund financial statements 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 6, 2017, 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 6, 2017

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017

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, 2017.

Financial Highlights

State Revenue Increases for 2016-17 Fiscal Year

First reporting period enrollment funding units increased 3.1% during the 2016-17 fiscal year as compared to the same reporting period in 2015-16. Increased enrollment, coupled with increases in entitlement revenue and salary-based revenue resulted in a \$1,478,632 increase in state apportionment revenues for the general fund.

General Fund Balance Increases over the 2016-17 Fiscal Year

The School District's ending fund balance increased by \$1,173,874 compared to the prior year. This increase was due to increased State Apportionment and a reduction in discretionary expenditures. At the close of the 2016-17 fiscal year, the \$1,161,208 fund balance consists of \$250,000 committed to contingency reserve, \$26,348 of nonspendable and the remaining fund balance of \$884,860 is unassigned. The ending fund balance is 4% of general fund expenditures. This is slightly below the minimum fund balance requirement of 5% as outlined in Board policy 7050, but a dramatic improvement from the 2015-16 fiscal year.

Supplemental Property Tax Levy Revenue

In the 2016-17 fiscal year, the School District's supplemental property tax levy generated \$5,353,149, 17.53% of the total General Fund revenues for the 2016-17 fiscal year. This revenue comes from a 2-year supplemental property tax levy expiring in June 30, 2017. The School District board also passed an emergency levy of \$802,585 to provide additional revenue in the 2016-17 fiscal year.

In March of 2017, the patrons of Lakeland School District approved a 2-year supplemental property tax levy and 5-year plant facility levy. The 2-year supplemental levy will expire in June 30, 2019 and is \$8,990,534 for each fiscal year. This represents a significant increase in the District's supplemental levy to support enhanced educational programs and new District initiatives. The plant facility levy will expire June 30, 2022 and authorizes the District to collect \$1,146,520 each year.

Revenue and Resources

Enrollment and Attendance - A key component in preparing the annual budget is a projection of funding from the State. The majority of this funding is based on a formula which measures

average daily attendance (ADA). Enrollment is projected by utilizing a cohort model taking into account 2 year, 3 year, and 5 year averages. These numbers are also compared to a roll forward of Spring enrollment to the upcoming school year.

The School District's actual ADA generated 212.46 support units for the year, compared to 205.80 from the 2015-16 fiscal year. School Districts received \$25,696 per support unit in 2016-17, up from \$23,868 in 2015-16. The projection for support units for the 2017-18 fiscal year is 212.50.

State Support - State support revenue increased nearly \$1,565,209 due to increased attendance in 2016-17, as well as an increase in non-statutory support allocations.

Bond Interest Stabilization Payment – In 2016-17, the School District received a bond interest stabilization payment of \$39,417. This revenue helps reduce the burden on the local property tax-payer for bond interest.

Revenue Anticipation Notes

In the summer of 2016, the District issued two Revenue Anticipation Notes totaling 1.5M. The notes were issued to meet cash flow needs and finance current operations. The District paid back the notes (principal and interest) in August of 2016 after the collection of the August Idaho State apportionment payment.

In the summer of 2017, the District issued one Revenue Anticipation Note totaling 1.5M. The note was issued to meet cash flow needs and finance current operations. The District paid back the note (principal and interest) in August of 2017 after the collection of the August Idaho State apportionment payment. With the improvement of the District's general fund balance, the District does not anticipate the need for a Revenue Anticipation Note in the summer of 2018.

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 22-39 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 40 of this report.

Other information. The supplementary information 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 41-51 of this report.

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

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Assets			
Current and other assets	19,375,539	13,879,734	5,495,805
Capital assets, net	26,435,466	27,318,557	(883,091)
Total Assets	<u>45,811,005</u>	<u>41,198,291</u>	<u>4,612,714</u>
Deferred Outflows of Resources	<u>8,758,546</u>	<u>5,577,862</u>	<u>3,180,684</u>
Liabilities			
Accounts payable and other current liabilities	4,906,992	5,155,259	(248,267)
Long-term liabilities Outstanding	22,563,294	19,486,455	3,076,839
Total Liabilities	<u>27,470,286</u>	<u>24,641,714</u>	<u>2,828,572</u>
Deferred Inflows of Resources	<u>16,157,964</u>	<u>13,974,506</u>	<u>2,183,458</u>
Net Position			
Net investment in capital assets	15,394,706	15,178,050	216,656
Restricted	2,696,329	1,940,993	755,336
Unrestricted	(7,149,734)	(8,959,110)	1,809,376
Total Net Position	<u>\$ 10,941,301</u>	<u>\$ 8,159,933</u>	<u>\$ 2,781,368</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, 2017 was \$10,941,301.

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>2016 - 2017</u>	<u>2015 - 2016</u>	<u>Change</u>
Revenues			
Program Revenues:			
Charges for services	439,973	409,365	30,608
Operating grants and contributions	4,127,376	4,013,186	114,190
Capital grants and contributions	39,417	39,418	(1)
Property taxes	8,652,193	7,459,710	1,192,483
Federal and state revenues	21,867,058	20,166,086	1,700,972
Sale or compensation for disposal of fixed assets	232,201	4,665	227,536
Interest and investment earnings	24,169	4,597	19,572
Other	580,715	433,318	147,397
Total Revenues	<u>35,963,102</u>	<u>32,530,345</u>	<u>3,432,757</u>
Expenses			
Program Expenses:			
Preschool - 12 Instruction	18,578,362	17,834,639	743,723
Support services			
Pupil support	1,935,252	1,643,851	291,401
Staff support	1,498,308	1,460,230	38,078
General administration	771,357	608,933	162,424
School/business administration	2,422,065	2,489,595	(67,530)
Maintenance/custodial	2,897,194	2,890,523	6,671
Transportation	1,601,879	1,480,037	121,842
Other services	13,664	26,796	(13,132)
Child Nutrition	1,391,591	1,392,143	(552)
Capital Outlay	339,222	597,384	(258,162)
Debt Services	380,764	419,217	(38,453)
Depreciation, unallocated	1,352,076	1,331,340	20,736
Total Expenses	<u>33,181,734</u>	<u>32,174,688</u>	<u>986,310</u>
Change in Net Position	2,781,368	355,657	2,425,711
Net Position – Beginning	8,159,933	7,998,155	161,778
Net Position – Prior Period Adjustment	-	(193,879)	193,879
Net Position – Ending	<u>\$ 10,941,301</u>	<u>\$ 8,159,933</u>	<u>\$ 2,781,368</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 \$1,161,208. The unassigned fund balance increased by \$901,859 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>2016 - 2017</u>	<u>2015 - 2016</u>	<u>Change</u>
Sites	1,353,484	1,353,484	-
Construction in progress	64,762	-	64,762
Buildings	23,860,531	24,803,367	(942,836)
Equipment	471,579	486,689	(15,110)
Transportation	685,110	675,017	10,093
Total Net Assets	<u>\$ 26,435,466</u>	<u>\$ 27,318,557</u>	<u>\$ (883,091)</u>

At year end, the capital projects fund has a total fund balance of \$439,324.

