

**Lapwai School District No. 341
Audited Financial Statements as of and
For the Year Ended June 30, 2011**

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Independent Auditor's Report

To the Board of Trustees
Lapwai School District No. 341
Lapwai, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapwai School District No. 341, State of Idaho, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Lapwai School District No. 341, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated, October 14, 2011 on our consideration of Lapwai School District No. 341'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* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 23 through 27 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 inquires of management about the methods of preparing the information and comparing the information for consistent with management's responses to our inquires, 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 and assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Lapwai School District No. 341 has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lapwai School District No. 341 financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

October 14, 2011


Goffinet and Clack, Chartered
Certified Public Accountants

Lapwai School District No. 341
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets:	
Cash	589,193
Investments	1,687,157
Receivables:	
Accounts	13,059
Property Taxes	193,740
Other Governments	1,231,759
Capital Assets:	
Land and Construction in Progress	3,602,987
Depreciable Capital Assets - Net	9,862,186
Total Assets	17,180,081
 Liabilities:	
Accounts Payable	691,435
Accrued Interest	53,302
Accrued Salaries and Benefits	632,316
Noncurrent Liabilities:	
Due Within One Year	211,147
Due in More Than One Year	2,950,000
Total Liabilities	4,538,200
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	10,304,026
Restricted For:	
Capital Projects	220,552
Debt Service	267,309
Educational Programs	163,705
Unrestricted	1,686,289
Total Net Assets	12,641,881

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
 Statement of Activities
 For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				Total
Instruction	3,736,573		738,551	(2,998,022)
Non-Instruction				
Support Services	752,575		65,670	(686,905)
Administration	821,464		98,014	(723,450)
Maintenance and Operations	666,487		37,595	2,712,103
Transportation	281,989		143,448	(138,541)
Food Services	281,861	37,727	288,763	52,181
Interest on Long-Term Liabilities	148,447			(148,447)
Total Governmental Activities	<u>6,689,396</u>	<u>37,727</u>	<u>1,372,041</u>	<u>(1,931,081)</u>

General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	342,828
Property Taxes, Levied for Debt Service	157,710
State and Federal Aid	5,060,853
Investment Earnings	6,285
Miscellaneous	267,106
Total General Revenues	<u>5,834,782</u>
Change in Net Assets	<u>3,903,701</u>
Prior Period Adjustment (Depreciation)	21,304
Net Assets, Beginning of Year	<u>8,716,876</u>
Net Assets, End of Year	<u><u>12,641,881</u></u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
 Balance Sheet
 Governmental Funds
 June 30, 2011

	General Fund	ARRA Construction Grant	Bond Redemption Fund	Nez Perce Tribe Construction	Other Governmental Funds	Totals
Assets						
Cash	51,790	19,650		200,000	317,753	589,193
Investments	1,367,910		318,387		860	1,687,157
Property Taxes Receivable	128,577		65,163			193,740
Accounts	995				12,064	13,059
Due From Other Governments	200,161	631,731		300,000	99,867	1,231,759
Due From Other Funds	146,048					146,048
Total Assets	1,895,481	651,381	383,550	500,000	430,544	3,860,956
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	44,635	631,731			15,069	691,435
Accrued Salaries and Benefits	521,106				111,210	632,316
Deferred Revenue	17,542		16,279	300,000		333,821
Due to Other Funds			99,962		46,086	146,048
Total Liabilities	583,283	631,731	116,241	300,000	172,365	1,803,620
Fund Balances:						
Restricted For:						
Capital Projects		19,650				219,650
Retirement of Long-Term Debt			267,309	200,000		267,309
Assigned For:						
Child Nutrition					93,572	93,572
Unassigned	1,312,198				164,607	1,476,805
Total Fund Balances	1,312,198	19,650	267,309	200,000	258,179	2,057,336
Total Liabilities and Fund Balances	1,895,481	651,381	383,550	500,000	430,544	3,860,956

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2011

Total Governmental Fund Balances (Page 5)		2,057,336
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,465,173
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property Taxes	33,821	
Grant Revenues	<u>300,000</u>	<u>333,821</u>
Long-Term liabilities, including bonds and leases payable, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest	(53,302)	
Bonds and Leases Payable	<u>(3,161,147)</u>	<u>(3,214,449)</u>
Net Assets of Governmental Activities (Page 3)		<u><u>12,641,881</u></u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	ARRA Construction Grant	Bond Redemption Fund	Nez Perce Tribe Construction	Other Governmental Funds	Totals
Revenues						
Property Taxes	332,606		156,722			489,328
Intergovernmental, Federal	2,279,945	3,089,838			1,358,744	6,728,527
Intergovernmental, State	2,946,254		50,255		56,405	3,052,914
Interest	5,521		762		2	6,285
Other	61,292			200,000	43,541	304,833
Total Revenues	<u>5,625,618</u>	<u>3,089,838</u>	<u>207,739</u>	<u>200,000</u>	<u>1,458,692</u>	<u>10,581,887</u>
Expenditures						
Current:						
Instruction	2,588,008				828,319	3,416,327
Non-Instruction						
Support Services	587,800				165,089	752,889
Administration	725,287		500		84,679	810,466
Maintenance and Operations	658,428					658,428
Transportation	230,233				8,221	238,454
Food Services	6,715				271,256	277,971
Capital Outlays	71,984	3,424,588			42,994	3,539,566
Debt Service:						
Principal			160,000		45,490	205,490
Interest			145,337		5,510	150,847
Total Expenditures	<u>4,868,455</u>	<u>3,424,588</u>	<u>305,837</u>		<u>1,451,558</u>	<u>10,050,438</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>757,163</u>	<u>(334,750)</u>	<u>(98,098)</u>	<u>200,000</u>	<u>7,134</u>	<u>531,449</u>
Fund Balance, Beginning of Year	<u>555,035</u>	<u>354,400</u>	<u>365,407</u>		<u>251,045</u>	<u>1,525,887</u>
Fund Balance, End of Year	<u>1,312,198</u>	<u>19,650</u>	<u>267,309</u>	<u>200,000</u>	<u>258,179</u>	<u>2,057,336</u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
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, 2011

