

LANDER COUNTY SCHOOL DISTRICT, STATE OF NEVADA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

LANDER COUNTY SCHOOL DISTRICT
Table of Contents

FINANCIAL SECTION

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Fund.....	18
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	19
Statement of Cash Flows – Proprietary Fund	20
Statement of Fiduciary Net Position.....	21
Statement of Changes in Fiduciary Net Position – Tom Norris For Teacher Advancement	22
Statement of Changes in Fiduciary Net Position – Tom Norris For Student Scholarships and Awards.....	23
Notes to the Financial Statements	24
Required Supplementary Information:	
Budgetary Comparison Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	52
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Education	56
Schedule of the Proportionate Share of the Net Pension Liability	57
Schedule of Contributions	58
Schedule of Funding Progress	59
Notes to Required Supplementary Information.....	60

Supplementary Information:	
Major Governmental Fund:	
Schedule of Revenues, Expenditures and Changes in Fund	
Balance – Budget and Actual – Facility and Site Improvement	62
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	63
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Nonmajor Governmental Funds.....	64
Nonmajor Special Revenue Funds:	
Schedule of Revenues, Expenditures and Changes in	
Fund Balances – Budget and Actual:	
Local Funds	65
Class Size Reduction	67
Adult Education.....	68
State Special Revenue Funds.....	69
Food Services	70
Federal Special Revenue Funds.....	71
Nonmajor Capital Projects Funds:	
Schedule of Revenues, Expenditures and	
Changes in Fund Balance – Budget and Actual:	
Building and Sites Fund	73
Extraordinary Maintenance Fund	74
Nonmajor Debt Service Funds:	
Schedule of Revenues, Expenditures and	
Changes in Fund Balance – Budget and Actual:	
Debt Service	75
Proprietary Funds:	
Schedule of Revenues, Expenditures and	
Changes in Fund Net Position – Budget and Actual:	
Internal Service Health and Accident Insurance Fund	76
Fiduciary Funds:	
Schedule of Changes in Fiduciary Net Position – Budget and Actual:	
Tom Norris Trust Fund for Teacher Advancement	77
Tom Norris Trust Fund for Student Scholarships and Awards	78
Combining Statement of Changes in Assets and Liabilities:	
Agency Funds.....	79
 FEDERAL AND STATE REPORTS:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters	83
Report on Compliance with Statutes and Administrative Code in Accordance with NRS.....	85
Findings and Recommendations	87

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lander County School District
Battle Mountain, Nevada

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 Lander County School District, Nevada (a Nevada local government unit) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 Lander County School District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules related to pensions, schedule of funding progress and related notes, 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 the Lander County School District's basic financial statements. The combining and individual nonmajor fund financial statements and certain budgetary comparison information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and certain budgetary comparison information are 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 certain budgetary comparison information are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of Lander County School District'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 the 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 Lander County School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hinton Burdick, PLLC". The signature is written in a cursive, flowing style.

HintonBurdick, PLLC
St. George, Utah
October 31, 2017

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**LANDER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

This document, the Management's Discussion and Analysis ("MD&A") serves to introduce the financial reports for the Lander County School District ("District"). It is an overview of our financial activities and is a required element of the Governmental Accounting Standards Board (GASB) in Statement No. 34 and subsequent Statements No. 37 and No. 38. This document is designed to assist the reader in understanding the District's financial position and financial transactions of the past year.

Financial Highlights

Government-Wide Statements:

Net position of the District at the close of the fiscal year is \$31,624,437, which is a decrease of \$3,777,656 from the prior fiscal year.

Capital assets totaled \$39,749,057 as compared to other assets totaling \$8,964,918.

General Fund:

The unassigned ending General Fund balance reported at the end of fiscal year 2017 was \$371,014 compared to \$940,701 in the prior fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Lander County School District's basic financial statements. The Lander County School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Lander County School District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Lander County School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Lander County School District is improving or deteriorating.

**LANDER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish the functions of the Lander County School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Lander County School District does not consider any of its programs to be business-type activities.

Lander County School District
Net Position

	June 30, 2017	June 30, 2016	Increase
	Governmental	Governmental	Increase
	Activities	Activities	(Decrease)
Current assets	\$ 8,964,918	\$ 12,180,347	\$ (3,215,429)
Capital assets	39,749,057	40,438,158	(689,101)
Total assets	<u>48,713,975</u>	<u>52,618,505</u>	<u>(3,904,530)</u>
Deferred outflows of resources	<u>3,585,108</u>	<u>2,002,179</u>	1,582,929
Current liabilities	1,107,174	1,324,118	(216,944)
Current portion of long-term liabilities	396,000	352,000	44,000
Long-term liabilities	17,993,760	15,724,113	2,269,647
Total liabilities	<u>19,496,934</u>	<u>17,400,231</u>	<u>2,096,703</u>
Deferred inflows of resources	<u>1,177,712</u>	<u>1,818,360</u>	(640,648)
Net Position			
Net investment in capital assets	38,108,057	38,615,158	(507,101)
Restricted	3,216,078	6,494,527	(3,278,449)
Unrestricted	(9,699,698)	(9,707,592)	7,894
Total net position	<u>\$ 31,624,437</u>	<u>\$ 35,402,093</u>	<u>\$ (3,777,656)</u>

The District's assets and deferred outflows exceeded liabilities and deferred inflows by \$31,624,437 as of June 30, 2017. The largest portion of total net position, \$38,108,057 is invested in capital assets.

**LANDER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Lander County School District
Changes in Net Position

	June 30, 2017 Governmental Activities	June 30, 2016 Governmental Activities	Increase (Decrease)
Revenues			
Program Revenues			
Charges for services	\$ 120,583	\$ 120,626	\$ (43)
Operating grants and contributions	2,461,724	1,751,718	710,006
Capital grants and contributions	25,275	-	25,275
Total Program Revenues	2,607,582	1,872,344	735,238
General Revenues			
Property taxes	5,889,404	9,656,801	(3,767,397)
Local school support taxes	1,375,798	1,664,472	(288,674)
Government services tax	509,978	496,269	13,709
State aid not restricted to specific purposes	129,537	102,337	27,200
Federal aid not restricted to specific purposes	15,205	2,435	12,770
Other local sources	105,286	99,904	5,382
Unrestricted investment earnings	35,495	56,585	(21,090)
Total General Revenues	8,068,303	12,078,803	(4,010,500)
Total Revenues	10,675,885	13,951,147	(3,275,262)
Expenses			
Instruction expenses	7,438,920	7,081,115	357,805
Support services expenses:			
Student support	499,747	387,712	112,035
Instructional staff support	773,927	905,733	(131,806)
General administration	823,786	1,057,384	(233,598)
School administration	952,111	922,979	29,132
Central services	355,333	299,284	56,049
Operations and maintenance	1,635,950	1,368,901	267,049
Student transportation	428,328	401,965	26,363
Other central services	-	20,007	(20,007)
Other support services	189,184	178,176	11,008
Operation of noninstructional services:			
Food services and other	295,080	301,810	(6,730)
Facilities acquisition and construction services	1,015,314	765,643	249,671
Interest	45,861	50,663	(4,802)
Total Expenses	14,453,541	13,741,372	712,169
Change in net position	(3,777,656)	209,775	(3,987,431)
Net Position Beginning	35,402,093	35,192,318	209,775
Restatement adjustments	-	-	-
Net Position Ending	\$ 31,624,437	\$ 35,402,093	\$ (3,777,656)

**LANDER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lander County School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Lander County School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. To provide a better understanding of the relationship between the fund statements and government-wide statements, reconciliation is provided for a more comprehensive picture of the District's financial position.

Proprietary Funds - Funds that focus on the determination of operating income, changes in net position, financial position, and cash flows are reported in the proprietary funds. There are two types, enterprise funds and internal service funds. Enterprise funds are used to report an activity where a fee is charged to external users. Internal service funds report activities that provide goods and services to the other departments of the District. The District reports one internal service fund, the Health and Accident Insurance Fund.

Fiduciary Funds - Funds that are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The District currently holds assets related to student activities of various schools in the sum of \$282,546 as well as the Tom Norris Trust Funds in the amount of \$422,532 (Teacher Advancement - \$21,442; Student Scholarships and Awards - \$401,090).

The following schedule presents a summary of general fund revenue sources:

Description	FY2017	% of Total	FY2016	% of Total
Local sources	\$ 7,893,498	96%	\$ 11,867,802	99%
State sources	219,938	3%	-	0%
Federal sources	129,537	1%	102,337	1%
Total	\$ 8,242,973	100%	\$ 11,970,139	100%

Local Sources:

County retail sales tax decreased during 2017, from \$1,664,472 to \$1,375,798 in local district revenues. Ad valorem taxes decreased in 2017 from \$9,648,921 to \$5,879,281. Net proceeds of mines portion of the ad valorem decreased from \$5,200,347 to \$1,910,255. NRS 387.1235 reserves the net proceeds monies for use in the subsequent year.

State Sources:

The District did receive State Distributive School Account (DSA) revenues in the current year in the amount of \$219,938. Lander County School District DSA revenue is based on a funding formula from the state that decreases the actual amount received by local school support tax (sales tax) and a portion of ad valorem tax collections. If the net proceeds of mines portion declines as it did in FY17, the DSA payment will continue to increase.

**LANDER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Sources:

Typically, the main portion of federal funds is from Impact Aid (Public Law 103-382), which provides revenue in lieu of property tax collections for those industries connected to federal land that are exempt from paying property taxes. Other small federal grants have been received to accomplish specific purposes as required in the grant document.

Special Education Fund

The District received \$555,373 in State sources for the Special Education Fund in fiscal year 2017. A transfer of \$250,000 was made from the General Fund into the Special Education Fund in fiscal year 2017. Total expenditures for fiscal year 2017 were \$1,000,697. This was an increase of \$24,618 from fiscal year 2016. The fund balance as of June 30, 2017 is \$22,146.

Capital Projects Facilities & Site Improvement Fund

The District received \$35,495 from local sources for fiscal year 2017. Total expenditures for fiscal year 2017 were \$383,362 which relate to building improvements. The fund balance as of June 30, 2017 is \$905,154.

Notes to the Financial Statements

The notes to the financial statements complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

Capital Assets

At June 30, 2017, the District had \$39,749,057 invested in a broad range of capital assets, including land and improvements, buildings and improvements, and equipment. This amount represents a net decrease of \$689,101 or 1.7% from last fiscal year.

See Note 5 of the financial statements for further details on the District's capital assets.

Long-Term Debt

As of June 30, 2017 the District had \$1,641,000 in bonds payable, which is a decrease of \$182,000 from the prior fiscal year.

**LANDER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Budgetary Highlights

The original budget (2016-2017) was approved May 25, 2016. Budgeted appropriations are developed with certain main determinants remaining unknown; most important of which are the final certified enrollment and the prior year's ending fund balance. For this reason, the "original" budget is approved and submitted based on future resolution of these unknown issues. The 2016-2017 Amended Final Budget was filed as required on or before January 1, 2017.

Nevada statutes and District regulations require that Districts legally adopt budgets for all funds (except for agency funds). Budgets are prepared in accordance with generally accepted accounting principles and in accordance with state statutes. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year. The final appropriated budget is prepared by fund, program and function. All appropriations lapse at year-end and encumbrances are re-appropriated in the ensuing fiscal year.

The Board adopted 2016-2017 Amended Final Budget for the General Fund reflected total revenues and other financing sources of \$14,617,626 with \$2,239,391 as an unrestricted opening fund balance. The budget reflected total expenditures and other financing uses of \$14,482,993.

The final amended budget for the General Fund was to increase fund balance by \$56,981. Total actual General Fund revenues for fiscal year 2017 were \$8,242,973 compared to budgeted revenues of \$6,392,732. The difference primarily relates to ad valorem taxes/net proceeds of mines and distributive school fund revenues. Total actual General Fund expenditures and transfers out were \$11,618,702 compared to budgeted expenditures and transfers of \$14,473,241. Most expenditures were under budget.

Economic Factors and Future Events

The District has begun to receive DSA payments for fiscal year 2018; however there has been a significant drop in net proceeds of mines revenue. A hiring freeze and budget cuts were implemented toward the end of fiscal year 2017 to minimize the impact of the revenue loss.

The District experienced a loss in grant revenue in fiscal year 2018. Consequently, the District has had to move expenses for one full time teacher that had been funded at 95% from a grant into the general fund. Title II revenue has declined as well. This revenue had been used for professional development, training stipends and conference expenses in the past. In order to continue funding these activities, the District would need to absorb the expenses in the General Fund.

