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# **LAKELAND JOINT SCHOOL DISTRICT No. 272**

**Rathdrum, Idaho**

**Audited Financial Statements  
For the Year Ended June 30, 2019**

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**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**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, aggregate discretely presented component unit, 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, 2019, 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	Unmodified
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 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.

### ***Qualified Opinion***

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position the aggregate discretely presented component unit of Lakeland Joint School District No. 272, as of June 30, 2019 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 the governmental activities, each major fund, and the aggregate remaining fund information of Lakeland Joint School District No. 272, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the District recorded a prior period adjustment as a result of implementing GASB 75 related to other post-employment benefits for sick leave. Our opinion is not modified with respect to this matter.

### ***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, the budgetary comparison on pages 46 through 48, the net pension liability related schedules on page 49, the other post-employment benefits liability schedule on page 50, and the Net OPEB Asset – Sick Leave Plan related schedules on page 51 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 combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2019, 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 1, 2019

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2019**

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, 2019.

**Financial Highlights**

**State Revenue Increases for 2018-19 Fiscal Year**

First reporting period enrollment funding units were 215.35 for FY 2018-19. This is an increase of 1% when comparing to FY 2017-18 funding units of 213.01. The minor increase in funding units and also State increases in discretionary unit value and salary-based apportionment resulted in a \$968,707 increase in state apportionment revenues for the general fund.

**General Fund Balance Increases over the 2018-19 Fiscal Year**

The School District's ending fund balance increased by \$1,305,614 compared to the prior year. This increase was due to increased State Apportionment, and close monitoring of discretionary expenditures. At the close of the 2018-19 fiscal year, the \$5,266,567 fund balance was unassigned. The ending fund balance is 15.9% of general fund expenditures. This is above the minimum fund balance requirement of 5% as outlined in Board policy 7050 and an improvement from the 2017-18 fiscal year.

**Supplemental Property Tax Levy Revenue**

In the 2018-19 fiscal year, the School District's supplemental property tax levy generated \$9,088,055, 25.85% of the total General Fund revenues for the 2018-19 fiscal year. This revenue comes from a 2-year supplemental property tax levy expiring in June 30, 2019. The School District board also passed an emergency levy of \$732,729 to provide additional revenue in the 2018-19 fiscal year.

In March of 2019, the patrons of Lakeland School District approved an extension of the District 2-year supplemental property tax levy. The renewed 2-year supplemental levy will expire in June 30, 2021 and is \$8,990,534 for each fiscal 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 214.93 support units for the year, compared to 212.54 from the 2017-18 fiscal year. School Districts received \$27,481 per support unit in 2018-19, up from \$26,748 in 2017-18. The projection for support units for the 2019-20 fiscal year is 213.00.

State Support - State support revenue increased \$1,298,285 due to increases in State Apportionment and also increases to non-statutory support allocations.

Bond Interest Stabilization Payment – In 2018-19, the School District received a bond interest stabilization payment of \$39,418. This revenue helps reduce the burden on the local property tax-payer for bond interest.

## **Long Range Planning**

In spring of 2018, the Lakeland Jt. School District (LJSD) Board of Trustees authorized a Long Range Facility Planning Committee to make recommendations regarding the current and future facility needs of the District. The committee consisted of 23 members; 15 community representatives and 8 District staff. Over the course of a year, the committee took into account enrollment projections, demographic trends, facility condition, construction costs, and projected facility utilization.

The committee submitted its recommendations to the Board of Trustees in the spring of 2019. The committee recommended that the Board ask the voters to support a \$70.9 million bond to build a new comprehensive high school, move Lakeland Junior High School to the current Lakeland High School, and expand Timberlake Junior High School. The Lakeland Board authorized a bond election that was held on August 27, 2019 and the measure did not pass. Although the bond election failed, the district facility issues still need to be addressed and the Lakeland Board will continue to gather input on the community's priorities for addressing facility needs.

## **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.

**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.

**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.

**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.

**Required supplementary information.** The budgetary comparison schedules, the net pension liability related schedules, the other post-employment benefit schedules provides additional information required by GASB.

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

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>
<b>Assets</b>			
Current assets	27,080,820	23,987,590	3,093,230
Noncurrent assets	27,473,984	26,600,177	873,807
<b>Total Assets</b>	<u><b>54,554,804</b></u>	<u><b>50,587,767</b></u>	<u><b>3,967,037</b></u>
<b>Deferred Outflows of Resources</b>	<u><b>5,085,411</b></u>	<u><b>4,010,024</b></u>	<u><b>1,075,387</b></u>
<b>Liabilities</b>			
Current liabilities	5,805,087	5,540,977	264,110
Long-term liabilities	18,994,218	20,402,133	(1,407,915)
<b>Total Liabilities</b>	<u><b>24,799,305</b></u>	<u><b>25,943,110</b></u>	<u><b>(1,143,805)</b></u>
<b>Deferred Inflows of Resources</b>	<u><b>14,919,743</b></u>	<u><b>14,614,469</b></u>	<u><b>305,274</b></u>
<b>Net Position</b>			
Net investment in capital assets	17,606,607	16,696,122	910,485
Restricted	4,360,188	2,725,522	1,634,666
Unrestricted	(2,045,628)	(5,381,432)	3,335,804
<b>Total Net Position</b>	<u><u><b>\$ 19,921,167</b></u></u>	<u><u><b>\$ 14,040,212</b></u></u>	<u><u><b>\$ 5,880,955</b></u></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, 2019 was \$19,921,167.

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>2018 - 2019</u>	<u>2017 - 2018</u>	<u>Change</u>
<b>Revenues</b>			
Program Revenues:			
Charges for services	463,510	474,558	(11,048)
Operating grants and contributions	5,394,278	4,903,237	491,041
Capital grants and contributions	39,418	39,418	-
Property taxes	13,243,243	12,664,564	578,679
Federal and state revenues	23,909,098	23,199,341	709,757
Proceeds from sale of capital asset	181,548	43,890	137,658
Interest and investment earnings	212,413	81,564	130,849
Other	596,619	380,152	216,467
<b>Total Revenues</b>	<u>44,040,127</u>	<u>41,786,724</u>	<u>2,253,403</u>
<b>Expenses</b>			
Program Expenses:			
Preschool - 12 Instruction	22,308,291	20,642,951	1,665,340
Support services			
Pupil support	2,393,364	2,222,561	170,803
Staff support	1,748,402	1,628,128	120,274
General administration	1,209,624	1,005,809	203,815
School/business administration	3,111,026	3,017,327	93,699
Maintenance/custodial	3,697,212	3,436,289	260,923
Transportation	1,697,779	1,456,224	241,555
Other services	292,795	8,970	283,825
Child Nutrition	1,466,964	1,463,375	3,589
Capital Outlay	38,869	307,811	(268,942)
Debt Services	294,227	352,039	(57,812)
Depreciation, unallocated	1,325,089	1,318,456	6,633
<b>Total Expenses</b>	<u>39,583,642</u>	<u>36,859,940</u>	<u>2,717,069</u>
<b>Change in Net Position</b>	4,456,485	4,926,784	(470,299)
<b>Net Position – Beginning</b>	14,040,212	10,941,301	3,098,911
<b>Net Position – Prior Period Adjustment</b>	1,424,470	(1,827,873)	3,252,343
<b>Net Position – Ending</b>	<u>\$ 19,921,167</u>	<u>\$ 14,040,212</u>	<u>\$ 5,880,955</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 \$5,266,567. The unassigned fund balance increased by \$1,305,614 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.

	<b>Governmental Activities</b>		
	<b>Capital Assets Net of Accumulated Depreciation</b>		
	<u>2018 - 2019</u>	<u>2017 - 2018</u>	<u>Change</u>
Sites	1,333,484	1,333,484	-
Construction in progress	272,008	-	272,008
Buildings	23,367,852	24,220,493	(852,641)
Equipment	527,775	496,805	30,970
Transportation	675,488	549,395	126,093
Total Net Assets	<u>\$ 26,176,607</u>	<u>\$ 26,600,177</u>	<u>\$ (423,570)</u>

At year end, the capital projects fund has a total fund balance of \$821,839.

**Long-term Debt.** The Debt Service Fund has a total fund balance of \$2,467,429, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance increased by \$632,475.

