

Coeur d'Alene School District No. 271

FINANCIAL STATEMENT
JUNE 30, 2018

Coeur d'Alene School District No. 271
June 30, 2018

TABLE OF CONTENTS

FINANCIAL SECTION:

Independent Auditor's Report	1 – 2
---	--------------

Management's Discussion and Analysis	3 – 12
---	---------------

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	13
---------------------------------	----

Statement of Activities	14
-------------------------------	----

Governmental Fund Financial Statements:

Balance Sheet	15 – 16
---------------------	---------

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
--	----

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	18 – 19
--	---------

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
--	----

Internal Service Funds:

Statement of Net Position	21
---------------------------------	----

Statement of Revenues, Expenses, and Changes in Fund Net Position	22
---	----

Statement of Cash Flows	23
-------------------------------	----

Agency Funds:

Statement of Fiduciary Net Position	24
---	----

Notes to Financial Statements	25 – 53
-------------------------------------	---------

Required Supplementary Information:

Schedule of Employers' Share of Net Pension Liability - PERSI Base Plan	54
---	----

Schedule of Employer Contributions - PERSI Base Plan	54
--	----

GASB 75 Required Supplementary Information	55 - 56
--	---------

Coeur d'Alene School District No. 271
June 30, 2018

TABLE OF CONTENTS

FINANCIAL SECTION:

Required Supplementary Information (Continued):

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:

General Fund.....	57
Child Nutrition Fund	58

Other Supplementary Information:

Combining Balance Sheet – Nonmajor Governmental Funds – By Fund Type.....	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – By Fund Type.....	60
Combining Balance Sheet – Nonmajor Special Revenue Funds	61 – 62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	63 – 64
Combining Balance Sheet – Nonmajor Capital Projects Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	66
Agency Funds – Schedule of Changes in Deposit Balances of Individual Schools	67

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 <i>Government Auditing Standards</i>	68 – 69
Report on Compliance for Each Major Federal Program and Report On Internal Control Over Compliance in Accordance With the Uniform Guidance.....	70 – 71
Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Expenditures of Federal Awards.....	73
Schedule of Findings and Questioned Costs	74 – 75

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, 2018, 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, 2018, 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, 2018, 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, 2018, 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 24, 2018 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 24, 2018

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, 2018

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

FINANCIAL HIGHLIGHTS

State Revenue Increases for 2017-18 Fiscal Year

First reporting period enrollment increased 1.27% during the 2017-18 fiscal year as compared to the same reporting period in 2016-2017. Increased enrollment, coupled with increases in entitlement revenue and salary-based revenue resulted in a \$3.44M increase in state revenues for the general fund.

General Fund Balance Increases over the 2017-18 Fiscal Year

The School District's ending fund balance increased by \$53,444 compared to the prior year, primarily due to increased state funding from enrollment growth.

At the close of the 2017-18 fiscal year, the \$4,566,002 fund balance consists of just under \$3.6M committed to contingency reserve. The remaining fund balance of \$958,252 is unassigned. The ending fund balance exceeds the minimum fund balance requirements outlined in board policy 7215.

Supplemental Property Tax Levy Revenue Represents 22.5% of General Fund Revenues

In the 2017-18 fiscal year, the School District's supplemental property tax levy generated \$16.16M, 22.5% of the total General Fund revenues for the 2017-18 fiscal year. This revenue comes from a 2-year supplemental property tax levy expiring in June 30, 2018. The School District board also passed an emergency levy of \$219,588 to provide additional revenue in the 2017-18 fiscal year for additional classroom personnel to address growth.

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). ADA is converted within the formula to support units, which are key drivers of the state funding formula along with staff experience averages.

The School District's ADA (based on the best 28 weeks of attendance) generated 504.57 support units for the year, compared to 494.28 from the 2016-17 fiscal year. School Districts received \$26,748 per support unit in 2017-2018, up from \$25,696 in 2016-17. The projection for support units for the 2018-19 fiscal year is 507 units.

State Support - State support revenue increased \$3.44M due to increased enrollment and attendance in 2017-18, as well as an increase in support allocations.

Bond Interest Stabilization Payment – In 2017-18, 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, 2018

EXPENDITURES

The most significant expenditure changes for the 2017-18 fiscal year include the following:

- Increased base salaries by 2% for all staff in all funds and maintained medical benefit contribution percentage, despite an increase in premium costs.
- Purchased six buses, which replaced our fleet's oldest/high mileage buses.
- Began 2017 Construction Bond projects:
 - Began construction on Dalton Elementary remodel
 - Began construction on Fernan Elementary parking lot
 - Began and completed construction on Hayden Meadows Elementary gym floor replacement
 - Began drawings on the new elementary school
 - Began construction on Coeur d'Alene High School remodel
 - Began construction on Lake City High School remodel
 - Began drawings on Lakes Middle School remodel and completed locker and gym floor renovations

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, 2018

DISTRICT WIDE STATEMENTS

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

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

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

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

Coeur d'Alene School District No. 271

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2018

DISTRICT WIDE STATEMENTS (CONTINUED)

**Table 1
Statement of Net Position**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Cash and cash equivalents	\$ 47,263,051	\$ 50,127,548
Receivables	10,644,019	12,280,748
Prepaid expenses	24,956	3,423
Inventory	73,146	88,146
Net OPEB asset - PERSI	2,698,559	-
Land	5,307,398	4,166,198
Construction in progress	7,580,704	151,696
Capital assets, (net of accumulated depreciation)	79,245,885	81,632,049
Total assets	<u>152,837,718</u>	<u>148,449,808</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Proportionate share of deferred outflows of OPEB resources	730,875	-
Proportionate share of deferred outflows of pension resources	8,865,330	20,082,770
Total deferred outflows of resources	<u>9,596,205</u>	<u>20,082,770</u>
LIABILITIES:		
Accounts payable	3,593,282	761,314
Accrued payroll and related costs	9,839,178	9,527,917
Interest payable	544,498	235,842
Long-term liabilities:		
Due in one year	2,488,671	2,417,534
Due in more than one year	53,865,357	58,819,260
Net pension liability	22,662,219	29,499,216
Total OPEB liability - District	3,585,906	167,811
Total liabilities	<u>96,579,111</u>	<u>101,428,894</u>
DEFERRED INFLOWS OF RESOURCES:		
Proportionate share of deferred inflows of OPEB resources	101,751	-
Proportionate share of deferred inflows of pension resources	3,576,727	9,796,143
Total deferred inflows of resources	<u>3,678,478</u>	<u>9,796,143</u>
NET POSITION:		
Net investment in capital assets	35,937,267	24,873,959
Restricted for:		
School lunch	388,149	318,444
Debt service	4,333,519	4,969,663
State and federal title programs	2,655,070	2,771,365
Other projects	29,229,653	35,451,533
Unrestricted	(10,367,324)	(11,077,423)
Total net position	<u>\$ 62,176,334</u>	<u>\$ 57,307,541</u>

Coeur d'Alene School District No. 271

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2018

DISTRICT WIDE STATEMENTS (CONCLUDED)

Table 2
Changes in Net Position from Operating Results

	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
REVENUES:				
Program Revenues:				
Charges for services	\$ 3,984,078		\$ 3,666,559	
Operating grants and contributions	10,531,238		10,400,752	
Capital grants and contributions	49,205		255,491	
	<u>14,564,521</u>	<u>15.8%</u>	<u>14,322,802</u>	<u>16.5%</u>
Total program revenues				
General Revenues:				
Taxes levied for general purposes	16,549,558		15,544,537	
Taxes levied for capital outlay	66,018		121,521	
Taxes levied for debt service	5,561,236		4,885,273	
	<u>22,176,812</u>		<u>20,551,331</u>	
Total property taxes				
State revenues	54,806,758		51,367,885	
Bond security funds	-		-	
Federal forest	59,395		7,010	
Total state and federal revenues	<u>54,866,153</u>	<u>59.4%</u>	<u>51,374,895</u>	<u>59.2%</u>
Other Revenues:				
Interest on investment earnings	685,761		98,564	
Gain/(loss) on disposition of assets	(5,006)		397,787	
Gain from defeasance	152,545		-	
Total other revenues	<u>833,300</u>	<u>0.9%</u>	<u>496,351</u>	<u>0.6%</u>
Total Revenues	<u>92,440,786</u>	<u>100.0%</u>	<u>86,745,379</u>	<u>100.0%</u>
EXPENSES:				
Instructional services:				
Elementary programs	23,055,791		22,331,535	
Secondary programs	17,858,886		16,831,560	
Alternative school programs	1,291,988		1,220,988	
Exceptional child programs	9,835,616		9,152,067	
Activity programs	1,609,444		1,540,869	
Summer programs	81,401		76,757	
Detention programs	278,569		251,971	
Total instructional services	<u>54,011,695</u>	<u>58.4%</u>	<u>51,405,747</u>	<u>59.3%</u>
Support services:				
Pupil support	5,247,036		4,906,348	
General administration	4,702,176		3,873,007	
School administration	5,534,146		5,132,097	
Business operations	1,587,733		1,504,005	
Maintenance	6,906,002		6,678,199	
Transportation	3,032,987		2,874,273	
Security	563,229		468,489	
Other support services	2,146,842		1,861,869	
Total support services	<u>29,720,151</u>	<u>32.2%</u>	<u>27,298,287</u>	<u>31.5%</u>
Non-instructional services:				
Food services	3,603,625		3,626,025	
Community services	869,236		850,255	
Net amortization on premium/discount	1,115,847		746,758	
Change in OPEB obligation	(341,018)		86,307	
Change in net pension liability	3,467,838		4,767,733	
Unallocated actual PERSI contributions	(5,306,811)		(5,069,155)	
Total non-instructional services	<u>3,408,717</u>	<u>3.7%</u>	<u>5,007,923</u>	<u>5.8%</u>
Total Expenses	<u>87,140,563</u>	<u>94.3%</u>	<u>83,711,957</u>	<u>96.5%</u>
Change in net position	<u>\$ 5,300,223</u>	<u>5.7%</u>	<u>\$ 3,033,422</u>	<u>3.5%</u>