The District continues to experience a loss of enrollment. DSA funding will be impacted by the loss. Maintenance plans have been added to the revised five year maintenance building and facilities plan in order to keep the existing buildings and the new structures in top physical and mechanical condition. The District continues to utilize purchasing agreements in order to save wherever possible

BASIC FINANCIAL STATEMENTS

LANDER COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2017
(With Comparative Totals for June 30, 2016)

	2017	2016
Assets		
Cash and investments	\$ 6,152,455	\$ 10,501,509
Receivables (net of allowance for uncollectibles)	2,740,638	1,618,565
Taxes receivable, delinquent	70,396	60,273
Prepays	1,429	-
Capital assets not being depreciated	223,695	435,087
Capital assets being depreciated, net of accumulated depreciation	39,525,362	40,003,071
Total assets	48,713,975	52,618,505
Deferred Outflows of Resources		
Deferred outflows related to pensions	3,585,108	2,002,179
Total deferred outflows of resources	3,585,108	2,002,179
Liabilities		
Accounts payable	109,643	384,939
Accrued liabilities	994,059	935,322
Accrued interest payable	3,472	3,857
Noncurrent liabilities:		
Due within one year	396,000	352,000
Due in more than one year	17,993,760	15,724,113
Total liabilities	19,496,934	17,400,231
Deferred Inflows of Resources		
Deferred inflows related to pensions	1,177,712	1,818,360
Total deferred outflows of resources	1,177,712	1,818,360
Net Position		
Net investment in capital assets	38,108,057	38,615,158
Restricted for:		
Net proceeds of minerals	1,910,255	5,200,347
Local funds	487,525	460,821
Adult education	2,905	61,634
Federal funds	-	1,151
State funds	52,368	5,700
Claims	763,025	764,874
Unrestricted	(9,699,698)	(9,707,592)
Total net position	\$ 31,624,437	\$ 35,402,093

The accompanying notes are an integral part of the financial statements.

LANDER COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)

Functions/Programs	Program Revenues			Net (Expense) / Revenue and Change in Net Position for Governmental Funds		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2017	2016
Primary government:						
Programs						
Regular	\$ 5,438,700	\$ 20,000	\$ 913,268	\$ -	\$ (4,505,432)	\$ (4,808,880)
Special	1,267,710	-	1,014,378	-	(253,332)	(380,742)
Vocational	276,758	-	65,537	-	(211,221)	(230,983)
Other instructional	58,627	-	-	-	(58,627)	(55,182)
Co-curricular and extra-curricular	311,105	-	-	-	(311,105)	(304,299)
Adult education	86,020	-	27,291	-	(58,729)	4,603
Total program	<u>7,438,920</u>	<u>20,000</u>	<u>2,020,474</u>	<u>-</u>	<u>(5,398,446)</u>	<u>(5,775,483)</u>
Support services						
Student support	499,747	1,915	130,335	-	(367,497)	(326,730)
Instructional staff support	773,927	-	88,327	-	(685,600)	(727,671)
General administration	823,786	-	-	-	(823,786)	(1,057,384)
School administration	952,111	-	-	-	(952,111)	(922,979)
Central services	355,333	-	-	-	(355,333)	(299,284)
Operations and maintenance	1,635,950	-	-	-	(1,635,950)	(1,368,901)
Student transportation	428,328	-	-	-	(428,328)	(381,965)
Other central services	-	-	-	-	-	(20,007)
Other support	189,184	-	84,574	-	(104,610)	(94,674)
Total support services	<u>5,658,366</u>	<u>1,915</u>	<u>303,236</u>	<u>-</u>	<u>(5,353,215)</u>	<u>(5,199,595)</u>
Operation of noninstructional services						
Food services operations	295,080	98,668	138,014	25,275	(33,123)	(77,644)
Total operation of noninstructional	<u>295,080</u>	<u>98,668</u>	<u>138,014</u>	<u>25,275</u>	<u>(33,123)</u>	<u>(77,644)</u>
Facilities acquisition and construction						
Land improvement	22,487	-	-	-	(22,487)	(35,789)
Building acquisition and construction	551,287	-	-	-	(551,287)	(284,523)
Site improvements	915	-	-	-	(915)	(41,731)
Building improvements	440,625	-	-	-	(440,625)	(403,600)
Total facilities acquisition and construction	<u>1,015,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,015,314)</u>	<u>(765,643)</u>
Interest on long-term debt	45,861	-	-	-	(45,861)	(50,663)
Total primary government	<u>\$ 14,453,541</u>	<u>\$ 120,583</u>	<u>\$ 2,461,724</u>	<u>\$ 25,275</u>	<u>(11,845,959)</u>	<u>(11,869,028)</u>
General revenues:						
Property taxes, levied for general purposes					5,889,404	9,656,801
Local school support taxes					1,375,798	1,664,472
Governmental services tax					509,978	496,269
State aid not restricted to specific purposes					129,537	102,337
Federal aid not restricted to specific purposes					15,205	2,435
Other local sources					105,286	99,904
Gain on sale of capital assets					7,600	-
Unrestricted investment earnings					35,495	56,585
Total general revenues					<u>8,068,303</u>	<u>12,078,803</u>
Change in net position					(3,777,656)	209,775
Net position - beginning					35,402,093	35,192,318
Net position - ending					<u>\$ 31,624,437</u>	<u>\$ 35,402,093</u>

The accompanying notes are an integral part of the financial statements.

LANDER COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Education	Capital Projects Facilities & Site Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 3,136,582	\$ 126,728	\$ 909,502	\$ 1,239,914	\$ 5,412,726
Accounts receivable	-	-	4,710	-	4,710
Taxes receivable, delinquent	70,396	-	-	-	70,396
Prepays	-	-	-	1,429	1,429
Due from other funds	116,203	-	-	-	116,203
Due from other governments	2,464,653	3,185	-	247,571	2,715,409
Total assets	<u>\$ 5,787,834</u>	<u>\$ 129,913</u>	<u>\$ 914,212</u>	<u>\$ 1,488,914</u>	<u>\$ 8,320,873</u>
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities:					
Accounts payable	\$ 62,846	\$ 310	\$ 9,058	\$ 29,212	\$ 101,426
Accrued liabilities	708,497	95,336	-	85,937	889,770
Due to other governments	7,086	-	-	1,131	8,217
Due to other funds	82,556	12,121	-	128,592	223,269
Total liabilities	<u>860,985</u>	<u>107,767</u>	<u>9,058</u>	<u>244,872</u>	<u>1,222,682</u>
Deferred inflows of resources:					
Unavailable revenue	83,086	-	-	-	83,086
Total deferred inflows of resources	<u>83,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,086</u>
Fund balances:					
Nonspendable	-	-	-	1,429	1,429
Restricted for:					
Net proceeds of minerals (NRS 387.1235)	1,910,255	-	-	-	1,910,255
Local funds	-	-	-	487,525	487,525
Adult education	-	-	-	2,905	2,905
State funds	-	-	-	52,368	52,368
Committed for:					
Revenue stabilization	684,432	-	-	-	684,432
Rental properties	-	-	-	268,429	268,429
Building and maintenance	100,000	-	-	-	100,000
Assigned to:					
Food services	-	-	-	41,546	41,546
Subsequent year operations	1,778,062	-	-	-	1,778,062
Capital projects	-	-	905,154	391,269	1,296,423
Other purposes	-	22,146	-	-	22,146
Unassigned	371,014	-	-	(1,429)	369,585
Total fund balances	<u>4,843,763</u>	<u>22,146</u>	<u>905,154</u>	<u>1,244,042</u>	<u>7,015,105</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,787,834</u>	<u>\$ 129,913</u>	<u>\$ 914,212</u>	<u>\$ 1,488,914</u>	<u>\$ 8,320,873</u>

The accompanying notes are an integral part of the financial statements.

LANDER COUNTY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2017

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

Total fund balances - total governmental funds		\$ 7,015,105
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 49,932,959	
Accumulated depreciation	<u>(10,183,902)</u>	39,749,057
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows related to pensions	3,585,108	
Deferred inflows related to pensions	<u>(1,177,712)</u>	2,407,396
Deferred inflows of resources represent amounts that are not available to fund current expenditures, and therefore, are not reported as revenues in the governmental funds.		
		83,086
The District's Insurance Internal Service Fund is used by management to charge the costs of certain activities of individual funds. The net position of the internal service fund is reported with the governmental activities.		
		763,025
Some liabilities, including bonds payable, pension liabilities and interest payable are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	(1,641,000)	
Compensated absences	(271,049)	
Net pension liability	(14,470,185)	
Net OPEB obligation	(2,007,526)	
Accrued interest payable	<u>(3,472)</u>	<u>(18,393,232)</u>
Net position of governmental activities		<u>\$ 31,624,437</u>

The accompanying notes are an integral part of the financial statements.

LANDER COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Special Education	Capital Projects Facilities & Site Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 7,893,498	\$ -	\$ 35,495	\$ 152,668	\$ 8,081,661
State sources	219,938	555,373	-	1,049,911	1,825,222
Federal sources	129,537	-	-	609,052	738,589
Total revenues	<u>8,242,973</u>	<u>555,373</u>	<u>35,495</u>	<u>1,811,631</u>	<u>10,645,472</u>
Expenditures					
Programs					
Regular	4,519,256	-	-	819,286	5,338,542
Special	-	1,000,697	-	240,219	1,240,916
Vocational	208,673	-	-	66,976	275,649
Other instructional	58,627	-	-	-	58,627
Co-curricular and extra-curricular	262,183	-	-	-	262,183
Adult education	-	-	-	86,020	86,020
Total program expenditures	<u>5,048,739</u>	<u>1,000,697</u>	<u>-</u>	<u>1,212,501</u>	<u>7,261,937</u>
Support services expenditures					
Student support	356,280	-	-	139,741	496,021
Instructional staff support	690,637	-	-	87,142	777,779
General administration	816,446	-	-	6,420	822,866
School administration	938,059	-	-	7,286	945,345
Central services	344,771	-	-	-	344,771
Operations and maintenance	1,465,269	-	-	198,699	1,663,968
Student transportation	335,457	-	-	-	335,457
Other support	818	-	-	81,208	82,026
Total support service expenditures	<u>4,947,737</u>	<u>-</u>	<u>-</u>	<u>520,496</u>	<u>5,468,233</u>
Operation of noninstructional services					
Food services	-	-	-	315,395	315,395
Facilities acquisition and construction services					
Architecture, engineering and other	-	-	37,500	-	37,500
Capital construction	-	-	-	8,900	8,900
Site improvements	-	-	-	915	915
Building improvements	-	-	345,862	5,918	351,780
Total facilities acquisition and construction expenditures	<u>-</u>	<u>-</u>	<u>383,362</u>	<u>15,733</u>	<u>399,095</u>
Debt service					
Principal	-	-	-	182,000	182,000
Interest	-	-	-	46,246	46,246
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,246</u>	<u>228,246</u>
Total expenditures	<u>9,996,476</u>	<u>1,000,697</u>	<u>383,362</u>	<u>2,292,371</u>	<u>13,672,906</u>
Excess revenues over (under) expenditures	<u>(1,753,503)</u>	<u>(445,324)</u>	<u>(347,867)</u>	<u>(480,740)</u>	<u>(3,027,434)</u>
Other financing sources (uses)					
Transfers in	-	250,000	720,035	652,191	1,622,226
Transfers out	(1,622,226)	-	-	-	(1,622,226)
Sale of capital assets	7,600	-	-	-	7,600
Total other financing sources and uses	<u>(1,614,626)</u>	<u>250,000</u>	<u>720,035</u>	<u>652,191</u>	<u>7,600</u>
Net change in fund balances	(3,368,129)	(195,324)	372,168	171,451	(3,019,834)
Fund balances - beginning of year	8,211,892	217,470	532,986	1,072,591	10,034,939
Fund balances - end of year	<u>\$ 4,843,763</u>	<u>\$ 22,146</u>	<u>\$ 905,154</u>	<u>\$ 1,244,042</u>	<u>\$ 7,015,105</u>

The accompanying notes are an integral part of the financial statements.

LANDER COUNTY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2017

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

Net changes in fund balances - total governmental funds		\$ (3,019,834)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay	\$ 508,378		
Depreciation expense	<u>(1,036,063)</u>		(527,685)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.		(161,417)
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Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension liability is measured a year before the report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.

Pension contributions	1,755,933		
Pension expense	<u>(1,916,574)</u>		(160,641)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments			182,000
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Because some property taxes and other revenues will not be collected in time to pay for obligations of the current period, they are not considered available revenues in the governmental funds and are instead reported as deferred inflows of resources. The changes in such deferred inflows of resources are accounted for as revenue in the statement of activities.

22,813

Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. This adjustment reflects the change in interest payable.

385

The District's insurance internal service fund is used by management to charge the costs of certain activities of individual funds. The change in net position of the internal service fund is reported with the governmental activities.

(1,849)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(6,030)		
Change in net OPEB obligation	<u>(105,398)</u>		(111,428)

Change in net position of governmental activities		<u>\$ (3,777,656)</u>
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The accompanying notes are an integral part of the financial statements.

LANDER COUNTY SCHOOL DISTRICT
PROPRIETARY FUND
Statement of Net Position
June 30, 2017

	Governmental Activities, Internal Service, Health and Accident Insurance Fund
Assets	
Cash and investments	\$ 739,729
Accounts receivable	20,519
Due from other funds	107,066
Total assets	<u>867,314</u>
Liabilities	
Accrued liabilities	<u>104,289</u>
Net Position	
Restricted for claims	<u><u>\$ 763,025</u></u>

The accompanying notes are an integral part of the financial statements.

**LANDER COUNTY SCHOOL DISTRICT
 PROPRIETARY FUND
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended June 30, 2017**

	Governmental Activities, Internal Service, Health and Accident Insurance Fund
Operating revenues	
Local sources	\$ 1,353,857
Operating expenses	
Support services expenses	1,356,156
Net operating income (loss)	(2,299)
Nonoperating income (expenses)	
Interest income	450
Change in net position	(1,849)
Total net position-beginning	764,874
Total net position-ending	\$ 763,025

The accompanying notes are an integral part of the financial statements.

