

# Coeur d'Alene School District No. 271

FINANCIAL STATEMENT  
JUNE 30, 2016

**Coeur d'Alene School District No. 271**  
**June 30, 2016**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Coeur d'Alene School District No. 271  
Coeur d'Alene, ID 83814

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coeur d'Alene School District No. 271, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Coeur d'Alene School District No. 271's basic financial statements as listed in the table of contents. We also have audited each fiduciary fund type of Coeur d'Alene School District No. 271 as of and for the year ended June 30, 2016, as displayed in Coeur d'Alene School District No. 271's basic financial statements.

### ***Management's Responsibility for the Financial Statements***

Coeur d'Alene School District No. 271's 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.

### ***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 Coeur d'Alene School District No. 271, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fiduciary fund of Coeur d'Alene School District No. 271, as of June 30, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and required supplementary information, as listed in the table of contents, 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 Coeur d'Alene School District No. 271's financial statements. The combining and individual nonmajor fund financial statements, and the Schedule of Expenditures of Federal Awards required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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 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 November 10, 2016 on our consideration of Coeur d'Alene School District No. 271'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 Coeur d'Alene School District No. 271's internal control over financial reporting and compliance.

*Magnuson, McHugh & Company, P.A.*

Magnuson, McHugh & Company, P.A.

November 10, 2016

## FINANCIAL SECTION

### MANAGEMENT'S DISCUSSION AND ANALYSIS

## **Coeur d'Alene School District No. 271**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2016**

The management's discussion and analysis of the Coeur d'Alene School District's (the "School District") financial performance provides an overall review of financial activities for the fiscal year. Efforts have been made to provide comparison to prior year data when such data is available.

#### **FINANCIAL HIGHLIGHTS**

##### **State Revenue Increases for 2015-16 Fiscal Year**

First reporting period enrollment increased 2.2% during the 2015-16 fiscal year as compared to the same reporting period in 2014-15. Increased enrollment, coupled with increases in entitlement revenue and salary-based revenue resulted in a \$2,554,265 increase in state revenues for the general fund.

##### **General Fund Balance Decreases over the 2015-16 Fiscal Year**

The School District's ending fund balance decreased by \$1,086,709 compared to the prior year. This decrease was due to a one time transfer of \$1,828,205 from the General Fund to the Capital Projects Fund to complete the Winton Elementary Construction Project. Excluding the transfer, General fund revenues exceeded expenditures by \$741,496.

At the close of the 2015-16 fiscal year, the \$4,496,310 fund balance consists of \$648,400 committed to contingency reserve and the remaining fund balance of \$3,847,910 is unassigned. The ending fund balance exceeds the minimum fund balance requirements outlined in Board policy 813.

##### **Supplemental Property Tax Levy Revenue Represents 21.0% of General Fund Revenues**

In the 2015-16 fiscal year, the School District's supplemental property tax levy generated \$15M, 22.75% of the total General Fund revenues for the 2015-16 fiscal year. This revenue comes from a 2-year supplemental property tax levy expiring in June 30, 2017. The School District board also passed an emergency levy of \$1,202,413 to provide additional revenue in the 2015-16 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 499.83 support units for the year, compared to 492.15 from the 2014-15 fiscal year. School Districts received \$23,868 per support unit in 2015-16, up from \$22,401 in 2014-15. The projection for support units for the 2016-17 fiscal year is 502.50.

**State Support** - State support revenue increased \$2.5M due to increased attendance in 2015-16, as well as an increase in non-statutory support allocations.

**Bond Interest Stabilization Payment** – In 2015-16, the School District received a bond interest stabilization payment of \$66,293. This revenue helps reduce the burden on the local property tax-payer for bond interest.



## **Coeur d'Alene School District No. 271**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2016**

#### **EXPENDITURES**

The most significant expenditure changes for the 2015-16 fiscal year include the following:

- Increased base salaries by 2.0% for all staff in all funds and maintained medical benefit contributions.
- Lease/Purchased six buses which replaced our fleet's oldest/high mileage buses.
- Increased certificated staff at the both the elementary and secondary grade levels to reduce class size averages.
- The School Board unanimously approved the purchase of new math materials for Grades K-12. \$1.0M of supplemental levy dollars were dedicated for this purchase.
- Completed a LED lighting energy project. The cost savings program replaced 35,000 traditional fluorescent lamps with high efficiency LED lamps. The project included energy rebates from Avista Utilities and Kootenai Electric.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The comprehensive annual financial report consists of three parts: 1) Management's Discussion and Analysis; 2) basic financial statements, including notes to the financial statements; and 3) other required supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the School District's financial activities.

The statement of net position and statement of activities provide information on a School District wide basis. The statements present a total view of the School District's finances. School District wide statements contain useful long-term information, as well as information for the just-completed fiscal year.

The remaining statements are fund financial statements that focus on individual parts of the School District. Fund statements generally report operations in more detail than the School District wide statements.

The notes to the financial statements provide further detailed explanations of selected areas addressed in the statements. In addition, they provide disclosures so statement users have a complete picture of the School District's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the School District's budget data for the year.

## **Coeur d'Alene School District No. 271**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2016**

#### **DISTRICT WIDE STATEMENTS**

The district wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The two School District wide statements report the School District's net position and how they have changed. Net position (the difference between the School District's assets and liabilities) are one way to measure the School District's overall financial position.

Increases or decreases in the School District's net position are one indicator of whether its financial position is improving or deteriorating, respectively.

To assess the overall financial condition of the School District, additional non-financial factors, such as changes in the School District's property tax base and the condition of school buildings and other facilities, should be considered.

In the School District wide financial statements, the School District's activities are all classified as governmental activities. Governmental activities include all regular and special education, all educational support activities, administration, transportation, and food services. In addition, the School District reports internal service activities on a separate statement. Most of these activities are supported by property taxes and formula aid from the State of Idaho.

#### **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds and not on the School District as a whole. Funds are accounting devices that the School District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

Some funds are required by state law and by bond requirements.

The School District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

#### **Two Types of District Funds**

**Governmental Funds** - Most of the School District's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out; and 2) the balances left at year-end that are available for funding future basic services. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or less financial resources that can be spent in the near future to finance the School District's programs. Governmental fund statements do not report on long-term commitments like those reported on the district wide statements. Therefore, an explanation of the differences between the governmental funds and the district wide statements is included as a separate statement.

**Fiduciary Funds** - The School District serves as a trustee, or fiduciary, for student organizations. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district wide financial statements because the School District cannot use these assets to finance its operations.

# Coeur d'Alene School District No. 271

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

### FUND FINANCIAL STATEMENTS (CONTINUED)

**Table 1  
Statement of Net Position**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 10,848,085	\$ 10,731,037
Receivables	11,651,317	9,850,281
Prepaid expenses	-	2,781
Inventory	88,146	88,146
Land	4,426,448	4,426,448
Construction in progress	2,261,240	10,182,871
Capital assets, (net of accumulated depreciation)	82,018,255	75,344,406
Total assets	<u>111,293,491</u>	<u>110,625,970</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Proportionate share of collective deferred outflows of resources	12,649,250	5,566,302
Total deferred outflows of resources	<u>12,649,250</u>	<u>5,566,302</u>
<b>LIABILITIES:</b>		
Accounts payable	1,148,170	1,063,930
Accrued payroll and related costs	8,087,586	7,847,447
Interest payable	247,713	270,579
Long-term liabilities:		
Due in one year	2,212,241	2,036,823
Due in more than one year	25,728,147	27,725,095
Net pension liability	19,312,655	6,421,171
OPEB obligation	81,504	181,337
Total liabilities	<u>56,818,016</u>	<u>45,546,382</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Proportionate share of collective deferred inflows of resources	12,850,606	15,151,378
Total deferred inflows of resources	<u>12,850,606</u>	<u>15,151,378</u>
<b>NET POSITION:</b>		
Net investment in capital assets	60,961,539	60,400,462
Restricted for:		
School lunch	212,505	29,251
Debt service	2,881,422	2,746,813
State and federal title programs	2,300,676	1,476,970
Other projects	100,000	100,000
Unrestricted	(12,182,023)	(9,258,984)
Total net position	<u>\$ 54,274,119</u>	<u>\$ 55,494,512</u>

The School District calculation of net position uses an historical cost of school buildings. This method may not accurately reflect their true value, especially as it relates to our older structures.

# Coeur d'Alene School District No. 271

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

### FUND FINANCIAL STATEMENTS (CONTINUED)

**Table 2**  
**Changes in Net Position from Operating Results**

	<u>June 30, 2016</u>		<u>June 30, 2015</u>	
<b>REVENUES:</b>				
Program Revenues:				
Charges for services	\$ 3,488,747		\$ 2,913,151	
Operating grants and contributions	9,379,405		8,644,109	
Capital grants and contributions	1,231		18,416	
Total program revenues	<u>12,869,383</u>	<u>15.8%</u>	<u>11,575,676</u>	<u>15.5%</u>
General Revenues:				
Taxes levied for general purposes	16,638,019		13,892,013	
Taxes levied for capital outlay	33,806		34,548	
Taxes levied for debt service	<u>3,006,499</u>		<u>2,850,788</u>	
Total property taxes	<u>19,678,324</u>		<u>16,777,349</u>	
State revenues	48,883,442		46,329,177	
Bond security funds	66,293		66,293	
Federal forest	65,162		66,537	
Total state and federal revenues	<u>49,014,897</u>	<u>60.1%</u>	<u>46,462,007</u>	<u>62.1%</u>
Other Revenues:				
Interest on investment earnings	40,175		28,309	
Gain/(loss) on disposition of assets	(4,993)		(22,275)	
Total other revenues	<u>35,182</u>	<u>0.0%</u>	<u>6,034</u>	<u>0.0%</u>
Total Revenues	<u>81,597,786</u>	<u>100.0%</u>	<u>74,821,066</u>	<u>100.0%</u>
<b>EXPENSES:</b>				
Instructional services:				
Elementary programs	21,172,799		18,883,947	
Secondary programs	16,667,520		15,659,570	
Alternative school programs	1,150,531		1,147,239	
Exceptional child programs	8,270,522		7,934,567	
Activity programs	1,380,225		1,381,511	
Summer programs	84,423		173,128	
Detention programs	245,146		198,687	
Total instructional services	<u>48,971,166</u>	<u>60.0%</u>	<u>45,378,649</u>	<u>60.6%</u>
Support services:				
Pupil support	4,267,933		3,952,310	
General administration	3,891,472		4,090,982	
School administration	4,737,903		4,525,025	
Business operations	1,384,429		1,064,335	
Maintenance	6,628,191		6,423,694	
Transportation	2,645,906		2,687,077	
Security	558,906		461,701	
Other support services	1,737,582		1,230,551	
Total support services	<u>25,852,322</u>	<u>31.7%</u>	<u>24,435,675</u>	<u>32.7%</u>
Non-instructional services:				
Food services	3,638,772		3,620,844	
Community services	849,776		824,230	
Net amortization on premium/discount	98,212		(115,079)	
Change in OPEB obligation	(99,833)		(24,627)	
Change in net pension liability	3,761,028		(3,360,773)	
Unallocated actual PERSI contributions	(4,838,319)		(4,650,130)	
Total non-instructional services	<u>3,409,636</u>	<u>4.2%</u>	<u>(3,705,535)</u>	<u>-5.0%</u>
Total Expenses	<u>78,233,124</u>	<u>95.9%</u>	<u>66,108,789</u>	<u>88.4%</u>
Change in net position	<u>\$ 3,364,662</u>	<u>4.1%</u>	<u>\$ 8,712,277</u>	<u>11.6%</u>

# Coeur d'Alene School District No. 271

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

### FUND FINANCIAL STATEMENTS (CONTINUED)

As shown in Table 2, an analysis of the 2015-16 fiscal year activity was characterized by the following:

- **School District Revenues** – Operating revenues increased by 9.0%
  - State revenues in the 2015-16 fiscal year increased due to an increase in support unit-driven revenues.
  - Property taxes levied increase reflects the approval of an emergency levy for 2015-16 and the increase of the district's supplemental levy revenues to the General Fund.
- **School District Expenditures** – Increased salaries due to the 2015-16 negotiations settlement are reflected in increased expenditures throughout the budget.