Long-term Debt. The Debt Service Fund has a total fund balance of \$1,478,403, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance increased by \$52,030.

At year end the District had \$10,875,000 in general obligation bonds outstanding. The debt of the District is secured by an annual tax levy authorized in past years by the patrons.

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 Brian Wallace, Chief of Finance and Operations, 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, 2017

ASSETS

Current assets		
Cash	2,547,893	
Investments	202,165	
Taxes receivable	255,782	
Unbilled taxes receivable	11,968,869	
Other receivables:		
Due from other governmental units	4,324,402	
Other	9,227	
Prepaid expenses	26,348	
Inventory	40,853	
Total current assets	<u>19,375,539</u>	
Noncurrent assets		
Non-depreciated capital assets	1,418,246	
Depreciated capital assets	50,885,955	
Less: accumulated depreciation	<u>(25,868,735)</u>	
Total noncurrent assets	<u>26,435,466</u>	
Total assets		<u>45,811,005</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related items		<u>8,758,546</u>
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LIABILITIES

Current liabilities		
Accounts payable and other current liabilities	3,631,740	
Other post employment benefit payable	155,252	
Current portion of long-term debt	<u>1,120,000</u>	
Total current liabilities	<u>4,906,992</u>	
Noncurrent liabilities		
Noncurrent portion of long-term debt	9,755,000	
Net pension liability	<u>12,808,294</u>	
Total noncurrent liabilities	<u>22,563,294</u>	
Total liabilities		<u>27,470,286</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue	11,968,869	
Pension related items	<u>4,189,095</u>	
Total deferred inflows of resources		<u>16,157,964</u>

NET POSITION

Net investment in capital assets	15,394,706	
Restricted for:		
Debt service	1,507,272	
Capital projects	455,032	
Grant programs	734,025	
Unrestricted	<u>(7,149,734)</u>	
Total net position		<u>\$ 10,941,301</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	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	18,578,362	-	1,783,090	-	(16,795,272)
Support Services:					
Pupil support	1,935,252	-	295,690	-	(1,639,562)
Staff support	1,498,308	-	-	-	(1,498,308)
General administration	771,357	-	-	-	(771,357)
School/business administration	2,422,065	-	-	-	(2,422,065)
Maintenance/custodial	2,897,194	-	-	-	(2,897,194)
Transportation	1,601,879	-	1,028,989	-	(572,890)
Other services	13,664	-	-	-	(13,664)
Child Nutrition	1,391,591	439,973	1,019,607	-	67,989
Capital Outlay	339,222	-	-	-	(339,222)
Debt Services	380,764	-	-	39,417	(341,347)
Depreciation, unallocated	1,352,076	-	-	-	(1,352,076)
Total School District	<u>\$ 33,181,734</u>	<u>\$ 439,973</u>	<u>\$ 4,127,376</u>	<u>\$ 39,417</u>	<u>(28,574,968)</u>
General revenues					
Taxes					
					6,315,235
					39,851
					1,487,091
					810,016
					21,867,058
					232,201
					580,715
					24,169
					<u>31,356,336</u>
					2,781,368
					<u>8,159,933</u>
					<u>\$ 10,941,301</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2017

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash	2,547,893	-	-	-	2,547,893
Investments	202,165	-	-	-	202,165
Due from other funds	-	923,045	-	732,828	1,655,873
Taxes receivable	186,089	45,135	24,558	-	255,782
Unbilled taxes receivable	9,048,174	1,774,175	1,146,520	-	11,968,869
Other receivables:					
Due from other governmental units	3,059,584	539,092	293,100	432,626	4,324,402
Other	9,227	-	-	-	9,227
Prepaid expenses	26,348	-	-	-	26,348
Inventory	-	-	-	40,853	40,853
Total assets	<u>15,079,480</u>	<u>3,281,447</u>	<u>1,464,178</u>	<u>1,206,307</u>	<u>21,031,412</u>
Deferred outflows of resources	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 15,079,480</u>	<u>\$ 3,281,447</u>	<u>\$ 1,464,178</u>	<u>\$ 1,206,307</u>	<u>\$ 21,031,412</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Due to other funds	1,621,386	-	(164,890)	199,377	1,655,873
Accounts payable	105,215	-	27,516	79,158	211,889
Accrued payroll and benefits	3,024,466	-	-	193,747	3,218,213
Total liabilities	<u>4,751,067</u>	<u>-</u>	<u>(137,374)</u>	<u>472,282</u>	<u>5,085,975</u>
Deferred inflows of resources:					
Deferred revenue	119,031	28,869	15,708	-	163,608
Unavailable property tax revenue	9,048,174	1,774,175	1,146,520	-	11,968,869
Total deferred inflows of resources	<u>9,167,205</u>	<u>1,803,044</u>	<u>1,162,228</u>	<u>-</u>	<u>12,132,477</u>
Fund balances:					
Nonspendable	26,348	-	-	40,853	67,201
Committed	250,000	-	439,324	-	689,324
Restricted	-	1,478,403	-	693,172	2,171,575
Unassigned	884,860	-	-	-	884,860
Total fund balances	<u>1,161,208</u>	<u>1,478,403</u>	<u>439,324</u>	<u>734,025</u>	<u>3,812,960</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 15,079,480</u>	<u>\$ 3,281,447</u>	<u>\$ 1,464,178</u>	<u>\$ 1,206,307</u>	<u>\$ 21,031,412</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

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

June 30, 2017

Total fund balances - governmental funds	3,812,960
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	52,304,201
Accumulated depreciation	(25,868,735)
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.	
	163,608
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.	
	(35,878)
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	8,758,546
Deferred inflow of resources	(4,189,095)
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.	
	(165,760)
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	(10,875,000)
Net pension liability	(12,808,294)
Total net position - governmental activities	<u>\$ 10,941,301</u>