**LANDER COUNTY SCHOOL DISTRICT
 PROPRIETARY FUND
 Statement of Cash Flows
 For the Year Ended June 30, 2017**

	Governmental Activities, Internal Service, Health and Accident Insurance Fund
Cash flows from operating activities:	
Cash received from employer premiums	\$ 1,078,127
Cash received from employee premiums	270,796
Cash paid for health claims	(1,106,445)
Cash paid for supplemental insurance and administration	(279,680)
Net cash flows from operating activities	(37,202)
Cash flows from investing activities:	
Investment earnings	450
Net cash flows from investing activities	450
Net change in cash and cash equivalents	(36,752)
Cash and cash equivalents at beginning of year	776,481
Cash and cash equivalents at end of year	\$ 739,729
Reconciliation of operating income (loss) to net cash cash flows from operating activities:	
Operating income (loss)	\$ (2,299)
Adjustments to reconcile net operating income (loss) to net cash flows from operating activities:	
(Increase) decrease in accounts receivable	(6,942)
(Increase) decrease in due from other funds	2,008
Increase (decrease) in accounts payable	(325)
Increase (decrease) in accrued liabilities	(29,644)
Net cash flows from operating activities	\$ (37,202)

The accompanying notes are an integral part of the financial statements.

LANDER COUNTY SCHOOL DISTRICT
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
June 30, 2017

	Tom Norris Nonexpendable Teacher Advancement Trust Fund	Tom Norris Nonexpendable Student Scholarship and Award Trust Fund	Agency Funds
ASSETS			
Cash	\$ 21,442	\$ -	\$ 282,546
Investments	-	401,090	-
Total assets	<u>21,442</u>	<u>401,090</u>	<u>282,546</u>
LIABILITIES			
Due to student groups	-	-	282,546
Total liabilities	<u>-</u>	<u>-</u>	<u>282,546</u>
NET POSITION			
Held in trust - student scholarships and awards	\$ -	\$ 401,090	\$ -
Held in trust - teacher advancement	<u>21,442</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements.

LANDER COUNTY SCHOOL DISTRICT
FIDUCIARY FUNDS
Tom Norris Nonexpendable Trust Fund
For Teacher Advancement
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

	Tom Norris Nonexpendable Teacher Advancement Trust Fund
ADDITIONS	
Investment earnings	\$ -
Net position, beginning of year	21,442
Net position, end of year	\$ 21,442

The accompanying notes are an integral part of the financial statements.

**LANDER COUNTY SCHOOL DISTRICT
 FIDUCIARY FUNDS
 Tom Norris Nonexpendable Trust Fund
 For Student Scholarships and Awards
 Statement of Changes in Fiduciary Net Position
 For the Year Ended June 30, 2017**

	Tom Norris Nonexpendable Student Scholarship and Award Trust Fund
ADDITIONS	
Investment earnings (loss)	\$ (975)
DEDUCTIONS	
Student scholarships	5,000
Change in net position	(5,975)
Net position, beginning of year	407,065
Net position, end of year	\$ 401,090

The accompanying notes are an integral part of the financial statements.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Accounting Policies

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable. No business-type activities or component units are reported.

Reporting Entity

The Lander County School District (the District) is authorized under NRS 386.010 and is governed by an elected Board consisting of seven members. The Board possesses final decision making authority and is held primarily accountable for those decisions. The Board is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds and/or issuing bonds to finance District operations and construction.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. As to the District, there are no component units which are included to form the reporting entity.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. 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.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Accounting Policies, Continued

The government reports the following major governmental funds:

General Fund – the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Education Fund – used to account for state and local funding used to provide special education to qualifying students.

Capital Projects Facilities and Site Improvement Fund – used to account for the resources used for the acquisition or construction of designated capital assets (except those financed by proprietary or trust funds) including, but not limited to supplies, professional services, equipment and other capital outlay.

Additionally, the District reports the following fund types:

Internal Service (Proprietary) Fund – used to account for operations that provide services to other departments within the District on a cost-reimbursement basis. The District currently has one internal service fund, Health and Accident Insurance Fund, which accounts for transactions relating to health insurance coverage for employees and retired employees.

Fiduciary Funds

Tom Norris Nonexpendable Teacher Advancement Trust Fund – used to account for assets held in a trustee capacity to assist schoolteachers who desire to further their education.

Tom Norris Nonexpendable Student Scholarship and Award Trust Fund – used to account for assets held in a trustee capacity to be used for student scholarships and awards.

Student Activity Agency Funds – used to account for assets held for student groups and organizations. They are custodial in nature and cannot be used to support the District’s own programs.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in 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 governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Accounting Policies, Continued

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 government 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.

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Budgets and Budgetary Accounting

Budgets are prepared, filed, noticed and public hearings held in accordance with the Local Government Budget Act (NRS 354). The Board of Trustees may prepare additional financial information and hold additional meetings and/or public hearings other than those identified in statute in order to disseminate to, and solicit information from, the general public. The provisions of this Act include the following major procedures to establish the budgetary data which is reflected in these financial statements.

1. On or before April 15, the Board files a tentative budget with the Nevada Department of Taxation for all funds other than Fiduciary Funds, which are not required to be budgeted. The appropriated budget is prepared by fund, function and department.
2. Public budget hearings on the tentative budgets are held prior to the adoption of the budget to obtain taxpayer comments.
3. On or before June 1, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board. The final budget must then be forwarded to the Nevada Department of Taxation for final approval.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Accounting Policies, Continued

4. On or before January 1, the Board must adopt an amendment to its final budget to reflect any necessary adjustments as a result of the District's completed pupil count.
5. The Department of Taxation shall examine the submitted documents for compliance with law and with appropriate regulations and shall submit to the governing body at least 3 days before the public hearing a written certificate of compliance or a written notice of lack of compliance. The written notice must indicate the manner in which the submitted documents fail to comply with law or appropriate regulations.
6. Whenever the governing body receives from the Department of Taxation a notice of lack of compliance, the governing body shall forthwith proceed to amend the tentative budget to effect compliance with the law and with the appropriate regulation.

The District maintains site-based budgets that identify costs associated with each site and/or department in addition to other formats that may be prescribed by the Board of Trustees or required by Nevada Revised Statutes. Each site will be recognized as a separate unit and will be analyzed as to use of resources and performance.

Generally, budgets for all funds are adopted in accordance with generally accepted accounting principles. All uncommitted appropriations lapse at fiscal year-end.

Budget changes may be required to reflect changes in revenue and/or expenditures. Any transfer, increase or decrease in budget appropriations are conducted pursuant to NRS 354.

Actual expenditures may not exceed budgetary appropriations of the various governmental functions per NRS.

Property Taxes

Taxes on real property are levied and the lien attached on July 1 (the levy date) of the year for which the taxes are levied. Taxes on property are due on the third Monday in August; however, they may be made in four installments payable on the third Monday in August, and the first Mondays in October, January and March. Any tax paid more than ten days late is assessed a penalty. In the event of nonpayment, a tax lien is taken on the first Monday in May, and the County Treasurer is authorized to hold the property for two additional years, subject to redemption upon payment of taxes, penalties and costs, together with the interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer, upon approval of the Board of county Commissioners, obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien. As such, real property taxes receivable reflect only those taxes receivable from the delinquent roll years, and current taxes collected within 60 days or year, and delinquent taxes from all rolls year prior to 2014-2016 have been written off. No provision for uncollectible accounts has been established, as management does not anticipate any material collection losses with respect to remaining balances.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Accounting Policies, Continued

The State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of Lander County to an amount not to exceed \$3.64 per \$100 of assessed valuation of the property being taxed, except in cases of severe financial emergency as defined by NRS 354.705. In 2005, the Nevada State Legislature passed additional legislation that provides for a partial abatement of the ad valorem taxes levied on qualified property. The abatement limits the increase of taxpayer's bill to 3% over the previous year's tax amount for a primary residence and some rental properties. All other property has a higher limit of 69%.

The Nevada Legislature enacted "tax shift" legislation designed to reduce the level of property taxes collected throughout the State. The District receives a share of sales tax allocated as local school support taxes. The amount of sales tax to be distributed to each governmental entity in Nevada is determined by a formula developed and approved by the State Legislature.

All property taxes are collected by Lander County and general fund property taxes are remitted to the District monthly.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

For purposes of the statement of cash flows, the District considers all time deposits, certificates of deposit, and all highly liquid investments, generally with original maturities of three months or less to be cash equivalents.

Investments for the government are reported at fair value (generally based on quoted market prices) with unrealized gains/losses recorded as adjustments to investment earnings.

Receivables

Receivables, as stated in the balance sheet, are considered collectible. Accordingly, an allowance for uncollectible accounts is not deemed necessary.

Inventories and prepaid items

Expenditures for supplies held for future consumption and minor equipment purchases are charged against appropriations of all governmental funds at the time of purchase. Any inventories of such supplies at year end are not material to the individual funds and are not recognized in these financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Accounting Policies, Continued

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Buildings	60 years
Building/Land/Site improvements	10-35 years
Equipment	3-40 years
Vehicles/Buses	10-30 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures by the governmental fund upon acquisition.

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 District has one item that qualifies for reporting in this category; the deferred pension related items (see Note 10). This amount is deferred and recognized as an outflow of resources in future periods.

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, represent 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 government has two items that qualify for reporting in this category; unavailable delinquent property taxes and the deferred pension related items (see Note 10). The unavailable delinquent property taxes are deferred in the governmental funds balance sheet and recognized as an inflow of resources in the period that the amounts become available.

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 pension plan's fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Accounting Policies, Continued

Net Position Flow Assumption

Sometimes the government 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 government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government 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 government’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.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Superintendent is authorized to assign amounts to a specific purpose in accordance with the District’s budget policy pending Board approval. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Accounting Policies, Continued

Revenues and Expenditures/Expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. A liability for these accounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges for insurance premiums. Operating expenses for internal service funds include the cost of claims and administrative costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Prior-Year Summarized Comparative Information

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Accounting Policies, Continued

Reclassifications Prior Year Balances

Certain reclassifications have been made to the presentation of the prior fiscal year information to correspond to the current fiscal year's format. Total net position/fund balances and change in net position/fund balances are unchanged due to these reclassifications.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 15.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 17.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments

Deposits and investments of the District at June 30, 2017 consist of the following:

	Carrying Amount-Fair Value
Deposits:	
Cash on hand	\$ 586
Cash in bank	1,757,230
Cash with brokerage (fiduciary funds)	122,082
Investments:	
State Treasurer's Investment Pool	2,193
Wells Fargo Securities:	
Money market mutual funds	286,044
Bonds (certificates of deposit)	4,410,389
Morgan Stanley (fiduciary funds):	
Government securities	74,967
Municipal bonds	47,063
Certificates of deposit	94,427
Equity securities (fiduciary funds)	62,552
Total cash and investments	\$ 6,857,533

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Cash and investments	\$ 6,152,455
Fiduciary fund cash and investments	705,078
Total cash and investments	\$ 6,857,533

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2017, none of the District's bank balance was exposed to custodial credit risk because it was insured or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments

State statutes authorize the District to invest in the State Treasurer's investment pool, bonds and debentures of the United States, obligations of the Federal Land Banks, bills and notes of the U.S. Postal Service, obligations of the Federal National Mortgage Association, short-term bonds of local governments, and banker's acceptances. The District has not adopted a formal investments policy that would further limit its investments choices nor further limit its exposure to certain risks as set forth below.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments, Continued

As of June 30, 2017 the District had the following investments, maturities, and quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating (1)</u>		<u>Weighted Average Maturity - Days (2)</u>
		S&P	Moody's	
Nevada Local Government				
Pooled Investment Fund	\$ 2,193	N/A	N/A	310
Wells Fargo Securities:				
Money market mutual funds	286,044	AAAm	Aaa-mf	31
Bonds-certificates of deposit (3)	4,410,389	N/A	N/A	356
Morgan Stanley:				
Government securities	74,967	AA+	Aaa	179
Municipal bonds	47,063	AA to AAA	Aa2 to Aaa	3,242
Certificates of deposit (3)	94,427	N/A	N/A	404
Equity securities	62,552	N/A	N/A	N/A
 Total Fair Value	 <u>\$ 4,977,634</u>			

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using the weighted average days to maturity.

(3) FDIC insured.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from decreasing interest rates is to comply with the provision of the Nevada Revised Statutes (NRS).

Credit risk

For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that were in the possession of an outside party. The District does not have a formal investment policy. Credit risk is reduced by investing in the Nevada Local Government Investment pool and other investments authorized by NRS.

Fair value measurements

As noted above, the District holds investments that are measured at fair value on a recurring basis. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The government securities, equity securities, and 10.22% of the Nevada Local Government Pooled Investment Fund, as listed above, are valued using quoted market prices (Level 1 inputs). The money market mutual funds, the bonds—certificates of deposit, municipal bonds, and 89.78% of the Nevada Local Government Pooled Investment Fund, as listed above, are valued using significant other observable inputs (Level 2 inputs).