**Table 3  
Governmental Funds  
For the year ended June 30, 2016**

	General Fund	All Other Funds	Total	%
<b>REVENUES:</b>				
Property taxes	\$ 16,617,546	\$ 3,006,499	\$ 19,624,045	23.1%
Interest income	37,485	2,689	40,174	0.0%
Other local revenue	205,650	3,104,022	3,309,672	3.9%
State assistance and reimbursements	48,883,442	1,658,890	50,542,332	59.5%
Title programs and other federal revenue	-	8,070,564	8,070,564	9.5%
Capital lease proceeds	-	514,752	514,752	0.6%
Proceeds from sale of assets	-	9,500	9,500	0.0%
Transfer in	176,590	2,655,047	2,831,637	3.3%
<b>Total revenues</b>	<b>65,920,713</b>	<b>19,021,963</b>	<b>84,942,676</b>	<b>100.0%</b>
<b>EXPENDITURES:</b>				
Instructional services	41,477,947	4,729,042	46,206,989	54.4%
Support services	23,054,576	2,405,228	25,459,804	30.0%
Non-instructional services	-	4,467,386	4,467,386	5.3%
Capital outlay	153,215	1,169,627	1,322,842	1.6%
Principal retirement	-	2,144,569	2,144,569	2.5%
Interest	-	902,363	902,363	1.1%
Transfers out	2,321,684	542,107	2,863,791	3.4%
<b>Total expenditures</b>	<b>67,007,422</b>	<b>16,360,322</b>	<b>83,367,744</b>	<b>98.1%</b>
<b>Net surplus (loss)</b>	<b>\$ (1,086,709)</b>	<b>\$ 2,661,641</b>	<b>\$ 1,574,932</b>	<b>1.9%</b>

Table 3 provides analysis of all governmental funds. Notable in this review are the following points:

- Total revenues (excluding other financing source and uses) in all governmental funds were \$81,586,787; \$7,048,775 more than the previous year.

# Coeur d'Alene School District No. 271

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

### FUND FINANCIAL STATEMENTS (CONCLUDED)

**Table 4**  
**Changes in Governmental Fund Balances**  
**July 1, 2008 to June 30, 2016**

	General	School Lunch	Debt Service	Plant Facilities	Other	Total
Fund Balance 6/30/2008	2,243,968	420,115	1,413,207	5,156,979	1,662,493	10,896,762
Increase (Decrease) FY 2009	831,934	209,459	304,450	(1,240,256)	930,538	1,036,125
Fund Balance 6/30/2009	3,075,902	629,574	1,717,657	3,916,723	2,593,031	11,932,887
Increase (Decrease) FY 2010	2,533,945	(67,823)	51,566	(3,878,087)	164,478	(1,195,921)
Fund Balance 6/30/2010	5,609,847	561,751	1,769,223	38,636	2,757,509	10,736,966
Increase (Decrease) FY 2011	2,007,742	(184,718)	(279,539)	(39,469)	652,530	2,156,546
Fund Balance 6/30/2011	7,617,589	377,033	1,489,684	(833)	3,410,039	12,893,512
Increase (Decrease) FY 2012	(12,650)	(170,357)	(1,271,593)	833	1,403,919	(49,848)
Fund Balance 6/30/2012	7,604,939	206,676	218,091	-	4,813,958	12,843,664
Increase (Decrease) FY 2013	(425,618)	15,300	30,584,131	-	699,817	30,873,630
Fund Balance 6/30/2013	7,179,321	221,976	30,802,222	-	5,513,775	43,717,294
Increase (Decrease) FY 2014	(348,278)	(186,922)	(18,709,675)	-	(1,542,024)	(20,786,899)
Fund Balance 6/30/2014	6,831,043	35,054	12,092,547	-	3,971,751	22,930,395
Increase (Decrease) FY 2015	(1,248,024)	(5,803)	(9,345,734)	(1,575,964)	306,594	(11,868,931)
Fund Balance 6/30/2015	5,583,019	29,251	2,746,813	(1,575,964)	4,278,345	11,061,464
Increase (Decrease) FY 2016	(1,086,709)	183,254	134,609	1,575,964	767,814	1,574,932
Fund Balance 6/30/2016	4,496,310	212,505	2,881,422	-	5,046,159	12,636,396

Table 4 provides an analysis of School District governmental fund balances from FY 2008 to FY 2016. Notable for the June 30, 2016 information are the following:

- The School District completed the year with a total governmental fund balance of \$12,636,396. This is an increase of \$1,574,932 from the previous year.
- The General Fund has a balance of \$4,496,310, a \$1,086,709 decrease from prior year. As discussed in the financial highlights above, this decrease reflects a one-time transfer of \$1,828,205 from the General Fund to the Capital Projects Fund to complete the Winton Elementary Construction Project

### GENERAL FUND BUDGETARY HIGHLIGHTS

The School District adopts an original budget in June for the subsequent year. The budget is then often amended later in the fiscal year (typically in the spring) following determination of the first attendance period and certification of all levies on property taxes. State revenues are primarily driven through the measurement of attendance for the best 28 weeks of the school year. The attendance formula also generates salary and benefits support from the State. However, the School District still provides significant funding beyond the formula allowance.

## **Coeur d'Alene School District No. 271**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2016**

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

As of the end of fiscal year 2016, the School District has invested approximately \$128,834,258 in a broad range of capital assets, including buildings, sites, library books, transportation equipment, and other equipment. The total accumulated depreciation on these assets amounts to \$40,128,315. Asset acquisitions for governmental activities include construction remodel projects, as well as funds to purchase school buses, computers and other instructional and support equipment.

##### **Long-term Debt**

During the 2012-2013 fiscal year, the School District issued Series A and B General Obligation Bonds for a total debt service of \$37,211,651. The proceeds of the bond are for multiple projects, as previously noted, district-wide. During the FY 2013-2014, the School District began payment on the principal. At the close of FY 2015-16, \$23,470,000 of the principal debt was outstanding. The debt of the School District is secured by an annual tax levy authorized by the patrons of the School District by a two-thirds majority vote in 2013.

#### **FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

Current known circumstances that will impact the School District's financial status in the future are:

- **State Funding** – The 2015 legislative session continued a trend of positive changes for education funding. For the 2015-16 year, the support unit allocation increased to \$23,868, up from \$22,401.15 the previous fiscal year. The state is in “year two” of funding the teacher Career Ladder compensation table. The funding of the Career Ladder has given a boost to salary based revenue. However, the increase does not fully cover the district's employee costs. Our supplemental levy continues to be essential for the district to maintain educational programs. The state also added a number of statutory increases, some replacing programs from prior year. A key statutory allocation is for leadership awards. The 2015-16 allocation for leadership awards was \$585,106 and directly funded certificated staff stipends.
- **Enrollment** - Preliminary enrollment data shows a relatively flat enrollment for the 2016-17 fiscal year. The School District did not qualify for an emergency levy for 2016-17. However, we believe that flat enrollment is temporary. Enrollment models and local building activity show that future growth is likely to average 1.0% – 3.0% per year.
- **Long Range Planning** – The District Long Range Planning Committee continued its work during the 2015-16 fiscal year. The committee reviewed and updated the district's 10 year long range plan. The updates took into account enrollment projections, demographic trends, facility condition, projected facility utilization, and construction costs. The Long Range Planning Committee recommended that the district move forward with several construction projects to meet student growth projections and program needs. These projects include construction of a new elementary schools in the NW section of the district and renovations/additions for Coeur d'Alene High School, Lake City High School, and Lakes Magnet Middle School. Financing for these projects would be the issuance of General Obligation Bonds with a recommended election date of March 14, 2017.
- **Supplemental Levy** – In March 2015, a \$15,000,000 supplemental levy was approved by the School District's voters for a 2-year period. This levy expires June 30, 2017.

## **Coeur d'Alene School District No. 271**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2016**

#### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brian Wallace, Director of Finance & Operations, Coeur d'Alene School District No. 271, 1400 North Northwood Center Court, Coeur d'Alene, Idaho, 83814, (208) 664-8241.



## FINANCIAL SECTION

### BASIC FINANCIAL STATEMENTS

# Coeur d'Alene School District No. 271

## STATEMENT OF NET POSITION

June 30, 2016

### ASSETS

Cash and cash equivalents	\$ 10,848,085
Receivables	11,651,317
Inventory	88,146
Land	4,426,448
Construction in progress	2,261,240
Capital assets, net of accumulated depreciation	82,018,255
Total assets	<u>111,293,491</u>

### DEFERRED OUTFLOWS OF RESOURCES

Proportionate share of collective deferred outflows of resources	<u>12,649,250</u>
Total deferred outflows of resources	<u>12,649,250</u>

### LIABILITIES

Accounts payable	1,148,170
Accrued payroll and related costs	8,087,586
Interest payable	247,713
Long-term liabilities:	
Due within one year	
Capital lease payable	177,241
Bonds payable	2,035,000
Due in more than one year	
Capital lease payable	647,420
Bonds payable	24,884,743
Compensated absences	195,984
Net pension liability	19,312,655
OPEB obligation	81,504
Total liabilities	<u>56,818,016</u>

### DEFERRED INFLOWS OF RESOURCES

Proportionate share of collective deferred inflows of resource	<u>12,850,606</u>
Total deferred inflows of resources	<u>12,850,606</u>

### NET POSITION

Net investment in capital assets	60,961,539
Restricted for:	
Child nutrition	212,505
Debt service	2,881,422
State and federal title programs	2,300,676
Other projects	100,000
Unrestricted	(12,182,023)
Total net position	<u>\$ 54,274,119</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