Net Changes in Fund Balances, Total Governmental Funds (Page 7)	531,449
Amounts reported for governmental activities in the statement of activities are different because:	
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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	3,154,930
Some expenditures reported in the Statement of Activities do not require use of current financial resources and therefore are not reported as expenditures in governmental funds	
Prepaid Workers Compensation Insurance	(1,778)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	11,210
Repayment of bond principal and lease payables are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and do not result in an expense in the statement of activities.	205,490
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	<u>2,400</u>
Change in Net Assets of Governmental Activities (Page 4)	<u><u>3,903,701</u></u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trusts	Agency Funds
	<hr/>	<hr/>
Assets:		
Cash	6,971	20,333
Investments	10,669	30,241
Accounts Receivable		4,042
	<hr/>	<hr/>
Total Assets	<u>17,640</u>	<u>54,616</u>
 Liabilities:		
Due to Student Groups		54,616
	<hr/>	<hr/>
Total Liabilities		<u>54,616</u>
 Net Assets		
Held in Trust for Scholarships	12,234	
Held in Trust for Employee Medical	5,406	
	<hr/>	
Total Net Assets	<u>17,640</u>	

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trusts
Additions	
Contributions	1,495
Interest	28
Total Additions	1,523
Deductions	
Scholarships and Expenses	955
Total Deductions	955
Change in Net Assets	568
Net Assets Beginning of Year	17,072
Net Assets at End of Year	17,640

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Notes to the Financial Statements
June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lapwai School District No. 341 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. Reporting Entity

Lapwai School District No. 341 is organized under the laws of the State of Idaho and operates under a Board of Trustees-Superintendent form of government and provides educational facilities, materials and all personnel necessary for administration, maintenance and instruction. Lapwai School District No. 341's Board of Trustees is the basic level of government, which has oversight responsibility and control over all activities related to public school education in the District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Component Units: In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in GAAP and defined in GASB Statement 14. Based upon the application of these criteria, there were no component units included with the reporting entity. Also, the District is not included in any governmental "reporting entity" as defined by the GASB pronouncements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting,
and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

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 District considers revenues to be available if they are collected within 30 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.

Property taxes, sales tax, agriculture replacement tax, and interest (all nonexchange items) associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The **Bond Redemption Fund** accounts for the accumulation of resources and payment for debt service.
- The **Nez Perce Tribe Construction Fund** accounts for the accumulation and contribution of resources for Phase I and Phase II of the new school addition.
- The **ARRA Construction Grant Fund** accounts for the accumulation and contribution of resources for Phase II of the new school addition.

Additionally, the District reports the following fund types:

- The other governmental funds account for resources and payments made for federal, state, other governmental and local grants.
- The private purpose trusts (fiduciary funds) accounts for assets held for others. The District has two types of private purpose trusts: Scholarships and Employee Medical.
- The student activities agency fund (a fiduciary fund) accounts for assets held on behalf of student groups.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund type financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

The District reports deferred revenue on the balance sheets of the governmental funds. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for

recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenses as of, and for the year ended June 30, 2011. Actual results may differ from such estimates.

E. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The District's cash is considered to be cash on hand and cash in checking accounts. Investments are deposits in savings accounts, and deposits with the State of Idaho's Local Government Investment Pool. The District maintains its accounts at local financial institutions and the State of Idaho's Local Government Investment Pool.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

3. Capital Assets

Capital assets, which include land, building and improvements, machinery, and furniture and equipment, are reported in the government-wide financial statements. The District capitalizes equipment with an original cost of \$2,500 or more and an expected life of more than three years. The District capitalizes property improvements with an original cost of \$10,000 or more that is expected to extend the property life by 10 years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of capital assets is computed using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements	7-30
Machinery and Equipment	5-15
Buses	10-12
Vehicles	10-20
Computer Equipment	3-10

4. Compensated Absences

District non-certified employees are granted vacation and sick leave days in varying amounts under the terms of District policy. Employees are not compensated for unused sick leave. The estimated amount of compensation for future absences is immaterial to these financial statements and, accordingly, no liability has been recorded.

5. Long-Term Obligations

The District reports long-term debt of governmental funds at face value. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

6. Fund Equity

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments are fund balances that contain self-imposed constraints by the Board of Trustees of the government to be used for a particular purpose. Unassigned fund balances are available for general operating expenditures, debt retirement, or capital outlays at the discretion of the board.

II. DETAIL NOTES ON ALL FUND AND ACCOUNT GROUPS

A. Deposits and Investments

At year end the District's carrying amount of cash was \$119,348 and the bank balance was \$167,117. The bank balance was covered by federal depository insurance. The financial institution balances were:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Deposits	140,031	27,086	167,117
Investments	2,184,306	40,910	2,225,216
	<u>2,324,337</u>	<u>67,996</u>	<u>2,392,333</u>

Reconciliation of the carrying amount on the financial statements is as follows:

<u>Governmental Funds</u>		
Cash on Hand		20
Cash in Bank		
Special Revenue Funds		93,589
<u>Fiduciary Funds</u>		
Cash in Bank		
Agency Funds	20,332	
Employee Medical Fund	5,406	25,738
Total Cash in Bank		<u>119,348</u>

The District's investments are as follows:

<u>Fund</u>	<u>Carrying Value</u>	<u>Financial Institution Balance</u>
<u>General</u>		
Savings Account	497,148	497,148
Local Government Investment Pool	1,363,740	1,363,740
Local Government Investment Pool	4,171	4,171
<u>Bond Redemption Fund</u>		
Local Government Investment Pool	318,387	318,387
<u>Agency</u>		
Local Government Investment Pool	30,241	30,241
<u>Plant Facility Funds</u>		
Local Government Investment Pool	860	860
<u>Expendable Trust Funds</u>		
Local Government Investment Pool	10,669	10,669
	<u>2,225,216</u>	<u>2,225,216</u>

Deposits with Financial Institutions

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000.

Bank Balances as of June 30, 2011:

Cash

Amounts insured by FDIC held by banks in the Districts name (District and Student Body Funds)

167,117

Investments

Amounts insured by FDIC held by banks in the Districts name (District)

82,883

Amounts not insured by FDIC held by banks in the Districts name (District)

414,265

Amounts collateralized with securities not held in the District's name, including funds held by the State of Idaho's Local Government Investment Pool (District and Student Body Funds)

1,728,068

2,392,333

Investments

The District had investments in the Idaho Local Government Investment Pool (LGIP) of \$1,728,068 at year-end. At June 30, 2011 the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value. The District also has a savings account balance of \$497,148 at year end.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District does not have a written policy for interest rate risk.

Credit Risk

Credit risk is defined as the risk that an issuer or other counter party to an investment in debt securities will not fulfill its obligations. The State of Idaho's Local Government Investment Pool Account has been assigned a AAf with S1 and S2 volatilities rating by Standard & Poor's Rating Service. The District does not have a written investment policy covering credit risk. However, investments with the State of Idaho's Local Government Investment Pool are excluded from credit risk disclosures.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2011, approximately 78% of the District's investments were held for safekeeping by the State of Idaho's Local Government Investment Pool and are excluded from this disclosure. The other 22% are held by a financial institution in the District's name.

