

Coeur d'Alene School District No. 271

FINANCIAL STATEMENT
JUNE 30, 2017

Coeur d'Alene School District No. 271
June 30, 2017

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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, 2017, 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, 2017, 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, 2017, 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, 2017, 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 October 18, 2017 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.

October 18, 2017

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, 2017

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

Revenue Changes for the 2016-17 Fiscal Year

Overall revenue increased from the prior year 6.31%. The increase is from the increase in our federally funded programs, taxes levied for debt service and the gain from the sale of property. The percentage of program revenue and property taxes to the total revenue remained similar to the prior year.

General Fund Balance Increases over the 2016-17 Fiscal Year

The School District had a slight increase in the fund balance of the general fund of just over \$16,000. The increase reversed the prior five-year trend of *decreasing* fund balances.

At the close of the 2016-17 fiscal year the \$4,512,558 fund balance is \$3 million *less than* the \$7.6 million balance of fiscal year 2010-11. The current fund balance is greater than the minimum set by board policy 7215; (5%) of the subsequent year's budgeted revenues which is \$3.5 million.

Supplemental Property Tax Levy Revenue Represents 16.4% of General Fund Revenues

In the 2016-17 fiscal year, the School District's supplemental property tax levy generated \$15.4 million, 16.4% of the total General Fund revenues for the 2016-17 fiscal year. This revenue comes from a 2-year supplemental property tax levy that expired in June 30, 2016. The School District did not experience the prerequisite three day growth in average daily attendance in the first three days of school to qualify for an emergency levy. The prior year emergency levy amount was \$1.2 million.

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 494.28 support units for the year, compared to 499.83 from the prior fiscal year. School Districts received \$25,696 per support unit in 2016-17, up from \$23,868 in 2016-17.

State Support - State support revenue increased \$2.4 million due to an increased per support unit amount, as well as an increase in non-statutory support allocations.

Bond Interest Stabilization Payment – In 2016-17, the School District received a bond interest stabilization payment of \$66,293. This revenue helps reduce the burden on the local property tax-payer for bond interest.

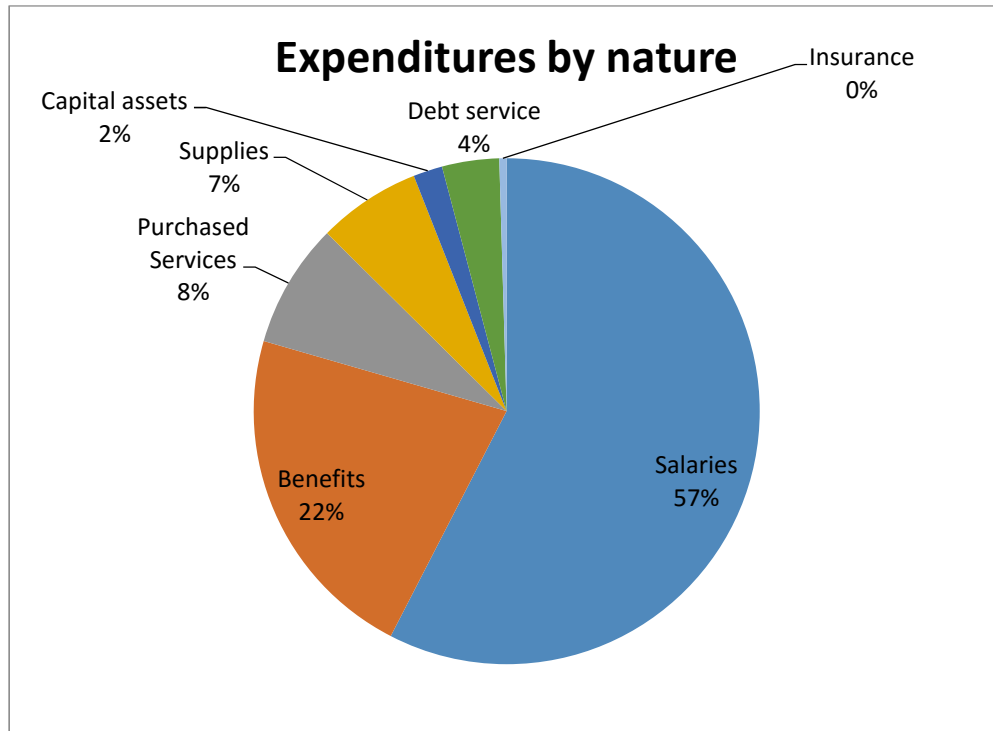
Coeur d'Alene School District No. 271

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

EXPENDITURES

The most significant items for the 2016-17 fiscal year include the following:

- Salaries and benefits comprise of approximately 80% of expenditures (not including transfers out).



- Other items to note was the increase in elementary and special education staff, increase in workman's compensation insurance of approximately \$50,000 and deferred maintenance projects that were complete during the summer.

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, 2017

DISTRICT-WIDE STATEMENTS

The School 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.

Coeur d'Alene School District No. 271

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

DISTRICT-WIDE STATEMENTS (CONTINUED)

Table 1
Statement of Net Position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
ASSETS:		
Cash and cash equivalents	\$ 50,127,548	\$ 10,848,085
Receivables	12,280,748	11,651,317
Prepaid expenses	3,423	-
Inventory	88,146	88,146
Land	4,166,198	4,426,448
Construction in progress	151,696	2,261,240
Capital assets, (net of accumulated depreciation)	81,632,049	82,018,255
Total assets	<u>148,449,808</u>	<u>111,293,491</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Proportionate share of collective deferred outflows of resources	20,082,770	12,649,250
Total deferred outflows of resources	<u>20,082,770</u>	<u>12,649,250</u>
LIABILITIES:		
Accounts payable	761,314	1,148,170
Accrued payroll and related costs	9,527,917	8,087,586
Interest payable	235,842	247,713
Long-term liabilities:		
Due in one year	2,417,534	2,212,241
Due in more than one year	58,819,260	25,728,147
Net pension liability	29,499,216	19,312,655
OPEB obligation	167,811	81,504
Total liabilities	<u>101,428,894</u>	<u>56,818,016</u>
DEFERRED INFLOWS OF RESOURCES:		
Proportionate share of collective deferred inflows of resources	9,796,143	12,850,606
Total deferred inflows of resources	<u>9,796,143</u>	<u>12,850,606</u>
NET POSITION:		
Net investment in capital assets	24,873,959	60,961,539
Restricted for:		
School lunch	318,444	212,505
Debt service	4,969,663	2,881,422
State and federal title programs	2,771,365	2,300,676
Other projects	35,451,533	100,000
Unrestricted	(11,077,423)	(12,182,023)
Total net position	<u>\$ 57,307,541</u>	<u>\$ 54,274,119</u>

Coeur d'Alene School District No. 271

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

DISTRICT-WIDE STATEMENTS (CONCLUDED)

Table 2
Changes in Net Position from Operating Results

	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
REVENUES:				
Program Revenues:				
Charges for services	\$ 3,666,559		\$ 3,488,747	
Operating grants and contributions	10,400,752		9,379,405	
Capital grants and contributions	255,491		1,231	
	<u>14,322,802</u>	<u>16.5%</u>	<u>12,869,383</u>	<u>15.8%</u>
General Revenues:				
Taxes levied for general purposes	15,544,537		16,638,019	
Taxes levied for capital outlay	121,521		33,806	
Taxes levied for debt service	4,885,273		3,006,499	
	<u>20,551,331</u>		<u>19,678,324</u>	
State revenues	51,367,885		48,883,442	
Bond security funds	-		66,293	
Federal forest	7,010		65,162	
Total state and federal revenues	<u>51,374,895</u>	<u>59.2%</u>	<u>49,014,897</u>	<u>60.1%</u>
Other Revenues:				
Interest on investment earnings	98,564		40,175	
Gain/(loss) on disposition of assets	397,787		(4,993)	
Total other revenues	<u>496,351</u>	<u>0.6%</u>	<u>35,182</u>	<u>0.0%</u>
Total Revenues	<u>86,745,379</u>	<u>100.0%</u>	<u>81,597,786</u>	<u>100.0%</u>
EXPENSES:				
Instructional services:				
Elementary programs	22,331,535		21,172,799	
Secondary programs	16,831,560		16,667,520	
Alternative school programs	1,220,988		1,150,531	
Exceptional child programs	9,152,067		8,270,522	
Activity programs	1,540,869		1,380,225	
Summer programs	76,757		84,423	
Detention programs	251,971		245,146	
Total instructional services	<u>51,405,747</u>	<u>59.3%</u>	<u>48,971,166</u>	<u>60.0%</u>
Support services:				
Pupil support	4,906,348		4,267,933	
General administration	3,873,007		3,891,472	
School administration	5,132,097		4,737,903	
Business operations	1,504,005		1,384,429	
Maintenance	6,678,199		6,628,191	
Transportation	2,874,273		2,645,906	
Security	468,489		558,906	
Other support services	1,861,869		1,737,582	
Total support services	<u>27,298,287</u>	<u>31.5%</u>	<u>25,852,322</u>	<u>31.7%</u>
Non-instructional services:				
Food services	3,626,025		3,638,772	
Community services	850,255		849,776	
Net amortization on premium/discount	746,758		98,212	
Change in OPEB obligation	86,307		(99,833)	
Change in net pension liability	4,767,733		3,761,028	
Unallocated actual PERSI contributions	(5,069,155)		(4,838,319)	
Total non-instructional services	<u>5,007,923</u>	<u>5.8%</u>	<u>3,409,636</u>	<u>4.2%</u>
Total Expenses	<u>83,711,957</u>	<u>96.5%</u>	<u>78,233,124</u>	<u>95.9%</u>
Change in net position	<u>\$ 3,033,422</u>	<u>3.5%</u>	<u>\$ 3,364,662</u>	<u>4.1%</u>

Coeur d'Alene School District No. 271

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

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 School District-wide statements. Therefore, an explanation of the differences between the governmental funds and the School 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 School District-wide financial statements because the School District cannot use these assets to finance its operations.