**Coeur d'Alene School District No. 271**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
Instructional services:					
Elementary programs	\$ 21,172,799	\$ -	\$ 1,796,137	\$ -	\$ (19,376,662)
Secondary programs	16,667,520	1,186,765	705,951	-	(14,774,804)
Alternative school programs	1,150,531	-	192,395	-	(958,136)
Exceptional child programs	8,270,522	-	1,729,647	-	(6,540,875)
Activity programs	1,380,225	-	147,746	-	(1,232,479)
Summer programs	84,423	-	2,662	-	(81,761)
Detention programs	245,146	-	48,229	-	(196,917)
Support services:					
Pupil support	4,267,933	-	220,269	-	(4,047,664)
General administration	3,891,472	-	1,580,387	-	(2,311,085)
School administration	4,737,903	-	23,986	-	(4,713,917)
Business operations	1,384,429	-	4,030	-	(1,380,399)
Maintenance	6,628,191	-	26,520	615	(6,601,056)
Transportation	2,645,906	-	68,623	-	(2,577,283)
Security	558,906	1,777	-	-	(557,129)
Other support services	1,737,582	-	193,961	616	(1,543,005)
Non-instructional services:					
Food services	3,638,772	1,123,873	2,617,271	-	102,372
Community services	849,776	1,176,332	21,591	-	348,147
Net amortization on premium/discount	98,212	-	-	-	(98,212)
Change in OPEB obligation	(99,833)	-	-	-	99,833
Change in net pension liability	3,761,028	-	-	-	(3,761,028)
Unallocated actual PERSI contributions	(4,838,319)	-	-	-	4,838,319
Total governmental activities	<u>\$ 78,233,124</u>	<u>\$ 3,488,747</u>	<u>\$ 9,379,405</u>	<u>\$ 1,231</u>	<u>(65,363,741)</u>
Taxes:					
Property taxes, levied for general purposes					16,638,019
Property taxes, levied for capital outlay					33,806
Property taxes, levied for debt services					3,006,499
State revenue					48,883,442
Bond security funds					66,293
Grants and contributions not restricted to specific purposes:					
Federal Forest					65,162
Interest and investment earnings					40,175
Loss on disposal of assets					(4,993)
Total general revenues					<u>68,728,403</u>
Change in net position					<u>3,364,662</u>
Net position - July 1, 2015					55,494,512
Prior period adjustment					<u>(4,585,055)</u>
Net position - June 30, 2016					<u>\$ 54,274,119</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

**Coeur d'Alene School District No. 271**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2016**

	<b>General</b>	<b>Child Nutrition</b>	<b>** Title I</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,151,351	\$ -	\$ -
Accounts receivable:			
Kootenai County	6,671,452	-	-
State of Idaho	1,375,335	381,571	558,576
Other receivables	30,280	-	-
Due from other funds	1,215,262	-	-
Inventory	-	73,146	-
Total assets	<u>\$ 13,443,680</u>	<u>\$ 454,717</u>	<u>\$ 558,576</u>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 1,023,543	\$ 10,799	\$ 241
Accrued payroll and vacation benefits	7,345,604	151,506	163,616
Due to other funds	-	79,907	394,719
Total liabilities	<u>8,369,147</u>	<u>242,212</u>	<u>558,576</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	578,223	-	-
Unavailable revenue-special revenue	-	-	-
Total deferred inflows of resources	<u>578,223</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable:	-	73,146	-
Restricted to:			
Debt service	-	-	-
State and federal title programs	-	-	-
Other projects	-	-	-
Assigned to:			
State and federal non title funding	-	-	-
School construction project	-	-	-
Committed to:			
Contingency reserve	648,400	-	-
Unassigned	3,847,910	139,359	-
Total fund balances	<u>4,496,310</u>	<u>212,505</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,443,680</u>	<u>\$ 454,717</u>	<u>\$ 558,576</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

\*\* Not a major fund.

**				
	2012	2012	Other	Total
	Construction	Bond	Governmental	Governmental
			Funds	Funds
\$	-	\$ 1,820,460	\$ 4,886,596	\$ 10,858,407
	-	1,086,421	-	7,757,873
	-	-	1,334,814	3,650,296
	-	-	111,104	141,384
	-	-	-	1,215,262
	-	-	-	73,146
\$	-	\$ 2,906,881	\$ 6,332,514	\$ 23,696,368
\$	-	\$ -	\$ 108,909	\$ 1,143,492
	-	-	426,860	8,087,586
	-	-	740,636	1,215,262
	-	-	1,276,405	10,446,340
	-	25,459	-	603,682
	-	-	9,950	9,950
	-	25,459	9,950	613,632
	-	-	-	73,146
	-	2,881,422	-	2,881,422
	-	-	2,300,676	2,300,676
	-	-	100,000	100,000
	-	-	2,646,834	2,646,834
	-	-	-	-
	-	-	-	648,400
	-	-	(1,351)	3,985,918
	-	2,881,422	5,046,159	12,636,396
\$	-	\$ 2,906,881	\$ 6,332,514	\$ 23,696,368

# Coeur d'Alene School District No. 271

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2016

Total fund balances at June 30, 2016 - Governmental Funds		\$ 12,636,396
Cost of capital assets at June 30, 2016	\$ 128,834,258	
Less: Accumulated depreciation as of June 30, 2016		
Buildings and sites	(33,123,713)	
Buses and other transportation	(3,882,165)	
Equipment, computers and library books	<u>(3,122,437)</u>	88,705,943
Addition of accounts receivable		101,764
Elimination of deferred inflows of resources - property taxes		603,682
Elimination of deferred inflows of resources - special revenue		9,950
Pension liabilities and deferred outflows of resources and deferred inflows of resources related to pensions:		
District's proportionate share of the net pension liability		(19,312,655)
Proportionate share of collective deferred outflows of resources		12,649,250
Proportionate share of collective deferred inflows of resources		(12,850,606)
Long-term liabilities at June 30, 2016		
Bonds payable	(23,470,000)	
Premium on bonds payable, net accumulated amortization of \$149,885	(3,523,921)	
Discount on bonds payable, net accumulated amortization of \$38,480	74,178	
Capital leases payable	(824,661)	
Accrued compensated absences	(195,984)	
OPEB obligation - liability	(81,504)	
Accrued interest payable	<u>(247,713)</u>	<u>(28,269,605)</u>
Net position at June 30, 2016		<u>\$ 54,274,119</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Coeur d'Alene School District No. 271**

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

	**		
	<b>General</b>	<b>Child Nutrition</b>	<b>Title I</b>
<b>REVENUES</b>			
Property taxes	\$ 16,617,546	\$ -	\$ -
Interest income	37,485	-	-
Other local revenue	205,650	1,123,873	-
State assistance and reimbursements	48,883,442	-	-
Title programs and other federal revenues	-	2,617,271	1,444,444
Total revenues	<u>65,744,123</u>	<u>3,741,144</u>	<u>1,444,444</u>
<b>EXPENDITURES</b>			
Instructional services:			
Elementary programs	18,264,141	-	950,779
Secondary programs	14,575,809	-	1,360
Alternative school programs	963,312	-	72,602
Exceptional child programs	6,132,499	-	-
Activity programs	1,261,521	-	-
Summer program	84,385	-	-
Detention center program	196,280	-	-
Total instructional services	<u>41,477,947</u>	<u>-</u>	<u>1,024,741</u>
Support services:			
Pupil support	3,943,723	-	-
General administration	2,595,782	-	368,166
School administration	4,652,865	-	-
Business operations	1,267,489	-	-
Maintenance	6,423,589	-	-
Transportation	2,339,840	-	6,959
Security program	558,906	-	-
Other support services	1,272,382	-	-
Total support services	<u>23,054,576</u>	<u>-</u>	<u>375,125</u>
Non-instructional services:			
Food services	-	3,617,610	-
Community services	-	-	10,188
Total non-instructional services	<u>-</u>	<u>3,617,610</u>	<u>10,188</u>
Capital outlay	<u>153,215</u>	<u>-</u>	<u>-</u>
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>64,685,738</u>	<u>3,617,610</u>	<u>1,410,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,058,385</u>	<u>123,534</u>	<u>34,390</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease proceeds	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	176,590	106,224	-
Transfers (out)	(2,321,684)	(46,504)	(34,390)
Total other financing sources (uses)	<u>(2,145,094)</u>	<u>59,720</u>	<u>(34,390)</u>
Net change in fund balances	(1,086,709)	183,254	-
Fund balances - beginning	<u>5,583,019</u>	<u>29,251</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,496,310</u>	<u>\$ 212,505</u>	<u>\$ -</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

\*\* Not a major fund.

**			
2012 Construction	2012 Bond	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,006,499	\$ -	\$ 19,624,045
-	2,689	-	40,174
-	-	1,980,149	3,309,672
-	66,293	1,592,597	50,542,332
-	-	4,008,849	8,070,564
-	3,075,481	7,581,595	81,586,787
-	-	694,093	19,909,013
-	-	591,885	15,169,054
-	-	113,840	1,149,754
-	-	2,136,943	8,269,442
-	-	118,674	1,380,195
-	-	-	84,385
-	-	48,866	245,146
-	-	3,704,301	46,206,989
-	-	324,210	4,267,933
-	-	926,829	3,890,777
-	-	83,778	4,736,643
-	-	9,273	1,276,762
-	-	161,613	6,585,202
-	-	58,063	2,404,862
-	-	-	558,906
-	-	466,337	1,738,719
-	-	2,030,103	25,459,804
-	-	-	3,617,610
-	-	839,588	849,776
-	-	839,588	4,467,386
602,243	-	567,384	1,322,842
-	1,960,000	184,569	2,144,569
-	888,500	13,863	902,363
-	2,848,500	198,432	3,046,932
602,243	2,848,500	7,339,808	80,503,953
(602,243)	226,981	241,787	1,082,834
-	-	514,752	514,752
-	-	9,500	9,500
2,178,207	-	370,616	2,831,637
-	(92,372)	(368,841)	(2,863,791)
2,178,207	(92,372)	526,027	492,098
1,575,964	134,609	767,814	1,574,932
(1,575,964)	2,746,813	4,278,345	11,061,464
\$ -	\$ 2,881,422	\$ 5,046,159	\$ 12,636,396



## Coeur d'Alene School District No. 271

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

Total net changes in fund balances for year ended June 30, 2016	\$ 1,574,932
Add: Capital outlay which is considered expenditures	1,322,842
Add: Interest expense which is considered capital outlay	602,243
Less: Depreciation expense for the year ended June 30, 2016	(3,158,374)
Less: Proceeds on sale of assets	(9,500)
Less: Loss on sale of assets	(4,993)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	2,863,791
Less: Interfund transfers in	(2,863,791)
Less: Capital lease proceeds that are considered long term debt	(514,752)
Add: Bond principal retirement considered as an expenditure	1,960,000
Add: Capital lease payments considered as an expenditure	184,569
Add: Change in compensated absences	12,671
Add: Change in OPEB obligation - insurance expense	99,833
Less: Difference between school plus revenue earned on modified accrual basis versus revenue on school plus revenue on accrual basis	(4,481)
Add: Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	201,908
Add: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	20,473
Add: Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date	4,838,319
Less: Change in net pension liability	<u>(3,761,028)</u>
Change in net position for year ended June 30, 2016	<u><u>\$ 3,364,662</u></u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Coeur d'Alene School District No. 271**

**INTERNAL SERVICE FUND  
STATEMENT OF NET POSITION  
June 30, 2016**

	<b><u>Internal Service Fund</u></b>
<b>ASSETS</b>	
Current assets:	
Inventory	\$ 15,000
Total assets	<u>15,000</u>
<b>LIABILITIES</b>	
Current liabilities:	
Cash overdraft	10,322
Accounts payable	4,678
Total liabilities	<u>15,000</u>
<b>NET POSITION</b>	
Unrestricted	<u>-</u>
Total net position	<u><u>\$ -</u></u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Coeur d'Alene School District No. 271**

**INTERNAL SERVICE FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
For the Year Ended June 30, 2016**

	<u><b>Internal Service Fund</b></u>
Operating revenues:	
Services	<u>\$ 78,069</u>
Operating expenses:	
Salaries	4,060
Benefits	821
Purchased services	43,312
Supplies	61,789
Maintenance	241
Total operating expenses	<u>110,223</u>
Operating (loss)	(32,154)
Transfer in	32,154
Change in net position	-
Total net position - beginning	<u>-</u>
Total net position - ending	<u><u>\$ -</u></u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

# Coeur d'Alene School District No. 271

## INTERNAL SERVICE FUND STATEMENT OF CASH FLOWS For the Year Ended June 30, 2016

	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 78,069
Payments to suppliers	(104,360)
Payments to employees	(4,881)
Net cash (used) by operating activities	<u>(31,172)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	32,154
Net cash provided by capital and related financing activities	<u>32,154</u>
Net increase in cash and cash equivalents	982
Cash and cash equivalents - July 1	<u>(11,304)</u>
Cash and cash equivalents - June 30	<u><u>\$ (10,322)</u></u>
<b>Reconciliation of net operating (loss) to net cash (used) by operating activities:</b>	
Operating (loss)	\$ (32,154)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Increase in accounts payable and accrued expenses	982
Net cash (used) by operating activities	<u><u>\$ (31,172)</u></u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**Coeur d'Alene School District No. 271**

**AGENCY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2016**

**ASSETS**

Cash and cash equivalents	\$ 1,101,793
Total assets	<u>\$ 1,101,793</u>

**LIABILITIES**

Deposits due others	\$ 1,101,793
Total liabilities	<u>\$ 1,101,793</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

# **Coeur d'Alene School District No. 271**

## **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2016**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

Coeur d'Alene School District No. 271 (the "School District") operates under the direction of a Board of Trustees, who oversees the operation of the School District and governs the decisions made by the District Superintendent. The School District is engaged in the education of students on the elementary and secondary level. The School District does not exercise sufficient control over other governmental agencies and authorities to warrant including them as a part of the School District's entity.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Coeur d'Alene School District No. 271, this includes general operations, child nutrition, debt service, plant facilities, and student and supportive service activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt, or the levying of taxes. The School District has no component units.