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investment (related securities that are held by an outside party). The District does not have a written policy for custodial credit risk. However, all the District's investments are held in the District's name and held by the custodians in the District's name.

B. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on the third Monday of September and are payable in two installments on December 20 and June 20 and are considered delinquent the day following the due date. The taxes are collected by Nezperce County and remitted to the District in the month following collection by the county. A lien is filed on the property three years from the date of delinquency. Property taxes receivable but not collected within 30 days after June 30, 2011 are included in Deferred Revenues in the liability section of the governmental funds balance sheet.

C. Receivables

Receivables at June 30, 2011 consist of the following:

	Receivables			Total
	Taxes	Accounts	Other Governments	
General Fund	128,577	955	200,161	329,693
ARRA Construction Grant			631,731	631,731
Bond Int/Redemp Fund	65,164			65,164
Nez Perce Tribe Construction			300,000	300,000
Other Governmental Funds		12,064	99,867	111,931
	<u>193,741</u>	<u>13,019</u>	<u>1,231,759</u>	<u>1,438,519</u>

D. Capital Assets

The District completed construction (Phase II) during last year with an addition to the middle school. The new wing included four classrooms, restrooms, and a conference/small classroom. Phase III started at the end of last year to construct a gym and auditorium for the high school. Phase III is expected to be completed in October 2011.

Capital asset activity for the year ended June 30, 2011 is as follows:

	Balance 7/1/2010	Increases	Decreases	Balance 6/30/2011
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	162,810			162,810
Construction in Progress	15,588	3,424,589		3,440,177
Total Capital Assets, Not Being Depreciated	178,398	3,424,589		3,602,987
Capital Assets Being Depreciated:				
Sites	276,089			276,089
Buildings	11,547,967	19,600		11,567,567
Capital Improvements	1,512,730			1,512,730
Equipment	603,846	7,900		611,746
Buses	597,756	83,458	(53,905)	627,309
Total Capital Assets, Being Depreciated	14,538,388	110,958	(53,905)	14,595,441
Accumulated Depreciation for:				
Sites	(159,967)	(14,018)		(173,985)
Buildings	(2,726,521)	(219,338)		(2,945,859)
Capital Improvements	(777,023)	(74,027)	21,304	(829,746)
Equipment	(348,270)	(32,674)		(380,944)
Buses	(416,066)	(40,559)	53,905	(402,720)
Total Accumulated Depreciation	(4,427,847)	(380,616)	75,209	(4,733,254)
Total Capital Assets Being Depreciated, Net	10,110,541	(269,658)	(21,304)	9,862,187
Governmental Activities, Capital Assets, Net	10,288,939	3,154,931	(21,304)	13,465,174

Depreciation expense was charged to functions of the District as follows:

Instruction	318,889
Non-Instruction	
Administration	10,682
Maintenance and Operation	4,039
Transportation	43,116
Food Service	3,890
Total Depreciation Expense	380,616

E. Interfund Receivables and Payables

Interfund receivables and payables are the result of expenditures paid prior to receipt of revenues or reimbursement of the expenditures. The composition of interfund receivables and payables due to deficit balances in the shared cash accounts as of June 30, 2011 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	146,048	
Bond Redemption Fund		99,962
Other Governmental Funds		
State Vocational Education Fund		5,618
Title VI-B Rural Education		949
Title II-A Improving Teacher Quality		8,179
Title IV-A 21st Century Community Learning Centers		8,464
Safe & Drug Free Schools - Radiness & Emergency Management Project		8,811
Title VI-A Gaining Early Awareness & Readiness in Undergraduate Programs		14,065
	<u>146,048</u>	<u>146,048</u>

F. Leases

Capital Leases

The District has entered into a lease agreement as lessee for financing the acquisition of Compass Learning Software with Sterling Savings Bank as lessor with a down payment of \$52,000. This lease agreement qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of its future minimum lease payments as of the inception date:

The asset acquired through this capital lease is as follows:

Asset:	<u>Governmental Activities</u>
Compass Learning Software	190,777

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 are as follows:

<u>Year Ending</u>	<u>Date Due</u>	<u>Governmental Activities</u>
2011	October 1	<u>48,846</u>
	Total minimum lease payments	48,846
	Less: amounts representing interest	<u>(2,699)</u>
	Present value of minimum lease payments	<u>46,147</u>

G. Bonds Payable

The District approved the issuance of a bond in May 2004 to finance construction of a new school building. At June 30, 2011 the District is obligated on the following bond:

General Obligation Bonds, Series 2004

Future payments under bonds payable as of June 30, 2011, are as follows:

Date	Interest Rate	Interest Payments	Principal Payments	Total Principal and Interest Payments	Balance
8/15/2011		71,069	165,000	236,069	3,115,000
2/15/2012	5%	66,944		66,944	2,950,000
9/15/2012		66,944	170,000	236,944	2,780,000
2/15/2013	4.50%	63,119		63,119	2,780,000
9/15/2013		63,119	180,000	243,119	2,600,000
2/15/2014		59,069		59,069	2,600,000
9/15/2014		59,069	185,000	244,069	2,415,000
2/15/2015		54,906		54,906	2,415,000
9/15/2015		54,906	195,000	249,906	2,220,000
2/15/2016	4.10%	50,909		50,909	2,220,000
9/15/2016		50,909	205,000	255,909	2,015,000
2/15/2017	4.15%	46,655		46,655	2,015,000
9/15/2017		46,655	215,000	261,655	1,800,000
2/15/2018	4.30%	42,033		42,033	1,800,000
9/15/2018		42,033	225,000	267,033	1,575,000
2/15/2019	4.40%	37,083		37,083	1,575,000
9/15/2019		37,083	235,000	272,083	1,340,000
2/15/2020	4.50%	31,795		31,795	1,340,000
9/15/2020		31,795	245,000	276,795	1,095,000
2/15/2021	4.60%	26,160		26,160	1,095,000
9/15/2021		26,160	255,000	281,160	840,000
2/15/2022	4.70%	20,168		20,168	840,000
9/15/2022		20,168	265,000	285,168	575,000
2/15/2023	4.75%	13,874		13,874	575,000
9/15/2023		13,874	280,000	293,874	295,000
2/15/2024	4.80%	7,154		7,154	295,000
9/15/2024		7,154	295,000	302,154	0
Totals		<u>1,110,807</u>	<u>3,115,000</u>	<u>4,225,807</u>	

H. Long-Term Debt

Changes in Long-Term Liabilities: During the year ended June 30, 2011, the following changes occurred in liabilities reported in long-term debt:

	Balance 7/1/2010	Additions	Reductions	Balance 6/30/2011	Due Within One Year
Leases Payable	91,637		45,490	46,147	46,147
Bonds Payable	3,275,000		160,000	3,115,000	165,000
	<u>3,275,000</u>		<u>205,490</u>	<u>3,069,510</u>	<u>211,147</u>

The District is not subject to any special assessment debt.