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.

As shown in Table 2, an analysis of the 2016-17 fiscal year activity was characterized by the following:

- **School District Revenues**
 - State revenues in the 2016-17 fiscal year increased due to an increase in support unit-driven revenues.
 - Property taxes levied increase reflects the fact pattern that there was no emergency levy for the current year.
- **School District Expenditures** – Increased salaries due to the 2016-17 negotiations settlement are reflected in increased expenditures throughout the budget.

Coeur d'Alene School District No. 271

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

FUND FINANCIAL STATEMENTS (CONTINUED)

**Table 3
Governmental Funds
For the year ended June 30, 2017**

	<u>General Fund</u>	<u>All Other Funds</u>	<u>Total</u>	<u>%</u>
REVENUES:				
Property taxes	\$ 15,411,609	\$ 4,885,273	\$ 20,296,882	12.7%
Interest income	97,876	688	98,564	0.1%
Other local revenue	290,674	3,688,648	3,979,322	2.5%
State assistance and reimbursements	51,301,592	1,920,296	53,221,888	33.3%
Title programs and other federal revenue	-	8,629,523	8,629,523	5.4%
Bond proceeds	-	35,635,333	35,635,333	22.3%
Proceeds from sale of assets	-	659,466	659,466	0.4%
Transfer in	817,224	36,578,596	37,395,820	23.4%
	<u>67,918,975</u>	<u>91,997,823</u>	<u>159,916,798</u>	<u>100.0%</u>
EXPENDITURES:				
Instructional services	43,070,880	5,543,157	48,614,037	30.4%
Support services	24,087,688	2,853,621	26,941,309	16.8%
Non-instructional services	-	4,453,051	4,453,051	2.8%
Capital outlay	388,822	294,883	683,705	0.4%
Principal retirement	-	2,212,241	2,212,241	1.4%
Interest	-	850,141	850,141	0.5%
Transfers out	355,337	37,069,548	37,424,885	23.4%
	<u>67,902,727</u>	<u>53,276,642</u>	<u>121,179,369</u>	<u>75.8%</u>
Net change	<u>\$ 16,248</u>	<u>\$ 38,721,181</u>	<u>\$ 38,737,429</u>	<u>24.2%</u>

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

- \$35 million of transfers is from the 2017 Bond proceeds into the 2017 Construction fund. The proceeds are from the Bond that voters passed March 2017 in the amount \$35.5 million.
- The School District relies on local support from property taxes for supporting programs and servicing long-term debt.

Coeur d'Alene School District No. 271

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

FUND FINANCIAL STATEMENTS (CONCLUDED)

Table 4
Changes in Governmental Fund Balances
July 1, 2008 to June 30, 2017

	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
Increase (Decrease) FY 2017	16,248	105,939	2,088,241	35,351,533	1,175,468	38,737,429
Fund Balance 6/30/2017	4,512,558	318,444	4,969,663	35,351,533	6,221,627	51,373,825

Table 4 provides an analysis of School District governmental fund balances from FY 2008 to FY 2017. Notable for the June 30, 2017 information are the following:

- The School District completed the year with a total governmental fund balance of \$51,373,825. The increase is from the \$35.6 million in bond proceeds. These proceeds will be used to complete capital projects for the School District.
- The General fund had a slight increase of \$16,248. As described at the beginning of this document this slight increase reversed a prior five-year trend of a decreasing fund balance.

Coeur d'Alene School District No. 271

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

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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of the end of fiscal year 2017, the School District has invested approximately \$129 million 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 \$43 million. 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

The School District has long-term debt from two bond sales. On August 2012, the School District sold \$32 million in bonds in two series (Series 2012A and Series 2012B). On March 2017, the School District sold \$35.5 million in bonds in one series (Series 2017). The proceeds from the bonds are to be used for capital projects within the School District. Total outstanding principal of the bonds payable as of June 30, 2017 is \$53,510,000. 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 and 2017.

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** – Funding from the State is based on a complex attendance based model that has been used since 1994. The model makes it difficult for planning in the current environment. There is the increase of student mobility, online learning, dual credit courses and charter schools. The driver of School District costs is much more in-line with enrollment. Even with a new model for funding schools from the State – there will remain the need for our School District to levy taxes to support programs and operations.
- **Enrollment** - Preliminary enrollment data shows an increase in students for the 2017-18 fiscal year. The School District qualified for an emergency levy of \$333,000 of which \$219,000 was authorized by the School District board. This revenue was allocated to needs for the increased population primarily in classroom aids.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE (CONCLUDED)

- **Long Range Planning** - During the 2014-15 fiscal year, the School District contracted with Construction Services group to assist in updating the School District's 10 year long range plan. The plan considered enrollment projections, demographic trends, facility condition, and projected facility utilization. The Long Range Planning Committee recommended that over the next five years, the School District construct two elementary schools, along with some additions at secondary schools. For the following five years, construct one small middle school and one small high school.
- **Bond Levy** – In March 2017, a \$35.5 million bond levy was approved by the School District voters. Proceeds from the sale of the bonds are to be used for capital projects as identified by the Long Range Planning Committee.
- **Supplemental Levy** – In March 2017, a \$16 million supplemental levy was approved by the School District's voters for a 2-year period. This levy expires June 30, 2019.

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 Chris Shipley, 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, 2017

ASSETS

Cash and cash equivalents	\$ 50,127,548
Receivables	12,280,748
Prepaid expenses	3,423
Inventory	88,146
Land	4,166,198
Construction in progress	151,696
Capital assets, net of accumulated depreciation	81,632,049
Total assets	<u>148,449,808</u>

DEFERRED OUTFLOWS OF RESOURCES

Proportionate share of collective deferred outflows of resources	<u>20,082,770</u>
Total deferred outflows of resources	<u>20,082,770</u>

LIABILITIES

Accounts payable	761,314
Accrued payroll and related costs	9,527,917
Interest payable	235,842
Long-term liabilities:	
Due within one year	
Capital lease payable	181,724
Compensated absences	160,810
Bonds payable	2,075,000
Due in more than one year	
Capital lease payable	465,696
Bonds payable	58,353,564
Net pension liability	29,499,216
OPEB obligation	167,811
Total liabilities	<u>101,428,894</u>

DEFERRED INFLOWS OF RESOURCES

Proportionate share of collective deferred inflows of resource	<u>9,796,143</u>
Total deferred inflows of resources	<u>9,796,143</u>

NET POSITION

Net investment in capital assets	24,873,959
Restricted for:	
Child nutrition	318,444
Debt service	4,969,663
State and federal title programs	2,771,365
Other projects	35,657,618
Unrestricted	(11,283,508)
Total net position	<u>\$ 57,307,541</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, 2017**

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Instructional services:					
Elementary programs	\$ 22,331,535	\$ -	\$ 2,149,884	\$ -	\$ (20,181,651)
Secondary programs	16,831,560	1,410,123	720,305	-	(14,701,132)
Alternative school programs	1,220,988	-	198,454	-	(1,022,534)
Exceptional child programs	9,152,067	-	1,909,099	-	(7,242,968)
Activity programs	1,540,869	-	155,436	-	(1,385,433)
Summer programs	76,757	-	2,376	-	(74,381)
Detention programs	251,971	-	45,021	-	(206,950)
Support services:					
Pupil support	4,906,348	-	354,044	-	(4,552,304)
General administration	3,873,007	-	1,672,924	-	(2,200,083)
School administration	5,132,097	-	38,763	-	(5,093,334)
Business operations	1,504,005	-	6,257	-	(1,497,748)
Maintenance	6,678,199	-	36,328	255,429	(6,386,442)
Transportation	2,874,273	-	76,210	-	(2,798,063)
Security	468,489	2,016	-	-	(466,473)
Other support services	1,861,869	-	388,999	62	(1,472,808)
Non-instructional services:					
Food services	3,626,025	1,091,146	2,604,318	-	69,439
Community services	850,255	1,163,274	42,334	-	355,353
Net amortization on premium/discount	746,758	-	-	-	(746,758)
Change in OPEB obligation	86,307	-	-	-	(86,307)
Change in net pension liability	4,767,733	-	-	-	(4,767,733)
Unallocated actual PERSI contributions	(5,069,155)	-	-	-	5,069,155
Total governmental activities	<u>\$ 83,711,957</u>	<u>\$ 3,666,559</u>	<u>\$ 10,400,752</u>	<u>\$ 255,491</u>	<u>(69,389,155)</u>
Taxes:					
Property taxes, levied for general purposes					15,544,537
Property taxes, levied for capital outlay					121,521
Property taxes, levied for debt services					4,885,273
State revenue					51,367,885
Grants and contributions not restricted to specific purposes:					
Federal Forest					7,010
Interest and investment earnings					98,564
Gain on disposal of assets					397,787
Total general revenues					<u>72,422,577</u>
Change in net position					<u>3,033,422</u>
Net position - beginning					<u>54,274,119</u>
Net position - ending					<u>\$ 57,307,541</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, 2017**