At year end the District had \$8,570,000 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, 2019

**ASSETS**

Current assets:

Cash	2,500,260	
Investments	5,469,337	
Taxes receivable	249,340	
Unbilled taxes receivable	12,901,470	
Other receivables:		
Due from other governments	5,911,426	
Other	9,275	
Inventory	39,712	
Total current assets	<u>27,080,820</u>	

Noncurrent assets:

Non-depreciated capital assets	1,605,492	
Depreciated capital assets	53,083,395	
Less: accumulated depreciation	(28,512,280)	
Net OPEB asset - sick leave	1,297,377	
Total noncurrent assets	<u>27,473,984</u>	

Total assets		<u>54,554,804</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Pension related items	4,652,296	
Net OPEB - sick leave related items	423,713	
OPEB related items	9,402	
Total deferred outflows of resources	<u>5,085,411</u>	

**LIABILITIES**

Current liabilities:

Accounts payable and other current liabilities	4,443,765	
Accrued interest payable	131,322	
Current portion of long-term debt	1,230,000	
Total current liabilities	<u>5,805,087</u>	

Noncurrent liabilities:

Noncurrent portion of long-term debt	7,340,000	
Net pension liability	9,642,607	
Net OPEB liability	2,011,611	
Total noncurrent liabilities	<u>18,994,218</u>	

Total liabilities		<u>24,799,305</u>
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**DEFERRED INFLOWS OF RESOURCES**

Unavailable property tax revenue	12,901,470	
Deferred revenue	7,902	
OPEB related items	68,764	
Net OPEB - sick leave related items	98,091	
Pension related items	1,843,516	
Total deferred inflows of resources	<u>14,919,743</u>	

**NET POSITION**

Net investment in capital assets	17,606,607	
Restricted for:		
Debt service	2,488,472	
Capital projects	833,654	
Grant programs	1,038,062	
Unrestricted	<u>(2,045,628)</u>	

Total net position		<u>\$ 19,921,167</u>
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LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>					
Governmental activities:					
Instruction	22,308,291	-	1,989,072	-	(20,319,219)
Support Services:					
Pupil support	2,393,364	-	1,103,373	-	(1,289,991)
Staff support	1,748,402	-	-	-	(1,748,402)
General administration	1,209,624	-	-	-	(1,209,624)
School/business administration	3,111,026	-	-	-	(3,111,026)
Maintenance/custodial	3,697,212	-	-	-	(3,697,212)
Transportation	1,697,779	-	-	-	(1,697,779)
Other services	292,795	-	-	-	(292,795)
Child Nutrition	1,466,964	463,510	986,270	-	(17,184)
Capital Outlay	38,869	-	-	-	(38,869)
Debt Services	294,227	-	-	39,418	(254,809)
Depreciation, unallocated	1,325,089	-	-	-	(1,325,089)
Total School District	<u>\$ 39,583,642</u>	<u>\$ 463,510</u>	<u>\$ 4,078,715</u>	<u>\$ 39,418</u>	<u>(35,001,999)</u>
<b>General revenues</b>					
Taxes					
					9,970,815
					67,403
					2,051,906
					1,153,119
					25,257,072
					181,548
					564,208
					212,413
Total general revenues					<u>39,458,484</u>
Change in net position					4,456,485
<b>Net position - beginning</b>					14,040,212
<b>Prior period adjustment (Note 13)</b>					<u>1,424,470</u>
<b>Net position - ending</b>					<u>\$ 19,921,167</u>



LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
Assets:					
Cash	2,500,260	-	-	-	2,500,260
Investments	3,911,141	1,558,196	-	-	5,469,337
Due from other funds	-	216,537	447,533	1,148,470	1,812,540
Taxes receivable	188,101	39,220	22,019	-	249,340
Unbilled taxes receivable	9,326,993	2,427,957	1,146,520	-	12,901,470
Other receivables:					
Due from other governments	4,319,570	674,519	376,477	540,860	5,911,426
Other	9,227	-	-	48	9,275
Inventory	-	-	-	39,712	39,712
Total assets	<u>20,255,292</u>	<u>4,916,429</u>	<u>1,992,549</u>	<u>1,729,090</u>	<u>28,893,360</u>
Deferred outflows of resources	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 20,255,292</u>	<u>\$ 4,916,429</u>	<u>\$ 1,992,549</u>	<u>\$ 1,729,090</u>	<u>\$ 28,893,360</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	1,591,489	-	-	221,051	1,812,540
Accounts payable	119,169	-	12,375	76,587	208,131
Accrued payroll and benefits	3,850,146	-	-	385,488	4,235,634
Total liabilities	<u>5,560,804</u>	<u>-</u>	<u>12,375</u>	<u>683,126</u>	<u>6,256,305</u>
Deferred inflows of resources:					
Deferred revenue	100,928	21,043	11,815	7,902	141,688
Unavailable property tax revenue	9,326,993	2,427,957	1,146,520	-	12,901,470
Total deferred inflows of resources	<u>9,427,921</u>	<u>2,449,000</u>	<u>1,158,335</u>	<u>7,902</u>	<u>13,043,158</u>
Fund balances:					
Nonspendable	-	-	-	39,712	39,712
Committed	-	-	190,055	-	190,055
Restricted	-	2,467,429	631,784	998,350	4,097,563
Unassigned	5,266,567	-	-	-	5,266,567
Total fund balances	<u>5,266,567</u>	<u>2,467,429</u>	<u>821,839</u>	<u>1,038,062</u>	<u>9,593,897</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 20,255,292</u>	<u>\$ 4,916,429</u>	<u>\$ 1,992,549</u>	<u>\$ 1,729,090</u>	<u>\$ 28,893,360</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

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

June 30, 2019

Total fund balances - governmental funds	9,593,897
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	54,688,887
Accumulated depreciation	(28,512,280)
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.	
	133,786
Certain pension related items are recorded as deferred outflow or inflow of resources and recognized in futures periods for governmental activities:	
Deferred outflow of resources	4,652,296
Deferred inflow of resources	(1,843,516)
Certain OPEB related items are recorded as deferred outflow or inflow of resources and recognized in futures periods for governmental activities:	
Deferred outflow of resources	9,402
Deferred inflow of resources	(68,764)
Certain OPEB Sick Leave related items are recorded as a deferred outflow or inflow of resources and recognized in future periods for governmental activities:	
Deferred outflow of resources	423,713
Deferred inflow of resources	(98,091)
Total Net OPEB asset for PERSI sick leave is a long-term asset and is not available to pay current year expenditures, therefore is not reported as an asset in governmental funds.	
	1,297,377
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.	
	(131,322)
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	(8,570,000)
Net OPEB liability	(2,011,611)
Net pension liability	(9,642,607)
Total net position - governmental activities	<u>\$ 19,921,167</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, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local	10,451,489	2,090,017	1,159,858	885,631	14,586,995
State	24,650,811	39,418	-	1,124,960	25,815,189
Federal	43,293	-	-	3,484,312	3,527,605
Total revenues	<u>35,145,593</u>	<u>2,129,435</u>	<u>1,159,858</u>	<u>5,494,903</u>	<u>43,929,789</u>
<b>EXPENDITURES</b>					
Instruction	20,415,662	-	-	2,382,949	22,798,611
Support	12,739,995	-	336,259	1,435,220	14,511,474
Non-instruction	-	-	-	1,477,648	1,477,648
Capital asset program	-	-	871,263	-	871,263
Debt service	-	1,496,960	-	-	1,496,960
Total expenditures	<u>33,155,657</u>	<u>1,496,960</u>	<u>1,207,522</u>	<u>5,295,817</u>	<u>41,155,956</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,989,936</u>	<u>632,475</u>	<u>(47,664)</u>	<u>199,086</u>	<u>2,773,833</u>
Other financing sources (uses):					
Proceeds from sale of capital asset	21,493	-	160,055	-	181,548
Transfer in	25,698	-	815,503	141,010	982,211
Transfer out	(731,513)	-	(225,000)	(25,698)	(982,211)
Total other financing sources (uses)	<u>(684,322)</u>	<u>-</u>	<u>750,558</u>	<u>115,312</u>	<u>181,548</u>
Net change in fund balance	1,305,614	632,475	702,894	314,398	2,955,381
Fund balance -beginning of year	<u>3,960,953</u>	<u>1,834,954</u>	<u>118,945</u>	<u>723,664</u>	<u>6,638,516</u>
Fund balance-end of year	<u>\$ 5,266,567</u>	<u>\$ 2,467,429</u>	<u>\$ 821,839</u>	<u>\$ 1,038,062</u>	<u>\$ 9,593,897</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, 2019**

Net change in fund balances - total governmental funds		2,955,381
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	901,519	
Depreciation expense	<u>(1,325,089)</u>	(423,570)
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.		
		(71,210)
Net pension liability adjustments:		
Fiscal year 2018 employer PERSI contributions recognized as pension expense in the current year.	(2,451,435)	
Fiscal year 2019 employer PERSI contributions deferred to subsequent year	2,638,828	
Pension related amortization revenue (expense)	<u>378,247</u>	565,640
Net OPEB liability adjustments:		
Change in OPEB liability	(40,528)	
OPEB related amortization revenue (expense)	<u>5,306</u>	(35,222)
Net OPEB asset - sick leave adjustment:		
Fiscal year 2018 employer PERSI Sick Leave contributions recognized as OPEB expense in the current year	(250,205)	
Fiscal year 2019 employer PERSI Sick Leave contributions deferred to subsequent year	270,346	
OPEB related amortization revenue (expense)	<u>178,388</u>	198,529
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.		
		64,204
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.		
		17,733
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		<u>1,185,000</u>
Net change in net position - governmental activities		<u>\$ 4,456,485</u>

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**

Rathdrum, Idaho

**FIDUCIARY FUNDS AND COMPONENT UNIT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2019**

	<b>Agency Funds</b>	<b>Component Unit Lakeland Education Foundation, Inc.</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Assets:		
Cash	117,842	115,447
Investments	492,005	-
Total assets	<u>609,847</u>	<u>115,447</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 609,847</u></u>	<u><u>\$ 115,447</u></u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Liabilities:		
Due to student groups	609,847	-
Total liabilities	<u>609,847</u>	<u>-</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>609,847</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted	<u>-</u>	<u>115,447</u>
Total net position	<u><u>\$ -</u></u>	<u><u>\$ 115,447</u></u>

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**

Rathdrum, Idaho

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**COMPONENT UNIT - LAKELAND EDUCATION FOUNDATION, INC.**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**For the Year Ended June 30, 2019**

**ADDITIONS**

Net investment income	875
Restricted donations	<u>19,400</u>

Total revenues 20,275

**DEDUCTIONS**

Administrative expenses	4,385
Scholarship awards	<u>7,500</u>

Total expenses 11,885

**Change in net position** 8,390

**Net position - beginning** 107,057

**Net position - ending** \$ 115,447

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**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 61 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.