Coeur d'Alene School District No. 271

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2018

FUND FINANCIAL STATEMENTS

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

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

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

Two Types of District Funds

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

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

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 2017-18 fiscal year activity was characterized by the following:

- **School District Revenues** – Program revenues increased by 1.7%
 - State revenues in the 2017-18 fiscal year increased due to an increase in support unit-driven revenues as well as an increase in salary-based revenues and discretionary revenues.
- **School District Expenditures** – Increased salaries due to the 2017-18 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, 2018

FUND FINANCIAL STATEMENTS (CONTINUED)

Table 3
Governmental Funds
For the year ended June 30, 2018

	General Fund	All Other Funds	Total	%
REVENUES:				
Property taxes	\$ 16,571,183	\$ 5,561,236	\$ 22,132,419	23.4%
Interest income	217,002	468,759	685,761	0.7%
Other local revenue	177,439	3,388,053	3,565,492	3.8%
State assistance and reimbursements	54,740,465	4,068,185	58,808,650	62.1%
Title programs and other federal revenue	-	7,116,125	7,116,125	7.5%
Proceeds from sale of assets	-	4,057	4,057	0.0%
Transfer in	448,304	1,921,616	2,369,920	2.5%
	<hr/>	<hr/>	<hr/>	
Total revenues	72,154,393	22,528,031	94,682,424	100.0%
	<hr/>	<hr/>	<hr/>	
EXPENDITURES:				
Instructional services	44,766,095	6,408,364	51,174,459	54.0%
Support services	25,922,249	3,427,493	29,349,742	31.0%
Non-instructional services	-	4,450,465	4,450,465	4.7%
Capital outlay	139,113	8,313,077	8,452,190	8.9%
Defeasance financing cost	-	254,297	254,297	
Principal retirement	-	4,486,744	4,486,744	4.7%
Interest	-	1,715,424	1,715,424	1.8%
Transfers out	1,273,492	1,149,305	2,422,797	2.6%
	<hr/>	<hr/>	<hr/>	
Total expenditures	72,100,949	30,205,169	102,306,118	107.8%
	<hr/>	<hr/>	<hr/>	
Net change	<u>\$ 53,444</u>	<u>\$ (7,677,138)</u>	<u>\$ (7,623,694)</u>	<u>-8.1%</u>

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

- Total revenues (excluding other financing source and uses) in all governmental funds were \$92,308,447; \$6,082,268 more than the previous year.

Coeur d'Alene School District No. 271

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2018

FUND FINANCIAL STATEMENTS (CONCLUDED)

Table 4
Changes in Governmental Fund Balances
July 1, 2009 to June 30, 2018

	General	School Lunch	Debt Service	Plant Facilities	Other	Total
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
Increase (Decrease) FY 2018	53,444	69,705	(636,144)	(6,358,102)	(752,597)	(7,623,694)
Fund Balance 6/30/2018	4,566,002	388,149	4,333,519	28,993,431	5,469,030	43,750,131

Table 4 provides an analysis of School District governmental fund balances from FY 2009 to FY 2018. Notable for the June 30, 2018 information are the following:

- The School District completed the year with a total governmental fund balance of \$43,750,131. This is a decrease of \$7,623,694 from the previous year. This decrease was anticipated, as the School District continued to spend proceeds from the 2017 Construction Bond, making significant changes on many bond projects during the 2017-18 fiscal year.
- The General Fund has a balance of \$4,566,002, a \$53,444 increase from prior year. As discussed in the financial highlights above, this increase was due to increased state revenues.

Coeur d'Alene School District No. 271

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

The School District adopts an original budget in June for the subsequent year. 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 2018, the School District has invested approximately \$138,102,352 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 \$45,968,365. Asset acquisitions for governmental activities include construction remodel projects, as well as funds to purchase land, school buses, computers and other instructional and support equipment.

Long-term Debt

In August 2012, the School District sold \$32 million in bonds in two series (Series 2012A and Series 2012B). In March 2017, the School District sold \$35.5 million in bonds in one series (Series 2017). The proceeds from these bonds are for capital projects construction projects and land acquisition within the School District.

In September 2017, the School District made the final principal and interest payment on the Series 2012A bonds, paying this debt off in full. In March of 2018, the School District completed a defeasance of a portion of the debt owed from Series 2012B bonds, paying \$2,484,297 in future principal on Series 2012B bonds, in order to incur savings on interest costs. The total outstanding principal of the bonds as of June 30, 2018 is \$49,205,000.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

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

- **State Funding** – The 2018 legislative session continued a trend of positive changes for education funding. For the 2018-2019 year, the discretionary funding support unit allocation increased to \$ 27,481, up from \$26,748 in the 2017-2018 fiscal year. The state increased the administrator and classified salary appropriations by 3.9% and certificated salary appropriations by 4.9%. Although this does give a boost to salary based revenue, it does not equate to an increase in revenue high enough to cover pay increases of that size for staff.
- **Enrollment** - Preliminary enrollment data shows an increase in students for the 2018-19 fiscal year. The School District qualified for an emergency levy of \$448,800 which was authorized by the School District board and added to the 2018-19 anticipated revenues. This revenue was allocated to needs for the increased population, such as furniture, supplies, classroom aides, teachers, office staff and curriculum.
- **Supplemental Levy** – In March 2017, a \$16,000,000 supplemental levy was approved by the School District's voters for a 2-year period. This levy expires June 30, 2019.

Coeur d'Alene School District No. 271

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2018

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 Katie Ebner, Director of Finance, 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, 2018

ASSETS

Cash and cash equivalents	\$ 47,263,051
Receivables	10,644,019
Prepaid expenses	24,956
Inventory	73,146
Total OPEB asset - PERSI	2,698,559
Land	5,307,398
Construction in progress	7,580,704
Capital assets, net of accumulated depreciation	79,245,885
Total assets	<u>152,837,718</u>

DEFERRED OUTFLOWS OF RESOURCES

Proportionate share of collective deferred outflows of OPEB resources	730,875
Proportionate share of collective deferred outflows of pension resources	8,865,330
Total deferred outflows of resources	<u>9,596,205</u>

LIABILITIES

Accounts payable	3,593,282
Accrued payroll and related costs	9,839,178
Interest payable	544,498
Long-term liabilities:	
Due within one year	
Capital lease payable	186,363
Compensated absences	157,308
Bonds payable	2,145,000
Due in more than one year	
Capital lease payable	279,313
Bonds payable	53,586,044
Net pension liability	22,662,219
Total OPEB liability - District	3,585,906
Total liabilities	<u>96,579,111</u>

DEFERRED INFLOWS OF RESOURCES

Proportionate share of collective deferred inflows of OPEB resources	101,751
Proportionate share of collective deferred inflows of pension resources	3,576,727
Total deferred inflows of resources	<u>3,678,478</u>

NET POSITION

Net investment in capital assets	35,937,267
Restricted for:	
Child nutrition	388,149
Debt service	4,333,519
State and federal title programs	2,655,070
Other projects	29,229,653
Unrestricted	(10,367,324)
Total net position	<u>\$ 62,176,334</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, 2018**

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	\$ 23,055,791	\$ -	\$ 2,445,044	\$ -	\$ (20,610,747)
Secondary programs	17,858,886	1,652,869	728,229	-	(15,477,788)
Alternative school programs	1,291,988	-	211,384	-	(1,080,604)
Exceptional child programs	9,835,616	-	1,731,084	-	(8,104,532)
Activity programs	1,609,444	-	137,125	-	(1,472,319)
Summer programs	81,401	-	2,588	-	(78,813)
Detention programs	278,569	-	61,163	-	(217,406)
Support services:					
Pupil support	5,247,036	-	362,019	-	(4,885,017)
General administration	4,702,176	-	1,806,681	-	(2,895,495)
School administration	5,534,146	-	68,753	-	(5,465,393)
Business operations	1,587,733	-	3,639	-	(1,584,094)
Maintenance	6,906,002	-	16,111	49,020	(6,840,871)
Transportation	3,032,987	-	73,405	-	(2,959,582)
Security	563,229	1,768	-	-	(561,461)
Other support services	2,146,842	-	378,655	185	(1,768,002)
Non-instructional services:					
Food services	3,603,625	1,143,676	2,476,339	-	16,390
Community services	869,236	1,185,765	29,019	-	345,548
Net amortization on premium/discount	1,115,847	-	-	-	(1,115,847)
Change in OPEB obligation	(341,018)	-	-	-	341,018
Change in net pension liability	3,467,838	-	-	-	(3,467,838)
Unallocated actual PERSI contribution:	(5,306,811)	-	-	-	5,306,811
Total governmental activities	<u>\$ 87,140,563</u>	<u>\$ 3,984,078</u>	<u>\$ 10,531,238</u>	<u>\$ 49,205</u>	<u>(72,576,042)</u>
Taxes:					
Property taxes, levied for general purposes					16,549,558
Property taxes, levied for capital outlay					66,018
Property taxes, levied for debt services					5,561,236
State revenue					54,806,758
Grants and contributions not restricted to specific purposes:					
Federal Forest					59,395
Interest and investment earnings					685,761
Gain from defeasance					152,545
Gain (loss) on disposal of assets					(5,006)
Total general revenues					<u>77,876,265</u>
Change in net position					<u>5,300,223</u>
Net position - beginning					<u>57,307,541</u>
Restatement of net position, see Note 20					<u>(431,430)</u>
Net position - ending					<u>\$ 62,176,334</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, 2018**