	General	Child Nutrition	** Title I
ASSETS			
Cash and cash equivalents	\$ 5,274,591	\$ -	\$ -
Accounts receivable:			
Kootenai County	6,193,926	-	-
State of Idaho	1,211,226	36,874	1,001,805
Other receivables	26,547	-	-
Prepaid expense	-	-	-
Due from other funds	1,535,554	381,735	-
Inventory	-	73,146	-
Total assets	<u>\$ 14,241,844</u>	<u>\$ 491,755</u>	<u>\$ 1,001,805</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 428,959	\$ 7,551	\$ 469
Accrued payroll and vacation benefits	8,603,586	165,760	219,087
Due to other funds	-	-	782,249
Total liabilities	<u>9,032,545</u>	<u>173,311</u>	<u>1,001,805</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	696,741	-	-
Total deferred inflows of resources	<u>696,741</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:	-	73,146	-
Restricted to:			
Debt service	-	-	-
State and federal title programs	-	-	-
Capital Bond 2017 Projects	-	-	-
Assigned to:			
State and federal non title funding	-	-	-
School construction project	-	-	-
Committed to:			
Contingency reserve	-	-	-
Unassigned	4,512,558	245,298	-
Total fund balances	<u>4,512,558</u>	<u>318,444</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,241,844</u>	<u>\$ 491,755</u>	<u>\$ 1,001,805</u>

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

** Not a major fund.

**	**	**			
2012	2012	2017	2017	Other	Total
Construction	Bond	Construction	Bond	Governmental	Governmental
				Funds	Funds
\$ -	\$ 3,271,860	\$ 35,582,230	\$ -	\$ 6,010,006	\$ 50,138,687
-	1,737,672	-	-	-	7,931,598
-	-	-	-	1,765,009	4,014,914
-	-	-	-	207,490	234,037
-	-	-	-	3,423	3,423
-	-	-	-	-	1,917,289
-	-	-	-	-	73,146
<u>\$ -</u>	<u>\$ 5,009,532</u>	<u>\$ 35,582,230</u>	<u>\$ -</u>	<u>\$ 7,985,928</u>	<u>\$ 64,313,094</u>
\$ -	\$ -	\$ 230,697	\$ -	\$ 89,777	\$ 757,453
-	-	-	-	539,484	9,527,917
-	-	-	-	1,135,040	1,917,289
<u>-</u>	<u>-</u>	<u>230,697</u>	<u>-</u>	<u>1,764,301</u>	<u>12,202,659</u>
-	39,869	-	-	-	736,610
<u>-</u>	<u>39,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>736,610</u>
-	-	-	-	3,423	76,569
-	4,969,663	-	-	-	4,969,663
-	-	-	-	2,771,365	2,771,365
-	-	35,351,533	-	306,085	35,657,618
-	-	-	-	3,148,318	3,148,318
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(7,564)	4,750,292
<u>-</u>	<u>4,969,663</u>	<u>35,351,533</u>	<u>-</u>	<u>6,221,627</u>	<u>51,373,825</u>
<u>\$ -</u>	<u>\$ 5,009,532</u>	<u>\$ 35,582,230</u>	<u>\$ -</u>	<u>\$ 7,985,928</u>	<u>\$ 64,313,094</u>

Coeur d'Alene School District No. 271

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2017

Total fund balances at June 30, 2017 - Governmental Funds		\$ 51,373,825
Cost of capital assets at June 30, 2017	\$ 129,200,888	
Less: Accumulated depreciation as of June 30, 2017		
Buildings and sites	(35,915,465)	
Buses and other transportation	(4,125,810)	
Equipment, computers and library books	<u>(3,209,670)</u>	85,949,943
Addition of School Plus accounts receivable		100,199
Elimination of deferred inflows of resources - property taxes		736,610
Pension liabilities and deferred outflows of resources and deferred inflows of resources related to pensions:		
District's proportionate share of the net pension liability		(29,499,216)
Proportionate share of collective deferred outflows of resources		20,082,770
Proportionate share of collective deferred inflows of resources		(9,796,143)
Long-term liabilities at June 30, 2017		
Bonds payable	(53,510,000)	
Premium on bonds payable, net accumulated amortization of \$449,299	(7,098,128)	
Discount on bonds payable, net accumulated amortization of \$67,341	179,564	
Capital leases payable	(647,420)	
Accrued compensated absences	(160,810)	
OPEB obligation - liability	(167,811)	
Accrued interest payable	<u>(235,842)</u>	<u>(61,640,447)</u>
Net position at June 30, 2017		<u>\$ 57,307,541</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, 2017**

		**	
	General	Child Nutrition	Title I
REVENUES			
Property taxes	\$ 15,411,609	\$ -	\$ -
Interest income	97,876	-	-
Other local revenue	290,674	1,091,146	-
State assistance and reimbursements	51,301,592	-	-
Title programs and other federal revenues	-	2,604,318	1,733,240
Total revenues	<u>67,101,751</u>	<u>3,695,464</u>	<u>1,733,240</u>
EXPENDITURES			
Instructional services:			
Elementary programs	18,961,224	-	1,159,145
Secondary programs	14,651,417	-	4,442
Alternative school programs	1,021,350	-	82,383
Exceptional child programs	6,764,954	-	-
Activity programs	1,388,449	-	-
Summer program	76,757	-	-
Detention center program	206,729	-	-
Total instructional services	<u>43,070,880</u>	<u>-</u>	<u>1,245,970</u>
Support services:			
Pupil support	4,526,286	-	-
General administration	2,327,829	-	420,126
School administration	4,912,292	-	-
Business operations	1,381,201	-	-
Maintenance	6,482,687	-	-
Transportation	2,542,621	-	5,422
Security program	468,489	-	-
Other support services	1,446,283	-	-
Total support services	<u>24,087,688</u>	<u>-</u>	<u>425,548</u>
Non-instructional services:			
Food services	-	3,602,796	-
Community services	-	-	11,257
Total non-instructional services	<u>-</u>	<u>3,602,796</u>	<u>11,257</u>
Capital outlay	<u>388,822</u>	<u>13,382</u>	<u>-</u>
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>67,547,390</u>	<u>3,616,178</u>	<u>1,682,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(445,639)</u>	<u>79,286</u>	<u>50,465</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	817,224	84,777	-
Transfers (out)	(355,337)	(58,124)	(50,465)
Total other financing sources (uses)	<u>461,887</u>	<u>26,653</u>	<u>(50,465)</u>
Net change in fund balances	16,248	105,939	-
Fund balances - beginning	<u>4,496,310</u>	<u>212,505</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,512,558</u>	<u>\$ 318,444</u>	<u>\$ -</u>

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

** Not a major fund.

**		**		**			
	2012	2012	2017	2017	Other	Total	
	Construction	Bond	Construction	Bond	Governmental	Governmental	
					Funds	Funds	
\$	-	\$ 4,885,273	\$ -	\$ -	\$ -	\$ 20,296,882	
-	-	640	48	-	-	98,564	
-	-	66,293	-	-	2,531,209	3,979,322	
-	-	-	-	-	1,920,296	53,221,888	
-	-	-	-	-	4,291,965	8,629,523	
-	-	4,952,206	48	-	8,743,470	86,226,179	
-	-	-	-	-	-	-	
-	-	-	-	-	927,034	21,047,403	
-	-	-	-	-	668,908	15,324,767	
-	-	-	-	-	117,037	1,220,770	
-	-	-	-	-	2,386,615	9,151,569	
-	-	-	-	-	152,351	1,540,800	
-	-	-	-	-	-	76,757	
-	-	-	-	-	45,242	251,971	
-	-	-	-	-	4,297,187	48,614,037	
-	-	-	-	-	-	-	
-	-	-	-	-	380,062	4,906,348	
-	-	-	-	-	1,152,629	3,900,584	
-	-	-	-	129,519	88,815	5,130,626	
-	-	-	255	700	38,913	1,421,069	
-	15	1,679	-	-	154,903	6,639,284	
-	-	-	-	-	67,164	2,615,207	
-	-	-	-	-	-	468,489	
-	-	-	-	-	413,419	1,859,702	
-	15	1,934	130,219	-	2,295,905	26,941,309	
-	-	-	-	-	-	3,602,796	
-	-	-	-	-	838,998	850,255	
-	-	-	-	-	838,998	4,453,051	
-	-	-	151,695	-	129,806	683,705	
-	-	-	-	-	-	-	
-	2,035,000	-	-	-	177,241	2,212,241	
-	828,950	-	-	-	21,191	850,141	
-	2,863,950	-	-	-	198,432	3,062,382	
-	2,863,965	153,629	130,219	-	7,760,328	83,754,484	
-	2,088,241	(153,581)	(130,219)	-	983,142	2,471,695	
-	-	-	-	35,635,333	-	35,635,333	
659,466	-	-	-	-	-	659,466	
-	-	35,505,114	-	-	1,016,205	37,423,320	
(659,466)	-	-	(35,505,114)	(823,879)	(823,879)	(37,452,385)	
-	-	35,505,114	130,219	-	192,326	36,265,734	
-	-	-	-	-	-	-	
-	2,088,241	35,351,533	-	-	1,175,468	38,737,429	
-	2,881,422	-	-	-	5,046,159	12,636,396	
\$ -	\$ 4,969,663	\$ 35,351,533	\$ -	\$ 6,221,627	\$ 51,373,825		