The financial statements of Coeur d'Alene School District No. 271 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

New Pronouncements – During the year ended June 30, 2016, the District implemented GASB No. 72, Fair Value Measurement and Application.

The most significant of the School District's accounting policies are described below:

#### **B. Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **C. Basis of presentation – fund financial statements**

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Basis of presentation – fund financial statements (Continued)

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund is available for any purpose provided it is expended or transferred according to the laws of the State of Idaho.

Child Nutrition Fund – Child nutrition is a program that provides nourishing meals to students in all grades. This program is supplemented by federal funds that are based on reimbursement and participation.

Title I Fund – The Title I fund is used to account for the accumulation of resources for and the payment of costs that are restricted to the Title I program.

2012 Construction Fund – The 2012 Construction is used to account for the accumulation of resources for and payment of costs that are legally restricted for capital improvements related to the 2012 bond funds.

2012 Bond Fund – The 2012 Bond fund is used to account for the accumulation of resources for and the payment of general long-term obligation bonds including principal, interest and related costs.

The School District reports the following non-major governmental fund types:

Special Revenue Funds – The special revenues funds account for other resources for and the payment of costs in which the use is restricted or assigned to a particular purpose.

Capital Project Funds – The capital project funds account for other resources for and the payment of costs that are assigned or legally restricted for maintenance or capital projects.

Additionally, the School District reports the following fund types:

Internal Service Funds – The internal service fund is created to provide goods or services to other governmental operating units such as departments. The purpose of centralizing certain activities in an internal service fund is to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple units within the governmental unit. The School District uses this fund to provide printing services.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The only fund accounted for in this category by the School Board is the agency fund. The agency fund accounts for assets held by the School Board as an agent for schools and school organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Basis of presentation – fund financial statements (Concluded)

During the course of operations the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

#### D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

(Continued)



# **Coeur d'Alene School District No. 271**

## **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2016**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **D. Measurement Focus and Basis of Accounting (Concluded)**

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the School District.

#### **E. Cash and Cash Equivalents**

Cash received by the School District is pooled for investment purposes and is presented as "Cash and Cash Equivalents" on the financial statements in the following funds: General Fund, Child Nutrition Fund, Title I Fund, 2012 Bond Fund, and 2012 Construction Fund. Interest earned in the pooled accounts is allocated to the participating funds in proportion to the average daily balances in each fund.

During the fiscal year ended June 30, 2016, investments were limited to the Idaho State Investment Pool.

The District invests in one 2a-7-like pools, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The Idaho State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

Following GASB 72, ¶69 and ¶B62 the balance that the District has in the Idaho State Investment Pool is carried at cost, which materially approximates fair market value.

The District considers funds held in the Idaho State Investment Pool to be cash equivalents, as the District is able to liquidate their account at any time.

For presentation in the financial statements, investments in the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

#### **F. Capital Assets**

General capital assets typically result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Capital Assets (Concluded)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. Improvements and interest incurred during the construction of capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Interest incurred during the construction phase of capital assets of governmental funds is included as part of the capitalized value of the assets constructed. The amount interest capitalized depends on the specific circumstances. Obligation bonds were issued to finance various capital School District projects. Accordingly, interest capitalized in the amount of \$602,243 was included in current year additions for capital assets.

Land and construction in progress are not depreciated. The other property, equipment, vehicles and infrastructure of the School District are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	40 years
Modular	15 years
Furniture and equipment	5 - 20 years
Library books	10 years
Buses	10 years
Other vehicles	5 years

#### G. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees who qualify.

Sick leave benefits are not paid upon termination but only when sick leave is used. Therefore, sick leave is not accrued as a liability.

The entire compensated absence liability is reported on the government-wide financial statements.

(Continued)

# **Coeur d'Alene School District No. 271**

## **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2016**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **H. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of capital leases, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premiums and bond discounts. Bond issuance costs are reported as expenses in the year incurred. In the fund financial statements, governmental funds recognize bond premiums, bond discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources.

#### **I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The School District only has one item that qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The School District has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The School District has one type of item, which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, proportionate share of collective deferred inflows of resources, is reported only on the government-wide statement of net position. The government-wide statement of net position reports proportionate share of collective deferred inflows of resources from one source: accounting for the net pension obligation, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Fund Balance Classifications

The School District has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the School District to classify and report amounts in the appropriate fund balance classifications. The School District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

The School District reports the following classifications:

*Nonspendable Fund Balance* — Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form—such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact—such as a trust that must be retained in perpetuity.

*Restricted Fund Balance* — Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds—such as the School District's federal award revenue, which must be used to fund federally defined title programs. Legal enforceability means that the School District can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed Fund Balance* — Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Trustees. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the board of trustees. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* — Assigned fund balances are amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the Director of Finance, or (b) an appointed body (e.g., a budget or finance committee) or official to which the Trustees have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the School District itself.

*Unassigned Fund Balance* — Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

(Continued)

# **Coeur d'Alene School District No. 271**

## **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2016**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **K. Fund Balance Flow Assumptions**

Sometimes the School District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **L. Net Position Flow Assumptions**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the School District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### **M. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### **N. Property Taxes**

Property taxes levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June Property taxes become a lien on the property when it is levied.

(Continued)

# **Coeur d'Alene School District No. 271**

## **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2016**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

#### **O. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows 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' 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.

#### **P. Extraordinary and Special Items**

Extraordinary items are transactions that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no Extraordinary Items.

#### **Q. Inventory**

Inventories are expenses when used rather than when purchased. Inventories are valued at the lower of cost (first in, first out) or market and are determined by physical count.

### **NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **Budgetary Data**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the general, special revenue, debt service and capital project funds. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund, special revenue funds, and debt service funds. This is in conformance with Idaho State Statutes which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a) The School District publishes a proposed budget for public review.
- b) Public hearings are set to obtain taxpayer comments.
- c) Prior to July 1, the budget is adopted by resolution of the Board of Trustees and published.
- d) The final budget is then filed with the State Department of Education. Expenditures may not legally exceed budgeted appropriations at the fund level.

Lapsing of Appropriations – At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 3: CASH AND INVESTMENTS

#### General:

State statutes authorize the School District's investments and deposits. The School District is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

#### Custodial credit risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the School District's deposits and investments may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2016, the School District's deposits and investments were not exposed to custodial credit risk.

The School District's deposits and investments are insured and collateralized as follows:

#### Deposits without exposure to custodial credit risk:

Amount insured by the FDIC, or collateralized with securities held by the School District in its name	\$ 2,275,942
ICS insured	3,758,053
Idaho State Investment Pool	4,093,371
Total deposits without exposure to custodial credit risk:	<u>10,127,366</u>

#### Deposits with exposure to custodial credit risk:

Amount uninsured	2,435,851
Total deposits with exposure to custodial credit risk:	<u>2,435,851</u>
Total deposits	<u>\$ 12,563,217</u>

Cash and cash equivalents at June 30, 2016 are classified in the accompanying financial statements as follows:

State of Net Position - cash and cash equivalents	\$ 10,848,085
Statement of Fiduciary Net Position - cash and cash equivalents	1,101,793
Total carrying amount	<u>\$ 11,949,878</u>

Cash and cash equivalents at June 30, 2016 consist of the following:

#### Cash:

Deposit with financial institutions	\$ 4,098,454
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#### Cash equivalents:

ICS insured	3,758,053
Idaho State Investment Pools	4,093,371
Total cash and cash equivalents	<u>\$ 11,949,878</u>

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 3: CASH AND INVESTMENTS (CONCLUDED)

The School District considers funds held in the Idaho State Investment Pool and the Idaho Diversified Bond Fund to be cash equivalents, as the School District is able to liquidate their account at any time.

#### Credit risk:

The Idaho State Investment Pool does not have an established credit rating, but invests in entities with a minimum credit rating of "A" as stipulated by Idaho code. Financial information on the investment pool can be obtained by contacting the Idaho State Treasurer.

### NOTE 4: RECEIVABLES

Kootenai County – This receivable is comprised of county school funds, taxes and other county receipts allocable to the School District at June 30, 2016, but which were not remitted to or received by the School District until after that date.

State of Idaho – The amount due from the state represents distributions and reimbursements from state administered funds applicable to the year ended June 30, 2016.

The receivables as of June 30, 2016 consist of the following:

Taxes receivable	\$	7,757,873
State of Idaho		3,650,296
Other miscellaneous		243,148
	\$	<u>11,651,317</u>

(Continued)



# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 5: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 4,426,448	\$ -	\$ -	\$ -	\$ 4,426,448
Construction in progress	10,182,871	1,193,197	-	(9,114,828)	2,261,240
Total capital assets, not being depreciated	14,609,319	1,193,197	-	(9,114,828)	6,687,688
Capital assets being depreciated:					
Building & improvements	103,846,575	-	(2,640)	9,140,840	112,984,775
Equipment & fixtures	2,912,441	147,159	(126,514)	(26,012)	2,907,074
Library books	845,160	-	-	-	845,160
Computers	167,532	14,810	(9,232)	-	173,110
Vehicles & buses	4,718,397	569,919	(51,865)	-	5,236,451
Total capital assets being depreciated	112,490,105	731,888	(190,251)	9,114,828	122,146,570
Less accumulated depreciation for:					
Buildings & improvements	30,339,956	2,765,558	-	18,199	33,123,713
Equipment & fixtures	2,140,429	135,294	(114,661)	(28,367)	2,132,695
Library books	845,160	-	-	-	845,160
Computers	141,146	14,346	(9,232)	(1,678)	144,582
Vehicles & buses	3,679,008	243,176	(51,865)	11,846	3,882,165
Total accumulated depreciation	37,145,699	3,158,374	(175,758)	-	40,128,315
Total capital assets being depreciated, net	75,344,406	(2,426,486)	(14,493)	9,114,828	82,018,255
Governmental activities capital assets, net	\$89,953,725	\$ (1,233,289)	\$ (14,493)	\$ -	\$88,705,943

Depreciation expense of \$3,158,374 for the year ended June 30, 2016 was charged to the following governmental functions:

Elementary	\$ 1,255,047
Secondary	1,487,660
Business administration	105,997
Maintenance	44,464
Transportation	244,126
Food service	21,080
	<u>\$ 3,158,374</u>

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 5: CAPITAL ASSETS (CONCLUDED)

Following is a recap of the June 30, 2016 balances by generic location:

	Elementary	Secondary	Administration and Other	Total
Land	\$ 1,629,230	\$ 1,906,706	\$ 890,512	\$ 4,426,448
Building and improvements	51,785,081	58,078,442	3,121,252	112,984,775
Equipment	595,481	1,075,652	1,235,941	2,907,074
Library books	408,307	374,127	62,726	845,160
Computers	4,129	9,729	159,252	173,110
Vehicles & Buses	-	-	5,236,451	5,236,451
Construction in progress	-	-	2,261,240	2,261,240
Total capital assets	<u>\$ 54,422,228</u>	<u>\$ 61,444,656</u>	<u>\$ 12,967,374</u>	<u>\$ 128,834,258</u>

### NOTE 6: ACCRUED PAYROLL AND BENEFITS

Accrued payroll includes amounts due contracted teachers and other employees at June 30, 2016, which were not paid until July and August 2016, in conformity with contractual stipulations.