	General	Child Nutrition	Title I
ASSETS			
Cash and cash equivalents	\$ 7,604,088	\$ -	\$ -
Accounts receivable:			
Kootenai County	6,124,090	-	-
State of Idaho	1,216,683	37,761	362,506
Other receivables	16,096	-	-
Prepaid expense	8,761	-	-
Due from other funds	-	460,137	-
Inventory	-	73,146	-
Total assets	<u>\$ 14,969,718</u>	<u>\$ 571,044</u>	<u>\$ 362,506</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 751,386	\$ 9,896	\$ 2,018
Accrued payroll and vacation benefits	8,836,438	172,999	225,629
Due to other funds	139,569		134,859
Total liabilities	<u>9,727,393</u>	<u>182,895</u>	<u>362,506</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	676,323	-	-
Total deferred inflows of resources	<u>676,323</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:	8,761	73,146	-
Restricted to:			
Debt service	-	-	-
State and federal title programs	-	-	-
Capital Bond 2017 Projects	-	-	-
Assigned to:			
State and federal non title funding	-	-	-
Committed to:			
Contingency reserve	3,598,989	-	-
Unassigned	958,252	315,003	-
Total fund balances	<u>4,566,002</u>	<u>388,149</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,969,718</u>	<u>\$ 571,044</u>	<u>\$ 362,506</u>

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

2012 Bond	2017 Construction	2017 Bond	Other Governmental Funds	Total Governmental Funds
\$ 1,666,276	\$ 31,649,906	\$ 915,459	\$ 5,426,103	\$ 47,261,832
889,446	-	901,000	-	7,914,536
-	-	-	747,834	2,364,784
-	-	-	241,979	258,075
-	-	-	16,195	24,956
-	-	-	-	460,137
-	-	-	-	73,146
<u>\$ 2,555,722</u>	<u>\$ 31,649,906</u>	<u>1,816,459</u>	<u>\$ 6,432,111</u>	<u>\$ 58,357,466</u>
\$ -	\$ 2,656,171	\$ -	\$ 173,564	\$ 3,593,035
-	304	-	603,808	9,839,178
-	-	-	185,709	460,137
<u>-</u>	<u>2,656,475</u>	<u>-</u>	<u>963,081</u>	<u>13,892,350</u>
-	-	38,662	-	714,985
<u>-</u>	<u>-</u>	<u>38,662</u>	<u>-</u>	<u>714,985</u>
-	-	-	16,195	98,102
2,555,722	-	1,777,797	-	4,333,519
-	-	-	2,655,070	2,655,070
-	28,993,431	-	236,222	29,229,653
-	-	-	2,544,536	2,544,536
-	-	-	-	3,598,989
-	-	-	17,007	1,290,262
<u>2,555,722</u>	<u>28,993,431</u>	<u>1,777,797</u>	<u>5,469,030</u>	<u>43,750,131</u>
<u>\$ 2,555,722</u>	<u>\$ 31,649,906</u>	<u>\$ 1,816,459</u>	<u>\$ 6,432,111</u>	<u>\$ 58,357,466</u>

Coeur d'Alene School District No. 271

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2018

Total fund balances at June 30, 2018 - Governmental Funds		\$ 43,750,131
Cost of capital assets at June 30, 2018	\$138,102,352	
Less: Accumulated depreciation as of June 30, 2018		
Buildings and sites	(38,731,059)	
Buses and other transportation	(4,155,566)	
Equipment, computers and library books	<u>(3,081,740)</u>	92,133,987
Addition of School Plus accounts receivable		106,624
Elimination of deferred inflows of resources - property taxes		714,985
Internal service fund		972
Pension liabilities and deferred outflows of resources and deferred inflows of resources related to pensions:		
District's proportionate share of the net pension liability		(22,662,219)
Proportionate share of collective deferred outflows of pension resources		8,865,330
Proportionate share of collective deferred inflows of pension resources		(3,576,727)
OPEB assets, liabilities and deferred outflows of resources and deferred inflows of resources related to OPEB:		
District's proportionate share of the net OPEB asset		2,698,559
Total OPEB liability - district		(3,585,906)
Proportionate share of collective deferred outflows of OPEB resources		730,875
Proportionate share of collective deferred inflows of OPEB resources		(101,751)
Long-term liabilities at June 30, 2018		
Bonds payable	(49,205,000)	
Premium on bonds payable, net accumulated amortization of \$866,911	(6,680,516)	
Discount on bonds payable, net accumulated amortization of \$92,433	154,472	
Capital leases payable	(465,676)	
Accrued compensated absences	(157,308)	
Accrued interest payable	<u>(544,498)</u>	<u>(56,898,526)</u>
Net position at June 30, 2018		<u><u>\$ 62,176,334</u></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, 2018**

	General	Child Nutrition	Title I
REVENUES			
Property taxes	\$ 16,571,183	\$ -	\$ -
Interest income	217,002	-	-
Other local revenue	177,439	1,143,676	-
State assistance and reimbursements	54,740,465	-	-
Title programs and other federal revenues	-	2,476,339	1,802,704
Total revenues	<u>71,706,089</u>	<u>3,620,015</u>	<u>1,802,704</u>
EXPENDITURES			
Instructional services:			
Elementary programs	19,350,755	-	1,339,518
Secondary programs	15,627,295	-	-
Alternative school programs	1,089,270	-	84,284
Exceptional child programs	6,945,013	-	-
Activity programs	1,456,110	-	-
Summer program	81,332	-	-
Detention center program	216,320	-	-
Total instructional services	<u>44,766,095</u>	<u>-</u>	<u>1,423,802</u>
Support services:			
Pupil support	4,804,073	-	11,031
General administration	2,989,471	-	256,078
School administration	5,315,242	-	54,624
Business operations	1,467,368	-	-
Maintenance	6,414,142	-	-
Transportation	2,726,195	-	4,529
Security program	562,818	-	-
Other support services	1,642,940	-	-
Total support services	<u>25,922,249</u>	<u>-</u>	<u>326,262</u>
Non-instructional services:			
Food services	-	3,581,229	-
Community services	-	-	28,108
Total non-instructional services	<u>-</u>	<u>3,581,229</u>	<u>28,108</u>
Capital outlay	<u>139,113</u>	<u>11,842</u>	<u>-</u>
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>70,827,457</u>	<u>3,593,071</u>	<u>1,778,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>878,632</u>	<u>26,944</u>	<u>24,532</u>
OTHER FINANCING SOURCES (USES)			
Defeasance financing cost	-	-	-
Proceeds from sale of assets	-	-	-
Transfers in	448,304	88,409	-
Transfers (out)	(1,273,492)	(45,648)	(24,532)
Total other financing sources (uses)	<u>(825,188)</u>	<u>42,761</u>	<u>(24,532)</u>
Net change in fund balances	53,444	69,705	-
Fund balances - beginning	<u>4,512,558</u>	<u>318,444</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,566,002</u>	<u>\$ 388,149</u>	<u>\$ -</u>

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

2012 Bond	2017 Construction	2017 Bond	Other Governmental Funds	Total Governmental Funds
\$ 2,859,884	\$ -	\$ 2,701,352	\$ -	\$ 22,132,419
4,610	462,168	1,981	-	685,761
66,293	-	-	2,178,084	3,565,492
-	-	-	4,068,185	58,808,650
-	-	-	2,837,082	7,116,125
<u>2,930,787</u>	<u>462,168</u>	<u>2,703,333</u>	<u>9,083,351</u>	<u>92,308,447</u>
-	-	-	1,048,973	21,739,246
-	-	-	713,195	16,340,490
-	-	-	117,767	1,291,321
-	-	-	2,889,223	9,834,236
-	-	-	153,155	1,609,265
-	-	-	-	81,332
-	-	-	62,249	278,569
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,984,562</u>	<u>51,174,459</u>
-	-	-	431,932	5,247,036
-	-	-	1,448,873	4,694,422
-	-	-	161,925	5,531,791
-	-	1,000	35,893	1,504,261
11,231	284,203	-	150,760	6,860,336
-	-	-	69,525	2,800,249
-	-	-	411	563,229
-	-	-	505,478	2,148,418
<u>11,231</u>	<u>284,203</u>	<u>1,000</u>	<u>2,804,797</u>	<u>29,349,742</u>
-	-	-	-	3,581,229
-	-	-	841,128	869,236
-	-	-	841,128	4,450,465
<u>-</u>	<u>6,536,067</u>	<u>-</u>	<u>1,765,168</u>	<u>8,452,190</u>
4,305,000	-	-	181,744	4,486,744
774,200	-	924,536	16,688	1,715,424
<u>5,079,200</u>	<u>-</u>	<u>924,536</u>	<u>198,432</u>	<u>6,202,168</u>
5,090,431	6,820,270	925,536	10,594,087	99,629,024
<u>(2,159,644)</u>	<u>(6,358,102)</u>	<u>1,777,797</u>	<u>(1,510,736)</u>	<u>(7,320,577)</u>
(254,297)	-	-	-	(254,297)
-	-	-	4,057	4,057
-	-	-	1,833,207	2,369,920
-	-	-	(1,079,125)	(2,422,797)
<u>(254,297)</u>	<u>-</u>	<u>-</u>	<u>758,139</u>	<u>(303,117)</u>
(2,413,941)	(6,358,102)	1,777,797	(752,597)	(7,623,694)
4,969,663	35,351,533	-	6,221,627	51,373,825
<u>\$ 2,555,722</u>	<u>\$ 28,993,431</u>	<u>\$ 1,777,797</u>	<u>\$ 5,469,030</u>	<u>\$ 43,750,131</u>