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, 2017

Total net changes in fund balances for year ended June 30, 2017	\$ 38,737,429
Add: Capital outlay which is considered expenditures	683,705
Less: Depreciation expense for the year ended June 30, 2017	(3,178,026)
Less: Proceeds on sale of assets	(659,466)
Add: Gain on sale of assets	397,787
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	37,452,385
Less: Interfund transfers in	(37,452,385)
Less: Bond proceeds that are considered long-term debt	(35,635,333)
Add: Bond principal retirement considered as an expenditure	2,035,000
Add: Capital lease payments considered as an expenditure	177,241
Add: Change in compensated absences	35,174
Less: Change in OPEB obligation - insurance expense	(86,307)
Less: Difference between school plus revenue earned on modified accrual basis versus revenue on school plus revenue on accrual basis	(11,515)
Add: Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	103,383
Add: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	132,928
Add: Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date	5,069,155
Less: Change in net pension liability	<u>(4,767,733)</u>
Change in net position for year ended June 30, 2017	<u><u>\$ 3,033,422</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, 2017**

	<u>Internal Service Fund</u>
ASSETS	
Current assets:	
Inventory	\$ 15,000
Total assets	<u>15,000</u>
LIABILITIES	
Current liabilities:	
Cash overdraft	11,139
Accounts payable	<u>3,861</u>
Total liabilities	<u>15,000</u>
NET POSITION	
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, 2017**

	<u>Internal Service Fund</u>
Operating revenues:	
Services	<u>\$ 71,972</u>
Operating expenses:	
Salaries	4,486
Benefits	596
Purchased services	39,254
Supplies	55,542
Maintenance	<u>1,159</u>
Total operating expenses	<u>101,037</u>
Operating (loss)	(29,065)
Transfer in	29,065
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, 2017

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 71,972
Payments to suppliers	(96,772)
Payments to employees	(5,082)
Net cash (used) by operating activities	<u>(29,882)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	29,065
Net cash provided by capital and related financing activities	<u>29,065</u>
Net increase in cash and cash equivalents	(817)
Cash and cash equivalents - July 1	<u>(10,322)</u>
Cash and cash equivalents - June 30	<u><u>\$ (11,139)</u></u>
Reconciliation of net operating (loss) to net cash (used) by operating activities:	
Operating (loss)	\$ (29,065)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Increase in accounts payable and accrued expenses	(817)
Net cash (used) by operating activities	<u><u>\$ (29,882)</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, 2017**

ASSETS

Cash and cash equivalents	\$ 1,064,564
Total assets	<u>\$ 1,064,564</u>

LIABILITIES

Deposits due others	\$ 1,064,564
Total liabilities	<u>\$ 1,064,564</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, 2017

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.

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, 2017

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 fund 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.

2017 Construction Fund – The 2017 Construction fund is used to account for the accumulation of resources for and payment of costs that are legally restricted for capital improvements related to the 2017 bond funds.

2017 Bond Fund – The 2017 Bond fund is used to account for the accumulation of resources for and payment of costs that are legally restricted for capital improvements related to the 2017 bond funds.

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.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, 2017

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, 2017, 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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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 the Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 expensed 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, 2017

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, 2017, the School District's deposits and investments were 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	\$ 1,198,688
ICS insured	4,211,958
Idaho State Investment Pool	44,405,401
Total deposits without exposure to custodial credit risk:	<u>49,816,047</u>

Deposits with exposure to custodial credit risk:

Amount uninsured	1,519,302
Total deposits with exposure to custodial credit risk:	<u>1,519,302</u>
Total deposits	<u>\$ 51,335,349</u>

Cash and cash equivalents at June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of Net Position - cash and cash equivalents	
Governmental funds	\$ 50,138,687
Internal service funds	(11,139)
Statement of Fiduciary Net Position - cash and cash equivalents	1,064,564
Total carrying amount	<u>\$ 51,192,112</u>

Cash and cash equivalents at June 30, 2017 consist of the following:

Cash:	
Deposit with financial institutions	\$ 2,574,753
Cash equivalents:	
ICS insured	4,211,958
Idaho State Investment Pools	44,405,401
Total cash and cash equivalents	<u>\$ 51,192,112</u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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, 2017, 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, 2017.

The receivables as of June 30, 2017 consist of the following:

Taxes receivable	\$	7,931,598
State of Idaho		4,014,914
Other miscellaneous		334,237
	\$	<u>12,280,749</u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 5: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended June 30, 2017:

	Balance June 30, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 4,426,448	\$ -	\$ (260,250)	\$ -	\$ 4,166,198
Construction in progress	-	475,981	-	(324,285)	151,696
Total capital assets, not being depreciated	<u>4,426,448</u>	<u>475,981</u>	<u>(260,250)</u>	<u>(324,285)</u>	<u>4,317,894</u>
Capital assets being depreciated:					
Building and improvements	115,246,015	-	-	324,285	115,570,300
Equipment and fixtures	2,907,074	207,725	(14,923)	-	3,099,876
Library books	845,160	-	-	-	845,160
Computers	173,110	-	(23,402)	-	149,708
Vehicles and buses	5,236,451	-	(18,500)	-	5,217,951
Total capital assets being depreciated	<u>124,407,810</u>	<u>207,725</u>	<u>(56,825)</u>	<u>324,285</u>	<u>124,882,995</u>
Less accumulated depreciation for:					
Buildings and improvements	33,123,713	2,791,752	-	-	35,915,465
Equipment and fixtures	2,132,695	110,133	(13,494)	-	2,229,334
Library books	845,160	-	-	-	845,160
Computers	144,582	13,996	(23,401)	-	135,177
Vehicles and buses	3,882,165	262,145	(18,500)	-	4,125,810
Total accumulated depreciation	<u>40,128,315</u>	<u>3,178,026</u>	<u>(55,395)</u>	<u>-</u>	<u>43,250,946</u>
Total capital assets being depreciated, net	<u>84,279,495</u>	<u>(2,970,301)</u>	<u>(1,430)</u>	<u>324,285</u>	<u>81,632,049</u>
Governmental activities capital assets, net	<u><u>\$88,705,943</u></u>	<u><u>\$ (2,494,320)</u></u>	<u><u>\$ (261,680)</u></u>	<u><u>\$ -</u></u>	<u><u>\$85,949,943</u></u>

Depreciation expense of \$3,178,026 for the year ended June 30, 2017 was charged to the following governmental functions:

Elementary	\$ 1,269,615
Secondary	1,496,732
Business administration	90,691
Maintenance	36,812
Transportation	263,097
Food service	21,079
	<u><u>\$ 3,178,026</u></u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 5: CAPITAL ASSETS (CONCLUDED)

Following is a recap of the June 30, 2017 balances by generic location:

	Elementary	Secondary	Administration and Other	Total
Land	\$ 1,629,230	\$ 1,906,706	\$ 630,262	\$ 4,166,198
Building and improvements	54,046,321	58,402,727	3,121,252	115,570,300
Equipment	614,791	1,134,493	1,350,592	3,099,876
Library books	408,306	374,127	62,727	845,160
Computers	4,128	9,729	135,851	149,708
Vehicles and buses	-	-	5,217,951	5,217,951
Construction in progress	84,394	67,301	-	151,695
Total capital assets	<u>\$ 56,787,170</u>	<u>\$ 61,895,083</u>	<u>\$ 10,518,635</u>	<u>\$ 129,200,888</u>

NOTE 6: ACCRUED PAYROLL AND BENEFITS

Accrued payroll includes amounts due contracted teachers and other employees at June 30, 2017, which were not paid until July and August 2017, 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 \$160,810 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, 2017 as follows:

	Due from	Due to
General fund	\$ 1,535,554	\$ -
Child Nutrition	381,735	-
Title I fund	-	782,249
Other governmental funds	-	1,135,040
	<u>\$ 1,917,289</u>	<u>\$ 1,917,289</u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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.