### NOTE 7: COMPENSATED ABSENCES

Governmental Accounting Standards Board Statement No. 16 requires accrual of employee compensation for future absences if certain conditions exist. Included in the current financial statements is a liability of \$195,984 for vacation pay.

### NOTE 8: DUE TO / DUE FROM OTHER FUNDS

The composition of due to / due from other funds is the result of pooling of cash as of June 30, 2016 as follows:

	Due from	Due to
General fund	\$ 1,135,355	\$ -
Title I fund	-	394,719
Other governmental funds	-	740,636
	<u>\$ 1,135,355</u>	<u>\$ 1,135,355</u>

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 9: BONDS PAYABLE

#### SERIES 2012 A AND B GENERAL OBLIGATION BONDS

On August 28, 2012, School District 271 voters approved \$32,700,000 of 13 year General Obligation Bonds, Series 2012 A and B, with interest ranging from 2.00% to 4.00% for Series A and 1.50% to 5.00% for Series B. Pursuant to this authority, the sale of the bonds followed on October 7, 2012, with net proceeds of \$32,892,277 (including principle of \$29,025,000, premiums of \$3,867,277, discount of \$127,088 and issuance costs of \$94,813) and repayment that began in the fiscal year ending June 30, 2013. The bond sale proceeds are for the remodel five aged schools, replacement of the HVAC systems in five additional schools, update of technology throughout the School District's buildings, and demolition of the School District's former central office.

General obligation bonds outstanding as of June 30, 2016 are as follows:

#### Series 2012 A

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	2.00%	\$ 2,035,000	\$ 76,350	\$ 2,111,350
2018	**%	1,435,000	28,000	1,463,000
		<u>\$ 3,470,000</u>	<u>\$ 104,350</u>	<u>\$ 3,574,350</u>

\*\* Bifurcated Coupons

#### Series 2012 B

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	2.00%	\$ -	\$ 752,600	\$ 752,600
2018	2.00%	640,000	746,200	1,386,200
2019	2.00%	2,145,000	722,525	2,867,525
2020	2.00%	2,180,000	663,525	2,843,525
2021-2025	2.00%-4.00%	12,260,000	1,902,200	14,162,200
2020	4.00%-5.00%	2,775,000	55,500	2,830,500
		<u>\$ 20,000,000</u>	<u>\$ 4,842,550</u>	<u>\$ 24,842,550</u>

\*\* Bifurcated Coupons

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 9: BONDS PAYABLE (CONCLUDED)

The School District has a portion of its total levy that relates to payment of bond obligations. In the current fiscal period the bond levy rate was .000369746 as a portion of the total levy rate of .002375734. The net taxable market value for assessment purposes in the same period was \$7,468,005,468.

There are a number of covenants, limitations and other requirements contained in the bond indenture. The School District is in substantial compliance with these requirements at June 30, 2016.

### NOTE 10: LEASE COMMITMENTS

Capital Leases – During the year ended June 30, 2015, The School District entered into a lease agreement as lessee for financing the acquisition of seven school buses valued at \$585,164. The school buses have estimated lives of eight years. This year, \$73,146 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

During the year ended June 30, 2016, the School District entered into a lease agreement as lessee for financing the acquisition of six school buses valued at \$514,752. The school buses have estimated lives of eight years. This year, \$16,086 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

Year Ending June 30,	7 Buses in 2015	6 Buses in 2016	Total
2017	\$ 90,686	\$ 107,746	\$ 198,432
2018	90,686	107,746	198,432
2019	90,686	107,746	198,432
2020	90,686	107,746	198,432
2021	90,686	-	90,686
Total minimum lease payments	453,430	430,984	884,414
Less amount representing interest	(35,775)	(23,978)	(59,753)
Present value of future minimum lease payments	\$ 417,655	\$ 407,006	\$ 824,661

Operating Leases – During the year, the School District has entered into operating leases for copy machines that will expire on various dates by fiscal year ending 2019.

Future minimum payments are as follows:

2017	\$ 118,133
2018	114,642
2019	35,535
Total	\$ 268,310

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2016

### NOTE 11: CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES

Changes in the School District's long-term liabilities for the year ended June 30, 2016 are as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One year
Bonds payable					
General obligation bonds	\$ 25,430,000	\$ -	\$ (1,960,000)	\$ 23,470,000	\$ 2,035,000
Premium	3,717,393	-	(193,472)	3,523,921	-
Discount	(88,608)	-	14,430	(74,178)	-
Total bonds payable	29,058,785	-	(2,139,042)	26,919,743	2,035,000
Capital leases payable	494,478	514,752	(184,569)	824,661	177,241
Compensated absences	208,655	-	(12,671)	195,984	-
Total long-term liabilities	<u>\$ 29,761,918</u>	<u>\$ 514,752</u>	<u>\$ (2,336,282)</u>	<u>\$ 27,940,388</u>	<u>\$ 2,212,241</u>

### NOTE 12: DEFINED BENEFIT PENSION PLAN

#### *Plan Description*

The Coeur d'Alene School 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.

(Continued)

## Coeur d'Alene School District No. 271

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

#### NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

##### *Pension Benefits (Concluded)*

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

##### *Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2015 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The Coeur d'Alene School District contributions were \$4,838,319 for the year ended June 30, 2016.

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

At June 30, 2016, the Coeur d'Alene School District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Coeur d'Alene School District proportion of the net pension liability was based on the Coeur d'Alene School District share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2015, the Coeur d'Alene School District proportion was 1.4665938 percent.

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended June 30, 2016, the Coeur d'Alene School District recognized pension expense of \$3,761,028. At June 30, 2016 the Coeur d'Alene School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,107,594	\$ 2,315,172
Changes of assumptions	703,337	-
Net difference between projected and actual earnings on pension plan investments	-	10,141,765
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	393,669
Coeur d'Alene School District's contributions subsequent to the measurement date	4,838,319	-
Total	<u>\$ 12,649,250</u>	<u>\$ 12,850,606</u>

\$4,838,319 reported as deferred outflows 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 ending June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2014 the beginning of the measurement period ended June 30, 2015 is 5.5 and 5.6 for the measurement period June 30, 2014.

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:

#### Year ended June 30:

2016	\$ (1,981,071)
2017	\$ (1,981,071)
2018	\$ (1,981,071)
2019	\$ 1,437,909
2020	\$ (140,701)

#### Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Inflation	3.25%
Salary increases	4.5-10.00%
Salary inflation	3.75%
Investment rate of return	7.1%, net of investment expenses
Cost of Living (COLA) 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

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date of July 1, 2014.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses 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.

(Continued)



# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 12: DEFINED BENEFIT 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. The capital market assumptions are as of January 1, 2014.

Asset Class	Index	Long-Term	
		Target Allocation	Expected Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
<b>Long-Term Expected Rate of Return, Net of investment expenses</b>			<b>7.10%</b>

#### Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

*Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's net pension liability (asset) - District	\$ 47,038,610	\$ 19,312,655	\$ (3,737,800)

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 12: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

#### *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, 2016, the Coeur d'Alene School District reported payables to the defined benefit pension plan of \$652,377 for legally required employer contributions and \$479,429 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

### NOTE 13: MINIMUM FUND BALANCE POLICY

The School District has a policy to budget 5% fund balance as a contingency reserve. The Idaho State Code requires only 4% budgeted fund balance as a contingency reserve. Expenditure of this reserve may occur only when specific circumstances exist and requires special board approval.

### NOTE 14: INTERFUND TRANSFERS

The composition of interfund transfers as of June 30, 2016 is as follows:

	Transfers In	Transfers Out
General fund	\$ 176,590	\$ 2,321,684
Child nutrition	106,224	46,504
Title I	-	34,390
2012 construction	2,178,207	-
2012 bond	-	92,372
Other governmental funds	370,616	368,841
Internal service fund	32,154	-
	<u>\$ 2,863,791</u>	<u>\$ 2,863,791</u>

Transfers are made based on the federal requirements (allowable in-direct or required for food service program) and/or to cover expenditures tracked separately from the general fund but are still considered as part of the overall operating budget.

(Continued)

## Coeur d'Alene School District No. 271

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

#### NOTE 15: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District contracts with an insurance company for property insurance (including boiler and machinery) and general liability insurance.

Professional liability is protected by an outside insurance company with a \$2,000,000 liability and a \$5,000,000 aggregate. Vehicles are also covered by the same insurance company and have a \$1,000 deductible for comprehensive and a \$1,000 deductible for collision. Automobile liability has a \$3,000,000 single limit of liability.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The School District provides life, with accidental death and dismemberment insurance, as well as medical and dental insurance to most employees through an insurance company in the amount of \$50,000.

#### NOTE 16: POST-EMPLOYMENT HEALTH CARE PLAN

*Plan Description.* Coeur d'Alene School District No. 271 operates a single – employer retiree benefit plan that provides post-employment comprehensive medical and dental benefits to all Coeur d'Alene School District employees who retire and satisfy the eligibility requirements for PERSI. Eligibility for Coeur d'Alene School District post employment benefits is tied to pension eligibility under PERSI. Thus, all members receiving post employment benefits are also members in the PERSI retirement plan.

*Funding Policy.* The School District had not established a fund to supplement the costs for the net OPEB obligation. Contributions are made on a pay-as-you-go basis.

*Annual OPEB Cost and Net OPEB Obligation.* The School District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School District's net OPEB obligation:

Annual required contribution	\$ 360,834
Interest on net OPEB obligation	525
Adjustment to annual required contribution	(494)
Annual OPEB cost (expense)	360,865
Contributions made	(460,698)
Increase (decrease) in net OPEB obligation	(99,833)
NET OPEB beginning of year	181,337
NET OPEB end of year	<u>\$ 81,504</u>

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 16: POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/14	\$ 368,039	101%	\$ 205,964
6/30/15	\$ 367,226	107%	\$ 181,337
6/30/16	\$ 360,865	128%	\$ 81,504

*Funded Status and Funding Progress.* As of July 1, 2014, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$3.657 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.657 million. The covered payroll (annual payroll of active employees covered by the plan) was \$41.37 million, and the ratio of the UAAL to the covered payroll was 9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the Projected Unit Credit (PUC) actuarial cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return (net of investment expenses), calculated based on the expected return on the School District's general funds at the valuation date.