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 4. Interfund Receivables, Payables, and Transfers

Interfund account balances due to/from consisted of the following at June 30, 2017:

	Due From Other Funds	Due To Other Funds
General fund	\$ 116,203	\$ 82,556
Special education fund	-	12,121
Internal service fund	107,066	-
Nonmajor funds	-	128,592
Total	\$ 223,269	\$ 223,269

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the fiscal year ended June 30, 2017 are as follows:

	Transfers In	Transfers Out
General fund	\$ -	\$ 1,622,226
Special education	250,000	-
Capital project fund	720,035	-
Nonmajor funds	652,191	-
Total	\$ 1,622,226	\$ 1,622,226

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 5. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

Governmental Activities:	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Capital assets, not being depreciated:				
Land	\$ 175,737	\$ -	\$ -	\$ 175,737
Construction in progress	259,350	88,149	(299,541)	47,958
Total capital assets, not being depreciated:	<u>435,087</u>	<u>88,149</u>	<u>(299,541)</u>	<u>223,695</u>
Capital assets, being depreciated:				
Buildings and improvements	44,843,973	635,753	(286,769)	45,192,957
Improvements other than buildings	1,031,050	-	(44,474)	986,576
Equipment and vehicles	3,732,225	84,017	(286,511)	3,529,731
Total capital assets, being depreciated:	<u>49,607,248</u>	<u>719,770</u>	<u>(617,754)</u>	<u>49,709,264</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,413,934)	(807,205)	175,652	(8,045,487)
Improvements other than buildings	(444,283)	(39,454)	19,554	(464,183)
Equipment and vehicles	(1,745,960)	(189,404)	261,132	(1,674,232)
Total accumulated depreciation	<u>(9,604,177)</u>	<u>(1,036,063)</u>	<u>456,338</u>	<u>(10,183,902)</u>
Total capital assets, being depreciated, net	<u>40,003,071</u>	<u>(316,293)</u>	<u>(161,416)</u>	<u>39,525,362</u>
Governmental activities capital assets, net	<u>\$ 40,438,158</u>	<u>\$ (228,144)</u>	<u>\$ (460,957)</u>	<u>\$ 39,749,057</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Function and Activity</u>	
Regular programs	\$ 8,965
Vocational programs	8,249
Co-curricular and extra-curricular programs	2,482
Support Services:	
Student support	813
Instructional staff support	27,308
General administration	1,676
Operations and maintenance	18,235
Student transportation	87,630
Operation of non-instructional services:	
Food service operations	2,752
Facilities and sites improvements:	
Land improvement	22,487
Building acquisition and construction	513,787
Building improvements	341,679
	<u>\$ 1,036,063</u>

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 6. Long-Term Liabilities

Long-term liabilities at June 30, 2017 consisted of the following:

Governmental Activities:	Balance 06/30/16	Additions	Retirements	Balance 06/30/17	Current Portion
Bonds payable	\$ 1,823,000	\$ -	\$ (182,000)	\$ 1,641,000	\$ 186,000
Net pension liability	12,085,966	2,384,219	-	14,470,185	-
Accrued compensated absences	265,019	228,388	(222,358)	271,049	210,000
Net OPEB obligation	1,902,128	317,801	(212,403)	2,007,526	-
Total long-term liabilities	\$ 16,076,113	\$ 2,930,408	\$ (616,761)	\$ 18,389,760	\$ 396,000

The aggregate maturities of notes and bonds payable are as follows:

Period Ending June 30,	Principal	Interest
2018	\$ 186,000	\$ 41,331
2019	192,000	36,285
2020	197,000	31,092
2021	202,000	25,765
2022	207,000	20,305
2023-2025	657,000	26,633
	<u>\$ 1,641,000</u>	<u>\$ 181,411</u>

The following is a listing of long-term liabilities as of June 30, 2017:

Bonds Payable:

Governmental Activities:

General Obligation (Limited Tax) Medium-Term,
Series 2015, with semi-annual interest payments ranging
between \$12,000 and \$52,000, and annual principal
payments ranging between \$177,000 and \$225,000,
bearing interest at 2.67%, maturing December 2024.

\$ 1,641,000

Total bonds payable

1,641,000

Accrued Compensated Absences

271,049

Net Pension Liability

14,470,185

Net OPEB Obligation

2,007,526

Total long-term liabilities

18,389,760

Less current portion:

(396,000)

Net long-term liabilities

\$ 17,993,760

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 7. Nevada Plan for Local Education Agency Financing

The Nevada Plan is the means used to finance elementary and secondary education in Nevada's public schools. The State develops a guaranteed amount of funding for the District. Funding consists of state support received through the distributive school account and locally collected revenues through a 2.25 cent local school support tax and 25 cents of the ad valorem tax.

The District receives funding based on the number of students enrolled on the last day of the first school month. The funding rate is determined by a formula that considers the demographic characteristics of the District. In addition, transportation costs are included using approximately 85% of the actual historical costs adjusted for inflation according to the Consumer Price Index. A wealth adjustment based on the District's ability to generate revenues in addition to the guaranteed funding is also included in the formula.

Special education is funded on a unit basis, with the amount per unit established by the legislature. A unit includes the full-time services of licensed personnel providing a program of instruction in accordance with minimum standards prescribed by the State Board of Education. To protect the District from decreases in enrollment by 5% or more, the Nevada Revised Statutes contain a Hold Harmless Provision. If the District's enrollment decreases, the guaranteed level of funding is based on the highest enrollment figures from the prior two years. If the decrease in enrollment is less than 5%, funding is based on the prior year enrollment figures.

NOTE 8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks, except for injuries to employees, are covered by commercial insurance purchased from independent third parties.

The District joined together with similar public agencies (cities, counties, school and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (POOL) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The District pays an annual premium and specific deductibles, as necessary to POOL for its general insurance coverage. POOL is considered a self-sustaining risk pool that will provide liability coverage of its members up to \$10,000,000 per event and a \$10,000,000 general aggregate per member. Property, crime and equipment breakdown coverage is provided to its members up to \$300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown, and money and securities. Cyber security coverage is provided to its members up to \$2,000,000 per event with a \$2,000,000 annual aggregate per member with a sublimit for privacy response expense of \$500,000.

The District has also joined together with similar public agencies, under the Nevada Interlocal Cooperation Act, to create an intergovernmental self-insured association for workers compensation insurance, the Public Agency Compensation Trust (PACT). The District pays premiums based on payroll costs to PACT. PACT is considered a self-sustaining pool that will provide coverage based on established statutory limits.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 8. Risk Management, Continued

The District continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by POOL. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The Health and Accident Insurance Fund is accounted for as an internal service fund where assets are set aside for health claim settlements. The District maintains stop loss insurance coverage from an outside insurance carrier for any claims in excess of \$75,000 per occurrence with a limit of liability for the coverage period of \$1,000,000.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors.

Changes in the balances of the claims liabilities during the past two fiscal years are as follows:

	Unpaid Claims Beginning	Incurred Claims (Including) (IBNRs)	Claim Payments	Unpaid Claims Ending
Self-insurance health				
2016-2017	\$ 133,933	\$ 1,043,515	\$ 1,073,159	\$ 104,289
2015-2016	226,719	980,614	1,073,400	133,933

NOTE 9. Stabilization Fund

NRS 354.6115 states that the governing body of a local government may, by resolution, establish a fund to stabilize the operation of the local government and mitigate the effects of natural disasters. In accordance with GASBS 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District's stabilization fund is included in the General Fund and it is included as committed fund balance. The NRS also states that the money in this fund may be used only if the total actual revenue of the local government falls short of the total anticipated revenue in the general fund for the fiscal year in which the local government uses that money; or to pay expenses incurred by the local government to mitigate the effects of a natural disaster.

In addition, NRS 354.6115 states that the balance in the stabilization amount must not exceed 10 percent of the expenditures from the general fund for the previous fiscal year, excluding any federal funds expended by the local government.

During the fiscal year ended June 30, 2017, the District complied with the provisions of this section.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 10. Retirement and Pension Plans

Public Employees' Retirement System of Nevada (PERS)

Plan description

PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes Regular members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Regular members entering the system prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members who entered the system on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Regular members become fully vested as to benefits upon completion of five years of service.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 10. Retirement and Pension Plans, Continued

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2016 and June 30, 2017 the Statutory Employer/employee matching rate was 14.50% and 14.50%, respectively, for Regular members. The Employer-pay contribution (EPC) rate was 28.00% and 28.00%, respectively, for Regular members.

The District's contributions for the current and two preceding fiscal years, all of which were equal to the required contributions, were as follows:

<u>Year Ended June 30,</u>	<u>Regular Fund</u>
2015	\$ 1,627,937
2016	1,823,358
2017	1,755,933

Investment policy

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 10. Retirement and Pension Plans, Continued

The following was the Board adopted policy target asset allocation as of June 30, 2016:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return*
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

*As of June 30, 2016, PERS' long-term inflation assumption was 3.50%.

Pension liability

Net pension liability

At June 30, 2017, the District reported a liability of \$14,470,185 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2016. The District's proportion measured as of June 30, 2016, was 0.107530 percent, which was an increase of 0.002060 percent from its proportion measured as of June 30, 2015.

Pension liability discount rate sensitivity

The following presents the net pension liability of the PERS as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of Net pension (asset) / liability	\$ 21,210,464	\$ 14,470,185	\$ 8,862,356

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 10. Retirement and Pension Plans, Continued

Actuarial assumptions

The District's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2016 funding actuarial valuation

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016 and June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 as of June 30, 2016 and June 30, 2015.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 10. Retirement and Pension Plans, Continued

Pension expense and deferred outflows/inflows of resources related to pensions

For the year ended June 30, 2017, the District recognized pension expense for PERS of \$1,916,574. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 968,961
Net difference between projected and actual earnings on pension plan investments	1,345,183	-
Subtotal	1,345,183	968,961
Changes in proportion and differences between contributions and proportional share of contributions	483,992	208,751
Contributions subsequent to the measurement date	1,755,933	-
Total	\$ 3,585,108	\$ 1,177,712
Average expected remaining service lives	6.48 years	

The \$1,755,933 reported as deferred outflows of resources related to PERS pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pensions, excluding the changes in proportion and differences between actual contributions and proportionate share of contributions, will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2018	\$ (111,510)
2019	(111,510)
2020	476,947
2021	230,691
2022	(88,817)
2023	(19,579)
Thereafter	-

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 11. Post Employment Healthcare Plan

Plan Description

The District administers a single-employer defined benefit healthcare plan, Lander County School District Employee Health Benefits Plan (LCSDEHBP). Additionally, the District contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees' Benefits Plan (PEBP). Each plan provides medical and life insurance benefits to eligible retired District employees and beneficiaries. In addition, PEBP provides dental and vision benefits.

Benefit provisions for LCSDEHBP are established pursuant to NRS 287.023 and amended through negotiations between the District and the respective associations. NRS 288.150 assigns the authority to establish benefit provisions to Board of Trustees. The plan provides healthcare coverage for eligible retirees and their beneficiaries through the District's group health plan, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby befitting from an implicit subsidy. Retirees are required to pay 100% of their premiums under the plan. As of June 30, 2017, 13 retirees were using this plan. LCSDEHBP does not issue a publicly available financial report.

Benefit provision for the PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. District employees who met the eligibility requirements effective September 1, 2008 for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 discontinued the option to join PEBP for District employees who retired after November 29, 2008. Local governments are required to pay the same portion of the cost of coverage for their retirees joining PEBP that the State of Nevada pays for the state retirees participating in their plan. As of June 30, 2017, 73 school district retirees were utilizing this benefit.

The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV, 89701, by calling (775) 684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm

Funding Policy

For LCSDEHBP, contribution requirements of the plan members and District are established and may be amended through negotiations between the District and the associations. Retirees pay 100% of the pay-as-you-go premiums based on a blended rate that blends active participants and retirees. The District's contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates and is determined in actuarial studies contracted for by the District. The implicit subsidy as determined by the actuary is \$49,123. The District did not prefund any future benefits.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 11. Post Employment Healthcare Plan, Continued

For PEBP, NRS 287.046 established the subsidies to be contributed by the District toward the premium costs of the eligible retired District employees. The contribution requirements of plan members and the District may be amended by the PEBP board. Premium rates determined by PEBP are the same for all participating members. Plan members receiving benefits have their monthly contribution deducted from their pension checks based on the health plan chosen by the retiree, as reduced by the amount of the subsidy; therefore their contributions are not available. For the plan year ended June 30, 2017, retirees qualified for a subsidy of \$55 at five years of service and \$220 at twenty years of service, with incremental increases for each year of service in between. As a participating employer, the District is billed for the subsidy on a monthly basis and is legally required to provide for it. For fiscal year 2017, the District actually contributed \$173,671 to the plan, equal to the required contributions. The District did not prefund future benefits.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) for the plans is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation, by plan for fiscal years 2015 through 2017 are as follows:

Plan	Fiscal Year Ended	Annual OPEB Cost (EANC Cost Method)	Employer Contributions	% of Annual OPEB Cost Contributed	Net OPEB Obligation
LCSDEHBP	06/30/17	\$ 177,012	\$ 49,123	28%	\$ 1,784,931
LCSDEHBP	06/30/16	167,908	43,480	26%	1,657,042
LCSDEHBP	06/30/15	159,257	42,222	27%	1,532,614
PEBP	06/30/17	140,789	163,280	116%	222,595
PEBP	06/30/16	141,716	166,827	118%	245,086
PEBP	06/30/15	143,723	174,062	121%	270,197
Combined	06/30/17	317,801	212,403	67%	2,007,526
Combined	06/30/16	309,624	210,307	68%	1,902,128
Combined	06/30/15	302,980	216,284	71%	1,802,811

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 11. Post Employment Healthcare Plan, Continued

The net OPEB obligation (NOPEBO) is calculated as follows as of June 30, 2017:

	<u>LCSDEHBP</u>	<u>PEBP</u>	<u>Combined</u>
Annual required contribution	\$ 176,582	\$ 147,946	\$ 324,528
Interest on net OPEB obligation	66,282	9,803	76,085
Adjustments to annual required contributions	<u>(65,852)</u>	<u>(16,960)</u>	<u>(82,812)</u>
Annual OPEB cost (expense)	177,012	140,789	317,801
Contributions made, projected	<u>(49,123)</u>	<u>(163,280)</u>	<u>(212,403)</u>
Increase (decrease) in net OPEB obligation	127,889	(22,491)	105,398
Net OPEB obligation - beginning of year	<u>1,657,042</u>	<u>245,086</u>	<u>1,902,128</u>
Net OPEB obligation - end of year	<u>\$ 1,784,931</u>	<u>\$ 222,595</u>	<u>\$ 2,007,526</u>

The NOPEBO is liquidated by the funds with salaries and related benefits resulting in the majority of the obligation being liquidated by the General Fund.

Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation (9/1/14) is as follows:

	<u>LCSDEHBP</u>	<u>PEBP</u>	<u>Combined</u>
Accrued actuarial liability (a)	\$ 1,527,459	\$ 2,294,691	\$ 3,822,150
Actuarial value of plan assets (b)	-	-	-
Unfunded Actuarial Accrued Liability (a)-(b)	<u>\$ 1,527,459</u>	<u>\$ 2,294,691</u>	<u>\$ 3,822,150</u>
Funded ratio (b) / (a)	<u>0%</u>	<u>0%</u>	<u>-</u>
Covered payroll (c)	<u>\$ 6,301,186</u>	N/A	
Unfunded Actuarial Accrued Liability as Percentage of Covered Payroll ((a)-(b)) / (c))	<u>24.24%</u>	N/A	

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

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 11. Post Employment Healthcare Plan, Continued

Actuarial Methods and Assumptions

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

Significant methods and assumptions used in the September 1, 2014 actuarial valuation are as follows:

	<u>LCSDEHBP</u>	<u>PEBP</u>
Actuarial valuation date	9/1/2014	9/1/2014
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization method	Level % of payroll	Level Dollar
Amortization period	30 years open	24 years closed
Asset valuation method	Market Value	Market Value
Actuarial Assumptions:		
Investment rate of return	4.00%	4.00%
Projected salary increase	4.00%	
Healthcare inflation rate*	8.00%	8.00%

*Decreasing .5% each year until ultimate trend rate of 5% is reached

NOTE 12. Related Party Transactions

Insurance was purchased through an agent of which a relative of a board member of the District is employed. The agent was paid \$155,492 (including premiums and agent fees) for the NV Public Agency Insurance renewal for fiscal year 2017.

A concrete company, which is in part owned by a board member of the District, is a subcontractor (hired by the contractor) on the building construction projects. The concrete company was paid \$504 for fiscal year 2017.

LANDER COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2017

NOTE 13. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability in the applicable funds. The amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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REQUIRED SUPPLEMENTARY INFORMATION

**LANDER COUNTY SCHOOL DISTRICT
GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

	Budgeted Amounts		Actual Amounts	Variance	Actual 2016
	Original	Final		Favorable (Unfavorable)	
Revenues					
Local sources					
Ad valorem taxes	\$ 4,345,808	\$ 4,345,808	\$ 5,879,281	\$ 1,533,473	\$ 9,648,921
Governmental services tax	495,787	495,787	509,978	14,191	496,269
School support tax	1,303,736	1,303,736	1,375,798	72,062	1,664,472
Tuition, regular day school	15,000	15,000	20,000	5,000	16,000
Department of Wildlife	2,300	2,300	2,515	215	2,435
Other local revenue	8,850	111,863	105,926	(5,937)	39,705
Total from local sources	6,171,481	6,274,494	7,893,498	1,619,004	11,867,802
Federal sources					
Impact aid	150,000	40,000	112,267	72,267	38,027
National forest	60,000	45,000	-	(45,000)	45,254
E-rate funds	19,000	33,238	17,270	(15,968)	19,056
Total from federal sources	229,000	118,238	129,537	11,299	102,337
State sources					
Distributive school fund	94,652	-	219,938	219,938	-
Total from state sources	94,652	-	219,938	219,938	-
Total revenues	6,495,133	6,392,732	8,242,973	1,850,241	11,970,139
Expenditures					
Regular programs					
Instruction					
Salaries and wages	3,070,967	3,043,001	2,965,534	77,467	3,348,229
Employee benefits	1,380,102	1,371,276	1,318,538	52,738	1,476,266
Purchased services	33,378	58,954	45,820	13,134	38,181
Supplies	241,611	245,697	182,121	63,576	244,928
Property	3,500	1	0	1	4,074
Other	15,808	14,113	6,177	7,936	6,017
Total instruction	4,745,366	4,733,042	4,518,190	214,852	5,117,695
Instructional staff support					
Purchased services	2,000	2,000	1,066	934	731
Total instructional staff support	2,000	2,000	1,066	934	731
Total regular programs	4,747,366	4,735,042	4,519,256	215,786	5,118,426
Vocational programs					
Instruction					
Salaries and wages	116,197	116,307	114,908	1,399	168,189
Employee benefits	51,874	51,878	51,359	519	72,423
Purchased services	3,300	9,772	4,770	5,002	3,653
Supplies	11,020	6,951	6,932	19	3,270
Property	-	40,000	30,000	10,000	-
Other	350	704	704	-	2,654
Total vocational programs	182,741	225,612	208,673	16,939	250,189
Other instructional programs					
Instruction					
Salaries and wages	50,000	50,000	47,699	2,301	46,340
Employee benefits	4,964	4,649	2,882	1,767	3,411
Supplies	7,893	8,208	8,046	162	5,431
Total other instructional programs	62,857	62,857	58,627	4,230	55,182

(continued)

**LANDER COUNTY SCHOOL DISTRICT
GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

Expenditures (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Co-curricular and extra-curricular programs					
Co-curricular activities					
Instruction					
Salaries and wages	\$ 45,200	\$ 42,069	\$ 33,820	\$ 8,249	\$ 36,077
Employee benefits	2,257	2,270	1,290	980	1,358
Purchased services	700	700	65	635	1,488
Total instruction	<u>48,157</u>	<u>45,039</u>	<u>35,175</u>	<u>9,864</u>	<u>38,923</u>
Student transportation					
Employee benefits	1,806	1,806	498	1,308	412
Purchased services	6,800	7,312	5,116	2,196	2,514
Total student transportation	<u>8,606</u>	<u>9,118</u>	<u>5,614</u>	<u>3,504</u>	<u>2,926</u>
Total co-curricular activities	<u>56,763</u>	<u>54,157</u>	<u>40,789</u>	<u>13,368</u>	<u>41,849</u>
Extra-curricular activities					
Instruction					
Salaries and wages	112,925	112,925	95,334	17,591	101,568
Employee benefits	7,408	7,408	4,582	2,826	4,992
Purchased services	46,901	44,927	37,478	7,449	27,831
Supplies	31,715	38,342	33,242	5,100	30,737
Property	-	-	-	-	44,214
Other	2,250	2,250	180	2,070	800
Total instruction	<u>201,199</u>	<u>205,852</u>	<u>170,816</u>	<u>35,036</u>	<u>210,142</u>
Student transportation					
Salaries and wages	29,770	29,770	21,367	8,403	21,210
Employee benefits	9,611	4,581	2,216	2,365	3,504
Purchased services	2,950	4,370	4,084	286	5,093
Supplies	40,000	40,000	22,911	17,089	20,842
Total student transportation	<u>82,331</u>	<u>78,721</u>	<u>50,578</u>	<u>28,143</u>	<u>50,649</u>
Total extra-curricular activities	<u>283,530</u>	<u>284,573</u>	<u>221,394</u>	<u>63,179</u>	<u>260,791</u>
Total co-curricular and extra-curricular	<u>340,293</u>	<u>338,730</u>	<u>262,183</u>	<u>76,547</u>	<u>302,640</u>
Support services - student support					
Salaries and wages	236,354	242,429	238,593	3,836	228,194
Employee benefits	111,262	111,336	109,825	1,511	107,935
Purchased services	1,000	518	150	368	1,185
Supplies	9,806	10,284	7,712	2,572	7,278
Other	135	135	-	135	135
Total student support	<u>358,557</u>	<u>364,702</u>	<u>356,280</u>	<u>8,422</u>	<u>344,727</u>
Support services - instructional staff support					
Salaries and wages	165,563	170,115	168,700	1,415	164,975
Employee benefits	270,028	269,240	252,235	17,005	261,351
Purchased services	170,474	197,850	139,745	58,105	163,571
Supplies	468,507	466,052	129,957	336,095	189,544
Total instructional staff support	<u>1,074,572</u>	<u>1,103,257</u>	<u>690,637</u>	<u>412,620</u>	<u>779,441</u>

(continued)

**LANDER COUNTY SCHOOL DISTRICT
GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

Expenditures (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Support services - general administration					
Salaries and wages	\$ 270,958	\$ 286,386	\$ 285,127	\$ 1,259	\$ 270,564
Employee benefits	247,972	399,285	290,525	108,760	381,934
Purchased services	339,650	325,750	169,674	156,076	174,656
Supplies	183,460	179,454	51,702	127,752	44,771
Other	156,725	171,725	19,418	152,307	169,549
Total general administration	1,198,765	1,362,600	816,446	546,154	1,041,474
Support services - school administration					
Salaries and wages	630,990	638,433	625,158	13,275	631,783
Employee benefits	288,457	288,357	277,822	10,535	279,427
Purchased services	29,650	33,743	21,194	12,549	28,440
Supplies	14,123	13,673	8,645	5,028	20,939
Other	4,717	5,717	5,240	477	5,599
Total school administration	967,937	979,923	938,059	41,864	966,188
Support services - central services					
Salaries and wages	223,749	236,349	236,344	5	209,236
Employee benefits	104,178	109,462	108,025	1,437	101,132
Purchased services	1,000	1,000	402	598	1,070
Other	150	150	-	150	148
Total central services	329,077	346,961	344,771	2,190	311,586
Support services - operation and maintenance					
Salaries and wages	535,407	506,811	447,799	59,012	512,036
Employee benefits	250,224	232,631	216,240	16,391	225,181
Purchased services	399,820	490,413	432,174	58,239	414,164
Supplies	1,143,108	1,150,823	368,456	782,367	401,985
Other	1,550	1,700	600	1,100	5,611
Total operation and maintenance	2,330,109	2,382,378	1,465,269	917,109	1,558,977
Support services - student transportation					
Salaries and wages	178,396	178,396	158,014	20,382	153,407
Employee benefits	74,000	74,005	54,433	19,572	55,653
Purchased services	83,150	81,400	73,309	8,091	70,875
Supplies	58,900	66,210	49,620	16,590	39,462
Other	500	500	81	419	531
Total student transportation	394,946	400,511	335,457	65,054	319,928
Support services - other central services					
Employee benefits	37,380	34,655	-	34,655	20,007
Total other central services	37,380	34,655	-	34,655	20,007
Support services - other					
Supplies	-	818	818	-	-
Total other support	-	818	818	-	-
Total support services expenditures	6,691,343	6,975,805	4,947,737	2,028,068	5,342,328
Total expenditures	12,024,600	12,338,046	9,996,476	2,341,570	11,068,765
Excess of revenues over/(under) expenditures	(5,529,467)	(5,945,314)	(1,753,503)	4,191,811	901,374

(continued)

**LANDER COUNTY SCHOOL DISTRICT
GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Other sources (uses)					
Transfers out	(1,042,020)	(2,135,195)	(1,622,226)	512,969	(1,680,503)
Sale of capital assets	1,000	7,500	7,600	100	-
Total other financing sources (uses):	<u>(1,041,020)</u>	<u>(2,127,695)</u>	<u>(1,614,626)</u>	<u>513,069</u>	<u>(1,680,503)</u>
Net change in fund balance	(6,570,487)	(8,073,009)	(3,368,129)	4,704,880	(779,129)
Fund balance, beginning of year	8,211,892	8,211,892	8,211,892	-	8,991,021
Fund balance, end of year	<u>\$ 1,641,405</u>	<u>\$ 138,883</u>	<u>\$ 4,843,763</u>	<u>\$ 4,704,880</u>	<u>\$ 8,211,892</u>

**LANDER COUNTY SCHOOL DISTRICT
SPECIAL EDUCATION
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
State sources					
Distributive school fund	\$ 555,373	\$ 555,373	\$ 555,373	\$ -	\$ 545,456
Expenditures					
Special programs					
Instruction					
Salaries and wages	573,753	644,027	514,255	129,772	533,096
Employee benefits	256,643	302,033	256,803	45,230	242,601
Purchased services	800	3,800	(181)	3,981	(98)
Supplies	2,360	8,260	7,409	851	1,140
Other	100	100	-	100	-
Total special programs	833,656	958,220	778,286	179,934	776,739
Student support					
Salaries and wages	108,274	132,326	132,325	1	112,455
Employee benefits	47,866	48,246	46,977	1,269	46,089
Total student support	156,140	180,572	179,302	1,270	158,544
Instructional staff support					
Salaries and wages	25,434	25,854	25,854	-	25,098
Employee benefits	15,821	15,836	15,836	-	15,698
Total instructional staff support	41,255	41,690	41,690	-	40,796
Other instructional					
Supplies	-	2,500	-	2,500	-
Total other instructional	-	2,500	-	2,500	-
Other support					
Purchased services	-	37,004	-	37,004	-
Supplies	-	5,000	1,419	3,581	-
Total other support	-	42,004	1,419	40,585	-
Total expenditures	1,031,051	1,224,986	1,000,697	224,289	976,079
Excess of revenues over (under) expenditures	(475,678)	(669,613)	(445,324)	224,289	(430,623)
Other financing sources (uses)					
Transfers in	453,143	453,143	250,000	(203,143)	562,354
Net change in fund balance	(22,535)	(216,470)	(195,324)	21,146	131,731
Fund balance, beginning of year	217,470	217,470	217,470	-	85,739
Fund balance, end of year	\$ 194,935	\$ 1,000	\$ 22,146	\$ 21,146	\$ 217,470

LANDER COUNTY SCHOOL DISTRICT
Schedule of the Proportionate Share of the Net Pension Liability
Public Employees' Retirement System of Nevada
June 30, 2017
Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date)		
	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.10753%	0.10547%	0.10776%
Proportionate share of the net pension liability (asset)	\$ 14,470,185	\$ 12,085,966	\$ 11,230,684
Covered payroll	\$ 6,511,993	\$ 6,322,085	\$ 6,341,258
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.21%	191.17%	177.10%
Plan fiduciary net position as a percentage of the total pension liability	72.2%	75.1%	76.3%

Note: The District implemented GASB 68 in fiscal year 2015. Some prior year information is not available.