On March 14, 2017, School District 271 voters approved \$35,500,000 of 14 year General Obligation Bonds, Series 2017 with interest ranging from 2.00% to 5.00%. Pursuant to this authority the sale of bonds followed on June 13, 2017, with net proceeds of \$35,325,333 (including principle of \$32,075,000, premiums of \$3,680,149, discount of \$119,816 and issuance costs of \$131,469) and repayment that will begin in the fiscal year ending June 30, 2020. The bond sale proceeds are for financing schools and school facilities, including, but not limited to, the costs of acquiring land, constructing, furnishing and equipping a new elementary school and acquiring and constructing additions, renovations, upgrades, repairs, equipment and furnishings to Coeur d'Alene High School, Lake City High School, Lakes Magnet Middle School, Dalton Elementary School, Fernan STEM Academy and Hayden Meadows Elementary School.

General obligation bonds outstanding as of June 30, 2017 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>
2018	***%	\$ 1,435,000	\$ 28,000	\$ 1,463,000
		<u>\$ 1,435,000</u>	<u>\$ 28,000</u>	<u>\$ 1,463,000</u>

** Bifurcated Coupons

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS June 30, 2017

NOTE 9: BONDS PAYABLE (CONCLUDED)

Series 2012 B

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	2.00%	\$ 640,000	\$ 746,200	\$ 1,386,200
2019	**%	2,145,000	722,525	2,867,525
2020	**%	2,180,000	663,525	2,843,525
2021-2025	2.00%-5.00%	12,260,000	1,902,200	14,162,200
2026	4.00%	2,775,000	55,500	2,830,500
		<u>\$ 20,000,000</u>	<u>\$ 4,089,950</u>	<u>\$ 24,089,950</u>

** Bifurcated Coupons

Series 2017

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	2.00%	\$ -	\$ 924,536	\$ 924,536
2019	4.00%	-	1,223,650	1,223,650
2020	3.00%	700,000	1,209,650	1,909,650
2021-2025	5.00%	4,450,000	5,515,800	9,965,800
2026	3.00-5.00%	26,925,000	3,584,575	30,509,575
		<u>\$ 32,075,000</u>	<u>\$ 12,458,211</u>	<u>\$ 44,533,211</u>

** Bifurcated Coupons

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 .000567127 as a portion of the total levy rate of .002313549. The net taxable market value for assessment purposes in the same period was \$8,640,038,088.

There are several covenants, limitations and other requirements contained in the bond indenture. The School District is in substantial compliance with these requirements at June 30, 2017.

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.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 10: LEASE COMMITMENTS (CONCLUDED)

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, \$64,344 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, 2017, were as follows:

Year Ending June 30,	7 Buses in 2015	6 Buses in 2016	Total
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	362,744	323,238	685,982
Less amount representing interest	(24,067)	(14,495)	(38,562)
Present value of future minimum lease payments	<u>\$ 338,677</u>	<u>\$ 308,743</u>	<u>\$ 647,420</u>

Operating Leases – During the fiscal year 2014, the School District entered into operating leases for copy machines that will expire on various dates by fiscal year ending 2019.

Future minimum payments are as follows:

2018	\$ 114,642
2019	35,535
Total	<u>\$ 150,177</u>

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, 2017 are as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One year
Bonds payable					
General obligation bonds	\$ 23,470,000	\$ 32,075,000	\$ (2,035,000)	\$ 53,510,000	\$ 2,075,000
Premium	3,523,921	3,680,149	(105,942)	7,098,128	-
Discount	(74,178)	(119,816)	14,430	(179,564)	-
Total bonds payable	26,919,743	35,635,333	(2,126,512)	60,428,564	2,075,000
Capital leases payable	824,661	-	(177,241)	647,420	181,724
Compensated absences	195,984	-	(35,174)	160,810	160,810
Total long-term liabilities	<u>\$ 27,940,388</u>	<u>\$ 35,635,333</u>	<u>\$ (2,338,927)</u>	<u>\$ 61,236,794</u>	<u>\$ 2,417,534</u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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.

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

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary.

Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

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

Member and Employer Contributions

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

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2016 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 \$5,069,155 for the year ended June 30, 2017.

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

At June 30, 2017, 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, 2016, 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 June 30, 2016, the Coeur d'Alene School District proportion was 1.4552038 percent.

For the year ended June 30, 2017, the Coeur d'Alene School District recognized pension expense of \$4,767,733. At June 30, 2017 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	\$ 14,357,868	\$ 2,939,379
Changes of assumptions	655,747	-
Net difference between projected and actual earnings on pension plan investments	-	6,708,667
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	148,097
Coeur d'Alene School District's contributions subsequent to the measurement date	5,069,155	-
Total	<u>\$ 20,082,770</u>	<u>\$ 9,796,143</u>

\$5,069,155 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, 2018.

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, 2015 the beginning of the measurement period ended June 30, 2016 is 4.9 and 5.5 for the measurement period June 30, 2015.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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:

2017	\$	29,979
2018	\$	29,979
2019	\$	3,422,406
2020	\$	1,883,204
2021	\$	-

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.

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 - 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2007 through June 30, 2013 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, 2016 is based on the results of an actuarial valuation date July 1, 2016.

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.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2016.

Asset Class	Index	Long-Term	
		Target Allocation	Expected Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.35%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.30%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.08%
Portfolio Standard Deviation			12.59%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, Net of investment expenses			7.10%

Discount Rate

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

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 12: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

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:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's net pension liability (asset)	\$ 57,866,992	\$ 29,499,216	\$ 5,908,277

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.

Payables to the pension plan

At June 30, 2017, the Coeur d'Alene School District reported payables to the defined benefit pension plan of \$691,123 for legally required employer contributions and \$512,663 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 District maintains a minimum unassigned fund balance of five percent (5%) of the subsequent year's budgeted revenues. The District is in compliance with this policy.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 14: INTERFUND TRANSFERS

The composition of interfund transfers as of June 30, 2017 is as follows:

	Transfers In	Transfers Out
General fund	\$ 817,224	\$ 355,337
Child nutrition	84,777	58,124
Title I	-	50,465
2012 construction	-	659,466
2017 construction	35,505,114	-
2017 bond	-	35,505,114
Other governmental funds	1,016,205	823,879
Internal service fund	29,065	-
	<u>\$ 37,452,385</u>	<u>\$ 37,452,385</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.

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.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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

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	\$ 440,204
Interest on net OPEB obligation	(3,088)
Adjustment to annual required contribution	4,374
Annual OPEB cost (expense)	441,490
Contributions made	(355,183)
Increase (decrease) in net OPEB obligation	86,307
NET OPEB beginning of year	81,504
NET OPEB end of year	\$ 167,811

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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 367,226	107%	\$ 181,337
6/30/16	\$ 360,865	128%	\$ 81,504
6/30/17	\$ 441,490	80%	\$ 167,811

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.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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

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.

Plan year	Prescription			
	Medical	Drugs	Dental	Vision
2015 *	5.7%	5.7%	4.1%	1.9%
2016 *	7.6%	7.6%	7.3%	3.7%
2017	7.5%	7.5%	7.5%	4.0%
2018	7.0%	7.0%	7.0%	4.0%
2019	6.5%	6.5%	6.5%	4.0%
2020	6.0%	6.0%	6.0%	4.0%
2021	5.5%	5.5%	5.5%	4.0%
2022	5.0%	5.0%	5.0%	4.0%
2023 +	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, 2017

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

Retiree Contribution Increases

Medical and prescription drug

Plan year	Retiree / Surviving Spouse	Spouse
2015 *	5.7%	5.7%
2016	7.6%	7.6%
2017	7.1%	7.1%
2018	6.6%	6.6%
2019	6.1%	6.1%
2020	5.6%	5.6%
2021	5.1%	5.1%
2022	4.6%	4.6%
2023 +	4.5%	4.5%

Dental

Plan year	Retiree / Surviving Spouse	Spouse
2015 *	4.1%	4.1%
2016 *	7.3%	7.3%
2017	7.5%	7.5%
2018	7.0%	7.0%
2019	6.5%	6.5%
2020	6.0%	6.0%
2021	5.5%	5.5%
2022	5.0%	5.0%
2023 +	4.5%	4.5%

Vision

Plan year	Retiree / Surviving Spouse	Spouse
2015 *	1.9%	1.9%
2016 *	3.7%	3.7%
2017 +	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, 2017

NOTE 17: DEFICIT FUND BALANCE

The Vocational Education Fund and State Leadership Awards Fund had a deficit balance of \$1,353, and \$3,334, respectively, as of June 30, 2017.

NOTE 18: 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 in 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.