## **NOTE 1      Summary of Significant Account Policies (Continued)**

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 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.

## **NOTE 1      Summary of Significant Account Policies (Continued)**

**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 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.

**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 Fund 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 2019 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.

## 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, 2018 upon which the 2018 levy was based was \$3,117,652,865.

The District's levy was 0.21512% per \$100 of market valuation for tort liability insurance and claims, 3.63287% per \$100 for school plant facilities, and 6.54435% 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, 2019 was 31.02411% per \$100. The District was required to pass an override levy in the amount of 28.48743% per \$100 and qualified for an emergency levy in the amount of 2.32156% per \$100. The total tax levy for the year ended June 30, 2019 was \$12,976,447 with total tax collections being \$12,727,578.

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, 2019 were 98.08% of the tax levy. Property taxes levied for 2018 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 2019 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The total property taxes levy for 2019 of \$12,901,470 is recorded as uncollected but are not considered available at June 30, 2019. The entire receivable is considered a deferred inflow of resources.

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
Total taxes receivable at June 30, 2019	188,101	39,220	22,019	249,340
Less: Taxes to be collected by the County Treasurer by August 31, 2019	(87,173)	(18,177)	(10,204)	(115,554)
Deferred revenue	<u>\$ 100,928</u>	<u>\$ 21,043</u>	<u>\$ 11,815</u>	<u>\$ 133,786</u>

### NOTE 3 Cash and Investments

#### Deposits

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<b>Cash</b>		
Checking and Savings Accounts	\$ 2,618,102	\$ 4,100,779

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 \$3,850,779 is in excess of the FDIC insured limit and is uncollateralized and unsecured.

#### Investments

Detail of investments at June 30, 2019 are as follows:

	<u>Rate</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Agency</u>	<u>Total</u>
State Treasurer's Pool	Variable	3,911,141	1,558,196	492,005	5,961,342
Total		<u>\$ 3,911,141</u>	<u>\$ 1,558,196</u>	<u>\$ 492,005</u>	<u>\$ 5,961,342</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>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-8 Years</u>
State Investment Pool	<u>\$ 5,961,342</u>	<u>\$ 5,961,342</u>	<u>\$ 5,961,342</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 Cash 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 does not have a 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:

	<b>Balance</b>				<b>Balance</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>June 30, 2019</b>
<b>Capital assets not being depreciated</b>					
Land	1,333,484	-	-	-	1,333,484
Construction in progress	-	272,008	-	-	272,008
Total capital assets not being depreciated	1,333,484	272,008	-	-	1,605,492

## NOTE 4 Changes in Capital Assets (Continued)

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
<b>Capital assets being depreciated</b>					
Buildings	46,642,594	213,580	-	-	46,856,174
Equipment	1,911,338	145,378	-	-	2,056,716
Transportation	3,899,952	270,553	-	-	4,170,505
Total depreciated assets	<u>52,453,884</u>	<u>629,511</u>	<u>-</u>	<u>-</u>	<u>53,083,395</u>
<b>Less: Accumulated Depreciation</b>					
Buildings	(22,422,101)	(1,066,221)	-	-	(23,488,322)
Equipment	(1,414,533)	(114,408)	-	-	(1,528,941)
Transportation	(3,350,557)	(144,460)	-	-	(3,495,017)
Total accumulated depreciation	<u>(27,187,191)</u>	<u>(1,325,089)</u>	<u>-</u>	<u>-</u>	<u>(28,512,280)</u>
Governmental Activities Assets	<u>\$ 26,600,177</u>	<u>\$ (423,570)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,176,607</u>

## NOTE 5 Long Term Debt

The following is a summary of bond transactions of the District for the year ended June 30, 2019:

Bonds payable @ June 30, 2018	9,755,000
Debt retired	(1,185,000)
Bonds payable @ June 30, 2019	<u>\$ 8,570,000</u>

Bonds payable at June 30, 2019, are comprised of the following individual issues:

### General Obligation Bonds:

#### **2012 Refunding Series**

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

2,325,000

#### **2013 Refunding Series**

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

6,245,000

Total

\$ 8,570,000

## NOTE 5 Long Term Debt (Continued)

The annual requirements to amortize all debt outstanding as of June 30, 2019 including interest payments are as follows:

<b>2012 Refunding Series</b>				
<b>Date of Redemption</b>	<b>Interest Rate</b>	<b>Bond Principal</b>	<b>Interest Requirement</b>	<b>Total Requirement</b>
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>\$ 2,325,000</u>	<u>\$ 178,125</u>	<u>\$ 2,503,125</u>

<b>2013 Refunding Series</b>				
<b>Date of Redemption</b>	<b>Interest Rate</b>	<b>Bond Principal</b>	<b>Interest Requirement</b>	<b>Total Requirement</b>
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
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>\$ 6,245,000</u>	<u>\$ 753,225</u>	<u>\$ 6,998,225</u>



**NOTE 5 Long Term Debt (Continued)**

Date of Redemption	Combined Totals		
	Bond Principal	Interest Requirement	Total Requirement
2020	1,230,000	268,300	1,498,300
2021	1,280,000	222,575	1,502,575
2022	1,315,000	175,250	1,490,250
2023	1,370,000	126,250	1,496,250
2024	1,415,000	80,025	1,495,025
2025	975,000	44,175	1,019,175
2026	985,000	14,775	999,775
Totals	<u>\$ 8,570,000</u>	<u>\$ 931,350</u>	<u>\$ 9,501,350</u>

Changes in long-term bond obligations: During the year ended June 30, 2019, the following changes occurred in liabilities:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
2012 Refunding series	2,750,000	-	(425,000)	2,325,000	440,000
2013 Refunding series	7,005,000	-	(760,000)	6,245,000	790,000
Totals	<u>\$ 9,755,000</u>	<u>\$ -</u>	<u>\$ (1,185,000)</u>	<u>\$ 8,570,000</u>	<u>\$ 1,230,000</u>

The District's Legal Debt Margin is calculated at 5% of the fair market value of property located within the District. At June 30, 2019 the Legal Debt Margin was:

Market Value at January 1, 2018	3,117,652,865
Percentage allowed	5%
Debt Limitation	155,882,643
Less Bonded debt at June 30, 2019	8,570,000
Legal Debt Margin	<u>\$ 147,312,643</u>

As of June 30, 2019, \$2,467,429 was available in the debt service fund to service the general obligation bonds.

**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, 2018. All amounts are as of June 30, 2018 unless otherwise noted.

## **NOTE 6 Pension Plan (Continued)**

### *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](http://www.persi.idaho.gov).

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

### *Pension Benefits*

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. 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.

## NOTE 6 Pension Plan (Continued)

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2019 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 \$2,638,828, \$2,451,435 and \$2,239,769 for the three years ended June 30, 2019, 2018, and 2017, respectively.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability as of June 30, 2018. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the District's proportion was 0.6537283 percent.

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, 2019 has not been completed at the time of issuance. The pension expense (revenue) for the year ending June 30, 2018 was calculated at \$1,933,823.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	1,058,484	728,250
Changes in assumptions or other inputs	627,442	-
Net difference between projected and actual earning on pension plan investments	-	1,071,348
Change in proportionate share	327,542	43,918
Employer contributions subsequent to the measurement date	<u>2,638,828</u>	<u>-</u>
Total	<u>\$4,652,296</u>	<u>\$1,843,516</u>

## NOTE 6 Pension Plan (Continued)

\$2,638,828 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, 2019.

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:

<b><u>For the Year</u></b> <b><u>Ending June 30:</u></b>	<b><u>Amount to be</u></b> <b><u>Recognized</u></b>
2020	783,821
2021	92,358
2022	(790,142)
2023	(199,708)

### *Actuarial Assumptions*

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases including inflation	3.75%
Investment rate of return	7.05% net of investment expenses
Cost-of-living adjustments	1.00%

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. 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 PERSI's assets.

## NOTE 6 Pension Plan (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Asset Class	Target Allocation	Long - Term Expected Nominal Rate of (Arithmetic)	Long - Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			<b>7.05%</b>

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. 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.

## NOTE 6 Pension Plan (Continued)

*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 7.05 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	<b>1% Decrease (6.05%)</b>	<b>Current Discount Rate (7.05%)</b>	<b>1% Increase (8.05%)</b>
Employer's proportionate share of the net pension liability (asset)	24,137,626	9,642,607	(2,359,864)

### *Pension plan fiduciary net position*

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

### *Payables to the pension plan*

At June 30, 2019, 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 Other Post-Employment Benefit Plan – Sick Leave Plan

In accordance with GASB 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which became effective for the year ended June 30, 2018, 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, 2018. All amounts are as of June 30, 2018 unless otherwise noted.

### *Plan Description*

The District contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

## **NOTE 7      Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)**

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for the Sick Leave Plan. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://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.

### *OPEB Benefits*

Group retiree health, dental, accident, and life insurance premiums may qualify as a benefit. Retirees who have a sick leave account can use their balance as a credit towards these premiums paid directly to the applicable insurance company.

### *Employer Contributions*

The contribution rate for employees are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The District's contributions required and paid were \$270,346, \$243,950 and \$226,031 for the three years ended June 30, 2019, 2018, and 2017, respectively.

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

At June 30, 2019, the District reported an asset for its proportionate share of the net OPEB asset as of June 30, 2018. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2018, the District's proportion was 1.5641424 percent.