I. Pension Plan Obligations

Substantially all full time employees and certain part time employees of the District are members of the Public Employee Retirement System of Idaho (PERSI). The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a

defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone reports that include audited financial statements and required supplementary information. This report may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of Highland Joint School District No. 305 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2011, the required contribution rate as a percentage of covered payroll was 6.23% for general members. The employer rate as a percentage of covered payroll was 10.39% for general members. The Lapwai School District No. 341's contributions required and paid were \$406,284, \$427,008, and \$422,116 for the three years ended June 30, 2011, 2010, and 2009, respectively.

J. Personnel Contracts

Personnel contracts are renewed annually effective August 25. The contracts are divided into twelve monthly installments. Most salaried employees without contracts elect to have their nine or ten month salary paid in twelve equal installments. The amount recorded in personnel contracts payable includes the final two installments on the 2010-2011 contracts and elections.

K. Fund Equity

The District has adopted GASB 54. The intention of GASB 54 is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. The District has no fund balances considered nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints by the Board of Trustees of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund and the federal forest fund that are not constrained for any particular purpose.

The District has classified its fund balances with the following hierarchy:

Nonspendable: The District has no fund balances classified as nonspendable.

Spendable: The District has classified the spendable fund balances as Restricted, Assigned and Unassigned and considered each to have been spent when expenditures are incurred. The District currently has no funds classified as *Committed*.

- Restricted for Debt Re-payment and Capital Projects:

Federal laws and local ordinances require that certain revenues be specifically designed for the purposes of state categorical programs and capital projects. The restricted fund balances are ARRA Construction Grant \$19,650, Nez Perce Tribe Construction \$200,000, and Bond Redemption Fund \$267,309.

- Assigned for Child Nutrition:

A total of \$93,572 is assigned to provide students attending the school with a nutritious lunch meeting the regulations of the United States Department of Agriculture as represented in the Food Services special revenue fund.

- Unassigned Items:

Unassigned items represent the remainder of the District's equity in governmental fund type balances. Unassigned fund balances include the General Fund fund balance of \$1,312,198 and other Special Revenue balances of \$164,607.

L. Prior Period Adjustment

As recorded in the Statement of Activities a prior period adjustment was made to correct an overstatement of depreciation in the amount of \$21,304 for the period ended June 30, 2010.

III. CONTINGENCIES

1. Grants and Contingent Liabilities

The District receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual funds included herein or on the overall financial position of the District at June 30, 2011.

2. 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; and natural disasters for which the District carries commercial insurance.

3. Building Environmental Contingency

The District has been allowed usage of buildings owned by the Nez Perce Tribe as long as they are used for educational purposes. A building has been vacated due to basement moisture, mold and possible health issues. The building will require environmental renovation before future use.

Required Supplementary Information

Lapwai School District No. 341
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund and ARRA Construction Grant
For the Year Ended June 30, 2011

	General Fund				ARRA Construction Grant		Over (Under) Budget	
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget	Original Budgeted Amounts	Final Budgeted Amounts		Actual
Revenues								
Property Taxes	343,202	332,434	332,606	172				
Intergovernmental, Federal	1,771,148	2,089,283	2,279,945	190,662	3,699,882	3,699,882	3,089,838	(610,044)
Intergovernmental, State	2,843,735	3,088,444	2,946,254	(142,190)				
Interest	7,000	6,100	5,521	(579)				
Other	3,000	56,850	61,292	4,442				
Total Revenues	4,968,085	5,573,111	5,625,618	52,507	3,699,882	3,699,882	3,089,838	(610,044)
Expenditures								
Current:								
Instruction	2,684,254	2,737,225	2,588,008	149,217				
Non-Instruction								
Support Services	742,359	635,522	587,800	47,722				
Administration	686,978	776,131	725,287	50,844				
Maintenance and Operations	722,861	745,459	658,428	87,031	5,500			
Transportation	236,738	251,784	230,233	21,551				
Food Services	8,656	8,656	6,715	1,941				
Capital Outlays	211,986	223,986	71,984	152,002	3,694,382	3,699,882	3,424,588	275,294
Debt Service:								
Principal								
Interest								
Total Expenditures	5,293,832	5,378,763	4,868,455	510,308	3,699,882	3,699,882	3,424,588	275,294
Excess (Deficiency) of Revenues Over (Under) Expenditures	(325,747)	194,348	757,163	562,815			(334,750)	(334,750)
Other Financing Sources (Uses)								
Contingency	(115,207)	(786,990)		786,990				
Operating Transfers In	174,952	37,595		(37,595)				
Operating Transfers (Out)	(183,998)							
Total Other Financing Sources and Uses	(124,253)	(749,395)		749,395				
Net Change in Fund Balances	(450,000)	(555,047)	757,163	1,312,210			(334,750)	(334,750)
Fund Balance, Beginning of Year	450,000	555,047	555,035	(12)			354,400	354,400
Fund Balance, End of Year			1,312,198	1,312,198			19,650	19,650

The notes to the financial statements are an integral part of this statement.

(continued)

Lapwai School District No. 341
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Bond Interest Redemption Fund and Nez Perce Tribe Construction
For the Year Ended June 30, 2011
(continued)

	Bond Interest Redemption Fund			Nez Perce Tribe Construction		
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Original Budgeted Amounts	Final Budgeted Amounts	Actual
Revenues						
Property Taxes	158,069	158,069	156,722			
Intergovernmental, Federal						
Intergovernmental, State	65,000	71,000	50,255			
Interest	500	450	762			
Other						
Total Revenues	223,569	229,519	207,739	200,000	200,000	200,000
Expenditures						
Current:						
Instruction						
Non-Instruction						
Support Services						
Administration	500	500	500			
Maintenance and Operations						
Transportation						
Food Services						
Capital Outlays						
Debt Service:						
Principle						
Interest	310,000	297,213	160,000	200,000	200,000	200,000
Total Expenditures	280,069	297,213	145,337			
Excess (Deficiency) of Revenues Over (Under) Expenditures	590,569	594,926	305,837	200,000	200,000	200,000
Other Financing Sources (Uses)						
Contingency	(367,000)	(365,407)	(98,098)			
Operating Transfers In						
Operating Transfers (Out)						
Total Other Financing Sources and Uses						
Net Change in Fund Balances	(367,000)	(365,407)	(98,098)			200,000
Fund Balance, Beginning of Year	367,000	365,407	365,407			
Fund Balance, End of Year		267,309	267,309			200,000