(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, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) /c)
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%
July 1, 2016	\$ -	\$ 3,502,858	\$ 3,502,858	0%	\$ 48,277,522	7%

Coeur d'Alene School District

**GASB 68 Required Supplementary Information
For the Year Ended June 30, 2017**

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

	2017	2016	2015
Employer's portion of the net pension liability	1.4552038%	1.4665938%	1.4950932%
Employer's proportionate share of the net pension liability	\$ 29,499,216	\$ 19,312,655	\$ 11,006,226
Employer's covered-employee payroll	\$ 44,956,060	\$ 42,741,334	\$ 40,411,552
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	65.62%	45.18%	27.24%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	91.38%	94.95%

* 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, 2016 (measurement date).

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

	2017	2016	2015
Statutorily required contribution	\$ 5,089,026	\$ 4,838,319	\$ 4,650,130
Contributions in relation to the statutorily required contribution	5,089,026	4,838,319	4,650,130
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered-employee payroll of its covered employee payroll	\$ 44,956,060	\$ 42,741,334	\$ 41,079,210
Contributions as a percentage of covered-employee payroll	11.32%	11.32%	11.32%

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

Data reported is measured as of June 30, 2017.

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, 2017**

	Original Budgeted Amounts*	Actual Amounts	Variance with Final Budget
REVENUES			
Property taxes	\$ 15,250,516	\$ 15,411,609	\$ 161,093
Interest income	10,000	97,876	87,876
Other local revenue	306,000	290,674	(15,326)
State assistance and reimbursements	52,367,423	51,301,592	(1,065,831)
Total revenues	67,933,939	67,101,751	(832,188)
EXPENDITURES			
Instructional services:			
Elementary programs	19,855,585	18,961,224	894,361
Secondary programs	14,741,216	14,651,417	89,799
Alternative school programs	1,071,714	1,021,350	50,364
Exceptional child programs	6,274,776	6,764,954	(490,178)
Activity programs	1,400,744	1,388,449	12,295
Summer program	104,879	76,757	28,122
Detention center program	212,184	206,729	5,455
Total instructional services	43,661,098	43,070,880	590,218
Support services:			
Pupil support	4,351,138	4,526,286	(175,148)
General administration	2,580,195	2,327,829	252,366
School administration	5,005,434	4,912,292	93,142
Business operations	1,318,325	1,381,201	(62,876)
Maintenance	6,519,768	6,482,687	37,081
Transportation	2,548,019	2,542,621	5,398
Security	461,458	468,489	(7,031)
Other support services	1,163,928	1,446,283	(282,355)
Total support services	23,948,265	24,087,688	(139,423)
Capital outlay	703,300	388,822	314,478
Contingency reserve	679,339	-	679,339
Total expenditures	68,992,002	67,547,390	1,444,612
Excess (deficiency) of revenues (under) over expenditures	(1,058,063)	(445,639)	612,424
OTHER FINANCING SOURCES (USES)			
Transfers in	750,000	817,224	67,224
Transfers (out)	(341,034)	(355,337)	(14,303)
Total other financing sources (uses)	408,966	461,887	52,921
Net change in fund balances	(649,097)	16,248	665,345
Fund balances - beginning	4,496,310	4,496,310	-
Fund balances - ending	\$ 3,847,213	\$ 4,512,558	\$ 665,345

*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, 2017**

	Original Budgeted Amounts*	Actual Amounts	Variance with Final Budget
REVENUES			
Other local revenue	\$ 1,105,050	\$ 1,091,146	\$ (13,904)
Title programs and other federal revenues	2,536,000	2,604,318	68,318
Total revenues	<u>3,641,050</u>	<u>3,695,464</u>	<u>54,414</u>
EXPENDITURES			
Non-instructional services:			
Food services	3,657,126	3,602,796	54,330
Total non-instructional services	<u>3,657,126</u>	<u>3,602,796</u>	<u>54,330</u>
Capital outlay	25,000	13,382	(11,618)
Total expenditures	<u>3,682,126</u>	<u>3,616,178</u>	<u>65,948</u>
Excess (deficiency) of revenues (under) over expenditures	<u>(41,076)</u>	<u>79,286</u>	<u>120,362</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	89,796	84,777	(5,019)
Transfers (out)	<u>(50,000)</u>	<u>(58,124)</u>	<u>(8,124)</u>
Total other financing sources (uses)	<u>39,796</u>	<u>26,653</u>	<u>(13,143)</u>
Net change in fund balances	(1,280)	105,939	107,219
Fund balances - beginning	7,000	212,505	205,505
Fund balances - ending	<u>\$ 5,720</u>	<u>\$ 318,444</u>	<u>\$ 312,724</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, 2017**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,552,131	\$ 1,457,875	\$ 6,010,006
Accounts receivable: State of Idaho	1,765,009	-	1,765,009
Accounts receivable: Other receivable	207,490	-	207,490
Prepaid expense	3,423	-	3,423
Total assets	<u>\$ 6,528,053</u>	<u>\$ 1,457,875</u>	<u>\$ 7,985,928</u>
LIABILITIES			
Accounts payable	\$ 89,777	\$ -	\$ 89,777
Accrued payroll and vacation benefits	539,484	-	539,484
Due to other funds	1,135,040	-	1,135,040
Total liabilities	<u>1,764,301</u>	<u>-</u>	<u>1,764,301</u>
FUND BALANCES			
Nonspendable	3,423	-	3,423
Restricted	3,077,450	-	3,077,450
Assigned	1,690,443	1,457,875	3,148,318
Unassigned	(7,564)	-	(7,564)
Total fund balances	<u>4,763,752</u>	<u>1,457,875</u>	<u>6,221,627</u>
Total liabilities and fund balances	<u>\$ 6,528,053</u>	<u>\$ 1,457,875</u>	<u>\$ 7,985,928</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, 2017**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Other local revenue	\$ 2,277,453	\$ 253,756	\$ 2,531,209
State assistance and reimbursements	1,920,296	-	1,920,296
Title programs and other federal revenues	4,291,965	-	4,291,965
Total revenues	<u>8,489,714</u>	<u>253,756</u>	<u>8,743,470</u>
EXPENDITURES			
Instructional services:			
Elementary programs	927,034	-	927,034
Secondary programs	668,908	-	668,908
Alternative school program	117,037	-	117,037
Activity programs	152,351	-	152,351
Exceptional child program	2,386,615	-	2,386,615
Detention center	45,242	-	45,242
Total instructional expenditures	<u>4,297,187</u>	<u>-</u>	<u>4,297,187</u>
Support services:			
Pupil support	380,062	-	380,062
General administration	1,152,629	-	1,152,629
School administration	38,913	-	38,913
Business operations	88,815	-	88,815
Maintenance	62,006	92,897	154,903
Transportation	67,164	-	67,164
Other support services	413,419	-	413,419
Total support services	<u>2,203,008</u>	<u>92,897</u>	<u>2,295,905</u>
Non-instructional services:			
Community services	838,998	-	838,998
Total non-instructional expenditures	<u>838,998</u>	<u>-</u>	<u>838,998</u>
Debt service:			
Principal	-	177,241	177,241
Interest	-	21,191	21,191
Total debt service	<u>-</u>	<u>198,432</u>	<u>198,432</u>
Capital outlay	<u>129,806</u>	<u>-</u>	<u>129,806</u>
Total expenditures	<u>7,468,999</u>	<u>291,329</u>	<u>7,760,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,020,715</u>	<u>(37,573)</u>	<u>983,142</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	41,797	974,408	1,016,205
Transfers (out)	(750,425)	(73,454)	(823,879)
Total other financing sources (uses)	<u>(708,628)</u>	<u>900,954</u>	<u>192,326</u>
Net change in fund balances	312,087	863,381	1,175,468
Fund balances - beginning	4,451,665	594,494	5,046,159
Fund balances - ending	<u>\$ 4,763,752</u>	<u>\$ 1,457,875</u>	<u>\$ 6,221,627</u>

Coeur d'Alene School District No. 271

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2017**

	Forest Reserve Fund	Building Rental
ASSETS		
Cash and cash equivalents	\$ 2,251	\$ 143,282
Accounts receivable: State of Idaho	-	-
Accounts receivable: Other receivable	-	32,036
Prepaid expense	-	-
Total assets	<u>\$ 2,251</u>	<u>\$ 175,318</u>
LIABILITIES		
Accounts payable	\$ 2,251	\$ 383
Accrued payroll and vacation benefits	-	-
Due to other funds	-	-
Total liabilities	<u>2,251</u>	<u>383</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	-	-
Assigned	-	174,935
Unassigned	-	-
Total fund balances	<u>-</u>	<u>174,935</u>
Total liabilities and fund balances	<u>\$ 2,251</u>	<u>\$ 175,318</u>

Miscellaneous Technology	School Plus Program	Miscellaneous Grants	E-Rate
\$ 1,544	\$ 1,082,964	\$ 244,487	\$ 286,115
20,000	-	-	-
-	-	68,501	-
-	-	-	-
<u>\$ 21,544</u>	<u>\$ 1,082,964</u>	<u>\$ 312,988</u>	<u>\$ 286,115</u>
\$ 4,747	\$ 28,736	\$ 5,588	\$ 40,342
-	15,473	1,315	-
-	-	-	-
<u>4,747</u>	<u>44,209</u>	<u>6,903</u>	<u>40,342</u>
-	-	-	-
-	-	306,085	-
16,797	1,038,755	-	245,773
-	-	-	-
<u>16,797</u>	<u>1,038,755</u>	<u>306,085</u>	<u>245,773</u>
<u>\$ 21,544</u>	<u>\$ 1,082,964</u>	<u>\$ 312,988</u>	<u>\$ 286,115</u>