#### Health Care Cost Trend Rate

Plan year	Prescription				Vision
	Medical	Drugs	Dental		
2014	7.6%	7.6%	4.6%		2.0%
2015	7.5%	7.5%	7.5%		4.0%
2016	7.0%	7.0%	7.0%		4.0%
2017	6.5%	6.5%	6.5%		4.0%
2018	6.0%	6.0%	6.0%		4.0%
2019	5.5%	5.5%	5.5%		4.0%
2020	5.0%	5.0%	5.0%		4.0%
2021 +	4.5%	4.5%	4.5%		4.0%

\* Trends based on actual renewal rates.

(Continued)

# Coeur d'Alene School District No. 271

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

### NOTE 16: POST-EMPLOYMENT HEALTH CARE PLAN (CONCLUDED)

#### Retiree Contribution Increases

##### Medical and prescription drug

Plan year	Retiree / Surviving Spouse	Spouse
2014 *	7.6%	7.6%
2015	7.1%	7.1%
2016	6.6%	6.6%
2017	6.1%	6.1%
2018	5.6%	5.6%
2019	5.1%	5.1%
2020	4.6%	4.6%
2021 +	4.5%	4.5%

##### Dental

Plan year	Retiree / Surviving Spouse	Spouse
2014 *	4.6%	4.6%
2015	7.5%	7.5%
2016	7.0%	7.0%
2017	6.5%	6.5%
2018	6.0%	6.0%
2019	5.5%	5.5%
2020	5.0%	5.0%
2021 +	4.5%	4.5%

##### Vision

Plan year	Retiree / Surviving Spouse	Spouse
2014 *	2.0%	2.0%
2015 +	4.0%	4.0%

\* Trends based on actual renewal rates

The UAAL is amortized as a level percentage of the projected salaries of present and future members of the District, on an open basis, over a 25-year period from the valuation date. General wage increase and assumed payroll growth is 2.5 percent.

(Continued)

# **Coeur d'Alene School District No. 271**

## **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2016**

### **NOTE 17: DEFICIT FUND BALANCE**

The Vocational Education Fund had a deficit balance of \$1,351 As of June 30, 2016.

### **NOTE 18: COMMITMENTS**

The School District has an active construction project as of June 30, 2016. The project is a roof replacement for Coeur d'Alene High School. At June 30, 2016 the District's commitments with contractors are as follows:

<b>Project</b>	<b>Spent at 6/30/2016</b>	<b>Spent to Date 11/8/2016</b>	<b>Bid Total</b>
Coeur d'Alene High School Roof	\$ -	\$ 315,960	\$ 315,960

### **NOTE 19: CONTINGENCIES**

The School District participates in a number of state and federally assisted grant programs, the principal of which are subject to program compliance audit pursuant to the Single Audit Act as amended. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial.

The School District may be involved is various lawsuits in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

### **NOTE 20: PRIOR PERIOD ADJUSTMENT**

Beginning Net Position for the government-wide governmental activities was adjusted for \$4,585,055. The prior year GASB 68 implementation adjusted deferred outflows to the statement of Net Position. Proper treatment was to adjust the \$4,585,055 to the statement of Activities during the first year of implementation. See Note 10 for further disclosures on the pension plan and related accounting.

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

**Coeur d'Alene School District No. 273**

**SCHEDULE OF FUNDING PROGRESS FOR  
POSTEMPLOYMENT BENEFIT PLANS  
For the Year Ended June 30, 2016**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) /c)</b>
July 1, 2010	\$ -	\$ 3,270,802	\$ 3,270,802	0%	\$ 38,700,184	8%
July 1, 2012	\$ -	\$ 3,699,600	\$ 3,699,600	0%	\$ 43,019,505	9%
July 1, 2014	\$ -	\$ 3,656,636	\$ 3,656,636	0%	\$ 43,893,824	8%



**Coeur d'Alene School District No. 273**

**GASB 68 Required Supplementary Information  
For the Year Ended June 30, 2016**

**Schedule of Employers's Share of Net Pension Liability  
PERSI - Base Plan  
Last 10 - Fiscal Years \***

	<b>2015</b>	<b>2016</b>
Employer's portion of the net pension liability	1.4950932%	1.4665938%
Employer's proportionate share of the net pension liability	\$ 11,006,226	\$ 19,312,655
Employer's covered-employee payroll	\$ 40,411,552	\$ 42,741,334
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	27.24%	45.18%
Plan fiduciary net position as a percentage of the total pension liability	94.95%	91.38%

\* 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 years for which information is available.

Data reported is measured as of July 1, 2015 (measurement date).

**Schedule of Employer Contributions  
PERSI - Base Plan  
Last 10 - Fiscal Years \***

	<b>2015</b>	<b>2016</b>
Statutorily required contribution	\$ 4,650,130	\$ 4,838,319
Contributions in relation to the statutorily required contribution	(4,650,130)	(4,838,319)
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll of its covered employee payroll	\$ 41,079,210	\$ 42,741,334
Contributions as a percentage of covered-employee payroll	11.32%	11.32%

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

Data reported is measured as of June 30, 2015.

**Coeur d'Alene School District No. 271**

**GENERAL FUND  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<b>Original Budgeted Amounts*</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Property taxes	\$ 15,280,000	\$ 16,617,546	\$ 1,337,546
Interest income	10,000	37,485	27,485
Other local revenue	226,000	205,650	(20,350)
State assistance and reimbursements	48,261,313	48,883,442	622,129
Total revenues	63,777,313	65,744,123	1,966,810
<b>EXPENDITURES</b>			
Instructional services:			
Elementary programs	18,698,472	18,264,141	434,331
Secondary programs	14,764,003	14,575,809	188,194
Alternative school programs	1,054,775	963,312	91,463
Exceptional child programs	5,771,272	6,132,499	(361,227)
Activity programs	1,384,878	1,261,521	123,357
Summer program	104,521	84,385	20,136
Detention center program	149,023	196,280	(47,257)
Total instructional services	41,926,944	41,477,947	448,997
Support services:			
Pupil support	3,913,925	3,943,723	(29,798)
General administration	2,332,053	2,595,782	(263,729)
School administration	4,635,761	4,652,865	(17,104)
Business operations	1,171,103	1,267,489	(96,386)
Maintenance	6,145,586	6,423,589	(278,003)
Transportation	2,539,070	2,339,840	199,230
Security	485,452	558,906	(73,454)
Other support services	1,187,334	1,272,382	(85,048)
Total support services	22,410,284	23,054,576	(644,292)
Capital outlay	486,768	153,215	333,553
Contingency reserve	1,888,865	-	1,888,865
Total expenditures	66,712,861	64,685,738	2,027,123
Excess (deficiency) of revenues (under) over expenditures	(2,935,548)	1,058,385	3,993,933
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	597,557	176,590	(420,967)
Transfers (out)	(2,067,310)	(2,321,684)	(254,374)
Total other financing sources (uses)	(1,469,753)	(2,145,094)	(675,341)
Net change in fund balances	(4,405,301)	(1,086,709)	3,318,592
Fund balances - beginning	5,583,019	5,583,019	-
Fund balances - ending	\$ 1,177,718	\$ 4,496,310	\$ 3,318,592

\*Budget was not amended

**Coeur d'Alene School District No. 271**

**CHILD NUTRITION FUND  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<b>Original Budgeted Amounts*</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Other local revenue	\$ 1,217,879	\$ 1,123,873	\$ (94,006)
Title programs and other federal revenues	2,630,012	2,617,271	(12,741)
Total revenues	<u>3,847,891</u>	<u>3,741,144</u>	<u>(106,747)</u>
<b>EXPENDITURES</b>			
Non-instructional services:			
Food services	3,782,004	3,617,610	164,394
Total non-instructional services	<u>3,782,004</u>	<u>3,617,610</u>	<u>164,394</u>
Capital outlay	82,665	-	(82,665)
Total expenditures	<u>3,864,669</u>	<u>3,617,610</u>	<u>247,059</u>
Excess (deficiency) of revenues (under) over expenditures	<u>(16,778)</u>	<u>123,534</u>	<u>140,312</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	89,796	106,224	16,428
Transfers (out)	(73,000)	(46,504)	-
Total other financing sources (uses)	<u>16,796</u>	<u>59,720</u>	<u>16,428</u>
Net change in fund balances	18	183,254	156,740
Fund balances - beginning	<u>66,000</u>	<u>29,251</u>	<u>(36,749)</u>
Fund balances - ending	<u>\$ 66,018</u>	<u>\$ 212,505</u>	<u>\$ 146,487</u>

\*Budget was not amended

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

**Coeur d'Alene School District No. 271**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - BY FUND TYPE  
June 30, 2016**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,292,102	\$ 594,494	\$ 4,886,596
Accounts receivable: State of Idaho	1,334,814	-	1,334,814
Accounts receivable: Other receivable	111,104	-	111,104
Total assets	<u>\$ 5,738,020</u>	<u>\$ 594,494</u>	<u>\$ 6,332,514</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 108,909	\$ -	\$ 108,909
Accrued payroll and vacation benefits	426,860	-	426,860
Due to other funds	740,636	-	740,636
Total liabilities	<u>1,276,405</u>	<u>-</u>	<u>1,276,405</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-special revenue	9,950	-	9,950
Total deferred inflows of resources	<u>9,950</u>	<u>-</u>	<u>9,950</u>
<b>FUND BALANCES</b>			
Restricted	2,400,676	-	2,400,676
Assigned	2,052,340	594,494	2,646,834
Unassigned	(1,351)	-	(1,351)
Total fund balances	<u>4,451,665</u>	<u>594,494</u>	<u>5,046,159</u>
Total liabilities and fund balances	<u>\$ 5,738,020</u>	<u>\$ 594,494</u>	<u>\$ 6,332,514</u>

**Coeur d'Alene School District No. 271**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BY FUND TYPE  
For the Year Ended June 30, 2016**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Other local revenue	\$ 1,976,978	\$ 3,171	\$ 1,980,149
State assistance and reimbursements	1,592,597	-	1,592,597
Title programs and other federal revenues	4,008,849	-	4,008,849
Total revenues	<u>7,578,424</u>	<u>3,171</u>	<u>7,581,595</u>
<b>EXPENDITURES</b>			
Instructional services:			
Elementary programs	694,093	-	694,093
Secondary programs	591,885	-	591,885
Alternative school program	113,840	-	113,840
Activity programs	118,674	-	118,674
Exceptional child program	2,136,943	-	2,136,943
Detention center	48,866	-	48,866
Total instructional expenditures	<u>3,704,301</u>	<u>-</u>	<u>3,704,301</u>
Support services:			
Pupil support	324,210	-	324,210
General administration	926,829	-	926,829
School administration	9,273	-	9,273
Business operations	83,778	-	83,778
Maintenance	161,373	240	161,613
Transportation	58,063	-	58,063
Other support services	466,337	-	466,337
Total support services	<u>2,029,863</u>	<u>240</u>	<u>2,030,103</u>
Non-instructional services:			
Community services	839,588	-	839,588
Total non-instructional expenditures	<u>839,588</u>	<u>-</u>	<u>839,588</u>
Debt service:			
Principal	-	184,569	184,569
Interest	-	13,863	13,863
Total debt service	<u>-</u>	<u>198,432</u>	<u>198,432</u>
Capital outlay	<u>52,632</u>	<u>514,752</u>	<u>567,384</u>
Total expenditures	<u>6,626,384</u>	<u>713,424</u>	<u>7,339,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>952,040</u>	<u>(710,253)</u>	<u>241,787</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease proceeds	-	514,752	514,752
Proceeds on sale of assets	-	9,500	9,500
Transfers in	17,436	353,180	370,616
Transfers (out)	(364,502)	(4,339)	(368,841)
Total other financing sources (uses)	<u>(347,066)</u>	<u>873,093</u>	<u>526,027</u>
Net change in fund balances	604,974	162,840	767,814
Fund balances - beginning	<u>3,846,691</u>	<u>431,654</u>	<u>4,278,345</u>
Fund balances - ending	<u>\$ 4,451,665</u>	<u>\$ 594,494</u>	<u>\$ 5,046,159</u>

