

LAKEVIEW COMMUNITY SCHOOLS

Notes to Financial Statements

Impairment. During the year ended June 30, 2017, the District determined that a roof had been damaged from severe weather conditions in a previous year. The insurance company approved the claim in a total amount of \$421,003 plus an additional amount for temporary repairs. An impairment loss was recognized based on the current replacement cost. Repair and maintenance expense is being recorded in the general fund. As of June 30, 2017, \$246,535 in costs had been incurred; these amounts are reported as construction in progress in the government-wide statement of net position. The remaining balance outstanding for completion of the repair is \$174,468.

8. NOTE PAYABLE

The following is a summary of short-term debt transactions of the District for the year ended June 30, 2017:

	Beginning Balance	Additions	Deductions	Ending Balance
School aid anticipation note (maturing 08/21/2017) with an interest rate of 1.19% (operating cash flow)	\$ 700,000	\$ 500,000	\$ (700,000)	\$ 500,000

9. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2017:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 18,940,000	\$ 2,580,000	\$ (3,985,000)	\$ 17,535,000	\$ 1,510,000
Unamortized premiums and discounts	159,043	-	(45,408)	113,635	10,492
Compensated absences	109,613	10,228	(3,692)	116,149	-
Total governmental activities	\$ 19,208,656	\$ 2,590,228	\$ (4,034,100)	\$ 17,764,784	\$ 1,520,492

General obligation bonds

2009 refunding bonds due in amounts ranging from \$175,000 through \$400,000 plus interest at 2.40-4.40% through 2022 (unlimited tax, general obligation) \$ 2,000,000

2010B refunding bonds due in amounts ranging from \$285,000 through \$300,000 plus interest at 2.05-3.09% through 2022 (unlimited tax, general obligation) 1,440,000

2013 school building and site bonds due in amounts ranging from \$130,000 through \$685,000 plus interest at 2.00-4.00% through 2038 (unlimited tax, general obligation) 9,630,000

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General obligation bonds (concluded)

2014 school building and site bonds due in amounts ranging from \$160,000 through \$435,000 plus interest at 2.00-2.50% through 2022 (unlimited tax, general obligation)	\$ 1,885,000
2017 refunding bonds due in amounts ranging from \$485,000 through \$550,000 plus interest at 1.25-2.20% through 2022 (unlimited tax, general obligation)	<u>2,580,000</u>
Total	<u><u>\$ 17,535,000</u></u>

Future principal and interest payment requirements on outstanding installment debt are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 1,510,000	\$ 549,133	\$ 2,059,133
2019	1,555,000	503,505	2,058,505
2020	1,590,000	462,860	2,052,860
2021	1,630,000	419,135	2,049,135
2022	1,620,000	371,146	1,991,146
2023-2027	2,725,000	1,441,000	4,166,000
2028-2032	2,975,000	1,016,494	3,991,494
2033-2037	3,245,000	477,745	3,722,745
2038	685,000	24,831	709,831
Totals	<u><u>\$ 17,535,000</u></u>	<u><u>\$ 5,265,849</u></u>	<u><u>\$ 22,800,849</u></u>

Advance refunding. During 2017, the District issued \$2,580,000 of 2017 Refunding Bonds to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments of \$2,540,000 of 2008 Refunding Bonds. As a result of the refunding, the bonds are considered defeased and the liability has been removed from the statement of net position. The refunding resulted in a savings of \$98,377 and an economic gain of \$93,204.

The District has advance refunded certain bonds payable in previous periods through issuance of refunding bonds. The proceeds from issuance of the refunding bonds were placed in escrow until the related bonds were called. Of the refunding bonds reported in the table above, there are no amounts currently held in escrow, as the original bonds in each instance have already been called and repaid in full.

The District has advance-funded its liability for compensated absences through interfund charges from an internal service fund. The District expects to liquidate its compensated absences through this fund.