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, 2018

Total net changes in fund balances for year ended June 30, 2018	\$ (7,623,694)
Add: Capital outlay which is considered expenditures	8,452,190
Add: Interest expense which is considered capital outlay	922,555
Less: Depreciation expense for the year ended June 30, 2018	(3,181,638)
Less: Proceeds on sale of assets	(4,057)
Less: Gain (loss) on sale of assets	(5,006)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	2,422,797
Less: Interfund transfers in	(2,422,797)
Add: The net revenue (expense) of the internal service fund allocated to governmental activities	972
Add: Bond principal retirement considered as an expenditure	4,305,000
Add: Capital lease payments considered as an expenditure	181,744
Add: Change in compensated absences	3,502
Add: Change in OPEB obligation - insurance expense	341,018
Add: To record the economic gain related to the defeasance of bonds resulting in a reduction in the District's future principal and interest payments	406,842
Add: Difference between school plus revenue earned on modified accrual basis versus revenue on school plus revenue on accrual basis	6,425
Less: Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	(322,978)
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	(21,625)
Add: Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date	5,306,811
Less: Change in net pension liability	(3,467,838)
Change in net position for year ended June 30, 2018	<u>\$ 5,300,223</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, 2018**

	<u>Internal Service Fund</u>
ASSETS	
Current assets:	
Cash	\$ 1,219
Total assets	<u>1,219</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>247</u>
Total liabilities	<u>247</u>
NET POSITION	
Unrestricted	<u>972</u>
Total net position	<u><u>\$ 972</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, 2018

	<u>Internal Service Fund</u>
Operating revenues:	
Services	<u>\$ 63,718</u>
Operating expenses:	
Salaries	2,808
Benefits	544
Purchased services	36,942
Supplies	<u>75,329</u>
Total operating expenses	<u>115,623</u>
Operating (loss)	(51,905)
Transfer in	52,877
Change in net position	972
Total net position - beginning	<u>-</u>
Total net position - ending	<u><u>\$ 972</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, 2018

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 63,718
Payments to suppliers	(100,885)
Payments to employees	(3,352)
Net cash (used) by operating activities	<u>(40,519)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>52,877</u>
Net cash provided by capital and related financing activities	<u>52,877</u>
Net increase in cash and cash equivalents	12,358
Cash and cash equivalents - July 1	<u>(11,139)</u>
Cash and cash equivalents - June 30	<u><u>\$ 1,219</u></u>
Reconciliation of net operating (loss) to net cash (used) by operating activities:	
Operating (loss)	\$ (51,905)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Increase in accounts payable and accrued expenses	<u>(3,614)</u>
Net cash (used) by operating activities	<u><u>\$ (40,519)</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, 2018**

ASSETS

Cash and cash equivalents
Total assets

\$ 1,077,207
\$ 1,077,207

LIABILITIES

Deposits due others
Total liabilities

\$ 1,077,207
\$ 1,077,207

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, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

New Pronouncements – During the year ended June 30, 2018, the District implemented GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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, 2018

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 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, 2018

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, 2018

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, and 2012 Bond 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, 2018, 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, 2018

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 \$922,555 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, 2018

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 two items that qualify for reporting in this category. They are 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* and relating to the accounting for the net OPEB obligation on the government-wide statement of net position, in accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than 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, 2018

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.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balance Classifications (Concluded)

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.

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 is 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, 2018

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. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI or System) Sick Leave Insurance Reserve Fund and additions to/deductions from Sick Leave Insurance Reserve Fund's fiduciary net position have been determined on the same basis as they are reported by the Sick Leave Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. 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.

R. Inventory

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

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

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

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONCLUDED)

Budgetary Data (Concluded)

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.

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, 2018, 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	\$ 5,370,025
ICS insured	2,293,444
Idaho State Investment Pool	38,540,352
Total deposits without exposure to custodial credit risk:	<u>46,203,821</u>

Deposits with exposure to custodial credit risk:

Amount uninsured	2,420,587
Total deposits with exposure to custodial credit risk:	<u>2,420,587</u>
Total deposits	<u><u>\$ 48,624,408</u></u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 3: CASH AND INVESTMENTS (CONCLUDED)

Cash and cash equivalents at June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position - cash and cash equivalents	
Governmental funds	\$ 47,261,832
Internal service funds	1,219
Statement of Fiduciary Net Position - cash and cash equivalents	1,077,207
Total carrying amount	<u>\$ 48,340,258</u>

Cash and cash equivalents at June 30, 2018 consist of the following:

Cash:	
Deposit with financial institutions	\$ 7,506,462
Cash equivalents:	
ICS insured	2,293,444
Idaho State Investment Pools	38,540,352
Total cash and cash equivalents	<u>\$ 48,340,258</u>

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, 2018, 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, 2018.

The receivables as of June 30, 2018 consist of the following:

Taxes receivable	\$ 7,914,536
State of Idaho	2,364,784
Other miscellaneous	258,075
	<u>\$ 10,537,395</u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 5: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended June 30, 2018:

	Balance June 30, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 4,166,198	\$ 1,141,200	\$ -	\$ -	\$ 5,307,398
Construction in progress	151,696	7,469,407	-	(40,399)	7,580,704
Total capital assets, not being depreciated	<u>4,317,894</u>	<u>8,610,607</u>	<u>-</u>	<u>(40,399)</u>	<u>12,888,102</u>
Capital assets being depreciated:					
Building and improvements	115,570,300	-	(3,748)	126,709	115,693,261
Equipment and fixtures	3,099,876	109,055	(245,562)	(86,310)	2,877,059
Library books	845,160	-	-	-	845,160
Computers	149,708	25,000	(20,918)	-	153,790
Vehicles and buses	5,217,951	630,083	(203,054)	-	5,644,980
Total capital assets being depreciated	<u>124,882,995</u>	<u>764,138</u>	<u>(473,282)</u>	<u>40,399</u>	<u>125,214,250</u>
Less accumulated depreciation for:					
Buildings and improvements	35,915,465	2,819,342	(3,748)	-	38,731,059
Equipment and fixtures	2,229,334	123,349	(236,499)	-	2,116,184
Library books	845,160	-	-	-	845,160
Computers	135,177	6,137	(20,918)	-	120,396
Vehicles and buses	4,125,810	232,810	(203,054)	-	4,155,566
Total accumulated depreciation	<u>43,250,946</u>	<u>3,181,638</u>	<u>(464,219)</u>	<u>-</u>	<u>45,968,365</u>
Total capital assets being depreciated, net	<u>81,632,049</u>	<u>(2,417,500)</u>	<u>(9,063)</u>	<u>40,399</u>	<u>79,245,885</u>
Governmental activities capital assets, net	<u><u>\$85,949,943</u></u>	<u><u>\$ 6,193,107</u></u>	<u><u>\$ (9,063)</u></u>	<u><u>\$ -</u></u>	<u><u>\$92,133,987</u></u>

Depreciation expense of \$3,181,638 for the year ended June 30, 2018 was charged to the following governmental functions:

Elementary	\$ 1,292,800
Secondary	1,501,547
Business administration	82,174
Maintenance	50,279
Transportation	233,760
Food service	21,078
	<u><u>\$ 3,181,638</u></u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 5: CAPITAL ASSETS (CONCLUDED)

Following is a recap of the June 30, 2018 balances by generic location:

	Elementary	Secondary	Administration and Other	Total
Land	\$ 1,629,230	\$ 1,906,706	\$ 1,771,462	\$ 5,307,398
Building and improvements	54,104,405	58,467,607	3,121,252	115,693,264
Equipment	566,498	1,038,330	1,272,232	2,877,060
Library books	408,306	374,127	62,726	845,159
Computers	3,416	9,032	141,339	153,787
Vehicles and buses	-	-	5,644,981	5,644,981
Construction in progress	1,282,945	5,375,203	922,555	7,580,703
Total capital assets	<u>\$ 57,994,800</u>	<u>\$ 67,171,005</u>	<u>\$ 12,936,547</u>	<u>\$ 138,102,352</u>

NOTE 6: ACCRUED PAYROLL AND BENEFITS

Accrued payroll includes amounts due contracted teachers and other employees at June 30, 2018, which were not paid until July and August 2018, 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 \$157,308 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, 2018 as follows:

	Due from	Due to
General fund	\$ -	\$ 139,569
Child Nutrition	460,137	-
Title I fund	-	134,859
Other governmental funds	-	185,709
	<u>\$ 460,137</u>	<u>\$ 460,137</u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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 were for the remodel of 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. During the year ended June 30, 2018, the series 2012 A bond was paid off.

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 were 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.

On March 20, 2018, the District expended \$2.495 million of current funds to advance refund \$2.230 million of outstanding 2012B Series bonds with interest ranging from 1.50 percent to 5.00 percent. The net proceeds of \$2.484 million (after payment of \$11,150 issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2012B Series bonds. As a result, \$2.230 million of the 2012B Series bonds are considered to be defeased and the liability for those bonds has been removed from the statement of financial position.

A separately identified gain or loss in the period of the in-substance defeasance is recognized in the current year by taking the difference between the reacquisition price and the net carrying amount of the debt

Carrying amount of bond	\$ 2,230,000
Unamortized premiums	413,691
Unamortized discounts	(7,146)
Net carrying amount of bond	<u>2,636,545</u>
Cost to defease bond	(2,484,000)
Gain (loss) from defeasance	<u>\$ 152,545</u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 9: BONDS PAYABLE (CONCLUDED)

General obligation bonds outstanding as of June 30, 2018 are as follows:

Series 2012 B

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	**%	\$ 2,145,000	\$ 625,925	\$ 2,770,925
2020	**%	2,180,000	566,925	2,746,925
2021	4.00%	2,260,000	480,000	2,740,000
2022	**%	2,355,000	390,200	2,745,200
2023	**%	2,440,000	296,800	2,736,800
2024-2026	4.00%-5.00%	5,750,000	363,200	6,113,200
		<u>\$ 17,130,000</u>	<u>\$ 2,723,050</u>	<u>\$ 19,853,050</u>

** Bifurcated Coupons

Series 2017

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	4.00%	\$ -	\$ 1,223,650	\$ 1,223,650
2020	3.00%	700,000	1,209,650	1,909,650
2021	5.00%	820,000	1,183,350	2,003,350
2022	5.00%	840,000	1,150,050	1,990,050
2023	5.00%	885,000	1,106,925	1,991,925
2024-2028	3.00%-5.00%	10,915,000	4,542,075	15,457,075
2029-2032	3.00%	17,915,000	1,117,975	19,032,975
		<u>\$ 32,075,000</u>	<u>\$ 11,533,675</u>	<u>\$ 43,608,675</u>

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, 2018.