Driver Education	Classroom Technology	Vocational Education	Reading Assessment
\$ 53,208	\$ 54,968	\$ -	\$ 159,740
33,938	-	33,391	-
-	-	-	-
-	-	150	-
<u>\$ 87,146</u>	<u>\$ 54,968</u>	<u>\$ 33,541</u>	<u>\$ 159,740</u>
\$ 174	\$ -	\$ 666	\$ 573
1,892	-	7,061	-
-	-	27,167	-
<u>2,066</u>	<u>-</u>	<u>34,894</u>	<u>573</u>
-	-	150	-
85,080	-	-	-
-	54,968	-	159,167
-	-	(1,503)	-
<u>85,080</u>	<u>54,968</u>	<u>(1,353)</u>	<u>159,167</u>
<u>\$ 87,146</u>	<u>\$ 54,968</u>	<u>\$ 33,541</u>	<u>\$ 159,740</u>

State Leadership Awards	Advanced Opportunities	Medicaid Reimbursement	Miscellaneous State Funds
\$ -	\$ 60,972	\$ 1,948,868	\$ 140,187
-	-	278,018	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ 60,972</u>	<u>\$ 2,226,886</u>	<u>\$ 140,187</u>
\$ -	\$ -	\$ 125	\$ 3,175
(7)	-	132,507	3,047
3,341	-	-	-
<u>3,334</u>	<u>-</u>	<u>132,632</u>	<u>6,222</u>
-	-	-	-
-	60,972	2,094,254	133,965
-	-	-	-
(3,334)	-	-	-
<u>(3,334)</u>	<u>60,972</u>	<u>2,094,254</u>	<u>133,965</u>
<u>\$ -</u>	<u>\$ 60,972</u>	<u>\$ 2,226,886</u>	<u>\$ 140,187</u>

Homeless Grant	Title I-D	Title VI-B	Title VI-B Preschool
\$ -	\$ -	\$ -	\$ -
15,117	37,469	1,092,801	27,232
-	-	-	-
-	-	2,727	-
<u>\$ 15,117</u>	<u>\$ 37,469</u>	<u>\$ 1,095,528</u>	<u>\$ 27,232</u>
\$ 12	\$ 171	\$ 733	\$ -
-	4,547	330,897	8,978
15,105	32,751	763,898	18,254
<u>15,117</u>	<u>37,469</u>	<u>1,095,528</u>	<u>27,232</u>
-	-	2,727	-
-	-	-	-
-	-	-	-
-	-	(2,727)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 15,117</u>	<u>\$ 37,469</u>	<u>\$ 1,095,528</u>	<u>\$ 27,232</u>

Carl Perkins	Professional Development	Johnson O'Malley	Title II E.S.E.A.
\$ -	\$ 348,051	\$ 25,446	\$ -
-	-	-	178,895
106,953	-	-	-
150	-	-	-
<u>\$ 107,103</u>	<u>\$ 348,051</u>	<u>\$ 25,446</u>	<u>\$ 178,895</u>

\$ 38	\$ -	\$ 362	\$ -
6,857	-	-	10,893
96,447	-	-	168,002
<u>103,342</u>	<u>-</u>	<u>362</u>	<u>178,895</u>

150	-	-	-
3,611	348,051	25,084	-
-	-	-	-
-	-	-	-
<u>3,761</u>	<u>348,051</u>	<u>25,084</u>	<u>-</u>
<u>\$ 107,103</u>	<u>\$ 348,051</u>	<u>\$ 25,446</u>	<u>\$ 178,895</u>

Miscellaneous Federal Grants	Activity Fund	Total
\$ -	\$ 48	\$ 4,552,131
48,148	-	1,765,009
-	-	207,490
396	-	3,423
<u>\$ 48,544</u>	<u>\$ 48</u>	<u>\$ 6,528,053</u>
\$ 1,701	\$ -	\$ 89,777
16,024	-	539,484
10,075	-	1,135,040
<u>27,800</u>	<u>-</u>	<u>1,764,301</u>
396	-	3,423
20,348	-	3,077,450
-	48	1,690,443
-	-	(7,564)
<u>20,744</u>	<u>48</u>	<u>4,763,752</u>
<u>\$ 48,544</u>	<u>\$ 48</u>	<u>\$ 6,528,053</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, 2017**

	Forest Reserve Fund	Building Rental
REVENUES		
Other local revenue	\$ -	\$ 79,992
State assistance and reimbursements	-	-
Title programs and other federal revenues	7,010	-
Total revenues	<u>7,010</u>	<u>79,992</u>
EXPENDITURES		
Instructional services:		
Elementary programs	-	-
Secondary programs	-	-
Alternative school program	-	-
Activity programs	-	-
Exceptional child program	-	-
Detention center	-	-
Total instructional services	<u>-</u>	<u>-</u>
Support services:		
Pupil support	-	-
General administration	-	-
School administration	-	-
Business operations	-	-
Maintenance	-	52,235
Transportation	-	-
Other support services	-	35
Total support services	<u>-</u>	<u>52,270</u>
Non-instructional services:		
Community services	-	-
Total non-instructional services	<u>-</u>	<u>-</u>
Capital outlay	-	-
Total expenditures	<u>-</u>	<u>52,270</u>
Excess (deficiency) revenues over (under) expenditures	<u>7,010</u>	<u>27,722</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	(259,562)	-
Total other financing sources (uses)	<u>(259,562)</u>	<u>-</u>
Net change in fund balances	(252,552)	27,722
Fund balances - beginning	252,552	147,213
Fund balances - ending	<u>\$ -</u>	<u>\$ 174,935</u>

Miscellaneous Technology	School Plus Program	Miscellaneous Grants	E-Rate
\$ -	\$ 1,094,797	\$ 667,458	\$ 381,409
52,200	-	1,000	-
-	-	-	-
<u>52,200</u>	<u>1,094,797</u>	<u>668,458</u>	<u>381,409</u>
-	-	225,412	-
35,403	-	107,663	-
-	-	483	-
-	-	152,351	-
-	-	4,837	-
-	-	-	-
<u>35,403</u>	<u>-</u>	<u>490,746</u>	<u>-</u>
-	-	517	-
-	-	44,110	-
-	-	3,103	-
-	-	-	-
-	1,177	8,594	-
-	6,943	38,606	-
-	-	16,810	337,174
<u>-</u>	<u>8,120</u>	<u>111,740</u>	<u>337,174</u>
-	807,654	31,054	-
<u>-</u>	<u>807,654</u>	<u>31,054</u>	<u>-</u>
-	-	47,843	81,963
<u>35,403</u>	<u>815,774</u>	<u>681,383</u>	<u>419,137</u>
<u>16,797</u>	<u>279,023</u>	<u>(12,925)</u>	<u>(37,728)</u>
-	-	36,493	-
-	(150,000)	(43,212)	-
-	(150,000)	(6,719)	-
16,797	129,023	(19,644)	(37,728)
-	909,732	325,729	283,501
<u>\$ 16,797</u>	<u>\$ 1,038,755</u>	<u>\$ 306,085</u>	<u>\$ 245,773</u>

Driver Education	Classroom Technology	Vocational Education	Reading Assessment
\$ 51,735	\$ 2,000	\$ -	\$ -
33,938	541,632	110,234	-
-	-	-	-
<u>85,673</u>	<u>543,632</u>	<u>110,234</u>	<u>-</u>
-	-	-	20,018
72,360	-	88,418	-
-	-	19,813	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>72,360</u>	<u>-</u>	<u>108,231</u>	<u>20,018</u>
-	-	-	-
-	483,676	2,012	-
276	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	59,400	-	-
<u>276</u>	<u>543,076</u>	<u>2,012</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>72,636</u>	<u>543,076</u>	<u>110,243</u>	<u>20,018</u>
<u>13,037</u>	<u>556</u>	<u>(9)</u>	<u>(20,018)</u>
-	-	7	-
-	-	-	-
-	-	<u>7</u>	<u>-</u>
13,037	556	(2)	(20,018)
72,043	54,412	(1,351)	179,185
<u>\$ 85,080</u>	<u>\$ 54,968</u>	<u>\$ (1,353)</u>	<u>\$ 159,167</u>