The notes to the financial statements are an integral part of this statement.
(continued)

Lapwai School District No. 341
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Other Governmental Funds
For the Year Ended June 30, 2011
 (continued)

	Other Governmental Funds			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues				
Property Taxes	1,573,198	1,335,987	1,358,744	22,757
Intergovernmental, Federal	18,480	56,405	56,405	
Intergovernmental, State	15		2	2
Interest	16,500	31,089	43,541	12,452
Other	1,608,193	1,423,481	1,458,692	35,211
Total Revenues				
Expenditures				
Current:				
Instruction	967,145	859,963	828,319	31,644
Non-Instruction				
Support Services	397,276	230,382	164,775	65,607
Administration	25,837	83,842	84,993	(1,151)
Maintenance and Operations				
Transportation	6,000	9,222	8,221	1,001
Food Services	315,846	318,444	271,256	47,188
Capital Outlays	67,717	62,329	42,994	19,335
Debt Service:				
Principle	49,000	51,000	45,490	5,510
Interest			5,510	(5,510)
Total Expenditures	1,828,821	1,615,183	1,451,558	163,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	(220,628)	(191,702)	7,134	198,836
Other Financing Sources (Uses)				
Contingency				
Operating Transfers In	188,606			
Operating Transfers (Out)	(168,131)	(41,872)		41,872
Total Other Financing Sources and Uses	20,475	(41,872)		41,872
Net Change in Fund Balances	(200,153)	(233,574)	7,134	240,708
Fund Balance, Beginning of Year	200,153	233,574	251,045	17,471
Fund Balance, End of Year			258,179	258,179

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Notes to Required Supplementary Information
June 30, 2011

I. Budgets and Budgetary Accounting

A. Budgetary Data

Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. Prior to June, the District Superintendent submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. This budget includes proposed expenditures and the means of financing them.
2. At least 14 days prior to the public hearing the District publishes a proposed budget for public review.
3. A public hearing is set to obtain taxpayers' comments.
4. The final budget is adopted by resolution of the board at the regular meeting of the Board of Trustees.
5. Prior to July 15, the final budget is filed with the State Department of Education.
6. Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget.
7. Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary procedures by the District

B. Excess Expenditures Over Appropriations

The following funds had excess expenditures over appropriations at June 30, 2011:

<u>Fund</u>	<u>Amount</u>
Nez Perce Tribe Language Grant	1
Nez Perce Tribe Wellness Grant	908
State Vocational Education	1,203
Title I Grants to LEAs - ARRA	26,415
Title I Grants to LEAs	1,020
Title VI-B Rural Education	4,000
Title VII-A Indian Education	973
Impact Aid Special Education	601
Readiness & Emergency Management	148
Plant Facilities	2

These over expenditures were funded by increased revenues and/or available fund balances.

Other Supplemental Information

Lapwai School District No. 341
 Combining Balance Sheet
 Other Governmental Funds
 June 30, 2011

	Nez Perce		Nez Perce		Nez Perce		Nez Perce		Nez Perce		Nez Perce	
	Tribe Lapwai Elementary Grant	Nez Perce Lapwai 612 Enrichment Grant	Box Tops	Nez Perce Tribe Language Grant	Nez Perce Tribe Job Skills	Nez Perce Tribe Playwrights Grant	Nez Perce School Health Grant	Nez Perce School Wellness Grant				
Assets												
Cash	6,537	151	688		1,914	1	4,722					4,442
Investments												
Receivables:												
Accounts												
Due From Other Governments							900					
Total Assets	<u>6,537</u>	<u>151</u>	<u>688</u>	<u>1,914</u>	<u>1</u>	<u>5,622</u>	<u>4,442</u>					
Liabilities and Fund Balances												
Liabilities:												
Accounts Payable												
Salaries and Benefits Payable												
Due To Other Funds												
Total Liabilities												
Fund Balances:												
Assigned for Child Nutrition												
Unassigned	6,537	151	688		1,914	1	5,622					4,442
Total Fund Balances	<u>6,537</u>	<u>151</u>	<u>688</u>	<u>1,914</u>	<u>1</u>	<u>5,622</u>	<u>4,442</u>					
Total Liabilities and Fund Balances	<u>6,537</u>	<u>151</u>	<u>688</u>	<u>1,914</u>	<u>1</u>	<u>5,622</u>	<u>4,442</u>					

The notes to the financial statements are an integral part of this statement.

(continued)

Lapwai School District No. 341
 Combining Balance Sheet
 Other Governmental Funds
 June 30, 2011
 (continued)

	School Building Maintenance Fund	State Vocational Education	Mental Health Grant	Technology Grant	Title I ARRA	Title I-A ESEA	Title VI-B	Title VI-B Preschool
Assets								
Cash	37,596					26,321	45,526	
Investments								
Receivables:								
Accounts		5,643						
Due From Other Governments								
Total Assets	37,596	5,643				26,321	45,526	
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable						35		
Salaries and Benefits Payable		1,215				26,286	44,213	
Due To Other Funds		5,618						
Total Liabilities		6,854				26,321	44,213	
Fund Balances:								
Assigned for Child Nutrition								1,313
Unassigned	37,596	(1,211)						1,313
Total Fund Balances	37,596	(1,211)						1,313
Total Liabilities and Fund Balances	37,596	5,643				26,321	45,526	

The notes to the financial statements are an integral part of this statement.

(continued)

Lapwai School District No. 341
 Combining Balance Sheet
 Other Governmental Funds
 June 30, 2011
 (continued)

	Title VI-B, ARRA	Title VI-B, Rural Education	Title VII-A, Indian Education	Johnson O'Malley	Title II-A	Title IV-A Safe and Drug Free Schools	Impact Aid Special Education	Medicaid
Assets								
Cash			14,745	35,394				21,281
Investments								
Receivables:								
Accounts								
Due From Other Governments	949				16,945	45,493		
Total Assets	949	949	14,745	35,394	16,945	45,493		21,281
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable			330	1,008	3,453	197		
Salaries and Benefits Payable			13,378	1,215	4,772	5,117		
Due To Other Funds	949				8,179	8,464		
Total Liabilities	949	949	13,708	2,223	16,404	13,778		
Fund Balances:								
Assigned for Child Nutrition			1,037	33,171	541	31,715		21,281
Unassigned			1,037	33,171	541	31,715		21,281
Total Fund Balances			14,745	35,394	16,945	45,493		21,281
Total Liabilities and Fund Balances	949	949	14,745	35,394	16,945	45,493		21,281

The notes to the financial statements are an integral part of this statement.