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, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local	6,542,235	1,487,463	1,042,010	840,175	9,911,883
State	22,540,302	39,417	-	519,833	23,099,552
Federal	355,745	-	-	2,578,554	2,934,299
Total revenues	<u>29,438,282</u>	<u>1,526,880</u>	<u>1,042,010</u>	<u>3,938,562</u>	<u>35,945,734</u>
EXPENDITURES					
Instruction	16,587,348	-	-	2,257,927	18,845,275
Support	11,189,964	-	-	69,747	11,259,711
Non-instruction	-	-	-	1,398,884	1,398,884
Capital objects	-	-	831,978	-	831,978
Debt service	1,304,911	1,474,850	-	-	2,779,761
Total expenditures	<u>29,082,223</u>	<u>1,474,850</u>	<u>831,978</u>	<u>3,726,558</u>	<u>35,115,609</u>
Excess (deficiency) of revenue over (under) expenditures	<u>356,059</u>	<u>52,030</u>	<u>210,032</u>	<u>212,004</u>	<u>830,125</u>
Other financing sources (uses):					
Transfer in	-	-	110,824	170,611	281,435
Transfer out	(281,435)	-	-	-	(281,435)
Loan proceeds	1,099,250	-	-	-	1,099,250
Total other financing sources (uses)	<u>817,815</u>	<u>-</u>	<u>110,824</u>	<u>170,611</u>	<u>1,099,250</u>
Net change in fund balance	1,173,874	52,030	320,856	382,615	1,929,375
Fund balance (deficit) -beginning of year	<u>(12,666)</u>	<u>1,426,373</u>	<u>118,468</u>	<u>351,410</u>	<u>1,883,585</u>
Fund balance-end of year	<u>\$ 1,161,208</u>	<u>\$ 1,478,403</u>	<u>\$ 439,324</u>	<u>\$ 734,025</u>	<u>\$ 3,812,960</u>

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, 2017

Net change in fund balances - total governmental funds 1,929,375

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlays	468,985	
Depreciation expense	<u>(1,352,076)</u>	(883,091)

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.

17,368

Net pension liability adjustments:

Fiscal year 2016 employer PERSI contributions recognized as pension expense in the current year. (2,094,991)

Fiscal year 2017 employer PERSI contributions deferred to subsequent year 2,239,769

Pension related amortization expense	<u>204,483</u>	349,261
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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.

68,708

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.

19,747

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 (1,099,250)

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.

General obligation bonds	1,280,000	
Tax anticipation note payments	<u>1,099,250</u>	
		<u>2,379,250</u>

Net change in net position of governmental activities \$ 2,781,368

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, 2017

	Original Budget	Amended Budget	Actual	Variances	
				Favorable (Unfavorable) Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	5,439,000	6,241,585	6,337,553	898,553	95,968
Earnings on investments	5,000	5,000	24,169	19,169	19,169
Other	111,900	111,900	180,513	68,613	68,613
Total local	5,555,900	6,358,485	6,542,235	986,335	183,750
State:					
Base program	17,442,801	17,570,000	17,939,342	496,541	369,342
Transportation	1,100,000	1,100,000	1,028,989	(71,011)	(71,011)
Tuition equivalency	-	-	42,825	42,825	42,825
Benefit apportionment	2,289,095	2,289,095	2,367,450	78,355	78,355
Other state support	1,394,051	693,104	779,936	(614,115)	86,832
Lottery/additional state maintenance	248,000	248,000	257,798	9,798	9,798
Revenue in lieu of taxes	63,977	63,977	63,977	-	-
Other state revenue	-	-	59,985	59,985	59,985
Total state	22,537,924	21,964,176	22,540,302	2,378	576,126
Federal:					
Unrestricted	165,000	165,000	355,745	190,745	190,745
Total revenues	28,258,824	28,487,661	29,438,282	1,179,458	950,621
EXPENDITURES					
Instruction:					
Salaries	12,324,645	12,501,728	12,606,969	(282,324)	(105,241)
Benefits	3,548,205	3,735,578	3,706,568	(158,363)	29,010
Purchased services	130,300	131,560	68,576	61,724	62,984
Supplies-materials	463,554	332,677	205,235	258,319	127,442
Total instruction	16,466,704	16,701,543	16,587,348	(120,644)	114,195
Support:					
Salaries	6,548,433	6,550,370	6,584,141	(35,708)	(33,771)
Benefits	1,991,871	2,045,607	2,000,127	(8,256)	45,480
Purchased services	1,584,900	1,584,900	1,725,727	(140,827)	(140,827)
Supplies-materials	863,553	787,878	734,548	129,005	53,330
Capital outlay	-	-	8,787	(8,787)	(8,787)
Insurance	136,641	136,641	136,634	7	7
Total support	11,125,398	11,105,396	11,189,964	(64,566)	(84,568)
Debt service:					
Principal	-	-	1,300,000	(1,300,000)	(1,300,000)
Interest	-	-	4,911	(4,911)	(4,911)
Total debt service	-	-	1,304,911	(1,304,911)	(1,304,911)
Total expenditures	27,592,102	27,806,939	29,082,223	(1,490,121)	(1,275,284)
Excess (deficiency) of revenues over (under) expenditures	666,722	680,722	356,059	(310,663)	(324,663)
Other financing sources (uses):					
Transfer out	(416,722)	(555,522)	(281,435)	135,287	274,087
Loan proceeds	-	-	1,099,250	1,099,250	1,099,250
Total other financing sources (uses)	(416,722)	(555,522)	817,815	1,234,537	1,373,337
Net change in fund balance	\$ 250,000	\$ 125,200	1,173,874	\$ 923,874	\$ 1,048,674
Fund balance (deficit) -beginning of year			(12,666)		
Fund balance-end of year			\$ 1,161,208		

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, 2017

	<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	1,474,100	1,474,100	1,487,463	13,363	13,363
State:					
Other state revenue	38,500	38,500	39,417	917	917
Total revenues	<u>1,512,600</u>	<u>1,512,600</u>	<u>1,526,880</u>	<u>14,280</u>	<u>14,280</u>
EXPENDITURES					
Debt service:					
Principal	1,080,000	1,080,000	1,080,000	-	-
Interest	394,100	394,100	394,850	(750)	(750)
Total expenditures	<u>1,474,100</u>	<u>1,474,100</u>	<u>1,474,850</u>	<u>(750)</u>	<u>(750)</u>
Net change in fund balance	<u>\$ 38,500</u>	<u>\$ 38,500</u>	52,030	<u>\$ 13,530</u>	<u>\$ 13,530</u>
Fund balance-beginning of year			<u>1,426,373</u>		
Fund balance-end of year			<u>\$ 1,478,403</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, 2017