The District's OPEB expense (expense offset) is calculated and made available as part of PERSI's annual audit. PERSI's audit for the year ended June 30, 2019 has not been completed at the time of issuance. The OPEB expense (expense offset) for the year ending June 30, 2018 was calculated at \$70,999.

**NOTE 7 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)**

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	146,792	-
Changes in assumptions or other inputs	6,575	-
Net difference between projected and actual earning on pension plan investments	-	77,066
Change in proportionate share	-	21,025
Employer contributions subsequent to the measurement date	<u>270,346</u>	<u>-</u>
Total	<u>\$423,713</u>	<u>\$98,091</u>

The \$270,346 reported as deferred outflows of resources resulted from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (expense offset) as follows:

<b><u>For the Year Ending June 30:</u></b>	<b><u>Amount to be Recognized</u></b>
2020	4,697
2021	4,697
2022	4,697
2023	4,697

*Actuarial Assumptions*

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. The Sick Leave Plan amortizes any net OPEB asset based on a level percentage of payroll. The maximum amortization period for the Sick Leave Plan permitted under Section 59-1322, Idaho Code, is 25 years.



## **NOTE 7      Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)**

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses

The long-term expected rate of return on OPEB plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The health care trend rate is not applicable as the benefit amount a participant will receive is established with a set amount upon retirement thus would have no impact.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

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.

## NOTE 7 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)

### Capital Market Assumptions

Asset Class	Target Allocation	Long - Term Expected Nominal Rate of (Arithmetic)	Long - Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			<b>7.05%</b>

### Discount Rate

The discount rate used to measure the total OPEB liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the OPEB plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

### Sensitivity of the net OPEB asset to changes in the discount rate

The following presents the District's proportionate share of net OPEB asset calculated using the discount rate of 7.05 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease <u>(6.05%)</u>	Current Discount Rate <u>(7.05%)</u>	1% Increase <u>(8.05%)</u>
Employer's proportionate share of the net OPEB liability (asset)	\$ (1,145,543)	\$ (1,297,377)	\$ (1,439,972)

## **NOTE 7 Other Post-Employment Benefit Plan – Sick Leave Plan (Continued)**

### *OPEB plan fiduciary net position*

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

### *Payable to the OPEB plan*

At June 30, 2019, the District reported payables to the defined benefit OPEB plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

## **NOTE 8 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 9 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, 2019:

<b>Fund</b>	<b>Excess</b>
Federal Forest	9,880
Title I-A - ESSA Improving Basic Programs	65,311
Literacy Intervention	30,794
IDEA Part B (619 Pre-School Age 3-5)	282
School Based Medicaid	300,193
Title II-A ESEA - Supporting Effective Instruction	1,020
State Substance Abuse	11,314
Perkins III Professional Technical Act	16,861
Gifted and Talented	211
Miscellaneous Grant	25,706

**NOTE 9 Excess of Actual Expenditures over Budget in Individual Funds  
(Continued)**

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 10 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	731,513	25,698
Child Nutrition	-	1,010
Gifted and Talented	4,927	-
School Based Medicaid	-	140,000
Title I-A - ESSA, Improving Basic Programs	10,830	-
IDEA Part B (611 School Age 3-21)	8,233	-
Title II-A ESEA, Supporting Effective Instruction	1,708	-
Capital Projects Fund	225,000	815,503
Total	<u>\$ 982,211</u>	<u>\$ 982,211</u>

## NOTE 10 Interfund Receivables, Payables and Transfers (Continued)

The composition of Interfund receivables and payables as of June 30, 2019 was as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	-	1,591,489
Special Revenue Funds:		
Federal Forest Reserve	27,911	-
Facilities	25,947	-
Before and After School Enrichment	281,361	-
Literacy Intervention	28,114	-
State Professional Technical	8,478	-
School Based Medicaid	4,367	-
Gifted and Talented	13,587	-
Technology Grant	410,105	-
Title V-B, ESSA - Rural Education Initiative	-	12,096
Title IV-A, ESSA - Student Support and Academic Enrichment	-	1,400
Miscellaneous Grant	29,900	-
Title I-A ESSA – Improving Basic Programs	-	99,243
IDEA Part B (611 School Age 3-21)	-	68,766
Leadership Stipends	108,257	-
Perkins III Professional Technical Act	-	22,656
Title II-A, ESEA – Supporting Effective Instruction	-	16,890
Child Nutrition	210,443	-
Debt Service Fund	216,537	-
Capital Projects Fund	447,533	-
Total	<u>\$ 1,812,540</u>	<u>\$ 1,812,540</u>

## NOTE 11 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 12 Other Post-Employment Benefits

### Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Lakeland Joint School District Employee Group Benefit Plan have been determined based the requirements of GASB 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. The Plan has been calculated using the entry age normal funding method.

## **NOTE 12    Other Post-Employment Benefits (Continued)**

### **General Information about the OPEB Plan**

The Lakeland Joint School District Employee Group Benefit Plan is a single-employer defined benefit OPEB plan that provides benefits to current and future retirees.

### ***Retirement and Dependent Medical Benefit Eligibility***

Upon separation from public school employment by retirement in accordance with Chapter 13, Title 59, Idaho Code, a retiree may continue to pay premiums for the retiree and the retiree's dependents at the rate for the active employee's group health, long-term care, vision, prescription drug and dental insurance programs as maintained by the employer for the active employees until the retiree and/or the retiree's spouse becomes eligible for Medicare at which time the district shall make available a supplemental program to Medicare for the eligible individual (Medicare Retirees).

### ***Eligibility for Retirement***

Normal retirement eligibility is age 65 with five years of service, including six months of membership service. Early retirement eligibility is age 55 with five years of service, including six months of membership coverage.

### ***Medicare Retirees***

Medicare retirees are defined as retirees who are 65 years of age or older, are not included in the District's plan, and Medicare will be considered their primary plan. Medicare Retirees and eligible dependents who enroll in Medicare (both Part A and Part B) are eligible to participate in the Statewide School Retiree Program that supplements Medicare.

### ***Funding***

The District's OPEB plan is funded under a pay-as-you-go funding method. Under this method, the District has not set aside any assets (nor accumulated any assets in a trust) that meet the definition of plan assets under GASB 74 or 75 to offset the OPEB liability. Therefore, the Net OPEB liability is equal to the Total OPEB liability.

### **OPEB Benefits**

The health care benefits are contracted by the District through group medical and dental plans. The medical and dental plans includes an annual deductible, coinsurance payment requirements, and an annual out-of-pocket maximum for the member/family. The prescription drug benefit is provided through a tiered system comprising of the type of prescription (generic, preferred brand, and non-preferred brand) and the method of purchase.

## NOTE 12 Other Post-Employment Benefits (Continued)

### Census Data

As of June 30, 2017, the valuation date, the District had 367 active (future retirees) participants and 35 inactive (current retirees) participants.

### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Employer reported a liability of \$2,011,611 of the net OPEB liability. The net OPEB liability was measured as of May 17, 2018 with a roll forward date as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

For the year ended June 30, 2019, the Employer recognized OPEB expense of \$200,757. At June 30, 2019, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	-	34,913
Changes in assumptions or other inputs	<u>9,402</u>	<u>33,851</u>
Total	<u>\$9,402</u>	<u>\$68,764</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows

<b>Year ended June 30:</b>	
2020	5,306
2021	5,306
2022	5,306
2023	5,306
2024	5,306
Thereafter	\$32,832

## NOTE 12 Other Post-Employment Benefits (Continued)

### Actuarial assumptions

<b>Valuation Date</b>	June 30, 2017
<b>Measurement Date</b>	May 17, 2018
<b>Roll forward Date</b>	June 30, 2018
<b>Interest/Discount Rate</b>	3.95% as of the measurement date, 3.87% as of the roll forward date
<b>Projected Payroll Increases</b>	3.75%
<b>Health Care Cost Trend Rate</b>	Medical: between 3.8% and 7.0% Dental: between 2.0% and 4.3% Prescription Drugs: between 3.8% and 7.0%
<b>Retiree Contributions</b>	Retiree contributions are assumed to increase to match the health care cost trends.

### Participation

For future retirees, participation rates were assumed to be 45.0% for medical coverage and 25.0% for dental coverage. Actual spouse information is used for current retirees. Future retired members who elect to participate in the plan are assumed to be married at a rate of 60.0%. 70.0% of the future retirees who elect medical or dental coverage and married are assumed to elect spousal coverage as well. Males are assumed to be three years older than females.

### Mortality

For active members, inactive members and healthy retirees, mortality rates were based on the RP2000 Combined Healthy Mortality Table adjusted with generational mortality adjustments using Scale AA, set back three years for both males and females. For disabled retirees, mortality rates were based on the RP2000 Disabled Mortality Table adjusted with generational mortality adjustments using Scale AA, set back one year for males and set forward two years for females.

### Interest/Discount rate

The interest rate is based on the 20-year municipal bond index.

### Sensitivity Disclosures

The following presents the net OPEB liability of the Plan as of June 30, 2019, calculated using the discount rate of 3.87%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Net OPEB liability	Unavailable	\$2,011,611	Unavailable



## NOTE 12 Other Post-Employment Benefits (Continued)

The following presents the net OPEB liability of the Plan as of June 30, 2019, calculated using the assumed health care cost trend rate, as well as what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	Unavailable	\$2,011,611	Unavailable

### Summary of the Change in OPEB Liability

<i><b>Total OPEB Liability – Beginning of Year</b></i>	\$ 1,971,083
Service Cost	127,341
Interest	78,722
Plan Design Changes	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	-
Benefit Payments (Estimated)	<u>(165,535)</u>
<i><b>Total OPEB Liability – End of Year</b></i>	<u><b>\$2,011,611</b></u>

## NOTE 13 Prior Period Adjustment

As a result of implementing GASB 75 related to other post-employment benefits – sick leave plan, a prior period adjustment was made to record the estimated asset in the amount of \$1,174,265 as of June 30, 2018. The adjustment increased deferred outflows of resources by \$250,205 and increased unrestricted net position by \$1,424,470.