(continued)

Lapwai School District No. 341
 Combining Balance Sheet
 Other Governmental Funds
 June 30, 2011
 (continued)

	Community Resources Grant	R & E Management	Gear-Up	Nez Perce Education Project	Food Services	Plant Facilities	Total
Assets							
Cash				29,311	89,082	42	317,753
Investments						860	860
Receivables:							
Accounts					12,064		12,064
Due From Other Governments	11,307		18,630				99,867
Total Assets	<u>11,307</u>		<u>18,630</u>	<u>29,311</u>	<u>101,146</u>	<u>902</u>	<u>430,544</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable				3,739	6,286		15,069
Salaries and Benefits Payable			4,584	9,142	1,288		111,210
Due To Other Funds	8,811		14,065				46,086
Total Liabilities	<u>8,811</u>		<u>18,649</u>	<u>12,881</u>	<u>7,574</u>		<u>172,365</u>
Fund Balances:							
Assigned for Child Nutrition					93,572		93,572
Unassigned	2,496		(19)	16,430		902	164,607
Total Fund Balances	<u>2,496</u>		<u>(19)</u>	<u>16,430</u>	<u>93,572</u>	<u>902</u>	<u>258,179</u>
Total Liabilities and Fund Balances	<u>11,307</u>		<u>18,630</u>	<u>29,311</u>	<u>101,146</u>	<u>902</u>	<u>430,544</u>

The notes to the financial statements are an integral part of this statement.
 (continued)

Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2011

	Nez Perce Tribe Lapwai Elementary Grant	Nez Perce Lapwai 612 Enrichment Grant	Box Tops	Nez Perce Tribe Language Grant	Nez Perce Tribe Job Skills	Nez Perce Tribe Playwrights Grant	Nez Perce School Health Grant	Nez Perce Tribe Wellness Grant
Revenues								
Intergovernmental, Federal								
Intergovernmental, State								
Intergovernmental, Other								
Interest								
Other		464						5,350
Total Revenues		464						5,350
Expenditures								
Current:								
Instruction	3,228			2,583	5,586	7,499		
Non-Instruction								
Administration								
Maintenance and Operations							872	908
Support Services								
Transportation								
Food Services								
Capital Outlays								
Debt Service Principal								
Debt Service Interest								
Total Expenditures	3,228			2,583	5,586	7,499	872	908
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,228)		464	(2,583)	(5,586)	(7,499)	(872)	4,442
Net Change in Fund Balances	(3,228)		464	(2,583)	(5,586)	(7,499)	(872)	4,442
Fund Balance, Beginning of Year	9,765	151	224	2,583	7,500	7,500	6,494	
Fund Balance, End of Year	6,537	151	688		1,914	1	5,622	4,442

The notes to the financial statements are an integral part of this statement.

(continued)

Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2011
(continued)

	School Building Maintenance Fund	State Vocational Education	Mental Health Grant	Technology Grant	Title I ARRA	Title I-A ESEA	Title VI-B	Title VI-B Preschool
Revenues								
Intergovernmental, Federal	37,595	18,810			82,864	177,418	141,215	4,195
Intergovernmental, State								
Intergovernmental, Other								
Interest								
Other								
Total Revenues	37,595	18,810			82,864	177,418	141,215	4,195
Expenditures								
Current:								
Instruction								
Non-Instruction		20,013			82,141	181,685	140,047	4,204
Administration				249		9,632		
Maintenance and Operations								
Support Services			3,204	563	723	5,424	192	
Transportation								
Food Services								
Capital Outlays								
Debt Service Principal								
Debt Service Interest								
Total Expenditures		20,013	3,204	812	82,864	196,741	140,239	4,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,595	(1,203)	(3,204)	(812)		(19,323)	976	(9)
Net Change in Fund Balances	37,595	(1,203)	(3,204)	(812)		(19,323)	976	(9)
Fund Balance, Beginning of Year	1	(8)	3,204	812		19,323	337	9
Fund Balance, End of Year	37,596	(1,211)					1,313	

The notes to the financial statements are an integral part of this statement.
(continued)
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Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2011
(continued)

Revenues	Title VI-B, ARRA	Title VI-B, Rural Education	Title VII-A, Indian Education	Johnson O'Malley	Title II-A	Title IV-A Safe and Drug Free Schools	Impact Aid Special Education	Medicaid
Intergovernmental, Federal	33,063	25,593	94,459	33,679	32,607	150,237		
Intergovernmental, State								
Intergovernmental, Other								
Interest								
Other								
Total Revenues	33,063	25,593	94,459	33,679	32,607	150,237		
Expenditures								
Current:								
Instruction								
Non-Instruction	33,063	25,593	15,794	5,847	415	82,773		43,311
Administration			69,808	4,990				
Maintenance and Operations								
Support Services			9,830		32,192	53,052	12,441	4,874
Transportation						8,221		
Food Services								
Capital Outlays								
Debt Service Principal								
Debt Service Interest								
Total Expenditures	33,063	25,593	95,432	10,837	32,607	144,046	12,441	48,185
Excess (Deficiency) of Revenues Over (Under) Expenditures			(973)	22,842		6,191	(12,441)	(48,185)
Net Change in Fund Balances			(973)	22,842		6,191	(12,441)	(48,185)
Fund Balance, Beginning of Year			2,010	10,329	541	25,524	12,441	69,466
Fund Balance, End of Year			1,037	33,171	541	31,715		21,281

The notes to the financial statements are an integral part of this statement.
(continued)
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Other Governmental Funds
For the Year Ended June 30, 2011
(continued)

	Community Resources Grant	R & E Management	Gear-Up	Nez Perce Education Project	Food Services	Plant Facilities	Total
Revenues							
Intergovernmental, Federal	3,555		46,363	236,279	296,315	902	1,358,744
Intergovernmental, State							56,405
Intergovernmental, Other							5,350
Interest							2
Other					37,727		38,191
Total Revenues	3,555		46,363	236,279	334,042	904	1,458,692
Expenditures							
Current:							
Instruction			40,229	134,308			828,319
Non-Instruction							84,679
Administration							
Maintenance and Operations							
Support Services	3,555	148	2,272	34,839			165,089
Transportation							8,221
Food Services					271,256		271,256
Capital Outlays					7,900	35,094	42,994
Debt Service Principal				45,490			45,490
Debt Service Interest				5,510			5,510
Total Expenditures	3,555	148	42,501	220,147	279,156	35,094	1,451,558
Excess (Deficiency) of Revenues Over (Under) Expenditures		(148)	3,862	16,132	54,886	(34,190)	7,134
Net Change in Fund Balances		(148)	3,862	16,132	54,886	(34,190)	7,134
Fund Balance, Beginning of Year		2,644	(3,881)	298	38,686	35,092	251,045
Fund Balance, End of Year		2,496	(19)	16,430	93,572	902	258,179