	<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	800,000	800,000	809,809	9,809	9,809
Other local	-	-	232,201	232,201	232,201
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>1,042,010</u>	<u>242,010</u>	<u>242,010</u>
EXPENDITURES					
Purchased services	12,000	12,000	-	12,000	12,000
Capital objects	<u>1,162,800</u>	<u>1,176,800</u>	<u>831,978</u>	<u>330,822</u>	<u>344,822</u>
Total expenditures	<u>1,174,800</u>	<u>1,188,800</u>	<u>831,978</u>	<u>342,822</u>	<u>356,822</u>
Excess (deficiency) of revenues over (under) expenditures	(374,800)	(388,800)	210,032	584,832	598,832
Other financing sources (uses):					
Transfer in	<u>250,000</u>	<u>388,800</u>	<u>110,824</u>	<u>(139,176)</u>	<u>(277,976)</u>
Total other financing sources (uses):	<u>250,000</u>	<u>388,800</u>	<u>110,824</u>	<u>(139,176)</u>	<u>(277,976)</u>
Net change in fund balance	<u>\$ (124,800)</u>	<u>\$ -</u>	320,856	<u>\$ 445,656</u>	<u>\$ 320,856</u>
Fund balance-beginning of year			<u>118,468</u>		
Fund balance-end of year			<u>\$ 439,324</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

FIDUCIARY FUNDS AND COMPONENT UNIT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

	<u>Agency Funds</u>	<u>Component Unit Lakeland Education Foundation, Inc.</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Cash	115,478	103,871
Investments	<u>347,941</u>	<u>-</u>
Total assets	463,419	103,871
Deferred outflows of resources	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 463,419</u></u>	<u><u>\$ 103,871</u></u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities:		
Due to student groups	<u>463,419</u>	<u>-</u>
Total liabilities	463,419	-
Deferred inflows of resources	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>463,419</u>	<u>-</u>
NET POSITION		
Restricted	<u>-</u>	<u>103,871</u>
Total net position	<u><u>\$ -</u></u>	<u><u>\$ 103,871</u></u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

COMPONENT UNIT - LAKELAND EDUCATION FOUNDATION, INC.
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
June 30, 2017

ADDITIONS

Net investment income	904
Restricted donations	<u>20,766</u>

Total revenues 21,670

DEDUCTIONS

Administrative expenses	1,519
Scholarship awards	<u>12,988</u>

Total expenses 14,507

Change in net position 7,163

Net position - beginning 96,708

Net position - ending \$ 103,871

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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 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 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 Child Nutrition 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. Vacation does not roll over from year to year. 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, 2017 there were 155.89 days of sick leave for classified employees, and 87 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 - 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. The Districts fund balance policy is to maintain an unassigned fund balance of not less than five percent (5%) and not more than seven and one half percent (7.5%) of the general fund expenses budget for the fiscal year.

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 2017 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 12.

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, 2016 upon which the 2016 levy was based was \$2,432,332,664.

The District's levy was 0.15986% per \$100 of market valuation for tort liability insurance and claims, 3.27185% per \$100 for school plant facilities, and 6.05666% 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, 2017 was 25.11828% per \$100. The District was required to pass an override levy in the amount of 21.67600% per \$100 and qualified for an emergency levy in the amount of 3.28242% per \$100. The total tax levy for the year ended June 30, 2017 was \$8,414,870 with total tax collections being \$8,159,660.

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, 2017 were 96.97% of the tax levy. Property taxes levied for 2016 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 2017 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The total property taxes levy for 2017 of \$11,968,869 is recorded as uncollected but are not considered available at June 30, 2017. 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>Total</u>
Total taxes receivable at June 30, 2017	186,089	45,135	24,558	255,782
Less: Taxes estimated to be collected by the County Treasurer by August 31, 2017	<u>67,058</u>	<u>16,266</u>	<u>8,850</u>	<u>92,174</u>
Deferred revenue	<u>\$ 119,031</u>	<u>\$ 28,869</u>	<u>\$ 15,708</u>	<u>\$ 163,608</u>

NOTE 3 Cash and Investments

Deposits

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash		
Checking and Savings Accounts	\$ 2,663,371	\$ 3,470,101

Deposits were with Wells Fargo of which \$250,000 of interest bearing accounts and non-interest bearing accounts were covered by Federal Deposit Insurance. The remaining balance of \$3,220,101 is in excess of the FDIC insured limit and is uncollateralized and unsecured.

Investments

Detail of investments at June 30, 2017 are as follows:

	<u>Rate</u>	<u>General Fund</u>	<u>Agency</u>	<u>Total</u>
State Treasurer's Pool	Variable	191,892	347,941	539,833
Money Market	Variable	10,273	-	10,273
Total		<u>\$ 202,165</u>	<u>\$ 347,941</u>	<u>\$ 550,106</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	<u>\$ 539,833</u>	<u>\$ 539,833</u>	<u>\$ 539,833</u>	<u>\$ -</u>

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.

Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification.

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:

	Balance			Balance
	June 30, 2016	Additions	Deletions	June 30, 2017
Capital assets not being depreciated				
Land	1,353,484	-	-	1,353,484
Construction in progress	-	64,762		64,762
Total capital assets not being depreciated	1,353,484	64,762	-	1,418,246

NOTE 4 Changes in Capital Assets (Continued)

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital assets being depreciated				
Buildings	45,081,000	136,107	-	45,217,107
Equipment	1,668,616	100,280	-	1,768,896
Transportation	3,732,116	167,836	-	3,899,952
Total depreciated assets	<u>50,481,732</u>	<u>404,223</u>	<u>-</u>	<u>50,885,955</u>
Less: Accumulated Depreciation				
Buildings	(20,277,633)	(1,078,943)	-	(21,356,576)
Equipment	(1,181,927)	(115,390)	-	(1,297,317)
Transportation	(3,057,099)	(157,743)	-	(3,214,842)
Total accumulated depreciation	<u>(24,516,659)</u>	<u>(1,352,076)</u>	<u>-</u>	<u>(25,868,735)</u>
Governmental Activities Assets	<u>\$ 27,318,557</u>	<u>\$ (883,091)</u>	<u>\$ -</u>	<u>\$ 26,435,466</u>

NOTE 5 Long Term Debt

The following is a summary of bond transactions of the District for the year ended June 30, 2017:

Bonds payable @ June 30, 2016	11,955,000
Debt retired	<u>(1,080,000)</u>
Bonds payable @ June 30, 2017	<u>\$ 10,875,000</u>

Bonds payable at June 30, 2017, 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% 7,710,000

2012 Refunding Series

Original issue of \$3,955,000 due August 15, 2023. Interest is stated at 3.0% 3,165,000

Total \$ 10,875,000

NOTE 5 Long Term Debt (Continued)

The annual requirements to amortize all debt outstanding as of June 30, 2017 including interest payments are as follows:

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>2012 Refunding Series</u>		
		<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
8/15/2017	3.00	415,000	47,475	462,475
2/15/2018	3.00	-	41,250	41,250
8/15/2018	3.00	425,000	41,250	466,250
2/15/2019	3.00	-	34,875	34,875
8/15/2019	3.00	440,000	34,875	474,875
2/15/2020	3.00	-	28,275	28,275
8/15/2020	3.00	455,000	28,275	483,275
2/15/2021	3.00	-	21,450	21,450
8/15/2021	3.00	460,000	21,450	481,450
2/15/2022	3.00	-	14,550	14,550
8/15/2022	3.00	480,000	14,550	494,550
2/15/2023	3.00	-	7,350	7,350
8/15/2023	3.00	490,000	7,350	497,350
Total		<u>\$ 3,165,000</u>	<u>\$ 342,975</u>	<u>\$ 3,507,975</u>