## REQUIRED SUPPLEMENTARY INFORMATION



**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, 2019**

	Original Budget	Final Budget	Actual	Variances	
				Favorable Original to Actual	(Unfavorable) Final to Actual
<b>REVENUES</b>					
Local:					
Taxes	9,100,534	9,100,534	10,094,327	993,793	993,793
Earnings on investments	25,000	25,000	182,664	157,664	157,664
Other	70,000	70,000	174,498	104,498	104,498
Total local	<u>9,195,534</u>	<u>9,195,534</u>	<u>10,451,489</u>	<u>1,255,955</u>	<u>1,255,955</u>
State:					
Base program	19,489,223	19,489,223	19,611,473	122,250	122,250
Transportation	1,092,780	1,092,780	1,125,771	32,991	32,991
Tuition equivalency	30,000	30,000	72,210	42,210	42,210
Benefit apportionment	2,602,348	2,602,348	2,599,835	(2,513)	(2,513)
Other state support	821,760	821,760	828,412	6,652	6,652
Lottery/additional state maintenance	262,528	262,528	268,693	6,165	6,165
Revenue in lieu of taxes	63,977	63,977	63,977	-	-
Other state revenue	-	-	80,440	80,440	80,440
Total state	<u>24,362,616</u>	<u>24,362,616</u>	<u>24,650,811</u>	<u>288,195</u>	<u>288,195</u>
Federal:					
Unrestricted	250,000	250,000	43,293	(206,707)	(206,707)
Total revenues	<u>33,808,150</u>	<u>33,808,150</u>	<u>35,145,593</u>	<u>1,337,443</u>	<u>1,337,443</u>
<b>EXPENDITURES</b>					
Instruction:					
Salaries	14,299,915	14,299,915	14,662,636	(362,721)	(362,721)
Benefits	4,452,242	4,452,242	4,557,565	(105,323)	(105,323)
Purchased services	557,868	557,868	754,853	(196,985)	(196,985)
Supplies-materials	491,240	491,240	440,608	50,632	50,632
Total instruction	<u>19,801,265</u>	<u>19,801,265</u>	<u>20,415,662</u>	<u>(614,397)</u>	<u>(614,397)</u>
Support:					
Salaries	7,632,313	7,632,313	7,428,225	204,088	204,088
Benefits	2,465,824	2,465,824	2,376,201	89,623	89,623
Purchased services	2,271,469	2,271,469	1,940,469	331,000	331,000
Supplies-materials	729,233	729,233	792,530	(63,297)	(63,297)
Capital outlay	75,000	75,000	56,443	18,557	18,557
Insurance - judgment	146,127	146,127	146,127	-	-
Total support	<u>13,319,966</u>	<u>13,319,966</u>	<u>12,739,995</u>	<u>579,971</u>	<u>579,971</u>
Contingency	<u>100,000</u>	<u>100,000</u>	-	<u>100,000</u>	<u>100,000</u>
Total expenditures	<u>33,221,231</u>	<u>33,221,231</u>	<u>33,155,657</u>	<u>65,574</u>	<u>65,574</u>
Excess (deficiency) of revenues over (under) expenditures	<u>586,919</u>	<u>586,919</u>	<u>1,989,936</u>	<u>1,403,017</u>	<u>1,403,017</u>
Other financing sources (uses):					
Proceeds from sale of capital asset	-	-	21,493	21,493	21,493
Transfer in	20,662	20,662	25,698	5,036	5,036
Transfer out	(300,000)	(300,000)	(731,513)	(431,513)	(431,513)
Total other financing sources (uses)	<u>(279,338)</u>	<u>(279,338)</u>	<u>(684,322)</u>	<u>(404,984)</u>	<u>(404,984)</u>
Net change in fund balance	<u>\$ 307,581</u>	<u>\$ 307,581</u>	<u>1,305,614</u>	<u>\$ 998,033</u>	<u>\$ 998,033</u>
Fund balance -beginning of year			<u>3,960,953</u>		
Fund balance-end of year			<u>\$ 5,266,567</u>		

**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, 2019**

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
<b>REVENUES</b>					
Local:					
Taxes	2,040,300	2,040,300	2,060,269	19,969	19,969
Earnings on investments	-	-	29,748	29,748	29,748
Total local	<u>2,040,300</u>	<u>2,040,300</u>	<u>2,090,017</u>	<u>49,717</u>	<u>49,717</u>
State:					
Other state support	<u>39,418</u>	<u>39,418</u>	<u>39,418</u>	-	-
Total revenues	<u>2,079,718</u>	<u>2,079,718</u>	<u>2,129,435</u>	<u>49,717</u>	<u>49,717</u>
<b>EXPENDITURES</b>					
Debt service:					
Purchased services	-	-	2,250	(2,250)	(2,250)
Principal	1,185,000	1,185,000	1,182,435	2,565	2,565
Interest	<u>312,275</u>	<u>312,275</u>	<u>312,275</u>	-	-
Total expenditures	<u>1,497,275</u>	<u>1,497,275</u>	<u>1,496,960</u>	<u>315</u>	<u>315</u>
Net change in fund balance	<u>\$ 582,443</u>	<u>\$ 582,443</u>	632,475	<u>\$ 50,032</u>	<u>\$ 50,032</u>
Fund balance-beginning of year			<u>1,834,954</u>		
Fund balance-end of year			<u>\$ 2,467,429</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, 2019

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
<b>REVENUES</b>					
Local:					
Taxes	1,146,520	1,146,520	1,159,858	13,338	13,338
State:					
Other state support	110,000	110,000	-	(110,000)	(110,000)
Total revenues	1,256,520	1,256,520	1,159,858	(96,662)	(96,662)
<b>EXPENDITURES</b>					
Support:					
Supplies-materials	-	-	336,259	(336,259)	(336,259)
Capital asset program					
Supplies-materials	-	-	861	(861)	(861)
Capital objects	1,531,520	1,531,520	870,402	661,118	661,118
Total capital asset program	1,531,520	1,531,520	871,263	660,257	660,257
Total expenditures	1,531,520	1,531,520	1,207,522	323,998	323,998
Excess (deficiency) of revenues over (under) expenditures	(275,000)	(275,000)	(47,664)	227,336	227,336
Other financing sources (uses)					
Proceeds from sale of capital assets	-	-	160,055	160,055	160,055
Transfer in	525,000	525,000	815,503	290,503	290,503
Transfer out	(225,000)	(225,000)	(225,000)	-	-
Total other financing sources (uses)	300,000	300,000	750,558	450,558	450,558
Net change in fund balance	\$ 25,000	\$ 25,000	702,894	\$ 677,894	\$ 677,894
Fund balance-beginning of year			118,945		
Fund balance-end of year			\$ 821,839		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
Rathdrum, Idaho

**NET PENSION LIABILITY RELATED SCHEDULES**

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

<b>PERSI - Base Plan</b>						
<b>As of June 30,</b>						
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer's portion of the net pension liability	Unavailable	0.6537283%	0.6273618%	0.6318364%	0.6539498%	0.6570844%
Employer's proportionate share of the net pension liability	Unavailable	9,642,607	9,861,050	12,808,294	8,611,455	4,837,170
Employer's covered payroll	23,271,475	21,032,800	18,479,302	18,479,302	18,316,951	17,801,272
Employer's proportional share of the net pension liability as a percentage of its covered payroll	Unavailable	45.85%	53.36%	69.31%	47.01%	27.17%
Plan fiduciary net position as a percentage of the total	Unavailable	91.69%	90.68%	87.26%	91.38%	94.95%

**Schedule of the District's Contributions\***

<b>PERSI - Base Plan</b>						
<b>As of June 30,</b>						
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Statutorily required contribution	2,634,331	2,380,913	2,205,750	2,091,857	2,073,479	2,015,104
Contributions in relation to the statutorily required contribution	(2,634,331)	(2,380,913)	(2,205,750)	(2,091,857)	(2,073,479)	(2,015,104)
Contribution (deficiency) excess	-	-	-	-	-	-
Employer's covered payroll	23,271,475	21,032,800	19,485,424	18,479,302	18,316,951	17,801,272
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%	11.32%	11.32%

\*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**As of June 30, 2018 (most recently issued PERSI Information)**

Change of Assumptions. Actuarial assumptions were adjusted for the year ended June 30, 2018 as follows:

- Inflation changed to 3.0% from 3.25%
- Salary increase changed to 3.75% from 4.25 - 10.00%
- Investment rate of return changed to 7.05% from 7.10%

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

OTHER POST EMPLOYMENT BENEFIT LIABILITY SCHEDULE

As of June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service Cost	127,341	131,354	121,220
Interest	78,722	76,134	76,652
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	(44,156)
Changes of assumptions or other inputs	-	10,928	(42,815)
Benefit payments	<u>(165,535)</u>	<u>(149,556)</u>	<u>(129,326)</u>
Net change in total OPEB Liability	40,528	68,860	(18,425)
Total OPEB liability - beginning	<u>1,971,083</u>	<u>1,902,223</u>	<u>1,920,648</u>
Total OPEB liability-ending	<u>\$ 2,011,611</u>	<u>\$ 1,971,083</u>	<u>\$ 1,902,223</u>
Covered payroll	17,723,445	17,372,039	16,744,134
Total OPEB liability as a percentage of covered- employee payroll	11.35%	11.35%	11.36%

\*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

NOTES TO THE OTHER POST EMPLOYMENT BENEFITS LIABILITY SCHEDULE

As of June 30, 2019

Change of Assumptions. There were no changes of assumptions as of June 30, 2019.