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Combining Balance Sheet - All Trust and Agency Funds
June 30, 2011

	<u>Private Purpose Trusts</u>		<u>Student Activity Funds</u>	<u>Total</u>
	<u>Scholarship Trust</u>	<u>Employee Medical</u>		
Assets				
Cash	1,565	5,406	20,333	27,304
Investments	10,669		30,241	40,910
Accounts Receivable			4,042	4,042
Total Assets	<u>12,234</u>	<u>5,406</u>	<u>54,616</u>	<u>72,256</u>
Liabilities				
Due to Student Groups			54,616	54,616
Total Liabilities			<u>54,616</u>	<u>54,616</u>
Fund Equity				
Reserved for Scholarships	12,234			12,234
Reserved for Employee Medical		5,406		5,406
Total Fund Equity	<u>12,234</u>	<u>5,406</u>		<u>17,640</u>
Total Liabilities and Fund Equity	<u>12,234</u>	<u>5,406</u>	<u>54,616</u>	<u>72,256</u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Private Purpose Trusts
For the Year Ended June 30, 2011

	<u>Scholarship Trusts</u>	<u>Employee Medical</u>	<u>Total</u>
Revenues			
Interest	28		28
Other Revenues	1,495		1,495
Total Revenues	<u>1,523</u>		<u>1,523</u>
Expenditures			
Scholarships and Expenses	955		955
Total Expenditures	<u>955</u>		<u>955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	568		568
Fund Balance, Beginning of Year	<u>11,666</u>	<u>5,406</u>	<u>17,072</u>
Fund Balance, End of Year	<u><u>12,234</u></u>	<u><u>5,406</u></u>	<u><u>17,640</u></u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nez Perce Tribe Lapwai Elementary & Nez Perce Tribe Lapwai 612 Enrichment Grant
For the Year Ended June 30, 2011

	Nez Perce Tribe Lapwai Elementary			Nez Perce Tribe Lapwai 612 Enrichment Grant		
	Original Budgeted Amounts	Actual	Over (Under) Budget	Original Budgeted Amounts	Final Budgeted Amounts	Over (Under) Budget
Revenues:						
Intergovernmental, Other						
Total Revenues						
Expenditures:						
Current:						
Instruction:						
Salaries	950	758	192			
Benefits	290	163	127			
Supplies and Materials	8,525	2,307	6,218	150	150	150
Total Instruction	9,765	3,228	6,537	150	150	150
Total Expenditures	9,765	3,228	6,537	150	150	150
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,765)	(3,228)	6,537	(150)	(150)	150
Fund Balance, Beginning of Year	9,765	9,765		150	151	1
Fund Balance, End of Year		6,537	6,537		151	151

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Box Tops & Nez Perce Tribe Language Grant
For the Year Ended June 30, 2011

	Box Tops			Nez Perce Tribe Language Grant			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:							
Other Revenues		464	464				
Total Revenues		464	464				
Expenditures:							
Current:							
Instruction							
Salaries					409	725	(316)
Benefits					40	20	20
Supplies and Materials	293	688			2,133	1,838	295
Total Instruction	293	688			2,582	2,583	(1)
Total Expenditures	293	688			2,582	2,583	(1)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(293)	(224)	464		(2,582)	(2,583)	(1)
Fund Balance, Beginning of Year	293	224	224		2,582	2,583	1
Fund Balance, End of Year			688				

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nez Perce Tribe Job Skills & Nez Perce Tribe Playwrights Grant
For the Year Ended June 30, 2011

	Nez Perce Tribe Job Skills			Nez Perce Tribe Playwrights Grant			
	Original Budgeted Amounts	Actual	Over (Under) Budget	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:							
Intergovernmental, Other							
Total Revenues							
Expenditures:							
Current:							
Instruction							
Purchased Services		5,586	1,914		3,000	7,000	(4,000)
Supplies					4,500	499	4,001
Total Instruction		5,586	1,914		7,500	7,499	1
Total Expenditures		5,586	1,914		7,500	7,499	1
Excess (Deficiency) of Revenues Over (Under) Expenditures		(7,500)	1,914		(7,500)	(7,499)	1
Fund Balance, Beginning of Year		7,500			7,500	7,500	
Fund Balance, End of Year		1,914	1,914			1	1

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nez Perce School Health Grant & Nez Perce Tribe Wellness Grant
For the Year Ended June 30, 2011

	Nez Perce School Health Grant			Nez Perce Tribe Wellness Grant		
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Original Budgeted Amounts	Final Budgeted Amounts	Actual
Revenues:						
Intergovernmental, Other						
Total Revenues						5,350
						5,350
Expenditures:						
Current:						
Support Services						
Purchase Services		3,000	399			
Supplies and Materials		3,494	473			908
Total Support Services		6,494	872			908
Total Expenditures		6,494	872			908
Excess (Deficiency) of Revenues Over (Under) Expenditures		(6,494)	(872)			4,442
Fund Balance, Beginning of Year		6,494	6,494			
Fund Balance, End of Year			5,622			4,442
			5,622			4,442
						Over (Under) Budget
						5,350
						5,350
						(908)
						(908)
						(908)
						4,442
						4,442

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Building Maintenance Fund & State Vocational Education
For the Year Ended June 30, 2011

	School Building Maintenance Fund			State Vocational Education		Over (Under) Budget
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Original Budgeted Amounts	Final Budgeted Amounts	
Revenues:						
Intergovernmental, State						
Total Revenues		37,595	37,595	18,480	18,810	18,810
		37,595	37,595	18,480	18,810	18,810
Expenditures:						
Current:						
Instruction						
Salaries				2,836	1,796	2,918
Benefits				1,202	821	1,618
Purchased Services				2,443	4,155	1,027
Supplies and Materials				11,999	8,238	14,450
Total Instruction				18,480	15,010	20,013
Capital Outlays					3,800	3,800
Total Expenditures				18,480	18,810	20,013
Excess (Deficiency) of Revenues Over (Under) Expenditures		37,595	37,595			(1,203)
Other Financing Sources (Uses):						
Transfers In	154,304					
Transfers (Out)	(154,304)	(37,595)				(37,595)
Total Other Financing Sources		(37,595)				(37,595)
Net Change in Fund Balances		37,595	37,595			(1,203)
Fund Balance, Beginning of Year			1			(8)
Fund Balance, End of Year			37,596			(1,211)

**Lapwai School District No. 341
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Mental Health Grant & Technology Grant
 For the Year Ended June 30, 2011**