**Coeur d'Alene School District No. 271**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2016**

	<b>Forest Reserve Fund</b>	<b>Building Rental</b>	<b>School Net Grant</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 254,803	\$ 147,597	-
Accounts receivable: State of Idaho	-	-	-
Accounts receivable: Other receivable	-	-	-
Total assets	<u>\$ 254,803</u>	<u>\$ 147,597</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,251	\$ 384	\$ -
Accrued payroll and vacation benefits	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>2,251</u>	<u>384</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-special revenue	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	-	-	-
Assigned	252,552	147,213	-
Unassigned	-	-	-
Total fund balances	<u>252,552</u>	<u>147,213</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 254,803</u>	<u>\$ 147,597</u>	<u>\$ -</u>

<b>Miscellaneous Technology</b>	<b>School Plus Program</b>	<b>Miscellaneous Grants</b>	<b>E-Rate</b>
\$ 180	\$ 924,043	\$ 337,509	\$ 350,751
-	-	-	-
-	-	2,256	-
<u>\$ 180</u>	<u>\$ 924,043</u>	<u>\$ 339,765</u>	<u>\$ 350,751</u>
\$ 180	\$ 6,851	\$ 2,775	\$ 67,250
-	7,460	1,311	-
-	-	-	-
<u>180</u>	<u>14,311</u>	<u>4,086</u>	<u>67,250</u>
-	-	9,950	-
-	-	9,950	-
-	-	100,000	-
-	909,732	225,729	283,501
-	-	-	-
<u>-</u>	<u>909,732</u>	<u>325,729</u>	<u>283,501</u>
<u>\$ 180</u>	<u>\$ 924,043</u>	<u>\$ 339,765</u>	<u>\$ 350,751</u>



<b>Driver Education</b>	<b>Classroom Technology</b>	<b>Vocational Education</b>	<b>Reading Assessment</b>
\$ 38,988	\$ 54,412	\$ -	\$ 179,360
34,000	-	34,058	-
-	-	-	-
<u>\$ 72,988</u>	<u>\$ 54,412</u>	<u>\$ 34,058</u>	<u>\$ 179,360</u>
\$ 150	\$ -	\$ 336	\$ 175
795	-	7,126	-
-	-	27,947	-
<u>945</u>	<u>-</u>	<u>35,409</u>	<u>175</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
72,043	-	-	-
-	54,412	-	179,185
-	-	(1,351)	-
<u>72,043</u>	<u>54,412</u>	<u>(1,351)</u>	<u>179,185</u>
<u>\$ 72,988</u>	<u>\$ 54,412</u>	<u>\$ 34,058</u>	<u>\$ 179,360</u>

<b>State Leadership Awards</b>	<b>Advanced Opportunities</b>	<b>Medicaid Reimbursement</b>	<b>Homeless Grant</b>
\$ 100,665	\$ 21,216	\$ 1,467,651	\$ -
-	-	301,632	2,129
-	830	-	-
<u>\$ 100,665</u>	<u>\$ 22,046</u>	<u>\$ 1,769,283</u>	<u>\$ 2,129</u>
\$ (4)	\$ -	\$ 2,361	\$ 6
(2)	-	100,636	-
-	-	-	2,123
<u>(6)</u>	<u>-</u>	<u>102,997</u>	<u>2,129</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
100,671	22,046	1,666,286	-
-	-	-	-
-	-	-	-
<u>100,671</u>	<u>22,046</u>	<u>1,666,286</u>	<u>-</u>
<u>\$ 100,665</u>	<u>\$ 22,046</u>	<u>\$ 1,769,283</u>	<u>\$ 2,129</u>

Title I-D	Title VI-B	Title VI-B Preschool	Carl Perkins
\$ -	\$ -	\$ -	\$ -
41,745	706,788	12,288	-
-	-	-	108,018
<u>\$ 41,745</u>	<u>\$ 706,788</u>	<u>\$ 12,288</u>	<u>\$ 108,018</u>
\$ -	\$ 6,660	\$ -	\$ 166
3,572	257,014	3,770	6,814
38,173	443,114	8,518	97,277
<u>41,745</u>	<u>706,788</u>	<u>12,288</u>	<u>104,257</u>
-	-	-	-
-	-	-	-
-	-	-	3,761
-	-	-	-
-	-	-	-
-	-	-	3,761
<u>\$ 41,745</u>	<u>\$ 706,788</u>	<u>\$ 12,288</u>	<u>\$ 108,018</u>

Professional Development	Johnson O'Malley	Title II E.S.E.A.	Title II Technology
\$ 366,288	\$ 24,298	\$ -	\$ -
-	-	164,828	-
-	-	-	-
<u>\$ 366,288</u>	<u>\$ 24,298</u>	<u>\$ 164,828</u>	<u>\$ -</u>
\$ -	\$ -	\$ 18,208	\$ -
-	-	23,136	-
-	-	123,484	-
-	-	164,828	-
-	-	-	-
-	-	-	-
366,288	24,298	-	-
-	-	-	-
-	-	-	-
<u>366,288</u>	<u>24,298</u>	<u>-</u>	<u>-</u>
<u>\$ 366,288</u>	<u>\$ 24,298</u>	<u>\$ 164,828</u>	<u>\$ -</u>

Miscellaneous		
Federal Grants	Activity Fund	Total
\$ 24,325	\$ 16	\$ 4,292,102
37,346	-	1,334,814
-	-	111,104
<u>\$ 61,671</u>	<u>\$ 16</u>	<u>\$ 5,738,020</u>
\$ 1,160	\$ -	\$ 108,909
15,228	-	426,860
-	-	740,636
<u>16,388</u>	<u>-</u>	<u>1,276,405</u>
-	-	9,950
<u>-</u>	<u>-</u>	<u>9,950</u>
45,283	-	2,400,676
-	16	2,052,340
-	-	(1,351)
<u>45,283</u>	<u>16</u>	<u>4,451,665</u>
<u>\$ 61,671</u>	<u>\$ 16</u>	<u>\$ 5,738,020</u>

**Coeur d'Alene School District No. 271**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2016**

	<b>Forest Reserve Fund</b>	<b>Building Rental</b>	<b>School Net Grant</b>
<b>REVENUES</b>			
Other local revenue	\$ -	\$ 74,313	\$ -
State assistance and reimbursements	-	-	-
Title programs and other federal revenues	65,162	-	-
Total revenues	<u>65,162</u>	<u>74,313</u>	<u>-</u>
<b>EXPENDITURES</b>			
Instructional services:			
Elementary programs	-	-	-
Secondary programs	-	-	-
Alternative school program	-	-	-
Activity programs	-	-	-
Exceptional child program	-	-	-
Detention center	-	-	-
Total instructional services	<u>-</u>	<u>-</u>	<u>-</u>
Support services:			
Pupil support	-	-	-
General administration	-	-	-
School administration	-	-	-
Business operations	-	-	-
Maintenance	-	156,296	-
Transportation	-	-	-
Other support services	-	62,784	-
Total support services	<u>-</u>	<u>219,080</u>	<u>-</u>
Non-instructional services:			
Community services	-	-	-
Total non-instructional services	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	-	14,484	-
Total expenditures	<u>-</u>	<u>233,564</u>	<u>-</u>
Excess (deficiency) revenues over (under) expenditures	<u>65,162</u>	<u>(159,251)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers (out)	-	(5,727)	(35,787)
Total other financing sources (uses)	<u>-</u>	<u>(5,727)</u>	<u>(35,787)</u>
Net change in fund balances	65,162	(164,978)	(35,787)
Fund balances - beginning	187,390	312,191	35,787
Fund balances - ending	<u>\$ 252,552</u>	<u>\$ 147,213</u>	<u>\$ -</u>

<b>Miscellaneous Technology</b>	<b>School Plus Program</b>	<b>Miscellaneous Grants</b>	<b>E-Rate</b>
\$ -	\$ 1,103,219	\$ 601,553	\$ 145,701
-	-	1,000	-
-	-	-	-
-	1,103,219	602,553	145,701
-	-	170,171	-
-	-	106,879	-
-	-	1,872	-
-	-	118,674	-
-	-	-	-
-	-	-	-
-	-	397,596	-
-	-	82	-
16,248	-	27,752	92
-	-	135	-
-	-	-	-
-	-	5,077	-
-	10,090	22,087	-
-	-	22,963	358,847
16,248	10,090	78,096	358,939
-	829,517	2,623	-
-	829,517	2,623	-
-	-	23,338	14,810
16,248	839,607	501,653	373,749
(16,248)	263,612	100,900	(228,048)
155	-	15,066	-
-	(257,629)	(5,000)	-
155	(257,629)	10,066	-
(16,093)	5,983	110,966	(228,048)
16,093	903,749	214,763	511,549
\$ -	\$ 909,732	\$ 325,729	\$ 283,501

<u>Driver Education</u>	<u>Classroom Technology</u>	<u>Vocational Education</u>	<u>Reading Assessment</u>
\$ 51,576	\$ -	\$ -	\$ -
34,000	470,049	109,121	58,068
-	-	-	-
<u>85,576</u>	<u>470,049</u>	<u>109,121</u>	<u>58,068</u>
-	-	-	31,549
70,822	-	84,698	-
-	-	14,628	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>70,822</u>	<u>-</u>	<u>99,326</u>	<u>31,549</u>
-	-	-	-
-	434,416	9,545	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	18,083	-	-
<u>-</u>	<u>452,499</u>	<u>9,545</u>	<u>-</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
70,822	452,499	108,871	31,549
<u>14,754</u>	<u>17,550</u>	<u>250</u>	<u>26,519</u>
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
14,754	17,550	250	26,519
57,289	36,862	(1,601)	152,666
<u>\$ 72,043</u>	<u>\$ 54,412</u>	<u>\$ (1,351)</u>	<u>\$ 179,185</u>



<b>State Leadership Awards</b>	<b>Advanced Opportunities</b>	<b>Medicaid Reimbursement</b>	<b>Homeless Grant</b>
\$ -	\$ -	\$ -	\$ -
585,107	39,406	-	-
-	-	1,186,765	22,599
<u>585,107</u>	<u>39,406</u>	<u>1,186,765</u>	<u>22,599</u>
287,350	-	-	352
150,588	17,920	-	93
54,316	-	-	-
-	-	-	-
1,192	-	464,619	-
2,395	-	-	-
<u>495,841</u>	<u>17,920</u>	<u>464,619</u>	<u>445</u>
78,383	-	123,299	18,299
7,493	-	3,225	3,546
-	-	-	-
-	-	83,778	-
-	-	-	-
-	-	-	-
3,660	-	-	-
<u>89,536</u>	<u>-</u>	<u>210,302</u>	<u>21,845</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>585,377</u>	<u>17,920</u>	<u>674,921</u>	<u>22,290</u>
<u>(270)</u>	<u>21,486</u>	<u>511,844</u>	<u>309</u>
-	-	-	210
-	-	-	(519)
-	-	-	(309)
(270)	21,486	511,844	-
100,941	560	1,154,442	-
<u>\$ 100,671</u>	<u>\$ 22,046</u>	<u>\$ 1,666,286</u>	<u>\$ -</u>