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**

Rathdrum, Idaho

**NET OPEB ASSET - SICK LEAVE PLAN RELATED SCHEDULES**

**Schedule of the District's Share of Net OPEB Asset - Sick Leave Plan\***

**PERSI - OPEB Plan**

**As of June 30,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's portion of the net OPEB asset	Unavailable	1.5641424%	1.5297294%
Employer's proportionate share of the net OPEB asset	Unavailable	1,297,377	1,174,265
Employer's covered payroll	23,305,690	21,030,172	19,485,431
Employer's proportional share of the net OPEB asset as a percentage of its covered payroll	Unavailable	6.17%	6.03%
Plan fiduciary net position as a percentage of the total OPEB asset	Unavailable	135.69%	136.78%

**Schedule of the District's Contributions\***

**PERSI - OPEB Plan**

**As of June 30,**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	270,346	243,950	226,031
Contributions in relation to the statutorily required contribution	(270,346)	(243,950)	(226,031)
Contribution (deficiency) excess	-	-	-
Employer's covered payroll	23,305,690	21,030,172	19,485,431
Contributions as a percentage of covered payroll	1.16%	1.16%	1.16%

\*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**As of June 30, 2018 (most recently issued PERSI information)**

Change of Assumptions. Actuarial assumptions were adjusted for the year ended June 30, 2018 as follows:

- Inflation changed to 3.0% from 3.25%
- Investment rate of return changed to 7.05% from 7.10%



## **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, 2019

	Actual	Budget	Variance Favorable (Unfavorable)
<b>INSTRUCTION</b>			
Elementary school:			
Salaries	6,592,942	6,360,195	(232,747)
Benefits	2,025,518	2,004,919	(20,599)
Purchased services	36,917	47,294	10,377
Supplies-materials	171,019	237,753	66,734
Total elementary school	<u>8,826,396</u>	<u>8,650,161</u>	<u>(176,235)</u>
Secondary school:			
Salaries	5,857,413	5,648,733	(208,680)
Benefits	1,829,866	1,733,425	(96,441)
Purchased services	285,692	243,364	(42,328)
Supplies-materials	180,778	150,768	(30,010)
Total secondary school	<u>8,153,749</u>	<u>7,776,290</u>	<u>(377,459)</u>
Alternative School:			
Salaries	328,052	373,889	45,837
Benefits	98,966	120,600	21,634
Purchased services	2,298	3,010	712
Supplies-materials	5,512	7,919	2,407
Total alternative school	<u>434,828</u>	<u>505,418</u>	<u>70,590</u>
Special education:			
Salaries	1,188,201	1,231,353	43,152
Benefits	463,560	440,431	(23,129)
Purchased services	1,000	2,000	1,000
Supplies-materials	2,062	5,000	2,938
Total special education	<u>1,654,823</u>	<u>1,678,784</u>	<u>23,961</u>
Special education preschool:			
Salaries	30,243	8,323	(21,920)
Benefits	11,545	7,808	(3,737)
Total special education preschool	<u>41,788</u>	<u>16,131</u>	<u>(25,657)</u>
Gifted and talented:			
Salaries	-	54,454	54,454
Benefits	792	17,191	16,399
Purchased services	1,186	2,000	814
Supplies-materials	6,233	5,500	(733)
Total gifted and talented	<u>8,211</u>	<u>79,145</u>	<u>70,934</u>
Interscholastic:			
Salaries	601,390	545,479	(55,911)
Benefits	114,021	112,269	(1,752)
Purchased services	427,760	260,200	(167,560)
Supplies-materials	75,004	84,250	9,246
Total interscholastic	<u>1,218,175</u>	<u>1,002,198</u>	<u>(215,977)</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, 2019**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>INSTRUCTION (Continued)</b>			
Summer School:			
Salaries	64,395	77,489	13,094
Benefits	13,297	15,599	2,302
Supplies-materials	-	50	50
Total summer school	<u>77,692</u>	<u>93,138</u>	<u>15,446</u>
<b>TOTAL INSTRUCTION</b>			
Salaries	14,662,636	14,299,915	(362,721)
Benefits	4,557,565	4,452,242	(105,323)
Purchased services	754,853	557,868	(196,985)
Supplies-materials	440,608	491,240	50,632
Total instruction	<u>\$ 20,415,662</u>	<u>\$ 19,801,265</u>	<u>\$ (614,397)</u>
<b>SUPPORT</b>			
Attendance, guidance and health:			
Salaries	1,035,839	1,020,040	(15,799)
Benefits	319,955	342,939	22,984
Purchased services	2,307	5,000	2,693
Supplies-materials	2,987	10,300	7,313
Total attendance, guidance and health	<u>1,361,088</u>	<u>1,378,279</u>	<u>17,191</u>
Special education support services:			
Salaries	456,876	624,542	167,666
Benefits	193,681	189,618	(4,063)
Purchased services	23,032	208,000	184,968
Supplies-materials	1,134	8,400	7,266
Total special education support services	<u>674,723</u>	<u>1,030,560</u>	<u>355,837</u>
Instruction improvement program:			
Salaries	60,877	26,583	(34,294)
Benefits	11,335	5,351	(5,984)
Purchased services	54,758	63,649	8,891
Supplies-materials	13,144	14,500	1,356
Total instruction improvement program	<u>140,114</u>	<u>110,083</u>	<u>(30,031)</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, 2019

	Actual	Budget	Variance Favorable (Unfavorable)
<b>SUPPORT (Continued)</b>			
Educational media:			
Salaries	243,367	299,508	56,141
Benefits	94,792	117,670	22,878
Purchased services	9,124	-	(9,124)
Supplies-materials	33,106	33,457	351
Total educational media	<u>380,389</u>	<u>450,635</u>	<u>70,246</u>
Instruction related technology:			
Salaries	283,345	407,808	124,463
Benefits	102,733	108,027	5,294
Purchased services	133,428	154,000	20,572
Supplies-materials	60,004	47,000	(13,004)
Total instruction related technology	<u>579,510</u>	<u>716,835</u>	<u>137,325</u>
Board of education:			
Purchased services	44,322	80,500	36,178
Supplies-materials	2,250	2,800	550
Insurance - judgment	29,225	29,225	-
Total board of education	<u>75,797</u>	<u>112,525</u>	<u>36,728</u>
District administration:			
Salaries	577,913	549,398	(28,515)
Benefits	168,840	163,132	(5,708)
Purchased services	40,583	29,000	(11,583)
Supplies-materials	41,696	31,558	(10,138)
Total district administration	<u>829,032</u>	<u>773,088</u>	<u>(55,944)</u>
School administration:			
Salaries	1,954,267	2,000,632	46,365
Benefits	610,213	596,560	(13,653)
Purchased services	4,595	6,500	1,905
Supplies-materials	21,444	23,118	1,674
Total school administration	<u>2,590,519</u>	<u>2,626,810</u>	<u>36,291</u>
Business operations:			
Salaries	252,915	261,997	9,082
Benefits	76,297	71,136	(5,161)
Purchased services	16,989	12,000	(4,989)
Supplies-materials	2,919	10,500	7,581
Total business operations	<u>349,120</u>	<u>355,633</u>	<u>6,513</u>
Administrative technology:			
Salaries	122,709	-	(122,709)
Benefits	35,169	-	(35,169)
Purchased services	77,384	232,000	154,616
Supplies-materials	5,812	20,000	14,188
Total administrative technology	<u>241,074</u>	<u>252,000</u>	<u>10,926</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, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>SUPPORT (Continued)</b>			
Buildings-care program (custodial):			
Salaries	838,705	785,996	(52,709)
Benefits	307,582	382,888	75,306
Purchased services	1,097,559	1,143,220	45,661
Supplies-materials	98,799	60,000	(38,799)
Insurance - judgment	87,676	87,676	-
Total buildings-care program (custodial)	<u>2,430,321</u>	<u>2,459,780</u>	<u>29,459</u>
Maintenance - non-student occupied:			
Purchased services	719	-	(719)
Supplies-materials	5,834	5,000	(834)
Total maintenance - non-student occupied	<u>6,553</u>	<u>5,000</u>	<u>(1,553)</u>
Maintenance - student occupied:			
Salaries	540,787	566,499	25,712
Benefits	162,644	141,508	(21,136)
Purchased services	154,978	121,500	(33,478)
Supplies-materials	103,828	100,000	(3,828)
Total maintenance - student occupied	<u>962,237</u>	<u>929,507</u>	<u>(32,730)</u>
Maintenance - grounds:			
Purchased services	171,917	135,500	(36,417)
Supplies-materials	21,584	20,000	(1,584)
Total maintenance - grounds	<u>193,501</u>	<u>155,500</u>	<u>(38,001)</u>
Security:			
Salaries	29,193	50,000	20,807
Benefits	9,371	16,247	6,876
Purchased services	52,549	10,000	(42,549)
Supplies-materials	43,870	25,000	(18,870)
Capital objects	56,443	75,000	18,557
Total security	<u>191,426</u>	<u>176,247</u>	<u>(15,179)</u>
Pupil-to-school transportation:			
Salaries	1,031,432	1,039,310	7,878
Benefits	273,804	330,748	56,944
Purchased services	56,225	57,600	1,375
Supplies-materials	317,732	307,500	(10,232)
Insurance - judgment	14,613	14,613	-
Total pupil-to-school transportation	<u>1,693,806</u>	<u>1,749,771</u>	<u>55,965</u>
General transportation:			
Benefits	9,785	-	(9,785)
Purchased services	-	13,000	13,000
Supplies-materials	16,387	10,100	(6,287)
Insurance - judgment	14,613	14,613	-
Total general transportation	<u>40,785</u>	<u>37,713</u>	<u>(3,072)</u>
<b>TOTAL SUPPORT</b>			
Salaries	7,428,225	7,632,313	204,088
Benefits	2,376,201	2,465,824	89,623
Purchased services	1,940,469	2,271,469	331,000
Supplies-materials	792,530	729,233	(63,297)
Capital outlay	56,443	75,000	18,557
Insurance - judgment	146,127	146,127	-
Total support	<u>\$ 12,739,995</u>	<u>\$ 13,319,966</u>	<u>\$ 579,971</u>