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, 2018

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, 2018, were as follows:

Year Ending June 30,	7 Buses in 2015	6 Buses in 2016	Total
2019	\$ 90,686	\$ 107,746	\$ 198,432
2020	90,686	107,746	198,432
2021	90,686	-	90,686
Total minimum lease payments	272,058	215,492	487,550
Less amount representing interest	(14,572)	(7,302)	(21,874)
Present value of future minimum lease payments	<u>\$ 257,486</u>	<u>\$ 208,190</u>	<u>\$ 465,676</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:

2019	<u>\$ 35,535</u>
Total	<u>\$ 35,535</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, 2018 are as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One year
Bonds payable					
General obligation bonds	\$ 53,510,000	\$ -	\$ (4,305,000)	\$ 49,205,000	\$ 2,145,000
Premium	7,098,128	-	(417,612)	6,680,516	-
Discount	(179,564)	-	25,092	(154,472)	-
Total bonds payable	60,428,564	-	(4,697,520)	55,731,044	2,145,000
Capital leases payable	647,420	-	(181,744)	465,676	186,363
Compensated absences	160,810	-	(3,502)	157,308	157,308
Total long-term liabilities	<u>\$ 61,236,794</u>	<u>\$ -</u>	<u>\$ (4,882,766)</u>	<u>\$ 56,354,028</u>	<u>\$ 2,488,671</u>

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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, 2018

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, 2017, 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 \$5,306,811 for the year ended June 30, 2018.

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

At June 30, 2018, 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, 2017, 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, 2017, the Coeur d'Alene School District proportion was 1.4417745 percent.

For the year ended June 30, 2018, the Coeur d'Alene School District recognized pension expense of \$3,467,838. At June 30, 2018, the Coeur d'Alene School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,357,787
Changes of assumptions	419,086	-
Net difference between projected and actual earnings on pension plan investments	3,139,433	2,041,675
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	177,265
Coeur d'Alene School District's contributions subsequent to the measurement date	5,306,811	-
Total	<u>\$ 8,865,330</u>	<u>\$ 3,576,727</u>

\$5,306,811 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, 2019.

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, 2016 the beginning of the measurement period ended June 30, 2017 is 4.9 and 5.5 for the measurement period June 30, 2016.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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:

2018	\$ (1,231,996)
2019	\$ 2,129,124
2020	\$ 604,126
2021	\$ (1,342,197)
2022	\$ -

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, 2017 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	1.00%

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

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

An experience study was performed 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, 2017 is based on the results of an actuarial valuation date July 1, 2017.

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, 2018

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, 2017.

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.15%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%
Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

Actuarial Assumptions	
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric 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, 2018

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)	\$ 52,671,659	\$ 22,662,219	\$ (2,276,422)

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, 2018, the Coeur d'Alene School District reported payables to the defined benefit pension plan of \$712,404 for legally required employer contributions and \$427,317 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, 2018

NOTE 14: INTERFUND TRANSFERS

The composition of interfund transfers as of June 30, 2018 is as follows:

	Transfers In	Transfers Out
General fund	\$ 448,304	\$ 1,273,492
Child nutrition	88,409	45,648
Title I	-	24,532
Other governmental funds	1,833,207	1,079,125
Internal service fund	52,877	-
	<u>\$ 2,422,797</u>	<u>\$ 2,422,797</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.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 16: POST-EMPLOYMENT HEALTH CARE PLAN

Plan Description

Coeur d'Alene School District No. 271 contributes to the Sick Leave Insurance Reserve Fund (Sick Leave Plan) which is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits that are administered by PERSI that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for the Sick Leave Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

OPEB Benefits

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

Employer Contributions

The contribution rate for employers are set by statute at .065% of covered compensation for state members. Covered school members contribution rates are set by statute based on the number of sick days offered by the employer. The contribution rate of 1.16% for school members with nine or ten sick days, 1.26% for school members with 11-14 sick days. If a school member has more than 14 days of sick leave then the contribution rate will be set by the PERSI Retirement Board based on current cost and actuarial data and reviewed annually. The District's contributions were \$543,819 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on the District's share of contributions relative to the total contributions of all participating Sick Leave employers. At June 30, 2017, the District's proportion was 3.5154452 percent.

For the year ended June 30, 2018 the District recognized OPEB expense (expense offset) of (\$432,499). \$24,381 reported as deferred outflows of resources related to OPEBs resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ending June 30, 2019.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

Actuarial Assumptions

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

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.15%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

<u>Total Fund</u>	<u>Expected Return</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

Actuarial Assumptions

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.08%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	<u>7.10%</u>

Discount Rate

The discount rate used to measure the total OPEB 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 OPEB plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

Sensitivity of the total OPEB Asset to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net OPEB asset calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 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>
Total June 30, 2018 OPEB asset	\$ 2,395,856	\$ 2,698,559	\$ 3,052,289
<i>OPEB Plan Fiduciary Net Position</i>			

Detailed information about the OPEB 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 OPEB Plan

At June 30, 2018, the District reported payables to the defined benefit OPEB plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 17: OTHER POST-EMPLOYMENT BENEFITS

Plan Description and OPEB Benefits

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

Total OPEB Liability

The District's total OPEB liability of \$3,585,906 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 17: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Salary increases	3.75%
Discount rate	3.87%
Retirees' share of benefit-related costs	100% of projected health premiums for retirees

Healthcare cost trend rates:

Fiscal year ending	Medical	Prescription Drugs	Dental	Vision
2018*	3.0%	3.0%	0.0%	0.0%
2019	6.4%	6.4%	2.9%	2.0%
2020	6.5%	6.5%	3.0%	2.0%
2021	6.0%	6.0%	2.5%	2.0%
2022	5.9%	5.9%	2.0%	2.0%
2023	5.7%	5.7%	2.0%	2.0%
2024	5.6%	5.6%	2.0%	2.0%
2025	5.5%	5.5%	2.0%	2.0%
2026	5.3%	5.3%	2.0%	2.0%
2027-2043	5.2%	5.2%	2.0%	2.0%
2044	5.1%	5.1%	2.0%	2.0%
2045-2046	5.0%	5.0%	2.0%	2.0%
2047-2049	4.9%	4.9%	2.0%	2.0%
2050-2053	4.8%	4.8%	2.0%	2.0%
2054-2058	4.7%	4.7%	2.0%	2.0%
2059-2065	4.6%	4.6%	2.0%	2.0%
2066	4.5%	4.5%	2.0%	2.0%
2067	4.4%	4.4%	2.0%	2.0%
2068	4.3%	4.3%	2.0%	2.0%
2069-2070	4.2%	4.2%	2.0%	2.0%
2071	4.1%	4.1%	2.0%	2.0%
2072-2073	4.0%	4.0%	2.0%	2.0%
2074	3.9%	3.9%	2.0%	2.0%
2075+	3.8%	3.8%	2.0%	2.0%

The discount rate used to measure the OPEB liability was 3.87%. The discount rate was based on the Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years. Mortality rates were based on the RP-2000 Mortality Table with generational mortality adjustments.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of a 2016 PERSI Investigation of Experience Study.

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 17: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2017	\$ 2,889,682
Changes for the year:	
Service cost	221,001
Interest on total OPEB liability	116,066
Differences in experience	(101,751)
Effect of plan changes	-
Effect of assumptions changes or inputs	706,494
Expected benefit payments	<u>(245,586)</u>
Balance as of June 30, 2018	<u>\$ 3,585,906</u>

Sensitivity of the total OPEB liability to changes in the discount rate and health-care cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total June 30, 2018 OPEB liability	\$ 3,876,043	\$ 3,585,906	\$ 3,325,327

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total June 30, 2018 OPEB liability	\$ 3,240,409	\$ 3,585,906	\$ 3,990,265

(Continued)

Coeur d'Alene School District No. 271

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

NOTE 17: OTHER POST-EMPLOYMENT BENEFITS (CONCLUDED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense (offset) of (\$341,018). At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 101,751
Changes in assumptions and other inputs	706,494	-
Total	<u>\$ 706,494</u>	<u>\$ 101,751</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Measurement period ending June 30:

2018	\$ -
2019	43,533
2020	43,533
2021	43,533
2022	43,533
Thereafter	430,611

NOTE 18: DEFICIT FUND BALANCE

The State Leadership Awards Fund had a deficit balance of \$7,262 as of June 30, 2018.

NOTE 19: CONTINGENCIES

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

The School District may be involved 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.

NOTE 20: RESTATEMENT OF NET POSITION

In accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, beginning net position was restated in order to properly state the beginning OPEB liability. As a result, beginning net position was decreased by \$431,430.

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

Coeur d'Alene School District

**GASB 68 Required Supplementary Information
For the Year Ended June 30, 2018**

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

	2018	2017	2016	2015
Employer's portion of the net pension liability	1.4417745%	1.4552038%	1.4665938%	1.4950932%
Employer's proportionate share of the net pension liability	\$ 22,662,219	\$ 29,499,216	\$ 19,312,655	\$ 11,006,226
Employer's covered-employee payroll	\$ 46,877,871	\$ 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	48.34%	65.62%	45.18%	27.24%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	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, 2017 (measurement date).