<b>Title I-D</b>	<b>Title VI-B</b>	<b>Title VI-B Preschool</b>	<b>Carl Perkins</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
75,876	1,780,029	45,188	108,018
75,876	1,780,029	45,188	108,018
-	-	-	-
-	-	-	92,086
27,532	-	-	15,492
-	-	-	-
-	1,633,161	37,971	-
46,471	-	-	-
74,003	1,633,161	37,971	107,578
-	104,147	-	-
66	339	-	-
-	-	8,208	-
-	-	-	-
-	-	-	-
-	-	-	-
66	104,486	8,208	-
-	-	-	-
-	-	-	-
-	-	-	-
74,069	1,737,647	46,179	107,578
1,807	42,382	(991)	440
-	-	991	-
(1,807)	(42,382)	-	-
(1,807)	(42,382)	991	-
-	-	-	440
-	-	-	3,321
\$ -	\$ -	\$ -	\$ 3,761

Professional Development	Johnson O'Malley	Title II E.S.E.A.	Title II Technology
\$ -	\$ -	\$ -	\$ -
295,846	-	-	-
-	4,465	380,985	-
295,846	4,465	380,985	-
-	5,142	-	-
-	1,314	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	6,456	-	-
-	-	-	-
36,383	-	371,914	-
-	-	-	-
-	-	-	-
-	-	-	-
-	50	-	-
-	-	-	-
36,383	50	371,914	-
-	-	-	-
-	-	-	-
-	-	-	-
36,383	6,506	371,914	-
259,463	(2,041)	9,071	-
-	450	-	-
-	-	(9,071)	-
-	450	(9,071)	-
259,463	(1,591)	-	-
106,825	25,889	-	-
\$ 366,288	\$ 24,298	\$ -	\$ -

<b>Miscellaneous Federal Grants</b>	<b>Activity Fund</b>	<b>Total</b>
\$ -	\$ 616	\$ 1,976,978
-	-	1,592,597
339,762	-	4,008,849
<u>339,762</u>	<u>616</u>	<u>7,578,424</u>
199,529	-	694,093
67,485	-	591,885
-	-	113,840
-	-	118,674
-	-	2,136,943
-	-	48,866
<u>267,014</u>	<u>-</u>	<u>3,704,301</u>
-	-	324,210
14,938	872	926,829
930	-	9,273
-	-	83,778
-	-	161,373
25,836	-	58,063
-	-	466,337
<u>41,704</u>	<u>872</u>	<u>2,029,863</u>
7,448	-	839,588
<u>7,448</u>	<u>-</u>	<u>839,588</u>
-	-	52,632
316,166	872	6,626,384
<u>23,596</u>	<u>(256)</u>	<u>952,040</u>
564	-	17,436
(6,580)	-	(364,502)
<u>(6,016)</u>	<u>-</u>	<u>(347,066)</u>
17,580	(256)	604,974
27,703	272	3,846,691
<u>\$ 45,283</u>	<u>\$ 16</u>	<u>\$ 4,451,665</u>

**Coeur d'Alene School District No. 271**

**NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
June 30, 2016**

	<b>Bus Depreciation Fund #424</b>	<b>Local Building Fund #429</b>	<b>Plant Facility Fund #430</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 385,365	\$ 3,281	\$ 205,848	\$ 594,494
Total assets	<u>\$ 385,365</u>	<u>\$ 3,281</u>	<u>\$ 205,848</u>	<u>\$ 594,494</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Assigned	385,365	3,281	205,848	594,494
Total fund balances	<u>385,365</u>	<u>3,281</u>	<u>205,848</u>	<u>594,494</u>
Total liabilities and fund balances	<u>\$ 385,365</u>	<u>\$ 3,281</u>	<u>\$ 205,848</u>	<u>\$ 594,494</u>

**Coeur d'Alene School District No. 271**

**NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2016**

	<b>Bus Depreciation Fund #424</b>	<b>Local Building Fund #429</b>	<b>Plant Facility Fund #430</b>	<b>Total</b>
<b>REVENUES:</b>				
Other local revenue	\$ (238)	\$ 3,281	\$ 128	\$ 3,171
Total revenues	(238)	3,281	128	3,171
<b>EXPENDITURES</b>				
Maintenance	-	-	240	240
Debt service:				
Principal	184,569	-	-	184,569
Interest	13,863	-	-	13,863
Capital outlay	514,752	-	-	514,752
Total expenditures	713,184	-	240	713,424
Excess (deficiency) of revenues (under) over expenditures	(713,422)	3,281	(112)	(710,253)
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	514,752	-	-	514,752
Proceeds on sale of asset	9,500	-	-	9,500
Transfers in	186,829	-	166,351	353,180
Transfers (out)	-	-	(4,339)	(4,339)
Total other financing sources (uses)	711,081	-	162,012	873,093
Net change in fund balances	(2,341)	3,281	161,900	162,840
Fund balances - beginning	387,706	-	43,948	431,654
Fund balances - ending	\$ 385,365	\$ 3,281	\$ 205,848	\$ 594,494

# Coeur d'Alene School District No. 271

## AGENCY FUNDS SCHEDULE OF CHANGES IN DEPOSIT BALANCES OF INDIVIDUAL SCHOOLS For the Year Ended June 30, 2016

School	Cash June 30, 2015	Receipts	Disbursements	Cash June 30, 2016
Bryan Elementary	\$ 20,264	\$ 17,712	\$ 15,165	\$ 22,811
Sorenson Elementary	9,919	24,580	20,378	14,121
Ramsey Elementary	33,722	77,359	74,299	36,782
Dalton Elementary	18,945	29,101	29,064	18,982
Fernan Elementary	16,993	19,011	17,087	18,917
Borah Elementary	23,708	19,590	19,582	23,716
Winton Elementary	21,138	37,248	30,607	27,779
Hayden Meadows Elementary	89,857	80,022	78,243	91,636
Hayden Kinder Center	12,151	-	12,151	-
Skyway Elementary	27,746	44,746	26,463	46,029
Lakes Middle School	89,253	80,105	78,055	91,303
Canfield Middle School	94,553	75,516	81,722	88,347
Woodland Middle School	39,249	78,402	76,591	41,060
CDA High School	196,604	737,868	695,957	238,515
Lake City High School	247,372	856,771	800,553	303,590
Atlas Elementary	26,052	19,106	20,712	24,446
Venture (formerly Project CDA)	13,210	9,014	8,465	13,759
	<u>\$ 980,736</u>	<u>\$ 2,206,151</u>	<u>\$ 2,085,094</u>	<u>\$ 1,101,793</u>

## SINGLE AUDIT SECTION



**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**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Coeur d'Alene School District No. 271  
Coeur d'Alene, ID 83814

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coeur d'Alene School District No. 271 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Coeur d'Alene School District No. 271's basic financial statements, and have issued our report thereon dated November 10, 2016.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Coeur d'Alene School District No. 271'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 Coeur d'Alene School District No. 271's internal control. Accordingly, we do not express an opinion on the effectiveness of Coeur d'Alene School District No. 271'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 a 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Coeur d'Alene School District No. 271'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*.

**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 (CONTINUED)**

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

*Magnuson, McHugh & Company, P.A.*

Magnuson, McHugh & Company, P.A.

November 10, 2016

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Coeur d'Alene School District No. 271  
Coeur d'Alene, ID 83814

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Coeur d'Alene School District No. 271 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. Coeur d'Alene School District No. 271'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 Coeur d'Alene School District No. 271'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 Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Coeur d'Alene School District No. 271'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 of Coeur d'Alene School District No. 271's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Coeur d'Alene School District No. 271 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (CONCLUDED)

### Report on Internal Control over Compliance

Management of Coeur d'Alene School District No. 271 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 Coeur d'Alene School District No. 271's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 Coeur d'Alene School District No. 271'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.

*Magnuson, McHugh & Company, P.A.*

Magnuson, McHugh & Company, P.A.

November 10, 2016

# Coeur d'Alene School District No. 271

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2016

Federal Grantor/Pass through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
US DEPARTMENT OF AGRICULTURE			
Passed through State of Idaho Department of Education:			
Nutrition Cluster:			
<i>School Breakfast Program</i>	10.553	826000811 00	\$ 300,306
<i>National School Lunch Program</i>	10.555	826000811 00	2,139,120
<i>Summer Food Service Program for Children</i>	10.559	826000811 00	111,815
<i>Fresh Fruit and Vegetable</i>	10.582	826000811 00	66,030
			<u>2,617,271</u>
Total Department of Agriculture			<u>2,617,271</u>
U.S. DEPARTMENT OF THE INTERIOR:			
Passed through State of Idaho Department of Education:			
<i>Indian Education Assistance to Schools</i>	15.130	826000811 00	4,465
Total Department of the Interior			<u>4,465</u>
INSTITUTION OF MUSEUM AND LIBRARY SERVICES			
Passed through Idaho Commission for Libraries:			
<i>State Library Program</i>	45.310	826000811 00	1,500
Total Institution of Museum and Library Services			<u>1,500</u>
US DEPARTMENT OF EDUCATION			
Passed through State of Idaho Department of Education:			
<i>Title I Grants to Local Educational Agencies</i>	84.010	826000811 00	1,520,320
Title VI-B Special Education Cluster:			
<i>Special Education Grants to States</i>	84.027	826000811 00	1,780,029
<i>Special Education Preschool Grants</i>	84.173	826000811 00	45,188
<i>State Activities - Education of Homeless</i>	84.196	826000811 00	22,599
<i>Twenty-first Century Community Learning Center</i>	84.287	826000811 00	256,913
<i>Carl D. Perkins - Vocational Education Basic Grants to States</i>	84.048	826000811 00	108,018
<i>Title II-A NCLB Teacher Quality</i>	84.367	826000811 00	380,985
Total Department of Education			<u>4,114,052</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,737,288</u>

See accompanying notes to the schedule of expenditures of federal awards.

## **Coeur d'Alene School District No. 271**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2016**

#### **NOTE A: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coeur d'Alene School District No. 271 under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Coeur d'Alene School District No. 271, it is not intended to and does not present the financial position, changes in net position, or cash flows of Coeur d'Alene School District No. 271.

#### **NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Coeur d'Alene School District No. 271 has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **NOTE C: FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2016, the School District had received food commodities totaling \$319,953.

**Coeur d'Alene School District No. 271**

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

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

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) \_\_\_\_\_ Yes      X   None Reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.027 84.173	Title VI-B Special Education Cluster: Special Education Grants to States Special Education Preschool Grants
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

## **Coeur d'Alene School District No. 271**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016**

#### **Section II. - Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Government Auditing Standards**

We noted no findings relating to the financial statement which are required in accordance with generally accepted government auditing standards.

#### **Section III. – Findings and Questioned Costs for Federal Awards**

We noted no findings relating to the financial statement which are required in accordance with generally accepted government auditing standards.

#### **Section IV. – Summary of Prior Year Audit Findings Relating to Federal Awards**

There were no findings relating to prior year audit findings relating to federal awards in accordance with generally accepted government auditing standards.