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**NONMAJOR SPECIAL REVENUE FUND DESCRIPTIONS**

**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 Reserve 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.

**Facilities Fund** - To account for local revenue supporting a facilities program.

**Title I-A, ESSA – 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 state revenues supporting literacy intervention.

**IDEA Part B (611 School Age 3-21) 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 (619 Pre-School Age 3-5) 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.

**School Based Medicaid Fund** - To account for restricted Federal revenue to be spend on Medicaid related expenditures.

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

**Title II-A, ESEA – Supporting Effected Instruction 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.

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**NONMAJOR SPECIAL REVENUE FUND DESCRIPTIONS (Continued)**

**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 Fund** - To account for Local revenues to be spent on salaries and benefits in vocational activities.

**Leadership Stipends Fund** - To account for State revenues to be spent on leadership stipends.

**Title IV-A ESSA – Student Support and Academic Enrichment Fund** - To account for Federal revenue for student support and academic enrichment.

**Title V-B, ESSA – Rural Education Initiative Fund** - To account for Federal revenue for rural education.

**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, 2019

	Child Nutrition	Federal Forest	Facilities	Title I-A - ESSA Improving Basic Programs	Before and After School Enrichment	Literacy Intervention	IDEA Part B (611 School Age 3-21)	IDEA Part B (619 Pre-School Age 3-5)	School Based Medicaid	State Professional Technical	Title II-A ESEA - Supporting Effective Instruction
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>											
Assets:											
Due from other funds	210,443	27,911	25,947	-	281,361	28,114	-	-	4,367	8,478	-
Other receivables:											
State reimbursements	-	-	-	-	2,143	-	-	-	-	-	-
Federal reimbursements	7,234	-	-	254,379	-	-	183,069	-	-	-	43,589
Other receivables	-	-	48	-	-	-	-	-	-	-	-
Inventory	39,712	-	-	-	-	-	-	-	-	-	-
Total assets	257,389	27,911	25,995	254,379	283,504	28,114	183,069	-	4,367	8,478	43,589
Deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 257,389</b>	<b>\$ 27,911</b>	<b>\$ 25,995</b>	<b>\$ 254,379</b>	<b>\$ 283,504</b>	<b>\$ 28,114</b>	<b>\$ 183,069</b>	<b>\$ -</b>	<b>\$ 4,367</b>	<b>\$ 8,478</b>	<b>\$ 43,589</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>											
Liabilities:											
Due to other funds	-	-	-	99,243	-	-	68,766	-	-	-	16,890
Accounts payable	52,557	-	61	67	2,723	4,355	-	-	426	8,478	-
Accrued payroll and benefits	-	-	-	155,069	13,857	23,759	114,303	-	3,941	-	26,699
Total liabilities	52,557	-	61	254,379	16,580	28,114	183,069	-	4,367	8,478	43,589
Deferred inflows of resources	-	-	-	-	7,902	-	-	-	-	-	-
Fund balances:											
Nonspendable	39,712	-	-	-	-	-	-	-	-	-	-
Restricted	165,120	27,911	25,934	-	259,022	-	-	-	-	-	-
Total fund balances	204,832	27,911	25,934	-	259,022	-	-	-	-	-	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 257,389</b>	<b>\$ 27,911</b>	<b>\$ 25,995</b>	<b>\$ 254,379</b>	<b>\$ 283,504</b>	<b>\$ 28,114</b>	<b>\$ 183,069</b>	<b>\$ -</b>	<b>\$ 4,367</b>	<b>\$ 8,478</b>	<b>\$ 43,589</b>



**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
Rathdrum, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
June 30, 2019

	State Substance Abuse	Technology Grant	Perkins III Professional Technical Act	Gifted and Talented	Leadership Stipends	Title IV-A, ESSA - Student Support and Academic Enrichment	Title V-B, ESSA - Rural Education Initiative	Miscellaneous Grant	Combining Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>									
Assets:									
Due from other funds	-	410,105	-	13,587	108,257	-	-	29,900	1,148,470
Other receivables:									
State reimbursements	-	-	-	-	-	-	-	-	2,143
Federal reimbursements	-	-	33,587	-	-	4,463	12,396	-	538,717
Other receivables	-	-	-	-	-	-	-	-	48
Inventory	-	-	-	-	-	-	-	-	39,712
Total assets	-	410,105	33,587	13,587	108,257	4,463	12,396	29,900	1,729,090
Deferred outflows of resources	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ 410,105</b>	<b>\$ 33,587</b>	<b>\$ 13,587</b>	<b>\$ 108,257</b>	<b>\$ 4,463</b>	<b>\$ 12,396</b>	<b>\$ 29,900</b>	<b>\$ 1,729,090</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
Liabilities:									
Due to other funds	-	-	22,656	-	-	1,400	12,096	-	221,051
Accounts payable	-	-	-	-	-	-	300	7,620	76,587
Accrued payroll and benefits	-	-	10,931	-	33,866	3,063	-	-	385,488
Total liabilities	-	-	33,587	-	33,866	4,463	12,396	7,620	683,126
Deferred inflows of resources	-	-	-	-	-	-	-	-	7,902
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	39,712
Restricted	-	410,105	-	13,587	74,391	-	-	22,280	998,350
Total fund balances	-	410,105	-	13,587	74,391	-	-	22,280	1,038,062
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 410,105</b>	<b>\$ 33,587</b>	<b>\$ 13,587</b>	<b>\$ 108,257</b>	<b>\$ 4,463</b>	<b>\$ 12,396</b>	<b>\$ 29,900</b>	<b>\$ 1,729,090</b>

LAKELAND JOINT SCHOOL DISTRICT NO. 272  
Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2019

	Child Nutrition	Federal Forest	Facilities	Title I-A - ESSA Improving Basic Programs	Before and After School Enrichment	Literacy Intervention	IDEA Part B (611 School Age 3-21)	IDEA Part B (619 Pre-School Age 3-5)	School Based Medicaid	State Professional Technical	Title II-A ESEA - Supporting Effective Instruction
<b>REVENUES</b>											
Local:											
Lunch sales	463,510	-	-	-	-	-	-	-	-	-	-
Other	-	-	26,109	-	363,601	-	-	-	-	-	-
Total local	463,510	-	26,109	-	363,601	-	-	-	-	-	-
State:											
Restricted	-	-	-	-	-	179,412	-	-	-	79,007	-
Other state revenue	-	-	-	-	-	-	-	-	-	-	-
Total state	-	-	-	-	-	179,412	-	-	-	79,007	-
Federal:											
School lunch reimbursement	882,487	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	24,110	-	-	-	-	-	-	-	-	-
Restricted	103,783	-	-	1,033,098	-	-	751,567	20,471	368,608	-	164,955
Total federal	986,270	24,110	-	1,033,098	-	-	751,567	20,471	368,608	-	164,955
Total revenues	1,449,780	24,110	26,109	1,033,098	363,601	179,412	751,567	20,471	368,608	79,007	164,955
<b>EXPENDITURES</b>											
Instruction:											
Salaries	-	-	-	667,278	4,177	137,548	560,915	14,825	61,256	-	-
Benefits	-	-	-	231,386	841	36,427	172,340	5,646	23,739	-	1,217
Purchased services	-	-	-	7,715	-	1,149	281	-	6,281	11,259	-
Supplies-materials	-	-	-	25,473	-	7,085	9,798	-	2,792	65,750	-
Capital objects	-	-	-	-	-	-	-	-	-	1,998	-
Total instruction	-	-	-	931,852	5,018	182,209	743,334	20,471	94,068	79,007	1,217
Support:											
Salaries	-	-	-	68,154	197,641	-	-	-	169,340	-	120,659
Benefits	-	-	-	17,623	62,657	-	-	-	10,062	-	41,371
Purchased services	-	14,880	-	4,639	6,311	-	-	-	226,869	-	-
Supplies-materials	-	-	175	-	11,306	-	-	-	8,269	-	-
Total support	-	14,880	175	90,416	277,915	-	-	-	414,540	-	162,030
Non-instruction:											
Purchased services	827,929	-	-	-	-	-	-	-	-	-	-
Supplies-materials	621,318	-	-	-	-	-	-	-	-	-	-
Capital objects	10,684	-	-	-	-	-	-	-	-	-	-
Insurance - judgment	17,717	-	-	-	-	-	-	-	-	-	-
Total non-instruction	1,477,648	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,477,648	14,880	175	1,022,268	282,933	182,209	743,334	20,471	508,608	79,007	163,247
Excess (deficiency) of revenues over (under) expenditures	(27,868)	9,230	25,934	10,830	80,668	(2,797)	8,233	-	(140,000)	-	1,708
Other financing sources (uses)											
Transfers in	1,010	-	-	-	-	-	-	-	140,000	-	-
Transfers out	-	-	-	(10,830)	-	-	(8,233)	-	-	-	(1,708)
Total other financing sources (uses)	1,010	-	-	(10,830)	-	-	(8,233)	-	140,000	-	(1,708)
Net change in fund balance	(26,858)	9,230	25,934	-	80,668	(2,797)	-	-	-	-	-
Fund balance-beginning of year	231,690	18,681	-	-	178,354	2,797	-	-	-	-	-
Fund balance-end of year	\$ 204,832	\$ 27,911	\$ 25,934	\$ -	\$ 259,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LAKELAND JOINT SCHOOL DISTRICT NO. 272  
Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)  
For the Year Ended June 30, 2019