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

	2018	2017	2016	2015
Statutorily required contribution	\$ 5,306,811	\$ 5,089,026	\$ 4,838,319	\$ 4,650,130
Contributions in relation to the statutorily required contribution	5,306,811	5,089,026	4,838,319	4,650,130
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll of its covered employee payroll	\$ 46,877,871	\$ 44,956,060	\$ 42,741,334	\$ 41,079,210
Contributions as a percentage of covered-employee payroll	11.32%	11.32%	11.32%	11.32%

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

Data reported is measured as of June 30, 2018.

Coeur d'Alene School District

**GASB 75 Required Supplementary Information
For the Year Ended June 30, 2018**

**Schedule of Employer's Share of Net OPEB Asset
PERSI – OPEB Plan
Last 10 - Fiscal Years ***

PERSI - OPEB PLAN

	2018
Employer's portion of net the OPEB asset	3.5154452%
Employer's proportionate share of the net OPEB asset	\$ 2,698,559
Employer's covered-employee payroll	\$ 46,877,871
Employer's proportional share of the net OPEB asset as a percentage of its covered-employee payroll	5.76%
Plan fiduciary net position as a percentage of the total OPEB Asset	136.78%

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

Data reported is measured as of June 30, 2017 (measurement date).

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

	2018
Statutorily required contribution	\$ 543,819
Contributions in relation to the statutorily required contribution	543,819
Contribution (deficiency) excess	\$ -
Employer's covered-employee payroll	46,877,871
Contributions as a percentage of covered-employee payroll	1.16%

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

Data reported is measured as of June 30, 2018.

Coeur d'Alene School District

GASB 75 Required Supplementary Information For the Year Ended June 30, 2018

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Last 10 - Fiscal Years *

Total OPEB Liability	2018
Service cost	\$ 221,001
Interest on total OPEB liability	116,066
Changes of benefit terms	-
Differences in experience	(101,751)
Effect of economic/demographic gains or (losses)	-
Effect of assumption changes or inputs	706,494
Expected benefit payments	(245,586)
Net change in total OPEB liability	696,224
Total OPEB liability, beginning	2,889,682
Total OPEB liability, ending	<u>\$ 3,585,906</u>
Covered employee payroll	\$ 46,877,871
Total OPEB liability as a % of covered employee payroll	7.65%

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

Data reported is measured as of June 30, 2017 (measurement date).

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, 2018**

	Original Budgeted Amounts*	Actual Amounts	Variance with Final Budget
REVENUES			
Property taxes	\$ 16,203,300	\$ 16,571,183	\$ 367,883
Interest income	80,000	217,002	137,002
Other local revenue	354,000	177,439	(176,561)
State assistance and reimbursements	53,855,513	54,740,465	884,952
Total revenues	<u>70,492,813</u>	<u>71,706,089</u>	<u>1,213,276</u>
EXPENDITURES			
Instructional services:			
Elementary programs	20,041,566	19,350,755	690,811
Secondary programs	15,006,163	15,627,295	(621,132)
Alternative school programs	1,035,062	1,089,270	(54,208)
Exceptional child programs	6,277,976	6,945,013	(667,037)
Activity programs	1,554,756	1,456,110	98,646
Summer program	91,451	81,332	10,119
Detention center program	218,592	216,320	2,272
Total instructional services	<u>44,225,566</u>	<u>44,766,095</u>	<u>(540,529)</u>
Support services:			
Pupil support	4,664,874	4,804,073	(139,199)
General administration	2,302,265	2,989,471	(687,206)
School administration	5,350,373	5,315,242	35,131
Business operations	1,395,244	1,467,368	(72,124)
Maintenance	6,334,383	6,414,142	(79,759)
Transportation	2,780,448	2,726,195	54,253
Security	489,708	562,818	(73,110)
Other support services	1,445,516	1,642,940	(197,424)
Total support services	<u>24,762,811</u>	<u>25,922,249</u>	<u>(1,159,438)</u>
Capital outlay	<u>1,060,700</u>	<u>139,113</u>	<u>921,587</u>
Contingency reserve	<u>3,524,641</u>	<u>-</u>	<u>3,524,641</u>
Total expenditures	<u>73,573,718</u>	<u>70,827,457</u>	<u>2,746,261</u>
Excess (deficiency) of revenues (under) over expenditures	<u>(3,080,905)</u>	<u>878,632</u>	<u>3,959,537</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	750,000	448,304	(301,696)
Transfers (out)	<u>(913,744)</u>	<u>(1,273,492)</u>	<u>(359,748)</u>
Total other financing sources (uses)	<u>(163,744)</u>	<u>(825,188)</u>	<u>(661,444)</u>
Net change in fund balances	<u>(3,244,649)</u>	<u>53,444</u>	<u>3,298,093</u>
Fund balances - beginning	<u>4,500,000</u>	<u>4,512,558</u>	<u>12,558</u>
Fund balances - ending	<u>\$ 1,255,351</u>	<u>\$ 4,566,002</u>	<u>\$ 3,310,651</u>

*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, 2018**

	Original Budgeted Amounts*	Actual Amounts	Variance with Final Budget
REVENUES			
Other local revenue	\$ 1,105,050	\$ 1,143,676	\$ 38,626
Title programs and other federal revenues	2,536,000	2,476,339	(59,661)
Total revenues	<u>3,641,050</u>	<u>3,620,015</u>	<u>(21,035)</u>
EXPENDITURES			
Non-instructional services:			
Food services	3,657,126	3,581,229	75,897
Total non-instructional services	<u>3,657,126</u>	<u>3,581,229</u>	<u>75,897</u>
Capital outlay	25,000	11,842	(13,158)
Total expenditures	<u>3,682,126</u>	<u>3,593,071</u>	<u>89,055</u>
Excess (deficiency) of revenues (under) over expenditures	<u>(41,076)</u>	<u>26,944</u>	<u>68,020</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	89,796	88,409	(1,387)
Transfers (out)	<u>(50,000)</u>	<u>(45,648)</u>	<u>4,352</u>
Total other financing sources (uses)	<u>39,796</u>	<u>42,761</u>	<u>2,965</u>
Net change in fund balances	(1,280)	69,705	70,985
Fund balances - beginning	<u>7,000</u>	<u>318,444</u>	<u>311,444</u>
Fund balances - ending	<u>\$ 5,720</u>	<u>\$ 388,149</u>	<u>\$ 382,429</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, 2018**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,289,824	\$ 1,136,279	\$ 5,426,103
Accounts receivable: State of Idaho	747,834	-	747,834
Accounts receivable: Other receivable	241,979	-	241,979
Prepaid expense	16,195	-	16,195
Total assets	<u>\$ 5,295,832</u>	<u>\$ 1,136,279</u>	<u>\$ 6,432,111</u>
LIABILITIES			
Accounts payable	\$ 106,203	\$ 67,361	\$ 173,564
Accrued payroll and vacation benefits	603,808	-	603,808
Due to other funds	185,709	-	185,709
Total liabilities	<u>895,720</u>	<u>67,361</u>	<u>963,081</u>
FUND BALANCES			
Nonspendable	16,195	-	16,195
Restricted	2,891,292	-	2,891,292
Assigned	1,475,618	1,068,918	2,544,536
Unassigned	17,007	-	17,007
Total fund balances	<u>4,400,112</u>	<u>1,068,918</u>	<u>5,469,030</u>
Total liabilities and fund balances	<u>\$ 5,295,832</u>	<u>\$ 1,136,279</u>	<u>\$ 6,432,111</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, 2018**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Other local revenue	\$ 2,129,413	\$ 48,671	\$ 2,178,084
State assistance and reimbursements	4,068,185	-	4,068,185
Title programs and other federal revenues	2,837,082	-	2,837,082
Total revenues	<u>9,034,680</u>	<u>48,671</u>	<u>9,083,351</u>
EXPENDITURES			
Instructional services:			
Elementary programs	1,048,973	-	1,048,973
Secondary programs	713,195	-	713,195
Alternative school program	117,767	-	117,767
Activity programs	153,155	-	153,155
Exceptional child program	2,889,223	-	2,889,223
Detention center	62,249	-	62,249
Total instructional expenditures	<u>4,984,562</u>	<u>-</u>	<u>4,984,562</u>
Support services:			
Pupil support	431,932	-	431,932
General administration	1,448,873	-	1,448,873
School administration	35,893	-	35,893
Business operations	161,925	-	161,925
Maintenance	11,255	139,505	150,760
Transportation	69,525	-	69,525
Security program	411	-	411
Other support services	505,478	-	505,478
Total support services	<u>2,665,292</u>	<u>139,505</u>	<u>2,804,797</u>
Non-instructional services:			
Community services	841,128	-	841,128
Total non-instructional expenditures	<u>841,128</u>	<u>-</u>	<u>841,128</u>
Debt service:			
Principal	-	181,744	181,744
Interest	-	16,688	16,688
Total debt service	<u>-</u>	<u>198,432</u>	<u>198,432</u>
Capital outlay	59,472	1,705,696	1,765,168
Total expenditures	<u>8,550,454</u>	<u>2,043,633</u>	<u>10,594,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>484,226</u>	<u>(1,994,962)</u>	<u>(1,510,736)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds on sale of assets	-	4,057	4,057
Transfers in	231,259	1,601,948	1,833,207
Transfers (out)	(1,079,125)	-	(1,079,125)
Total other financing sources (uses)	<u>(847,866)</u>	<u>1,606,005</u>	<u>758,139</u>
Net change in fund balances	(363,640)	(388,957)	(752,597)
Fund balances - beginning	4,763,752	1,457,875	6,221,627
Fund balances - ending	<u>\$ 4,400,112</u>	<u>\$ 1,068,918</u>	<u>\$ 5,469,030</u>