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>2013 Refunding Series</u>		
		<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
8/15/2017	4.00	705,000	139,775	844,775
2/15/2018	4.00	-	125,675	125,675
8/15/2018	4.00	760,000	125,675	885,675
2/15/2019	4.00	-	110,475	110,475
8/15/2019	4.00	790,000	110,475	900,475
2/15/2020	4.00	-	94,675	94,675
8/15/2020	4.00	825,000	94,675	919,675
2/15/2021	4.00	-	78,175	78,175
8/15/2021	4.00	855,000	78,175	933,175
2/15/2022	4.00	-	61,075	61,075
8/15/2022	4.00	890,000	61,075	951,075

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>
2/15/2023	3.00	-	43,275	43,275
8/15/2023	3.00	925,000	43,275	968,275
2/15/2024	3.00	-	29,400	29,400
8/15/2024	3.00	975,000	29,400	1,004,400
2/15/2025	3.00	-	14,775	14,775
8/15/2025	3.00	985,000	14,775	999,775
Total		<u>\$ 7,710,000</u>	<u>\$ 1,254,825</u>	<u>\$ 8,964,825</u>

Combined Totals

<u>Date of Redemption</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
2018	1,120,000	354,175	1,474,175
2019	1,185,000	333,850	1,518,850
2020	1,230,000	290,700	1,520,700
2021	1,280,000	245,900	1,525,900
2022	1,315,000	199,250	1,514,250
2023	1,370,000	151,250	1,521,250
2024	1,415,000	101,250	1,516,250
2025	975,000	58,800	1,033,800
2026	985,000	29,550	1,014,550
Totals	<u>\$ 10,875,000</u>	<u>\$ 1,764,725</u>	<u>\$ 12,639,725</u>

Changes in long-term bond obligations: During the year ended June 30, 2017, the following changes occurred in liabilities:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due</u>
	<u>June 30, 2016</u>			<u>June 30, 2017</u>	<u>Within</u>
					<u>One Year</u>
2012 Refunding series	3,565,000	-	400,000	3,165,000	415,000
2013 Refunding series	8,390,000	-	680,000	7,710,000	705,000
Totals	<u>\$ 11,955,000</u>	<u>\$ -</u>	<u>\$ 1,080,000</u>	<u>\$ 10,875,000</u>	<u>\$ 1,120,000</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, 2017 the Legal Debt Margin was:

Market Value at January 1, 2016	2,432,332,664
Percentage allowed	5%
Debt Limitation	<u>121,616,633</u>
Less Bonded debt at June 30, 2017	<u>10,875,000</u>
Legal Debt Margin	<u><u>\$ 110,741,633</u></u>

As of June 30, 2017, \$1,478,403 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 FY2016 and the remaining balance of \$200,000 was paid in FY2017.

In July 2016, the District obtained a Revenue Anticipation Note, 2016B, in the amount of \$1,099,250 at an interest rate of 3.25% per annum. It was paid in full in FY17.

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, 2016. All amounts are as of June 30, 2016 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 \$2,239,769, \$2,094,991 and \$2,073,479 for the three years ended June 30, 2017, 2016, and 2015, respectively.

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability as of June 30, 2016. The net pension liability was measured as of July 1, 2016, 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, 2016, the District's proportion was 0.6318364 percent. The change in proportionate share from the prior year has been deemed immaterial.

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, 2016 was calculated at \$2,248,624.

At June 30, 2017, 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	-	1,276,252
Changes in assumptions or other inputs	284,720	-
Net difference between projected and actual earning on pension plan investments	6,234,057	2,912,843
Employer contributions subsequent to the measurement date	<u>2,239,769</u>	<u>-</u>
Total	<u>\$8,758,546</u>	<u>\$4,189,095</u>

\$2,239,769 is 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>
2018	13,017
2019	13,017
2020	1,485,978
2021	817,670

NOTE 6 Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases, including inflation	3.75%
Investment rate of return	7.10% net of investment expenses

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

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 2016 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, 2016.

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	Russell 3000	55.00%	6.35%
Developed Foreign Equities			
*Arithmetic return	MSCI ACWI ex USA	15.00%	7.30%
<u>Actuarial Assumptions</u>			
Assumed Inflation Mean			3.25%
Assumed Inflation Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.08%
Portfolio Standard Deviation			12.59%
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)	25,125,328	12,808,294	2,565,321

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, 2017, 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, 2017:

Fund	Excess
General	1,275,284
Debt Service	750
Literacy Intervention	2,253
Internal Reading Initiative	5,985
Miscellaneous Grant	47,811
Title II-A ESEA - Improving Teacher Quality	3,584

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	281,435	-
Professional Technical Academy	-	166,722
Title II-A ESEA - Improving Teacher Quality		3,889
School Plant Facility Fund	-	110,824
Total	<u>\$ 281,435</u>	<u>\$ 281,435</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.

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 Subsequent Events

On July 5, 2017, a tax revenue anticipation note in the amount of \$1,500,000 was issued at 2.43 percent with a maturity date of August 31, 2017 and was paid in full as of the end of August 2017.

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,

	2016	2015
Employer's portion of the net pension liability	0.6318364%	0.6539498%
Employer's proportionate share of the net pension liability	12,808,294	8,611,455
Employer's covered employee payroll	18,479,302	18,316,951
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	69.31%	47.01%
Plan fiduciary net position as a percentage of the total	87.26%	91.38%

Schedule of the District's Contributions*

PERSI - Base Plan

As of June 30,

	2016	2015
Statutorily required contribution	2,091,857	2,073,479
Contributions in relation to the statutorily required contribution	(2,091,857)	(2,073,479)
Contribution (deficiency) excess	-	-
Employer's covered employee payroll	18,479,302	18,316,951
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 District will present information for those use for which information is available.

Data is reported is measured as of June 30, 2016.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

As of June 30, 2016

Change of Assumptions. Amounts reported as of June 30, 2016 reflect an adjustment to the salary increases from 4.25-10.00 percent to 3.75 percent.