LANDER COUNTY SCHOOL DISTRICT
Schedule of Contributions
Public Employees' Retirement System of Nevada
June 30, 2017
Last 10 Fiscal Years

	Reporting Fiscal Year (Measurement Date)		
	2017 (2016)	2016 (2015)	2015 (2014)
Contractually required contribution	\$ 1,823,358	\$ 1,627,937	\$ 1,632,874
Contributions in relation to the contractually required contribution	\$ (1,823,358)	\$ (1,627,937)	\$ (1,632,874)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,511,993	\$ 6,322,085	\$ 6,341,258
Contributions as a percentage of covered payroll	28.00%	25.75%	25.75%

Note: The District implemented GASB 68 in fiscal year 2015. Some prior year information is not available.

LANDER COUNTY SCHOOL DISTRICT
Schedule of Funding Progress
Other Postemployment Benefit Plans
June 30, 2017

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) EANC (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
LCSDEHBP	9/1/2014	\$ -	\$ 1,527,459	1,527,459	0.0%	\$ 6,301,186	24.2%
	9/1/2012	-	1,804,636	1,804,636	0.0%	6,191,291	29.1%
	9/1/2010	-	3,815,185	3,815,185	0.0%	5,729,994	66.6%
PEBP	9/1/2014	-	2,294,691	2,294,691	0.0%	n/a	n/a
	9/1/2012	-	2,970,374	2,970,374	0.0%	n/a	n/a
	9/1/2010	-	5,564,574	5,564,574	0.0%	n/a	n/a

LANDER COUNTY SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2017

NOTE 1. Schedule of Funding Progress – Other Postemployment Benefit Plans

The decline in Actuarially Accrued Liability (AAL) for both the LCSDEHBP and PEBP plans from the 2012 valuation to the 2014 valuation is primarily the result of the following:

- 1) LCSDEHP: updates to employee and premium data; updates to the assumed rates of retirement, termination and mortality to be consistent with those used in the most recent retirement plan valuation covering district employees; a change in the methodology and assumptions we used for developing age related retiree medical claim costs.
- 2) PEBP: updates in members covered and in the amount of their monthly subsidy from the District; a decrease in the trend assumption for future increases in subsidies after eligibility for Medicare.

The decline in Actuarially Accrued Liability (AAL) for both the LCSDEHBP and PEBP plans from the 2010 valuation to the 2012 valuation is primarily the result of the following:

- 1) LCSDEHP: updates to employee and premium data; decline in the percentage of employees assumed to elect medical and life insurance coverage in retirement based on observed experience; increase in the percentage of future plan retirees assumed to elect spousal coverage, changes in mortality rates (longer life expectancies).
- 2) PEBP: decrease in required District subsidy for retirees, updates in number of retirees receiving a subsidy, update to mortality assumption.

SUPPLEMENTARY INFORMATION

**LANDER COUNTY SCHOOL DISTRICT
FACILITIES AND SITE IMPROVEMENTS**
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
Local sources					
Investment earnings	\$ -	\$ 45,700	\$ 35,495	\$ (10,205)	\$ 56,021
Miscellaneous	-	-	-	-	60,635
Total revenues	-	45,700	35,495	(10,205)	116,656
Expenditures					
Facilities acquisition and construction services					
Land improvements					
Purchased services	-	-	-	-	3,568
Total land improvements	-	-	-	-	3,568
Architecture, engineering and other					
Purchased services	-	144,000	37,500	106,500	3,829,959
Total architecture, engineering and other	-	144,000	37,500	106,500	3,829,959
Capital construction cost					
Purchased services	-	-	-	-	101,141
Supplies	-	50,035	-	50,035	-
Total capital construction cost	-	50,035	-	50,035	101,141
Site improvements					
Purchased services	-	144,000	-	144,000	-
Supplies	-	50,000	-	50,000	70
Other	-	2,035	-	2,035	-
Total site improvements	-	196,035	-	196,035	70
Building improvements					
Purchased services	-	532,000	342,015	189,985	1,142,663
Supplies	-	276,651	3,847	272,804	79,651
Total building improvements	-	808,651	345,862	462,789	1,222,314
Total expenditures	-	1,198,721	383,362	815,359	5,157,052
Excess of revenues over (under) expenditures	-	(1,153,021)	(347,867)	805,154	(5,040,396)
Other financing sources (uses)					
Transfers in	-	720,035	720,035	-	750,000
Total other financing sources and uses	-	720,035	720,035	-	750,000
Net change in fund balance	-	(432,986)	372,168	805,154	(4,290,396)
Fund balance, beginning of year	532,986	532,986	532,986	-	4,823,382
Fund balance, end of year	\$ 532,986	\$ 100,000	\$ 905,154	\$ 805,154	\$ 532,986

**LANDER COUNTY SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017**

	Special Revenue Funds						Capital Project Funds			Total 2017
	Local Funds	Class-Size Reduction	Adult Education	State Funds	Food Services	Federal Funds	Building and Sites	Extraordinary Maintenance	Debt Service Fund	
Assets										
Cash and investments	\$ 757,703	\$ 60,311	\$ 2,918	\$ -	\$ 26,618	\$ -	\$ 71,680	\$ 320,684	\$ -	\$ 1,239,914
Prepays	-	-	-	-	-	1,429	-	-	-	1,429
Due from other governments	-	-	-	138,060	19,215	90,296	-	-	-	247,571
Total assets	\$ 757,703	\$ 60,311	\$ 2,918	\$ 138,060	\$ 45,833	\$ 91,725	\$ 71,680	\$ 320,684	\$ -	\$ 1,488,914
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	\$ 1,749	\$ -	\$ 13	\$ 16,478	\$ 1,671	\$ 8,206	\$ 1,095	\$ -	\$ -	\$ 29,212
Accrued liabilities	-	25,953	-	56,250	1,485	2,249	-	-	-	85,937
Due to other governments	-	-	-	-	1,131	-	-	-	-	1,131
Due to other funds	-	3,875	-	43,447	-	81,270	-	-	-	128,592
Total liabilities	1,749	29,828	13	116,175	4,287	91,725	1,095	-	-	244,872
Fund balances:										
Nonspendable	-	-	-	-	-	1,429	-	-	-	1,429
Restricted	487,525	-	-	-	-	-	-	-	-	487,525
Local funds	-	-	2,905	-	-	-	-	-	-	2,905
Adult education	-	-	-	-	-	-	-	-	-	-
State funds	-	30,483	-	21,885	-	-	-	-	-	52,368
Committed	268,429	-	-	-	-	-	-	-	-	268,429
Assigned	-	-	-	-	41,546	-	-	-	-	41,546
Food services	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	70,585	320,684	-	391,269
Unassigned	-	-	-	-	-	(1,429)	-	-	-	(1,429)
Total fund balances	755,954	30,483	2,905	21,885	41,546	-	70,585	320,684	-	1,244,042
Total liabilities and fund balance	\$ 757,703	\$ 60,311	\$ 2,918	\$ 138,060	\$ 45,833	\$ 91,725	\$ 71,680	\$ 320,684	\$ -	\$ 1,488,914

**LANDER COUNTY SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2017**

	Special Revenue Funds				Capital Project Funds			Total 2017	
	Local Funds	Class-Size Reduction	Adult Education	State Funds	Food Services	Federal Funds	Building and Sites		Extraordinary Maintenance
Revenues									
Local sources	\$ 54,000	\$ -	\$ -	\$ -	\$ 98,668	\$ -	\$ -	\$ -	\$ -
State sources	-	181,139	27,291	841,481	-	-	-	-	-
Federal sources	-	-	-	-	138,013	471,039	-	-	-
Total revenues	54,000	181,139	27,291	841,481	236,681	471,039	-	-	1,811,631
Expenditures									
Regular programs	2,474	152,186	-	547,937	-	116,689	-	-	-
Special programs	-	-	-	-	-	240,219	-	-	-
Vocational programs	5,240	-	-	57,013	-	4,723	-	-	-
Adult education programs	-	-	86,020	-	-	-	-	-	-
Support services expenditures	-	-	-	-	-	-	-	-	-
Student support	-	-	-	136,341	-	3,400	-	-	-
Instructional staff support	1,739	-	-	7,238	-	78,165	-	-	-
General administration	6,420	-	-	-	-	-	-	-	-
School administration	200	-	-	3,367	-	3,719	-	-	-
Operations and maintenance	15,963	-	-	-	-	-	74,909	107,827	-
Other support	-	-	-	81,208	-	-	-	-	-
Operation of noninstructional services	-	-	-	-	-	-	-	-	-
Food services operations	-	-	-	-	290,120	25,275	-	-	-
Facilities acquisition and construction services	-	-	-	-	-	-	-	-	-
Site improvements	915	-	-	-	-	-	-	-	-
Building improvements	-	-	-	-	-	-	5,918	-	-
Capital construction	-	-	-	-	-	-	8,900	-	-
Debt service	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	182,000
Interest	-	-	-	-	-	-	-	-	46,246
Total expenditures	32,951	152,186	86,020	833,104	290,120	472,190	89,727	107,827	228,246
Excess of revenues over (under) expenditures	21,049	28,953	(58,729)	8,377	(53,439)	(1,151)	(89,727)	(107,827)	(228,246)
Other financing sources (uses):									
Transfers in	-	-	-	9,338	50,000	-	100,000	300,000	192,853
Total other financing sources (uses)	-	-	-	9,338	50,000	-	100,000	300,000	192,853
Net change in fund balances	21,049	28,953	(58,729)	17,715	(3,439)	(1,151)	10,273	192,173	(35,393)
Fund balance, beginning of year	734,905	1,530	61,634	4,170	44,985	1,151	60,312	128,511	35,393
Fund balance, end of year	\$ 755,954	\$ 30,483	\$ 2,905	\$ 21,885	\$ 41,546	\$ -	\$ 70,585	\$ 320,684	\$ -

**LANDER COUNTY SCHOOL DISTRICT
LOCAL FUNDS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
Local sources					
Grants	\$ -	\$ -	\$ -	\$ -	\$ 13,388
Donations	50,000	52,000	54,000	2,000	51,500
Total revenues	<u>50,000</u>	<u>52,000</u>	<u>54,000</u>	<u>2,000</u>	<u>64,888</u>
Expenditures					
Regular programs					
Instruction					
Salaries and wages	2,500	2,500	2,400	100	2,500
Employee benefits	93	93	74	19	81
Purchased services	-	-	-	-	4,500
Total regular programs	<u>2,593</u>	<u>2,593</u>	<u>2,474</u>	<u>119</u>	<u>7,081</u>
Vocational programs					
Facilities acquisition and construction					
Purchased services	-	1,800	-	1,800	-
Supplies	-	178,164	5,240	172,924	4,314
Total vocational programs	<u>-</u>	<u>179,964</u>	<u>5,240</u>	<u>174,724</u>	<u>4,314</u>
Support services					
Support services - instructional staff support					
Salaries and wages	-	-	-	-	5,860
Purchased services	-	8,575	-	8,575	137
Supplies	-	35,156	1,739	33,417	2,790
Other	-	-	-	-	100
Total instructional staff support	<u>-</u>	<u>43,731</u>	<u>1,739</u>	<u>41,992</u>	<u>8,887</u>
Support services - general administration					
Purchased services	5,000	-	-	-	-
Supplies	15,453	1,500	1,500	-	238
Other	20,000	4,925	4,920	5	25,073
Total general administration	<u>40,453</u>	<u>6,425</u>	<u>6,420</u>	<u>5</u>	<u>25,311</u>
Support services - school administration					
Supplies	-	200	200	-	-
Total school administration	<u>-</u>	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>
Support services - operation and maintenance					
Purchased services	65,561	65,559	126	65,433	126
Supplies	193,524	208,524	10,308	198,216	-
Other	15,000	15,000	5,529	9,471	8,906
Total operation and maintenance	<u>274,085</u>	<u>289,083</u>	<u>15,963</u>	<u>273,120</u>	<u>9,032</u>

(continued)