State Leadership Awards	Advanced Opportunities	Medicaid Reimbursement	Miscellaneous State Grants
\$ -	\$ -	\$ -	\$ -
603,137	59,183	-	518,972
-	-	1,410,123	-
<u>603,137</u>	<u>59,183</u>	<u>1,410,123</u>	<u>518,972</u>
352,580	-	-	104,831
202,071	20,257	-	-
58,412	-	-	-
-	-	-	-
-	-	557,634	-
2,399	-	-	-
<u>615,462</u>	<u>20,257</u>	<u>557,634</u>	<u>104,831</u>
20,405	-	98,132	131,480
71,275	-	117	145,338
-	-	19,826	-
-	-	88,511	-
-	-	-	-
-	-	-	3,358
-	-	-	-
<u>91,680</u>	<u>-</u>	<u>206,586</u>	<u>280,176</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>707,142</u>	<u>20,257</u>	<u>764,220</u>	<u>385,007</u>
<u>(104,005)</u>	<u>38,926</u>	<u>645,903</u>	<u>133,965</u>
-	-	-	-
-	-	(217,935)	-
-	-	(217,935)	-
(104,005)	38,926	427,968	133,965
100,671	22,046	1,666,286	-
<u>\$ (3,334)</u>	<u>\$ 60,972</u>	<u>\$ 2,094,254</u>	<u>\$ 133,965</u>

Homeless Grant	Title I-D	Title VI-B	Title VI-B Preschool
\$ -	\$ -	\$ -	\$ -
-	-	-	-
31,115	70,509	1,986,747	48,271
31,115	70,509	1,986,747	48,271
886	-	-	-
864	-	-	-
-	25,608	-	-
-	-	-	-
-	-	1,788,221	35,923
-	42,843	-	-
1,750	68,451	1,788,221	35,923
24,351	-	104,952	225
4,107	-	35,370	150
-	-	-	15,708
-	-	304	-
-	-	-	-
-	-	-	-
-	-	-	-
28,458	-	140,626	16,083
-	-	-	-
-	-	-	-
-	-	-	-
30,208	68,451	1,928,847	52,006
907	2,058	57,900	(3,735)
-	-	-	5,297
(907)	(2,058)	(57,900)	(1,562)
(907)	(2,058)	(57,900)	3,735
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Carl Perkins	Professional Development	Johnson O'Malley	Title II E.S.E.A.
\$ -	\$ -	\$ -	\$ -
-	-	-	-
106,953	-	6,171	327,152
106,953	-	6,171	327,152
-	-	192	-
84,260	-	3,726	-
12,721	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
96,981	-	3,918	-
-	-	-	-
9,972	18,237	1,467	317,617
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
9,972	18,237	1,467	317,617
-	-	-	-
-	-	-	-
-	-	-	-
106,953	18,237	5,385	317,617
-	(18,237)	786	9,535
-	-	-	-
-	-	-	(9,535)
-	-	-	(9,535)
-	(18,237)	786	-
3,761	366,288	24,298	-
\$ 3,761	\$ 348,051	\$ 25,084	\$ -

Miscellaneous Federal Grants	Activity Fund	Total
\$ -	\$ 62	\$ 2,277,453
-	-	1,920,296
297,914	-	4,291,965
297,914	62	8,489,714
223,115	-	927,034
53,886	-	668,908
-	-	117,037
-	-	152,351
-	-	2,386,615
-	-	45,242
277,001	-	4,297,187
-	-	380,062
19,151	30	1,152,629
-	-	38,913
-	-	88,815
-	-	62,006
18,257	-	67,164
-	-	413,419
37,408	30	2,203,008
290	-	838,998
290	-	838,998
-	-	129,806
314,699	30	7,468,999
(16,785)	32	1,020,715
-	-	41,797
(7,754)	-	(750,425)
(7,754)	-	(708,628)
(24,539)	32	312,087
45,283	16	4,451,665
\$ 20,744	\$ 48	\$ 4,763,752

Coeur d'Alene School District No. 271

**NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2017**

	Bus Depreciation Fund #424	Local Building Fund #429	Plant Facility Fund #430	Total
ASSETS				
Cash and cash equivalents	\$ 428,421	\$ 662,747	\$ 366,707	\$ 1,457,875
Total assets	<u>\$ 428,421</u>	<u>\$ 662,747</u>	<u>\$ 366,707</u>	<u>\$ 1,457,875</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Assigned	428,421	662,747	366,707	1,457,875
Total fund balances	<u>428,421</u>	<u>662,747</u>	<u>366,707</u>	<u>1,457,875</u>
Total liabilities and fund balances	<u>\$ 428,421</u>	<u>\$ 662,747</u>	<u>\$ 366,707</u>	<u>\$ 1,457,875</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, 2017**

	Bus Depreciation Fund #424	Local Building Fund #429	Plant Facility Fund #430	Total
REVENUES:				
Other local revenue	\$ -	\$ -	\$ 253,756	\$ 253,756
Total revenues	-	-	253,756	253,756
EXPENDITURES				
Maintenance	-	-	92,897	92,897
Debt service:				
Principal	177,241	-	-	177,241
Interest	21,191	-	-	21,191
Total expenditures	198,432	-	92,897	291,329
Excess (deficiency) of revenues (under) over expenditures	(198,432)	-	160,859	(37,573)
OTHER FINANCING SOURCES (USES)				
Transfers in	241,488	659,466	73,454	974,408
Transfers (out)	-	-	(73,454)	(73,454)
Total other financing sources (uses)	241,488	659,466	-	900,954
Net change in fund balances	43,056	659,466	160,859	863,381
Fund balances - beginning	385,365	3,281	205,848	594,494
Fund balances - ending	\$ 428,421	\$ 662,747	\$ 366,707	\$ 1,457,875

Coeur d'Alene School District No. 271

AGENCY FUNDS SCHEDULE OF CHANGES IN DEPOSIT BALANCES OF INDIVIDUAL SCHOOLS For the Year Ended June 30, 2017

School	Cash June 30, 2016	Receipts	Disbursements	Cash June 30, 2017
Bryan Elementary	\$ 22,811	\$ 17,609	\$ 13,831	\$ 26,589
Sorenson Elementary	14,121	19,041	20,537	12,625
Ramsey Elementary	36,782	55,160	49,599	42,343
Dalton Elementary	18,982	30,849	28,230	21,601
Fernan Elementary	18,917	30,783	32,707	16,993
Borah Elementary	23,716	23,473	16,184	31,005
Winton Elementary	27,779	24,891	25,684	26,986
Hayden Meadows Elementary	91,636	67,324	47,936	111,024
Skyway Elementary	46,029	24,524	29,835	40,718
Lakes Middle School	91,303	83,346	80,226	94,423
Canfield Middle School	88,347	89,448	88,275	89,520
Woodland Middle School	41,060	79,252	77,424	42,888
CDA High School	238,515	684,997	694,766	228,746
Lake City High School	303,590	666,133	729,352	240,371
Atlas Elementary	24,446	22,954	26,810	20,590
Venture (formerly Project CDA)	13,759	10,897	6,514	18,142
	<u>\$ 1,101,793</u>	<u>\$ 1,930,681</u>	<u>\$ 1,967,910</u>	<u>\$ 1,064,564</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, 2017, 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 October 18, 2017.

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.

October 18, 2017

**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, 2017. 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, 2017.

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.

October 18, 2017

Coeur d'Alene School District No. 271

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

	Federal CFDA	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Award			
<i>Federal Forest Funds - Schools and Roads - Grants to States</i>	10.665		<u>\$ 259,562</u>
Passed through State of Idaho Department of Education:			
Nutrition Cluster:			
<i>School Breakfast Program</i>	10.553	826000811 00	430,209
<i>National School Lunch Program</i>	10.555	826000811 00	2,026,061
<i>Summer Food Service Program for Children</i>	10.559	826000811 00	102,841
<i>Fresh Fruit and Vegetable</i>	10.582	826000811 00	45,207
			<u>2,604,318</u>
Total Department of Agriculture			<u>2,863,880</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	<u>5,385</u>
Total Department of the Interior			<u>5,385</u>
U.S. DEPARTMENT OF EDUCATION			
Direct Award			
<i>Indian Education Formula Grants</i>	84.306		<u>29,465</u>
Passed through State of Idaho Department of Education:			
<i>Title I Grants to Local Educational Agencies</i>	84.010	826000811 00	1,733,240
Title VI-B Special Education Cluster:			
<i>Special Education Grants to States</i>	84.027	826000811 00	1,986,747
<i>Special Education Preschool Grants</i>	84.173	826000811 00	48,271
<i>State Activities - Education of Homeless</i>	84.196	826000811 00	31,116
<i>Twenty-first Century Community Learning Center</i>	84.287	826000811 00	292,988
<i>Carl D. Perkins - Vocational Education Basic Grants to States</i>	84.048	826000811 00	106,953
<i>Title II-A NCLB Teacher Quality</i>	84.367	826000811 00	327,152
			<u>4,526,467</u>
Total Department of Education			<u>4,555,932</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 7,425,197</u></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, 2017

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, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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, 2017, the School District had received food commodities totaling \$348,763.

Coeur d'Alene School District No. 271

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: 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:

CFDA Number(s)

Name of Federal Program or Cluster

10.553
10.555
10.559
10.582

Nutrition Cluster:
School Breakfast Program
National School Lunch Program
Summer Food Service Program for Children
Fresh Fruit and Vegetable

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, 2017

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.