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, 2017

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION:			
Elementary school			
Salaries	5,356,147	5,295,925	(60,222)
Benefits	1,591,873	1,622,734	30,861
Purchased services	8,502	5,000	(3,502)
Supplies-materials	113,646	159,772	46,126
Total elementary school	<u>7,070,168</u>	<u>7,083,431</u>	<u>13,263</u>
Secondary school			
Salaries	5,056,004	5,179,241	123,237
Benefits	1,528,409	1,580,548	52,139
Purchased services	13,205	49,000	35,795
Supplies-materials	70,051	149,219	79,168
Total secondary school	<u>6,667,669</u>	<u>6,958,008</u>	<u>290,339</u>
Alternative School			
Salaries	414,338	414,736	398
Benefits	116,223	120,941	4,718
Purchased services	975	500	(475)
Supplies-materials	1,953	4,686	2,733
Total alternative school	<u>533,489</u>	<u>540,863</u>	<u>7,374</u>
Special education			
Salaries	1,130,506	944,737	(185,769)
Benefits	325,940	266,985	(58,955)
Purchased services	550	4,560	4,010
Supplies-materials	7,020	10,500	3,480
Total special education	<u>1,464,016</u>	<u>1,226,782</u>	<u>(237,234)</u>
Gifted and talented			
Salaries	73,709	73,455	(254)
Benefits	22,613	23,737	1,124
Purchased services	2,044	2,500	456
Supplies-materials	5,499	8,250	2,751
Total gifted and talented	<u>103,865</u>	<u>107,942</u>	<u>4,077</u>
Interscholastic			
Salaries	532,045	535,458	3,413
Benefits	112,507	109,048	(3,459)
Purchased services	43,300	70,000	26,700
Supplies-materials	7,029	250	(6,779)
Total interscholastic	<u>694,881</u>	<u>714,756</u>	<u>19,875</u>

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, 2017**

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
INSTRUCTION (Continued):			
Summer School			
Salaries	44,220	57,676	13,456
Benefits	9,000	11,547	2,547
Supplies-materials	37	-	(37)
Total summer school	<u>53,257</u>	<u>69,223</u>	<u>15,966</u>
Adult School			
Salaries	-	500	500
Benefits	3	38	35
Total adult school	<u>3</u>	<u>538</u>	<u>535</u>
TOTAL INSTRUCTION:			
Salaries	12,606,969	12,501,728	(105,241)
Benefits	3,706,568	3,735,578	29,010
Purchased services	68,576	131,560	62,984
Supplies-materials	205,235	332,677	127,442
Total instruction	<u>\$ 16,587,348</u>	<u>\$ 16,701,543</u>	<u>\$ 114,195</u>
SUPPORT:			
Attendance, guidance and health			
Salaries	841,692	853,802	12,110
Benefits	248,401	281,116	32,715
Purchased services	2,996	12,592	9,596
Supplies-materials	3,759	3,500	(259)
Total attendance, guidance and health	<u>1,096,848</u>	<u>1,151,010</u>	<u>54,162</u>
Special education support services			
Salaries	415,391	440,897	25,506
Benefits	126,181	126,758	577
Purchased services	266,991	116,000	(150,991)
Supplies-materials	2,373	7,500	5,127
Total special education support services	<u>810,936</u>	<u>691,155</u>	<u>(119,781)</u>
Instruction improvement program			
Salaries	230,364	208,467	(21,897)
Benefits	65,974	43,272	(22,702)
Purchased services	21,539	166,354	144,815
Supplies-materials	1,228	500	(728)
Capital objects	8,787	-	(8,787)
Total instruction improvement program	<u>327,892</u>	<u>418,593</u>	<u>90,701</u>

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, 2017

	Actual	Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued):			
Educational media			
Salaries	376,523	373,380	(3,143)
Benefits	126,285	139,683	13,398
Supplies-materials	41,485	44,604	3,119
Total educational media	<u>544,293</u>	<u>557,667</u>	<u>13,374</u>
Instruction related technology			
Salaries	379,154	256,917	(122,237)
Benefits	114,377	87,293	(27,084)
Purchased services	8,596	700	(7,896)
Supplies-materials	146,563	110,723	(35,840)
Total instruction related technology	<u>648,690</u>	<u>455,633</u>	<u>(193,057)</u>
Board of education			
Purchased services	67,622	59,050	(8,572)
Supplies-materials	2,000	2,500	500
Insurance	32,035	32,035	-
Total board of education	<u>101,657</u>	<u>93,585</u>	<u>(8,072)</u>
District administration			
Salaries	488,687	419,434	(69,253)
Benefits	139,752	126,300	(13,452)
Purchased services	33,262	32,750	(512)
Supplies-materials	11,742	15,900	4,158
Total district administration	<u>673,443</u>	<u>594,384</u>	<u>(79,059)</u>
School administration			
Salaries	1,598,659	1,656,273	57,614
Benefits	485,325	508,970	23,645
Purchased services	4,288	10,600	6,312
Supplies-materials	18,315	26,491	8,176
Total school administration	<u>2,106,587</u>	<u>2,202,334</u>	<u>95,747</u>
Business operations			
Salaries	195,290	217,920	22,630
Benefits	57,691	68,351	10,660
Purchased services	4,366	4,500	134
Supplies-materials	-	500	500
Total business operations	<u>257,347</u>	<u>291,271</u>	<u>33,924</u>
Administrative technology			
Salaries	773	-	(773)
Benefits	152	-	(152)
Purchased services	318	7,000	6,682
Supplies-materials	87,204	81,310	(5,894)
Total administrative technology	<u>88,447</u>	<u>88,310</u>	<u>(137)</u>

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, 2017

	Actual	Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued):			
Buildings-care program (custodial)			
Salaries	640,472	632,970	(7,502)
Benefits	205,153	216,322	11,169
Purchased services	1,047,009	942,704	(104,305)
Supplies-materials	60,957	47,500	(13,457)
Insurance	78,420	78,420	-
Total buildings-care program (custodial)	<u>2,032,011</u>	<u>1,917,916</u>	<u>(114,095)</u>
Maintenance - non-student occupied			
Purchased services	27,271	42,500	15,229
Supplies-materials	1,382	25,000	23,618
Total maintenance - non-student occupied	<u>28,653</u>	<u>67,500</u>	<u>38,847</u>
Maintenance - student occupied			
Salaries	467,960	520,510	52,550
Benefits	153,456	177,324	23,868
Purchased services	163,868	118,000	(45,868)
Supplies-materials	69,966	115,000	45,034
Total maintenance - student occupied	<u>855,250</u>	<u>930,834</u>	<u>75,584</u>
Pupil-to-school transportation			
Salaries	946,551	969,800	23,249
Benefits	276,561	270,218	(6,343)
Purchased services	58,097	59,150	1,053
Supplies-materials	260,507	296,850	36,343
Insurance	12,791	12,791	-
Total pupil-to-school transportation	<u>1,554,507</u>	<u>1,608,809</u>	<u>54,302</u>
General transportation:			
Salaries	2,625	-	(2,625)
Benefits	819	-	(819)
Purchased services	19,504	13,000	(6,504)
Supplies-materials	27,067	10,000	(17,067)
Insurance	13,388	13,395	7
Total general transportation	<u>63,403</u>	<u>36,395</u>	<u>(27,008)</u>
TOTAL SUPPORT:			
Salaries	6,584,141	6,550,370	(33,771)
Benefits	2,000,127	2,045,607	45,480
Purchased services	1,725,727	1,584,900	(140,827)
Supplies-materials	734,548	787,878	53,330
Capital outlay	8,787	-	(8,787)
Insurance	136,634	136,641	7
Total support	<u>\$ 11,189,964</u>	<u>\$ 11,105,396</u>	<u>\$ (84,568)</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.