**LANDER COUNTY SCHOOL DISTRICT
LOCAL FUNDS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

Expenditures (continued):	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual 2016</u>
	<u>Original</u>	<u>Final</u>			
Operation of noninstructional services					
Food service program					
Supplies	<u>\$ 9,748</u>	<u>\$ 9,748</u>	<u>\$ -</u>	<u>\$ 9,748</u>	<u>\$ -</u>
Total food service program	<u>9,748</u>	<u>9,748</u>	<u>-</u>	<u>9,748</u>	<u>-</u>
Facilities acquisition and construction					
Site improvements					
Supplies	12,414	15,190	915	14,275	-
Property and equipment	17,586	-	-	-	29,810
Total building improvements	<u>30,000</u>	<u>15,190</u>	<u>915</u>	<u>14,275</u>	<u>29,810</u>
Building improvements					
Purchased services	200,000	200,000	-	200,000	-
Supplies	39,971	39,971	-	39,971	-
Total building improvements	<u>239,971</u>	<u>239,971</u>	<u>-</u>	<u>239,971</u>	<u>-</u>
Total expenditures	<u>596,850</u>	<u>786,905</u>	<u>32,951</u>	<u>753,954</u>	<u>84,435</u>
Net change in fund balance	(546,850)	(734,905)	21,049	755,954	(19,547)
Fund balance, beginning of year	<u>734,905</u>	<u>734,905</u>	<u>734,905</u>	<u>-</u>	<u>754,452</u>
Fund balance, end of year	<u>\$ 188,055</u>	<u>\$ -</u>	<u>\$ 755,954</u>	<u>\$ 755,954</u>	<u>\$ 734,905</u>

LANDER COUNTY SCHOOL DISTRICT
CLASS SIZE REDUCTION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
State sources					
Grant	\$ 191,660	\$ 191,660	\$ 181,139	\$ (10,521)	\$ 132,728
Expenditures					
Regular programs					
Instruction					
Salaries and wages	128,598	129,729	101,470	28,259	77,807
Employee benefits	63,062	63,461	50,716	12,745	53,391
Total expenditures	191,660	193,190	152,186	41,004	131,198
Excess of revenues over (under) expenditures	-	(1,530)	28,953	30,483	1,530
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Net change in fund balance	-	(1,530)	28,953	30,483	1,530
Fund balance, beginning of year	1,530	1,530	1,530	-	-
Fund balance, end of year	\$ 1,530	\$ -	\$ 30,483	\$ 30,483	\$ 1,530

**LANDER COUNTY SCHOOL DISTRICT
ADULT EDUCATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
Local sources					
Fees	\$ 200	\$ 200	\$ -	\$ (200)	\$ 465
State sources					
Grant	60,435	62,410	27,291	(35,119)	60,435
Total revenue	<u>60,635</u>	<u>62,610</u>	<u>27,291</u>	<u>(35,319)</u>	<u>60,900</u>
Expenditures					
Adult education programs					
Instruction					
Salaries and wages	47,000	81,000	68,819	12,181	51,292
Employee benefits	3,450	5,872	4,286	1,586	3,151
Purchased services	7,500	9,500	3,535	5,965	1,480
Supplies	18,121	20,772	8,124	12,648	-
Other	8,000	7,100	1,256	5,844	374
Total expenditures	<u>84,071</u>	<u>124,244</u>	<u>86,020</u>	<u>38,224</u>	<u>56,297</u>
Net change in fund balance	(23,436)	(61,634)	(58,729)	2,905	4,603
Fund balance, beginning of year	<u>61,634</u>	<u>61,634</u>	<u>61,634</u>	-	<u>57,031</u>
Fund balance, end of year	<u>\$ 38,198</u>	<u>\$ -</u>	<u>\$ 2,905</u>	<u>\$ 2,905</u>	<u>\$ 61,634</u>

LANDER COUNTY SCHOOL DISTRICT
STATE FUNDS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
State sources					
Grants	\$ 448,100	\$ 933,806	\$ 841,481	\$ (92,325)	\$ 286,717
Total revenues	<u>448,100</u>	<u>933,806</u>	<u>841,481</u>	<u>(92,325)</u>	<u>286,717</u>
Expenditures					
Regular programs					
Instruction					
Salaries and wages	133,716	149,416	146,599	2,817	3,280
Employee benefits	68,100	68,730	67,505	1,225	-
Purchased services	-	24,717	19,835	4,882	1,747
Supplies	-	149,327	143,656	5,671	64,799
Total instruction	<u>201,816</u>	<u>392,190</u>	<u>377,595</u>	<u>14,595</u>	<u>69,826</u>
Instructional staff support					
Salaries and wages	-	121,394	108,454	12,940	-
Employee benefits	-	54,859	50,077	4,782	-
Purchased services	-	15,000	4,028	10,972	-
Supplies	-	10,000	7,783	2,217	-
Total instructional staff support	<u>-</u>	<u>201,253</u>	<u>170,342</u>	<u>30,911</u>	<u>-</u>
Total regular programs	<u>201,816</u>	<u>593,443</u>	<u>547,937</u>	<u>45,506</u>	<u>69,826</u>
Vocational programs					
Instruction					
Purchased services	10,575	25,550	15,915	9,635	2,049
Supplies	77,026	32,346	30,812	1,534	63,817
Property and equipment	46,581	10,286	10,286	-	-
Total vocational programs	<u>134,182</u>	<u>68,182</u>	<u>57,013</u>	<u>11,169</u>	<u>65,866</u>
Support services					
Support services - student support					
Salaries and wages	36,682	111,792	93,736	18,056	42,559
Employee benefits	17,021	50,170	41,904	8,266	16,595
Purchased services	-	1,725	701	1,024	-
Supplies	61	61	-	61	-
Total student support	<u>53,764</u>	<u>163,748</u>	<u>136,341</u>	<u>27,407</u>	<u>59,154</u>
Support services - instructional staff support					
Salaries and wages	-	1,922	1,922	-	2,114
Employee benefits	-	290	191	99	209
Purchased services	-	288	275	13	132
Supplies	-	4,962	4,850	112	4,179
Total instructional staff support	<u>-</u>	<u>7,462</u>	<u>7,238</u>	<u>224</u>	<u>6,634</u>
Support services - school administration					
Employee benefits	448	124	40	84	4
Purchased services	-	500	500	-	1,627
Supplies	-	9,082	2,827	6,255	3,013
Total school administration support	<u>448</u>	<u>9,706</u>	<u>3,367</u>	<u>6,339</u>	<u>4,644</u>
Support services - other support					
Salaries and wages	37,884	57,958	53,670	4,288	53,898
Employee benefits	21,625	21,692	21,694	(2)	21,808
Purchased services	750	2,500	2,500	-	513
Supplies	1,395	1,500	3,000	(1,500)	298
Other	-	11,785	344	11,441	2,342
Total other support	<u>61,654</u>	<u>95,435</u>	<u>81,208</u>	<u>14,227</u>	<u>78,859</u>
Total expenditures	<u>451,864</u>	<u>937,976</u>	<u>833,104</u>	<u>104,872</u>	<u>284,983</u>
Excess of revenues over (under) expenditures	<u>(3,764)</u>	<u>(4,170)</u>	<u>8,377</u>	<u>12,547</u>	<u>1,734</u>
Other financing sources (uses)					
Transfers in	-	-	9,338	-	-
Net change in fund balance	<u>(3,764)</u>	<u>(4,170)</u>	<u>17,715</u>	<u>12,547</u>	<u>1,734</u>
Fund balance, beginning of year	<u>4,170</u>	<u>4,170</u>	<u>4,170</u>	<u>-</u>	<u>2,436</u>
Fund balance, end of year	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 21,885</u>	<u>\$ 12,547</u>	<u>\$ 4,170</u>

LANDER COUNTY SCHOOL DISTRICT
FOOD SERVICES FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
Local sources					
Daily sales	\$ 97,500	\$ 70,558	\$ 98,668	\$ 28,110	\$ 104,161
Federal sources					
Grant	93,000	115,000	122,251	7,251	104,237
Food distribution program	20,000	20,000	14,781	(5,219)	15,310
Special milk program for children	458	924	981	57	458
Total federal sources	<u>113,458</u>	<u>135,924</u>	<u>138,013</u>	<u>2,089</u>	<u>120,005</u>
Total revenue	<u>210,958</u>	<u>206,482</u>	<u>236,681</u>	<u>30,199</u>	<u>224,166</u>
Expenditures					
Operation of noninstructional services					
Food service operations					
Salaries and wages	96,824	100,000	97,325	2,675	100,644
Employee benefits	26,122	26,760	25,354	1,406	25,868
Purchased services	4,966	7,703	5,054	2,649	3,546
Supplies	193,189	214,983	160,117	54,866	172,431
Other	1,200	3,737	2,270	1,467	1,200
Total expenditures	<u>322,301</u>	<u>353,183</u>	<u>290,120</u>	<u>63,063</u>	<u>303,689</u>
Excess of revenues over (under) expenditures	<u>(111,343)</u>	<u>(146,701)</u>	<u>(53,439)</u>	<u>93,262</u>	<u>(79,523)</u>
Other financing sources (uses)					
Transfers in	<u>101,716</u>	<u>101,716</u>	<u>50,000</u>	<u>(51,716)</u>	<u>65,951</u>
Net change in fund balance	(9,627)	(44,985)	(3,439)	41,546	(13,572)
Fund balance, beginning of year	<u>44,985</u>	<u>44,985</u>	<u>44,985</u>	<u>-</u>	<u>58,557</u>
Fund balance, end of year	<u>\$ 35,358</u>	<u>\$ -</u>	<u>\$ 41,546</u>	<u>\$ 41,546</u>	<u>\$ 44,985</u>

**LANDER COUNTY SCHOOL DISTRICT
FEDERAL FUNDS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
Federal sources					
Grants	\$ 383,875	\$ 603,061	\$ 471,039	\$ (132,022)	\$ 521,489
Total revenues	<u>383,875</u>	<u>603,061</u>	<u>471,039</u>	<u>(132,022)</u>	<u>521,489</u>
Expenditures					
Regular programs					
Instruction					
Salaries and wages	7,504	69,556	69,554	2	66,331
Employee benefits	4,547	37,229	37,229	-	36,109
Purchased services	27,646	25,829	9,906	15,923	9,611
Total regular programs	<u>39,697</u>	<u>132,614</u>	<u>116,689</u>	<u>15,925</u>	<u>112,051</u>
Special programs					
Instruction					
Salaries and wages	34,480	63,735	61,527	2,208	59,254
Employee benefits	17,842	34,470	33,575	895	33,252
Purchased services	33,000	33,250	-	33,250	(10)
Supplies	4,500	11,251	3,420	7,831	6,825
Total instruction	<u>89,822</u>	<u>142,706</u>	<u>98,522</u>	<u>44,184</u>	<u>99,321</u>
Student support					
Salaries and wages	57,783	65,500	55,378	10,122	54,742
Employee benefits	22,951	22,261	21,368	893	21,189
Purchased services	16,000	17,500	16,720	780	19,880
Supplies	5,894	7,956	6,005	1,951	4,714
Other	1,177	2,900	-	2,900	624
Total student support	<u>103,805</u>	<u>116,117</u>	<u>99,471</u>	<u>16,646</u>	<u>101,149</u>
Instructional staff support					
Salaries and wages	26,796	26,270	26,270	-	25,867
Employee benefits	16,237	16,105	15,956	149	15,805
Total instructional staff support	<u>43,033</u>	<u>42,375</u>	<u>42,226</u>	<u>149</u>	<u>41,672</u>
Total special programs	<u>236,660</u>	<u>301,198</u>	<u>240,219</u>	<u>60,979</u>	<u>242,142</u>

(continued)

**LANDER COUNTY SCHOOL DISTRICT
FEDERAL FUNDS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

Expenditures (continued):	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Vocational programs					
Instruction					
Purchased services	\$ 5,408	\$ 6,475	\$ 3,123	\$ 3,352	\$ 7,567
Supplies	4,100	2,330	1,217	1,113	649
Other	-	703	383	320	-
Total vocational programs	<u>9,508</u>	<u>9,508</u>	<u>4,723</u>	<u>4,785</u>	<u>8,216</u>
Support services					
Student support					
Salaries and wages	5,000	7,925	3,375	4,550	2,575
Employee benefits	188	214	7	207	94
Purchased services	1,000	1,000	18	982	13
Supplies	1,550	1,550	-	1,550	-
Total student support	<u>7,738</u>	<u>10,689</u>	<u>3,400</u>	<u>7,289</u>	<u>2,682</u>
Instructional staff support					
Salaries and wages	-	40,049	23,046	17,003	85,936
Employee benefits	-	3,015	2,076	939	31,075
Purchased services	-	45,037	26,042	18,995	28,179
Supplies	-	29,881	23,838	6,043	11,443
Other	-	6,563	3,163	3,400	1,500
Total instructional staff support	<u>-</u>	<u>124,545</u>	<u>78,165</u>	<u>46,380</u>	<u>158,133</u>
School administration support					
Purchased services	-	2,351	2,349	2	629
Other	-	1,370	1,370	-	-
Total school administration support	<u>-</u>	<u>3,721</u>	<u>3,719</u>	<u>2</u>	<u>629</u>
Total support services	<u>7,738</u>	<u>138,955</u>	<u>85,284</u>	<u>53,671</u>	<u>161,444</u>
Operation of noninstructional services					
Food service operations	-	25,275	25,275	-	-
Total operation of noninstructional services	<u>-</u>	<u>25,275</u>	<u>25,275</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>293,603</u>	<u>607,550</u>	<u>472,190</u>	<u>135,360</u>	<u>523,853</u>
Excess of revenues over (under) expenditures	<u>90,272</u>	<u>(4,489)</u>	<u>(1,151)</u>	<u>3,338</u>	<u>(2,364)</u>
Other financing sources (uses)					
Transfers in	<u>4,052</u>	<u>4,052</u>	<u>-</u>	<u>(4,052)</u>	<u>-</u>
Net change in fund balance	<u>94,324</u>	<u>(437)</u>	<u>(1,151)</u>	<u>(714)</u>	<u>(2,364)</u>
Fund balance, beginning of year	<u>1,151</u>	<u>1,151</u>	<u>1,151</u>	<u>-</u>	<u>3,515</u>
Fund balance, end of year	<u>\$ 95,475</u>	<u>\$ 714</u>	<u>\$ -</u>	<u>\$ (714)</u>	<u>\$ 1,151</u>