	State Substance Abuse	Technology Grant	Perkins III Professional Technical Act	Gifted and Talented	Leadership Stipends	Title IV-A, ESSA - Student Support and Academic Enrichment	Title V-B, ESSA - Rural Education Initiative	Miscellaneous Grant	Total
<b>REVENUES</b>									
Local:									
Lunch sales	-	-	-	-	-	-	-	-	463,510
Other	-	-	-	-	-	-	-	32,411	422,121
Total local	-	-	-	-	-	-	-	32,411	885,631
State:									
Restricted	55,392	482,328	-	8,432	284,018	-	-	26,216	1,114,805
Other state revenue	-	-	-	-	-	-	-	10,155	10,155
Total state	55,392	482,328	-	8,432	284,018	-	-	36,371	1,124,960
Federal:									
School lunch reimbursement	-	-	-	-	-	-	-	-	882,487
Unrestricted	-	-	-	-	-	-	-	-	24,110
Restricted	-	-	71,861	-	-	41,783	21,589	-	2,577,715
Total federal	-	-	71,861	-	-	41,783	21,589	-	3,484,312
Total revenues	55,392	482,328	71,861	8,432	284,018	41,783	21,589	68,782	5,494,903
<b>EXPENDITURES</b>									
Instruction:									
Salaries	-	-	28,262	-	173,259	-	-	7,465	1,654,985
Benefits	-	-	8,317	600	33,970	-	-	1,086	515,569
Purchased services	-	-	-	6,699	-	(98)	-	8,181	41,467
Supplies-materials	-	-	8,913	-	-	5,119	200	43,800	168,930
Capital objects	-	-	-	-	-	-	-	-	1,998
Total instruction	-	-	45,492	7,299	207,229	5,021	200	60,532	2,382,949
Support:									
Salaries	-	-	19,954	-	2,000	29,208	6,413	-	613,369
Benefits	-	-	6,415	-	398	7,554	1,256	-	147,336
Purchased services	66,080	-	-	-	-	-	8,218	500	327,497
Supplies-materials	560	316,532	-	-	-	-	5,502	4,674	347,018
Total support	66,640	316,532	26,369	-	2,398	36,762	21,389	5,174	1,435,220
Non-instruction:									
Purchased services	-	-	-	-	-	-	-	-	827,929
Supplies-materials	-	-	-	-	-	-	-	-	621,318
Capital objects	-	-	-	-	-	-	-	-	10,684
Insurance - judgment	-	-	-	-	-	-	-	-	17,717
Total non-instruction	-	-	-	-	-	-	-	-	1,477,648
Total expenditures	66,640	316,532	71,861	7,299	209,627	41,783	21,589	65,706	5,295,817
Excess (deficiency) of revenues over (under) expenditures	(11,248)	165,796	-	1,133	74,391	-	-	3,076	199,086
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	141,010
Transfer out	-	-	-	(4,927)	-	-	-	-	(25,698)
Total other financing sources (uses)	-	-	-	(4,927)	-	-	-	-	115,312
Net change in fund balance	(11,248)	165,796	-	(3,794)	74,391	-	-	3,076	314,398
Fund balance-beginning of year	11,248	244,309	-	17,381	-	-	-	19,204	723,664
Fund balance-end of year	\$ -	\$ 410,105	\$ -	\$ 13,587	\$ 74,391	\$ -	\$ -	\$ 22,280	\$ 1,038,062

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2019

	<u>Revenues</u>	<u>Budget</u>	<u>Variance</u>	<u>Expenses</u>	<u>Budget</u>	<u>Variance</u>
Special revenue fund:						
Child Nutrition	1,450,790	1,567,843	(117,053)	1,477,648	1,567,843	90,195
Federal Forest	24,110	5,000	19,110	14,880	5,000	(9,880)
Facilities	26,109	-	26,109	175	-	(175)
Title I-A - ESSA Improving Basic Programs	1,033,098	969,573	63,525	1,033,098	967,428	(65,670)
Before and After School Enrichment	363,601	300,500	63,101	282,933	300,496	17,563
Literacy Intervention	179,412	152,000	27,412	182,209	151,415	(30,794)
IDEA Part B (611 School Age 3-21)	751,567	756,757	(5,190)	751,567	756,392	4,825
IDEA Part B (619 Pre-School Age 3-5)	20,471	20,409	62	20,471	20,409	(62)
School Based Medicaid	508,608	400,000	108,608	508,608	208,415	(300,193)
State Professional Technical	79,007	91,408	(12,401)	79,007	91,408	12,401
Title II-A ESEA - Supporting Effective Instruction	164,955	166,275	(1,320)	164,955	164,023	(932)
State Substance Abuse	55,392	55,326	66	66,640	55,326	(11,314)
Technology Grant	482,328	449,600	32,728	316,532	511,202	194,670
Perkins III Professional Technical Act	71,861	55,000	16,861	71,861	55,000	(16,861)
Gifted and Talented	8,432	7,088	1,344	12,226	7,088	(5,138)
Leadership Stipends	284,018	254,835	29,183	209,627	254,676	45,049
Title IV-A, ESSA - Student Support and Academic Enrichment	41,783	-	41,783	41,783	-	(41,783)
Title V-B, ESSA - Rural Education Initiative	21,589	-	21,589	21,589	-	(21,589)
Miscellaneous Grant	68,782	40,000	28,782	65,706	40,000	(25,706)
Total	<u>\$ 5,635,913</u>	<u>\$ 5,291,614</u>	<u>\$ 344,299</u>	<u>\$ 5,321,515</u>	<u>\$ 5,156,121</u>	<u>\$ (165,394)</u>

**SINGLE AUDIT SECTION**



**LAKELAND JOINT SCHOOL DISTRICT NO. 272**

Rathdrum, Idaho

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2019

	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
<b>U. S. Department of Agriculture</b>				
Passed through State Department of Education				
Child Nutrition Cluster				
National School Lunch Program	10.555	17-272	201919N109947	753,110
School Breakfast Program	10.553	17-272	201919N109947	136,291
Summer Food Service Program for Children	10.559	17-272	201818N109947	22,315
Total Child Nutrition Cluster				<u>911,716</u>
Other Programs				
Fresh Fruit and Vegetable Program	10.582	17-272	201919L160347	34,976
Child and Adult Care Food Program	10.558	17-272	201919N109947	39,591
Total Other Programs				<u>74,567</u>
Direct through U.S. Department of Agriculture				
Forest Service Schools and Roads Cluster				
Schools and Roads - Grants to States	10.665	N/A	Not Available	<u>14,880</u>
Total U.S. Department of Agriculture				<u>1,001,163</u>
<b>U.S. Department of Education</b>				
Passed through State Department of Education				
Special Education Cluster				
Part B, IDEA - School Age	84.027	17-272	H027A180088	751,567
Part B, IDEA - Preschool	84.173	17-272	H173A180030	20,471
Total Special Education Cluster				<u>772,038</u>
Other Programs				
Title I-A, ESEA - Improving Basic Programs	84.010	17-272	S010A180012	1,033,098
Perkins III, Professional Technical	84.048	17-272	V048A180012	71,861
Small, Rural School Achievement Program	84.358	17-272	S358B180012	21,589
Title II-A, ESEA - Improving Teacher Quality	84.367	17-272	S367A180011	164,955
State Support and Academic Enrichment Program	84.424	17-272	S424A180013	41,783
Total Other Programs				<u>1,333,286</u>
Total U.S. Department of Education				<u>2,105,324</u>
<b>Total Expenditures</b>				<u>\$ 3,106,487</u>

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2019**

**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, 2019. 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. The value of the non-cash assistance for the year ended June 30, 2019 was \$103,796.

**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, the aggregate discretely presented component unit, 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, 2019 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 1, 2019.

**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 1, 2019

**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, 2019. 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, 2019.

### **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 1, 2019

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2019**

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued:

Discretely Presented Component Unit Governmental Activities, Each Major Fund and Aggregate Remaining Fund Information	Qualified  Unmodified
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Internal control over financial reporting:

- material weakness(es) identified?	_____ yes	_____ <u>x</u> no
- significant deficiency(ies) identified?	_____ yes	_____ <u>x</u> none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes                      \_\_\_\_\_ x no

*Federal Awards*

Internal control over major programs:

- material weakness(es) identified?	_____ yes	_____ <u>x</u> no
- significant deficiency(ies) identified?	_____ yes	_____ <u>x</u> 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:*

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**For The Year Ended June 30, 2019**

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.