Literacy Intervention Fund - To account for revenues supporting literacy intervention.

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, 2017

	Child Nutrition	Federal Forest	Title I-A - ESEA Improving Basic Programs	Before and After School Enrichment	Literacy Intervention	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	259,018	-	-	145,267	16,656	-	-	-	-
Other receivables:									
State reimbursements	-	-	-	433	-	-	-	18,784	-
Federal reimbursements	54,050	-	121,892	-	-	184,030	-	-	24,792
Inventory	40,853	-	-	-	-	-	-	-	-
Total assets	353,921	-	121,892	145,700	16,656	184,030	-	18,784	24,792
Deferred outflows of resources	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 353,921	\$ -	\$ 121,892	\$ 145,700	\$ 16,656	\$ 184,030	\$ -	\$ 18,784	\$ 24,792
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Due to other funds	-	-	61,641	-	-	89,485	-	17,109	9,895
Accounts payable	76,752	-	-	731	-	-	-	1,675	-
Accrued payroll and benefits	-	-	60,251	-	16,656	94,545	-	-	14,897
Total liabilities	76,752	-	121,892	731	16,656	184,030	-	18,784	24,792
Deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund balances:									
Nonspendable	40,853	-	-	-	-	-	-	-	-
Restricted	236,316	-	-	144,969	-	-	-	-	-
Total fund balances	277,169	-	-	144,969	-	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 353,921	\$ -	\$ 121,892	\$ 145,700	\$ 16,656	\$ 184,030	\$ -	\$ 18,784	\$ 24,792

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2017

	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	62,745	228,841	-	9,053	-	-	11,248	732,828
Other receivables:								
State reimbursements	-	-	-	-	-	-	-	19,217
Federal reimbursements	-	-	28,645	-	-	-	-	413,409
Inventory	-	-	-	-	-	-	-	40,853
Total assets	62,745	228,841	28,645	9,053	-	-	11,248	1,206,307
Deferred outflows of resources	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
	\$ 62,745	\$ 228,841	\$ 28,645	\$ 9,053	\$ -	\$ -	\$ 11,248	\$ 1,206,307
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Due to other funds	-	-	21,247	-	-	-	-	199,377
Accounts payable	-	-	-	-	-	-	-	79,158
Accrued payroll and benefits	-	-	7,398	-	-	-	-	193,747
Total liabilities	-	-	28,645	-	-	-	-	472,282
Deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	40,853
Restricted	62,745	228,841	-	9,053	-	-	11,248	693,172
Total fund balances	62,745	228,841	-	9,053	-	-	11,248	734,025
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
	\$ 62,745	\$ 228,841	\$ 28,645	\$ 9,053	\$ -	\$ -	\$ 11,248	\$ 1,206,307

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
June 30, 2017

	Child Nutrition	Federal Forest	Title I-A - ESEA Improving Basic Programs	Before and After School Enrichment	Literacy Intervention	IDEA Part B School-Age	IDEA Part B Pre-School	State Professional Technical	Title II-A ESEA - Improving Teacher Quality
REVENUES									
Local:									
Lunch sales	439,973	-	-	-	-	-	-	-	-
Other	-	-	-	348,218	-	-	-	-	-
Total local	439,973	-	-	348,218	-	-	-	-	-
State:									
Restricted	-	-	-	-	141,753	-	-	72,704	-
Other state revenue	4,231	-	-	-	-	-	-	-	-
Total state	4,231	-	-	-	141,753	-	-	72,704	-
Federal:									
School lunch reimbursement	929,582	-	-	-	-	-	-	-	-
Unrestricted	-	4,388	-	-	-	-	-	-	-
Restricted	90,025	-	641,645	-	-	695,404	20,151	-	139,638
Total federal	1,019,607	4,388	641,645	-	-	695,404	20,151	-	139,638
Total revenues	1,463,811	4,388	641,645	348,218	141,753	695,404	20,151	72,704	139,638
EXPENDITURES									
Instruction:									
Salaries	-	-	468,890	196,452	111,929	538,645	16,492	-	111,419
Benefits	-	-	143,479	59,626	29,824	153,908	3,659	-	32,108
Purchased services	-	-	3,653	3,777	-	150	-	10,247	-
Supplies-materials	-	-	14,687	4,649	-	2,701	-	58,327	-
Capital objects	-	-	10,936	-	-	-	-	4,130	-
Total instruction	-	-	641,645	264,504	141,753	695,404	20,151	72,704	143,527
Support:									
Benefits	-	-	-	-	-	-	-	-	-
Purchased services	-	13,664	-	-	-	-	-	-	-
Supplies-materials	-	-	-	-	-	-	-	-	-
Total support	-	13,664	-	-	-	-	-	-	-
Non-instruction:									
Salaries	464	-	-	-	-	-	-	-	-
Benefits	147	-	-	-	-	-	-	-	-
Purchased services	745,811	-	-	-	-	-	-	-	-
Supplies-materials	627,980	-	-	-	-	-	-	-	-
Capital objects	7,293	-	-	-	-	-	-	-	-
Insurance	17,189	-	-	-	-	-	-	-	-
Total non-instruction	1,398,884	-	-	-	-	-	-	-	-
Total expenditures	1,398,884	13,664	641,645	264,504	141,753	695,404	20,151	72,704	143,527
Excess (deficiency) of revenues over (under) expenditures	64,927	(9,276)	-	83,714	-	-	-	-	(3,889)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	3,889
Total other financing sources (uses)	-	-	-	-	-	-	-	-	3,889
Net change in fund balance	64,927	(9,276)	-	83,714	-	-	-	-	-
Fund balance-beginning of year	212,242	9,276	-	61,255	-	-	-	-	-
Fund balance-end of year	\$ 277,169	\$ -	\$ -	\$ 144,969	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2017