**LANDER COUNTY SCHOOL DISTRICT
BUILDING AND SITES FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
Local sources					
Interest	\$ -	\$ -	\$ -	\$ -	\$ 127
Total revenues	-	-	-	-	127
Expenditures					
Facilities Acquisition and Construction Services					
Land improvements					
Purchased services	-	-	-	-	7,928
Total land improvements	-	-	-	-	7,928
Building improvements					
Purchased services	-	45,312	918	44,394	4,999
Supplies	-	25,000	5,000	20,000	-
Other	-	-	-	-	45
Total building improvements	-	70,312	5,918	64,394	5,044
Capital construction					
Property	-	10,000	8,900	1,100	-
Total capital construction	-	10,000	8,900	1,100	-
Support services					
Operation and maintenance					
Purchased services	-	80,000	74,909	5,091	-
Total operation and maintenance	-	80,000	74,909	5,091	-
Total expenditures	-	160,312	89,727	70,585	12,972
Excess of revenues over (under) expenditures	-	(160,312)	(89,727)	70,585	(12,845)
Other financing sources (uses)					
Transfers in	-	100,000	100,000	-	-
Total other financing sources and uses	-	100,000	100,000	-	-
Net change in fund balance	-	(60,312)	10,273	70,585	(12,845)
Fund balance, beginning of year	60,312	60,312	60,312	-	73,157
Fund balance, end of year	\$ 60,312	\$ -	\$ 70,585	\$ 70,585	\$ 60,312

**LANDER COUNTY SCHOOL DISTRICT
EXTRAORDINARY MAINTENANCE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
Local sources					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Support services					
Operation and maintenance					
Purchased services	-	428,511	107,827	320,684	137,371
Total operation and maintenance	<u>-</u>	<u>428,511</u>	<u>107,827</u>	<u>320,684</u>	<u>137,371</u>
Total expenditures	<u>-</u>	<u>428,511</u>	<u>107,827</u>	<u>320,684</u>	<u>137,371</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(428,511)</u>	<u>(107,827)</u>	<u>320,684</u>	<u>(137,371)</u>
Other financing sources (uses)					
Transfers in	-	300,000	300,000	-	74,160
Total other financing sources and uses	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>74,160</u>
Net change in fund balance	-	(128,511)	192,173	320,684	(63,211)
Fund balance, beginning of year	128,511	128,511	128,511	-	191,722
Fund balance, end of year	<u>\$ 128,511</u>	<u>\$ -</u>	<u>\$ 320,684</u>	<u>\$ 320,684</u>	<u>\$ 128,511</u>

LANDER COUNTY SCHOOL DISTRICT
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Revenues					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Debt service:					
Principal	182,000	182,000	182,000	-	177,000
Interest	46,246	46,246	46,246	-	51,037
Total debt service	<u>228,246</u>	<u>228,246</u>	<u>228,246</u>	<u>-</u>	<u>228,037</u>
Excess of revenues over (under) expenditures	<u>(228,246)</u>	<u>(228,246)</u>	<u>(228,246)</u>	<u>-</u>	<u>(228,037)</u>
Other financing sources (uses)					
Transfers in	192,853	192,853	192,853	-	228,038
Total other financing sources and uses	<u>192,853</u>	<u>192,853</u>	<u>192,853</u>	<u>-</u>	<u>228,038</u>
Net change in fund balance	(35,393)	(35,393)	(35,393)	-	1
Fund balance, beginning of year	35,393	35,393	35,393	-	35,392
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,393</u>

**LANDER COUNTY SCHOOL DISTRICT
HEALTH AND ACCIDENT INSURANCE FUND
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Budgeted Amounts		Actual	Variance	Actual 2016
	Original	Final		Favorable (Unfavorable)	
Operating revenues					
Local Sources					
Dependent and retiree coverage	\$ 190,000	\$ 220,000	\$ 277,738	\$ 57,738	\$ 229,369
Employee coverage	1,000,000	1,000,000	1,076,119	76,119	1,065,395
Total operating revenues	<u>1,190,000</u>	<u>1,220,000</u>	<u>1,353,857</u>	<u>133,857</u>	<u>1,294,764</u>
Operating expenditures					
Support services					
Benefits	1,441,352	1,984,884	1,356,156	628,728	1,341,035
Total support services	<u>1,441,352</u>	<u>1,984,884</u>	<u>1,356,156</u>	<u>628,728</u>	<u>1,341,035</u>
Total operating expenditures	<u>1,441,352</u>	<u>1,984,884</u>	<u>1,356,156</u>	<u>628,728</u>	<u>1,341,035</u>
Operating income (loss)	<u>(251,352)</u>	<u>(764,884)</u>	<u>(2,299)</u>	<u>762,585</u>	<u>(46,271)</u>
Nonoperating revenues (expenditures)					
Interest income	<u>200</u>	<u>10</u>	<u>450</u>	<u>440</u>	<u>193</u>
Change in net position	(251,152)	(764,874)	(1,849)	763,025	(46,078)
Net position, beginning of year	<u>764,874</u>	<u>764,874</u>	<u>764,874</u>	<u>-</u>	<u>810,952</u>
Net position, end of year	<u>\$ 513,722</u>	<u>\$ -</u>	<u>\$ 763,025</u>	<u>\$ 763,025</u>	<u>\$ 764,874</u>

**LANDER COUNTY SCHOOL DISTRICT
TOM NORRIS NONEXPENDABLE TRUST FUND
FOR TEACHER ADVANCEMENT
Schedule of Changes in Fiduciary Net Position
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Budgeted Amounts		Actual	Variance	Actual
	Original	Final		Favorable (Unfavorable)	2016
Additions					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ 5
Total additions	-	-	-	-	5
Deductions					
Support services					
Instructional staff support					
Benefits	21,442	21,442	-	21,442	-
Total deductions	21,442	21,442	-	21,442	-
Change in net position	(21,442)	(21,442)	-	(21,442)	5
Net position, beginning of year	21,442	21,442	21,442	-	21,437
Net position, end of year	\$ -	\$ -	\$ 21,442	\$ (21,442)	\$ 21,442

**LANDER COUNTY SCHOOL DISTRICT
TOM NORRIS NONEXPENDABLE TRUST FUND
FOR STUDENT SCHOLARSHIPS AND AWARDS
Schedule of Changes in Fiduciary Net Position
Budget to Actual
For the Year Ended June 30, 2017
(With Comparative Totals for June 30, 2016)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Actual 2016
	Original	Final			
Additions					
Investment earnings (loss)	\$ -	\$ -	\$ (975)	\$ (975)	\$ 25,260
Total additions	-	-	(975)	(975)	25,260
Deductions					
Student scholarships	-	-	5,000	(5,000)	-
	-	-	5,000	(5,000)	-
Change in net position	-	-	(5,975)	4,025	25,260
Net position, beginning of year	407,065	407,065	407,065	-	381,805
Net position, end of year	\$ 407,065	\$ 407,065	\$ 401,090	\$ 4,025	\$ 407,065

**LANDER COUNTY SCHOOL DISTRICT
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Deductions	Transfers	Balance June 30, 2017
BATTLE MOUNTAIN HIGH SCHOOL					
STUDENT BODY ACTIVITIES FUND					
ASSETS					
Cash	\$ 169,528	\$ 226,781	\$ 244,152	\$ -	\$ 152,157
LIABILITIES					
Due to student groups	\$ 169,528	\$ 226,781	\$ 244,152	\$ -	\$ 152,157
ELEANOR LEMAIRE JUNIOR HIGH SCHOOL					
STUDENT BODY ACTIVITIES FUND					
ASSETS					
Cash	\$ 10,804	\$ 71,727	\$ 62,121	\$ -	\$ 20,410
LIABILITIES					
Due to student groups	\$ 10,804	\$ 71,727	\$ 62,121	\$ -	\$ 20,410
AUSTIN SCHOOLS' STUDENT					
STUDENT BODY ACTIVITIES FUND					
ASSETS					
Cash	\$ 37,789	\$ 9,542	\$ 13,053	\$ -	\$ 34,278
LIABILITIES					
Due to student groups	\$ 37,789	\$ 9,542	\$ 13,053	\$ -	\$ 34,278
BATTLE MOUNTAIN ELEMENTARY SCHOOL					
STUDENT BODY ACTIVITIES FUND					
ASSETS					
Cash	\$ 67,699	\$ 42,489	\$ 34,487	\$ -	\$ 75,701
LIABILITIES					
Due to student groups	\$ 67,699	\$ 42,489	\$ 34,487	\$ -	\$ 75,701
TOTAL - ALL AGENCY FUNDS					
ASSETS					
Cash	\$ 285,820	\$ 350,539	\$ 353,813	\$ -	\$ 282,546
LIABILITIES					
Due to student groups	\$ 285,820	\$ 350,539	\$ 353,813	\$ -	\$ 282,546

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FEDERAL AND STATE REPORTS

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**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Trustees
Lander County School District
Battle Mountain, Nevada

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 Lander County School District, State of Nevada, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Lander County School District's basic financial statements and have issued our report thereon dated October 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lander County School District'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 Lander County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lander County School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency (item 2016-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lander County School District's financial statements are free of 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 Standard*.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendation. The District's response was not subjected to the auditing procedures applies in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



HintonBurdick, PLLC
St. George, Utah
October 31, 2017

**Independent Auditor's Report on Compliance with
Statutes and Administrative Code in
Accordance with NRS 354.624(4)(C) and 354.6241**

Board of Trustees
Lander County School District
Battle Mountain, Nevada

We have audited the basic financial statements of the Lander County School District School, State of Nevada, for the year ended June 30, 2017, and have issued our report thereon dated October 31, 2017. Our audit also included test work on Lander County School District's compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

The management of Lander County School District, State of Nevada, is responsible for the District's compliance with the Nevada Revised Statutes (NRS) and regulations (Nevada Administrative Code). Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year finding and recommendations; accordingly, we make the following statements:

We noted no instances of noncompliance for the year ended June 30, 2017.

The District has complied with the provisions of NRS 354.6113.

The District has complied with the provisions of NRS 354.6115.

Lander County School District appears to be using all of its funds expressly for the purposes for which they were created in accordance with NRS 354.624.

NRS 354.624 requires that a schedule of all fees imposed by the District which are subject to the provisions of NRS 354.5989 be presented. The District does not impose fees that are subject to NRS 354.5989.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Lander County School District complied, in all material respects, with the requirements identified above for the year ended June 30, 2017.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Nevada Revised Statutes (NRS) and regulations (Nevada Administrative Code) and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Hinton Burdick, PLLC". The signature is written in a cursive, flowing style.

HintonBurdick, PLLC
St. George, Utah
October 31, 2017

**Findings and Recommendations
For the Fiscal Year Ended June 30, 2017**

Board of Trustees
Lander County School District
Battle Mountain, Nevada

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We noted circumstances that, if improved, would strengthen the District's accounting system and control over its assets. These items are discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weaknesses

None noted

Significant Deficiencies:

2016-001 Reconciliation of Cash and Investment Accounts

The District's total reconciled cash and investments book balance did not agree to the total cash and investments general ledger balance (10101 accounts) as of June 30, 2017. The discrepancy amount was initially significant but not deemed to be material to the financial statements. The District uses only one general ledger account (10101 accounts) for each fund to record all bank cash and investment balances, which can complicate the reconciliation process of each cash and investment account. Furthermore, some investment activity is being tracked and reconciled outside of the District's main accounting system throughout the fiscal year, and a journal entry is made at fiscal year-end to record the investment activity for the fiscal year. Proper monthly cash and investment account reconciliations provide important safeguards and controls to ensure the proper recording, deposit, and disposition of the District's funds.

Recommendation

We recommend that the District establish procedures that will allow the District to fully reconcile all cash and investment accounts of the District on a monthly basis. The District should maintain documentation of the monthly reconciliations and the reconciliations should clearly reconcile the financial institution balance to the general ledger book balance at the end of each month. The District should consider using additional general ledger accounts to track each cash and investment account separately. Furthermore, we recommend that the investment activity be tracked and reconciled with the general ledger balances on a monthly basis. We know that the District is in the process of upgrading its accounting software and is planning to address these issue with the change.

Management's Response/Corrective Action Plan

The District will reconcile the financial institution balances to the general ledger book balance at the end of each month. The District plans to improve its reconciliation process with the transition to the new accounting software. Investment activity will be tracked and reconciled monthly with the general ledger balances.

COMPLIANCE AND OTHER MATTERS:

Compliance:

None noted

This communication is intended solely for the information and use of management, board members and others within the District and is not intended to be used and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the District this past year. We would like to express special thanks to the District staff that assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel it necessary and we look forward to a continued pleasant professional relationship.

Sincerely,



HintonBurdick, PLLC

October 31, 2017