Coeur d'Alene School District No. 271

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2018**

	Forest Reserve Fund	Building Rental
ASSETS		
Cash and cash equivalents	\$ 2,251	\$ 196,973
Accounts receivable: State of Idaho	-	-
Accounts receivable: Other receivable	-	30,000
Prepaid expense	-	-
Total assets	<u>\$ 2,251</u>	<u>\$ 226,973</u>
LIABILITIES		
Accounts payable	\$ 2,251	\$ 3,110
Accrued payroll and vacation benefits	-	-
Due to other funds	-	-
Total liabilities	<u>2,251</u>	<u>3,110</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	-	-
Assigned	-	223,863
Unassigned	-	-
Total fund balances	<u>-</u>	<u>223,863</u>
Total liabilities and fund balances	<u>\$ 2,251</u>	<u>\$ 226,973</u>

IMEN Grant	School Plus Program	Miscellaneous Grants	E-Rate
\$ 11,196	\$ 646,351	\$ 182,440	\$ 111,349
-	-	-	-
-	-	56,996	-
-	-	-	-
<u>\$ 11,196</u>	<u>\$ 646,351</u>	<u>\$ 239,436</u>	<u>\$ 111,349</u>
\$ 180	\$ 7,157	\$ 1,903	\$ -
-	17,587	1,311	-
-	-	-	-
<u>180</u>	<u>24,744</u>	<u>3,214</u>	<u>-</u>
-	-	-	-
-	-	236,222	-
11,016	621,607	-	111,349
-	-	-	-
<u>11,016</u>	<u>621,607</u>	<u>236,222</u>	<u>111,349</u>
<u>\$ 11,196</u>	<u>\$ 646,351</u>	<u>\$ 239,436</u>	<u>\$ 111,349</u>

Driver Education	Classroom Technology	Vocational Education	Reading Assessment
\$ 64,847	\$ 430,754	\$ 51,349	\$ 157,017
34,003	-	(3,999)	-
-	-	-	-
-	-	605	-
<u>\$ 98,850</u>	<u>\$ 430,754</u>	<u>\$ 47,955</u>	<u>\$ 157,017</u>
\$ 217	\$ 80,221	\$ 388	\$ -
1,917	-	7,649	-
-	-	-	-
<u>2,134</u>	<u>80,221</u>	<u>8,037</u>	<u>-</u>
-	-	605	-
96,716	-	-	-
-	350,533	-	157,017
-	-	39,313	-
<u>96,716</u>	<u>350,533</u>	<u>39,918</u>	<u>157,017</u>
<u>\$ 98,850</u>	<u>\$ 430,754</u>	<u>\$ 47,955</u>	<u>\$ 157,017</u>

State Leadership Awards	Advanced Opportunities	Medicaid Reimbursement	Miscellaneous State Funds
\$ -	\$ 54,937	\$ 1,813,351	\$ 189,959
-	-	298,805	-
-	-	-	26,391
-	-	-	-
<u>\$ -</u>	<u>\$ 54,937</u>	<u>\$ 2,112,156</u>	<u>\$ 216,350</u>
\$ -	\$ -	\$ -	\$ 2,256
(6)	-	167,364	25,501
7,268	-	-	-
<u>7,262</u>	<u>-</u>	<u>167,364</u>	<u>27,757</u>
-	-	-	-
-	54,937	1,944,792	188,593
-	-	-	-
(7,262)	-	-	-
<u>(7,262)</u>	<u>54,937</u>	<u>1,944,792</u>	<u>188,593</u>
<u>\$ -</u>	<u>\$ 54,937</u>	<u>\$ 2,112,156</u>	<u>\$ 216,350</u>

Homeless Grant	Title I-D	IDEA-B School Age	IDEA-B Preschool
\$ -	\$ -	\$ 441	\$ -
2,506	16,859	313,193	7,011
-	-	-	-
-	-	11,727	-
<u>\$ 2,506</u>	<u>\$ 16,859</u>	<u>\$ 325,361</u>	<u>\$ 7,011</u>
\$ -	\$ -	\$ 2,333	\$ -
-	4,710	323,028	5,468
2,506	12,149	-	1,543
<u>2,506</u>	<u>16,859</u>	<u>325,361</u>	<u>7,011</u>
-	-	11,727	-
-	-	-	-
-	-	-	-
-	-	(11,727)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,506</u>	<u>\$ 16,859</u>	<u>\$ 325,361</u>	<u>\$ 7,011</u>

Carl Perkins	Professional Development	Johnson O'Malley	Title II E.S.E.A.
\$ -	\$ 302,892	\$ 30,198	\$ -
-	-	-	65,564
118,179	-	-	-
150	-	-	3,317
<u>\$ 118,329</u>	<u>\$ 302,892</u>	<u>\$ 30,198</u>	<u>\$ 68,881</u>
\$ -	\$ -	\$ 188	\$ 1,833
7,113	-	-	21,529
106,470	-	-	45,519
<u>113,583</u>	<u>-</u>	<u>188</u>	<u>68,881</u>
150	-	-	3,317
4,596	302,892	30,010	-
-	-	-	-
-	-	-	(3,317)
<u>4,746</u>	<u>302,892</u>	<u>30,010</u>	<u>-</u>
<u>\$ 118,329</u>	<u>\$ 302,892</u>	<u>\$ 30,198</u>	<u>\$ 68,881</u>

Opening Books Opening Doors	Title IV-A Student Support	Miscellaneous Federal Grants	Activity Fund	Total
\$ 19,584	\$ -	\$ 23,702	\$ 233	\$ 4,289,824
-	-	13,892	-	747,834
-	10,413	-	-	241,979
-	-	396	-	16,195
<u>\$ 19,584</u>	<u>\$ 10,413</u>	<u>\$ 37,990</u>	<u>\$ 233</u>	<u>\$ 5,295,832</u>
\$ 3,900	\$ 159	\$ 107	\$ -	\$ 106,203
-	-	20,637	-	603,808
-	10,254	-	-	185,709
<u>3,900</u>	<u>10,413</u>	<u>20,744</u>	<u>-</u>	<u>895,720</u>
-	-	396	-	16,195
15,684	-	16,850	-	2,891,292
-	-	-	233	1,475,618
-	-	-	-	17,007
<u>15,684</u>	<u>-</u>	<u>17,246</u>	<u>233</u>	<u>4,400,112</u>
<u>\$ 19,584</u>	<u>\$ 10,413</u>	<u>\$ 37,990</u>	<u>\$ 233</u>	<u>\$ 5,295,832</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, 2018**

	Forest Reserve Fund	Building Rental
REVENUES		
Other local revenue	\$ -	\$ 61,587
State assistance and reimbursements	-	-
Title programs and other federal revenues	59,395	-
Total revenues	<u>59,395</u>	<u>61,587</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	-	3,110
School administration	-	-
Business operations	-	-
Maintenance	-	9,549
Transportation	-	-
Security program	-	-
Other support services	-	-
Total support services	<u>-</u>	<u>12,659</u>
Non-instructional services:		
Community services	-	-
Total non-instructional services	<u>-</u>	<u>-</u>
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>12,659</u>
Excess (deficiency) revenues over (under) expenditures	<u>59,395</u>	<u>48,928</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	(59,395)	-
Total other financing sources (uses)	<u>(59,395)</u>	<u>-</u>
Net change in fund balances	-	48,928
Fund balances - beginning	-	174,935
Fund balances - ending	<u>\$ -</u>	<u>\$ 223,863</u>

IMEN Grant	School Plus Program	Miscellaneous Local Grants	E-Rate
\$ -	\$ 1,117,753	\$ 482,182	\$ 322,403
45,000	-	6,790	-
-	-	-	-
45,000	1,117,753	488,972	322,403
-	-	188,405	-
47,772	-	129,417	-
-	-	1,161	-
-	-	153,155	-
-	-	357	-
-	-	-	-
47,772	-	472,495	-
-	-	782	-
3,009	-	47,859	-
-	-	34	-
-	-	-	-
-	1,657	49	-
-	4,716	33,963	-
-	-	411	-
-	-	4,864	456,827
3,009	6,373	87,962	456,827
-	840,528	600	-
-	840,528	600	-
-	-	-	-
50,781	846,901	561,057	456,827
(5,781)	270,852	(72,085)	(134,424)
-	-	15,222	-
-	(688,000)	(13,000)	-
-	(688,000)	2,222	-
(5,781)	(417,148)	(69,863)	(134,424)
16,797	1,038,755	306,085	245,773
\$ 11,016	\$ 621,607	\$ 236,222	\$ 111,349

Driver Education	Classroom Technology	Vocational Education	Reading Assessment
\$ 51,465	\$ -	\$ -	\$ -
33,813	802,059	156,113	-
-	-	-	-
<u>85,278</u>	<u>802,059</u>	<u>156,113</u>	<u>-</u>
-	-	-	2,150
73,642	-	83,838	-
-	-	15,020	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>73,642</u>	<u>-</u>	<u>98,858</u>	<u>2,150</u>
-	-	-	-
-	625,272	13,644	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	2,340	-
-	-	-	-
-	37,787	-	-
<u>-</u>	<u>663,059</u>	<u>15,984</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	59,472	-	-
<u>73,642</u>	<u>722,531</u>	<u>114,842</u>	<u>2,150</u>
<u>11,636</u>	<u>79,528</u>	<u>41,271</u>	<u>(2,150)</u>
-	216,037	-	-
-	-	-	-
<u>-</u>	<u>216,037</u>	<u>-</u>	<u>-</u>
11,636	295,565	41,271	(2,150)
85,080	54,968	(1,353)	159,167
<u>\$ 96,716</u>	<u>\$ 350,533</u>	<u>\$ 39,918</u>	<u>\$ 157,017</u>