	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:								
Lunch sales	-	-	-	-	-	-	-	439,973
Other	-	-	-	-	-	-	51,984	400,202
Total local	-	-	-	-	-	-	51,984	840,175
State:								
Restricted	55,081	236,221	-	9,053	-	-	-	514,812
Other state revenue	-	-	-	-	-	-	790	5,021
Total state	55,081	236,221	-	9,053	-	-	790	519,833
Federal:								
School lunch reimbursement	-	-	-	-	-	-	-	929,582
Unrestricted	-	-	-	-	-	-	-	4,388
Restricted	-	-	57,721	-	-	-	-	1,644,584
Total federal	-	-	57,721	-	-	-	-	2,578,554
Total revenues	55,081	236,221	57,721	9,053	-	-	52,774	3,938,562
EXPENDITURES								
Instruction:								
Salaries	-	-	44,164	-	-	840	1,513	1,490,344
Benefits	-	-	13,557	-	-	712	210	437,083
Purchased services	-	-	-	-	166,722	-	9,367	193,916
Supplies-materials	-	-	-	-	-	4,433	22,930	107,727
Capital objects	-	-	-	-	-	-	13,791	28,857
Total instruction	-	-	57,721	-	166,722	5,985	47,811	2,257,927
Support:								
Benefits	-	580	-	-	-	-	-	580
Purchased services	48,356	4,500	-	-	-	-	-	66,520
Supplies-materials	347	2,300	-	-	-	-	-	2,647
Total support	48,703	7,380	-	-	-	-	-	69,747
Non-instruction:								
Salaries	-	-	-	-	-	-	-	464
Benefits	-	-	-	-	-	-	-	147
Purchased services	-	-	-	-	-	-	-	745,811
Supplies-materials	-	-	-	-	-	-	-	627,980
Capital objects	-	-	-	-	-	-	-	7,293
Insurance	-	-	-	-	-	-	-	17,189
Total non-instruction	-	-	-	-	-	-	-	1,398,884
Total expenditures	48,703	7,380	57,721	-	166,722	5,985	47,811	3,726,558
Excess (deficiency) of revenues over (under) expenditures	6,378	228,841	-	9,053	(166,722)	(5,985)	4,963	212,004
Other financing sources (uses):								
Transfers in	-	-	-	-	166,722	-	-	170,611
Total other financing sources (uses)	-	-	-	-	166,722	-	-	170,611
Net change in fund balance	6,378	228,841	-	9,053	-	(5,985)	4,963	382,615
Fund balance-beginning of year	56,367	-	-	-	-	5,985	6,285	351,410
Fund balance-end of year	\$ 62,745	\$ 228,841	\$ -	\$ 9,053	\$ -	\$ -	\$ 11,248	\$ 734,025

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, 2017

	<u>Revenues</u>	<u>Budget</u>	<u>Variance</u>	<u>Expenses</u>	<u>Budget</u>	<u>Variance</u>
Special revenue fund:						
Child Nutrition	1,463,811	1,435,427	28,384	1,398,884	1,433,137	34,253
Federal Forest	4,388	30,650	(26,262)	13,664	30,650	16,986
Title I-A - ESEA Improving Basic Programs	641,645	774,684	(133,039)	641,645	774,684	133,039
Before and After School Enrichment	348,218	270,760	77,458	264,504	270,760	6,256
Literacy Intervention	141,753	139,500	2,253	141,753	139,500	(2,253)
IDEA Part B School-Age	695,404	743,600	(48,196)	695,404	743,600	48,196
IDEA Part B Pre-School	20,151	20,151	-	20,151	20,151	-
State Professional Technical	72,704	75,843	(3,139)	72,704	75,843	3,139
Title II-A ESEA - Improving Teacher Quality	143,527	139,943	3,584	143,527	139,943	(3,584)
State Substance Abuse	55,081	54,082	999	48,703	110,449	61,746
Technology Grant	236,221	220,314	15,907	7,380	220,314	212,934
Perkins III Professional Technical Act	57,721	57,721	-	57,721	57,721	-
Gifted and Talented	9,053	-	9,053	-	-	-
Professional Technical Academy	166,722	166,722	-	166,722	166,722	-
Idaho Reading Initiative Grant	-	-	-	5,985	-	(5,985)
Miscellaneous Grant	52,774	-	52,774	47,811	-	(47,811)
Total	<u>\$ 4,109,173</u>	<u>\$ 4,129,397</u>	<u>\$ (20,224)</u>	<u>\$ 3,726,558</u>	<u>\$ 4,183,474</u>	<u>\$ 456,916</u>

SINGLE AUDIT SECTION



LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2017**

	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	16-272	201717N109947	698,242
School Lunch - Commodities	10.555	16-272	Not Available	90,025
Breakfast Program	10.553	16-272	201717N109947	143,811
Summer Food	10.559	16-272	201616N109947	19,915
Total Child Nutrition Cluster				<u>951,993</u>
Passed through the Idaho Dairy Commission				
Child Nutrition Discretionary Grants	10.579	16-272	Not Available	<u>4,231</u>
Other Programs				
Fresh Fruit and Vegetable	10.582	16-272	201717L160347	16,623
Child and Adult Care Food Program	10.558	16-272	201616N109947	50,991
Total Other Programs				<u>67,614</u>
Direct through U.S. Department of Agriculture				
Federal Forest	10.665	N/A	Not Available	<u>13,664</u>
Total U.S. Department of Agriculture				<u>1,037,502</u>
U.S. Department of Education				
Passed through State Department of Education				
Special Education (IDEA) Cluster				
Part B, IDEA - School Age	84.027	16-272	H027A160088	695,404
Part B, IDEA - Preschool	84.173	16-272	H173A160030	20,151
Total Special Education Cluster				<u>715,555</u>
Other Programs				
Title I-A, ESEA - Improving Basic Programs	84.010	16-272	S010A160012	641,645
Perkins III, Professional Technical	84.048	16-272	V048A160012	57,721
Title II-A, ESEA - Improving Teacher Quality	84.367	16-272	S367A160011	143,527
Total Other Programs				<u>842,893</u>
Total U.S. Department of Education				<u>1,558,448</u>
Total Expenditures				<u><u>\$ 2,595,950</u></u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2017

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, 2017. 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 position, 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 modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Cost Principles for State, Local and Indian Tribal Governments, 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, 2017, the School District had received food commodities totaling \$90,025.

NOTE 4 Sub-Recipients

There were no awards passed through to sub-recipients.

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, 2017 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 6, 2017.

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 6, 2017

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, 2017. 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, 2017.

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 6, 2017

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017

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 x no

- significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- material weakness(es) identified? _____ yes x no

- significant deficiency(ies) identified? _____ yes x 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 x no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555, 10.556, 10.559
84.027, 84.173

Child Nutrition Cluster
Special Education Cluster

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

\$750,000

Auditee qualified as a low-risk auditee?

_____ yes x no

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For The Year Ended June 30, 2017

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.