State Leadership Awards	Advanced Opportunities	Medicaid Reimbursement	Miscellaneous State Funds
\$ -	\$ -	\$ -	\$ -
616,271	53,669	1,652,869	596,872
-	-	-	-
<u>616,271</u>	<u>53,669</u>	<u>1,652,869</u>	<u>596,872</u>
362,120	-	-	189,123
179,776	59,704	-	-
55,346	-	-	-
-	-	-	-
-	-	1,198,819	-
2,399	-	-	-
<u>599,641</u>	<u>59,704</u>	<u>1,198,819</u>	<u>189,123</u>
2,280	-	119,380	209,182
18,278	-	1,214	135,063
-	-	35,830	-
-	-	161,961	-
-	-	-	-
-	-	127	8,876
-	-	-	-
-	-	-	-
<u>20,558</u>	<u>-</u>	<u>318,512</u>	<u>353,121</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>620,199</u>	<u>59,704</u>	<u>1,517,331</u>	<u>542,244</u>
<u>(3,928)</u>	<u>(6,035)</u>	<u>135,538</u>	<u>54,628</u>
-	-	-	-
-	-	(285,000)	-
-	-	(285,000)	-
(3,928)	(6,035)	(149,462)	54,628
(3,334)	60,972	2,094,254	133,965
<u>\$ (7,262)</u>	<u>\$ 54,937</u>	<u>\$ 1,944,792</u>	<u>\$ 188,593</u>

Homeless Grant	Title I-D	IDEA-B School Age	IDEA-B Preschool
\$ -	\$ -	\$ -	\$ -
-	-	-	-
13,563	92,630	1,866,851	35,430
13,563	92,630	1,866,851	35,430
1,501	-	-	-
350	-	-	-
-	30,990	-	-
-	-	-	-
-	-	1,655,129	34,918
-	59,850	-	-
1,851	90,840	1,655,129	34,918
9,526	-	90,667	-
2,001	612	95,675	-
-	-	-	29
-	-	(36)	-
-	-	-	-
-	-	-	-
-	-	-	-
11,527	612	186,306	29
-	-	-	-
-	-	-	-
-	-	-	-
13,378	91,452	1,841,435	34,947
185	1,178	25,416	483
-	-	-	-
(185)	(1,178)	(25,416)	(483)
(185)	(1,178)	(25,416)	(483)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Carl Perkins	Professional Development	Johnson O'Malley	Title II E.S.E.A.
\$ -	\$ -	\$ 10	\$ -
-	104,729	-	-
118,179	-	7,720	361,283
118,179	104,729	7,730	361,283
-	-	570	101,612
90,533	-	2,109	-
14,131	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
104,664	-	2,679	101,612
115	-	-	-
12,415	149,888	125	254,769
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
12,530	149,888	125	254,769
-	-	-	-
-	-	-	-
-	-	-	-
117,194	149,888	2,804	356,381
985	(45,159)	4,926	4,902
-	-	-	-
-	-	-	(4,902)
-	-	-	(4,902)
985	(45,159)	4,926	-
3,761	348,051	25,084	-
\$ 4,746	\$ 302,892	\$ 30,010	\$ -

Opening Books Opening Doors	Title IV-A Student Support	Miscellaneous Federal Grants	Activity Fund	Total
\$ 93,728	\$ -	\$ 100	\$ 185	\$ 2,129,413
-	-	-	-	4,068,185
-	17,932	264,099	-	2,837,082
93,728	17,932	264,199	185	9,034,680
7,012	2,744	193,736	-	1,048,973
-	2,123	43,931	-	713,195
-	1,119	-	-	117,767
-	-	-	-	153,155
-	-	-	-	2,889,223
-	-	-	-	62,249
7,012	5,986	237,667	-	4,984,562
-	-	-	-	431,932
71,032	7,615	7,292	-	1,448,873
-	-	-	-	35,893
-	-	-	-	161,925
-	-	-	-	11,255
-	4,087	15,416	-	69,525
-	-	-	-	411
-	-	6,000	-	505,478
71,032	11,702	28,708	-	2,665,292
-	-	-	-	841,128
-	-	-	-	841,128
-	-	-	-	59,472
78,044	17,688	266,375	-	8,550,454
15,684	244	(2,176)	185	484,226
-	-	-	-	231,259
-	(244)	(1,322)	-	(1,079,125)
-	(244)	(1,322)	-	(847,866)
15,684	-	(3,498)	185	(363,640)
-	-	20,744	48	4,763,752
\$ 15,684	\$ -	\$ 17,246	\$ 233	\$ 4,400,112

Coeur d'Alene School District No. 271

**NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2018**

	Bus Depreciation Fund #424	Local Building Fund #429	Plant Facility Fund #430	Total
ASSETS				
Cash and cash equivalents	\$ 438,241	\$ 209,547	\$ 488,491	\$ 1,136,279
Total assets	<u>\$ 438,241</u>	<u>\$ 209,547</u>	<u>\$ 488,491</u>	<u>\$ 1,136,279</u>
LIABILITIES				
Accounts payable	\$ 243	\$ -	\$ 67,118	\$ 67,361
Total liabilities	<u>243</u>	<u>-</u>	<u>67,118</u>	<u>67,361</u>
FUND BALANCES				
Assigned	437,998	209,547	421,373	1,068,918
Total fund balances	<u>437,998</u>	<u>209,547</u>	<u>421,373</u>	<u>1,068,918</u>
Total liabilities and fund balances	<u>\$ 438,241</u>	<u>\$ 209,547</u>	<u>\$ 488,491</u>	<u>\$ 1,136,279</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, 2018**

	Bus Depreciation Fund #424	Local Building Fund #429	Plant Facility Fund #430	Total
REVENUES:				
Other local revenue	\$ -	\$ -	\$ 48,671	\$ 48,671
Total revenues	-	-	48,671	48,671
EXPENDITURES				
Maintenance	-	-	139,505	139,505
Debt service:				
Principal	181,744	-	-	181,744
Interest	16,688	-	-	16,688
Capital outlay	559,996	1,141,200	4,500	1,705,696
Total expenditures	758,428	1,141,200	144,005	2,043,633
Excess (deficiency) of revenues (under) over expenditures	(758,428)	(1,141,200)	(95,334)	(1,994,962)
OTHER FINANCING SOURCES (USES)				
Proceeds on sale of asset	4,057	-	-	4,057
Transfers in	763,948	688,000	150,000	1,601,948
Transfers (out)	-	-	-	-
Total other financing sources (uses)	768,005	688,000	150,000	1,606,005
Net change in fund balances	9,577	(453,200)	54,666	(388,957)
Fund balances - beginning	428,421	662,747	366,707	1,457,875
Fund balances - ending	\$ 437,998	\$ 209,547	\$ 421,373	\$ 1,068,918

Coeur d'Alene School District No. 271

**AGENCY FUNDS
SCHEDULE OF CHANGES IN DEPOSIT BALANCES
OF INDIVIDUAL SCHOOLS
For the Year Ended June 30, 2018**

School	Cash June 30, 2017	Receipts	Disbursements	Cash June 30, 2018
Bryan Elementary	\$ 26,589	\$ 18,603	\$ 13,098	\$ 32,094
Sorenson Elementary	12,625	26,765	23,761	15,629
Ramsey Elementary	42,343	73,040	72,369	43,014
Dalton Elementary	21,601	39,081	38,255	22,427
Fernan Elementary	16,993	14,232	11,909	19,316
Borah Elementary	31,005	21,086	19,997	32,094
Winton Elementary	26,986	35,620	21,091	41,515
Hayden Meadows Elementary	111,024	65,217	51,841	124,400
Skyway Elementary	40,718	40,065	40,765	40,018
Lakes Middle School	94,423	87,423	95,400	86,446
Canfield Middle School	89,520	73,906	88,013	75,413
Woodland Middle School	42,888	94,337	87,425	49,800
CDA High School	164,431	644,774	625,368	183,837
Lake City High School	240,371	813,581	786,847	267,105
Atlas Elementary	20,590	31,594	26,049	26,135
Venture (formerly Project CDA)	18,142	12,589	12,767	17,964
	<u>\$ 1,000,249</u>	<u>\$ 2,091,913</u>	<u>\$ 2,014,955</u>	<u>\$ 1,077,207</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, 2018, 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 24, 2018.

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 24, 2018

**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, 2018. 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, 2018.

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 24, 2018

Coeur d'Alene School District No. 271

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2018

	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		\$ 59,395
Passed through State of Idaho Department of Education:			
Nutrition Cluster:			
<i>School Breakfast Program</i>	10.553	826000811 00	346,491
<i>National School Lunch Program</i>	10.555	826000811 00	1,973,710
<i>Summer Food Service Program for Children</i>	10.559	826000811 00	124,910
<i>Fresh Fruit and Vegetable</i>	10.582	826000811 00	31,228
Total Nutrition Cluster			2,476,339
Total Department of Agriculture			2,535,734
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	2,804
Total Department of the Interior			2,804
U.S. DEPARTMENT OF EDUCATION			
Direct Award			
<i>Indian Education Formula Grants</i>	84.306		20,688
Passed through State of Idaho Department of Education:			
<i>Title I Grants to Local Educational Agencies</i>	84.010	826000811 00	1,895,334
IDEA-B Special Education Cluster:			
<i>Special Education Grants to States</i>	84.027	826000811 00	1,866,851
<i>Special Education Preschool Grants</i>	84.173	826000811 00	35,430
IDEA-B Special Education Cluster:			1,902,281
<i>State Activities - Education of Homeless</i>	84.196	826000811 00	13,563
<i>Twenty-first Century Community Learning Center</i>	84.287	826000811 00	247,009
<i>Carl D. Perkins - Vocational Education Basic Grants to States</i>	84.048	826000811 00	117,194
<i>Title II-A NCLB Teacher Quality</i>	84.367	826000811 00	361,283
<i>Title IV-A Student Support and Academic Enrichment Program</i>	84.424	826000811 00	17,932
			4,554,596
Total Department of Education			4,575,284
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,113,822

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, 2018

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, 2018, the School District had received food commodities totaling \$268,841.

Coeur d'Alene School District No. 271

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 84.173	IDEA-B Special Education Cluster: Special Education Grants to States Special Education Preschool Grants
84.287	Twenty-first Century Community Learning Center

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, 2018

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.