	Original Budgeted Amounts	Mental Health Grant		Over (Under) Budget	Original Budgeted Amounts	Technology Grant		Over (Under) Budget
		Final Budgeted Amounts	Actual			Final Budgeted Amounts	Actual	
Revenues:								
Intergovernmental, State								
Total Revenues								
Expenditures:								
Current:								
Support Services								
Supplies and Materials		3,204	3,204					
Total Support Services		<u>3,204</u>	<u>3,204</u>			248	249	(1)
Administration:						<u>248</u>	<u>249</u>	(1)
Purchased Services								
Total Administration						564	563	1
Total Expenditures		<u>3,204</u>	<u>3,204</u>			<u>812</u>	<u>812</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(3,204)</u>	<u>(3,204)</u>			<u>(812)</u>	<u>(812)</u>	
Fund Balance, Beginning of Year			3,204				812	
Fund Balance, End of Year								

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Title I ARRA & Title I-A, ESEA
For the Year Ended June 30, 2011

	Title I, Grants to LEAs, ARRA			Title I-A, Grants to LEAs				
	Original Budgeted Amount	Final Budgeted Amounts	Actual	Over (Under) Budget	Original Budgeted Amount	Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:								
Intergovernmental, Federal	100,458	50,642	82,864	32,222	143,986	177,676	177,418	(258)
Total Revenues	100,458	50,642	82,864	32,222	143,986	177,676	177,418	(258)
Expenditures:								
Current:								
Instruction:								
Salaries	41,890	39,620	60,624	(21,004)	95,038	100,912	108,869	(7,957)
Benefits	18,962	10,705	16,115	(5,410)	27,751	53,523	46,162	7,361
Purchased Services							25,954	(25,954)
Supplies and Materials	22,078	5,402	5,402		600	2,221	700	1,521
Total Instruction	82,930	55,727	82,141	(26,414)	123,389	156,656	181,685	(25,029)
Support Services:								
Purchased Services	15,274	722	723	(1)	20,000	25,156	5,424	19,732
Total Support Services	15,274	722	723	(1)	20,000	25,156	5,424	19,732
Administration:								
Salaries					6,123	9,333	8,000	1,333
Benefits					2,617	1,587	1,597	(10)
Supplies and Materials							35	(35)
Total Administration					8,740	10,920	9,632	1,288
Total Expenditures	98,204	56,449	82,864	(26,415)	152,129	192,732	196,741	(4,009)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,254	(5,807)		5,807	(8,143)	(15,056)	(19,323)	(4,267)
Other Financing Sources (Uses):								
Transfers (Out)	(2,254)				(4,564)	(4,277)		4,277
Net Change in Fund Balances					(12,707)	(19,333)	(19,323)	10
Fund Balance, Beginning of Year		5,807		(5,807)	12,707	19,333	19,323	(10)
Fund Balance, End of Year								

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Title VI-B & Title VI-B Preschool
For the Year Ended June 30, 2011

	Title VI-B, Special Education			Title VI-B, Special Education Preschool		
	Original Budgeted Amounts	Final Budgeted Amounts	Over (Under) Budget	Original Budgeted Amounts	Final Budgeted Amounts	Over (Under) Budget
Revenues:						
Intergovernmental, Federal	121,915	139,902	1,313	8,148	4,195	
Total Revenues	<u>121,915</u>	<u>139,902</u>	<u>1,313</u>	<u>8,148</u>	<u>4,195</u>	
Expenditures:						
Current:						
Instruction:						
Salaries	69,665	71,346	15,022	3,843	3,233	3,269
Benefits	42,568	58,194	(11,022)	529	972	935
Purchased Services	9,000	8,500	(5,589)	73		
Supplies and Materials	7,358	206	(212)	3,776		
Total Instruction	<u>128,591</u>	<u>138,246</u>	<u>(1,801)</u>	<u>8,221</u>	<u>4,205</u>	<u>4,204</u>
Support Services:						
Purchased Services	1,933	1,993	1,801			
Total Support Services	<u>1,933</u>	<u>1,993</u>	<u>1,801</u>			
Total Expenditures	<u>130,524</u>	<u>140,239</u>		<u>8,221</u>	<u>4,205</u>	<u>4,204</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,609)	(337)	1,313	(73)	(10)	1
Fund Balance, Beginning of Year	8,609	337		73	10	(1)
Fund Balance, End of Year		<u>1,313</u>	<u>1,313</u>			

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Title VI-B ARRA & Title VI-B Rural Education
For the Year Ended June 30, 2011

	Title VI-B, Special Education, ARRA			Title VI-B, Rural Education			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:							
Intergovernmental, Federal	112,250	33,063	33,063		21,593	25,593	4,000
Total Revenues	112,250	33,063	33,063		21,593	25,593	4,000
Expenditures:							
Current:							
Instruction							
Salaries	64,163	28,062	24,773	8,668	15,167	18,951	(3,784)
Benefits	23,629	5,001	8,290	4,446	6,426	6,337	89
Supplies	24,458			2,186		305	(305)
Total Instruction	112,250	33,063	33,063	15,300	21,593	25,593	(4,000)
Total Expenditures	112,250	33,063	33,063	15,300	21,593	25,593	(4,000)
Excess (Deficiency) of Revenues Over (Under) Expenditures				(15,300)			
Fund Balance, Beginning of Year				15,300			
Fund Balance, End of Year							

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Title VII-A Indian Education & Johnson O'Malley
For the Year Ended June 30, 2011

	Title VII-A, Indian Education			Johnson O'Malley			Over
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Original Budgeted Amounts	Final Budgeted Amounts	Actual	(Under) Budget
Revenues:							
Intergovernmental, Federal							
Total Revenues	85,529	94,459	94,459		33,679	33,679	
	85,529	94,459	94,459		33,679	33,679	
Expenditures:							
Current:							
Instruction:							
Salaries	13,993	19,173	11,308		466		466
Benefits	5,781	3,675	409		34		34
Purchased Services	1,900	1,000	1,350	4,400	15,500	4,497	11,003
Supplies and Materials	1,800	4,900	2,727	1,284	7,810	1,350	6,460
Total Instruction	23,474	28,748	15,794	5,684	23,810	5,847	17,963
Support Services:							
Salaries	37,472	6,368	6,474				(106)
Benefits	17,596	4,099	3,356				743
Purchased Services	1,077	1,083					1,083
Total Support Services	56,145	11,550	9,830				1,720
Administration:							
Salaries		37,645	46,070	5,545	6,060	924	5,136
Benefits		16,316	18,377	1,885	737	291	446
Purchased Services	2,500	100	375	4,400	7,000	592	6,408
Supplies and Materials	1,000	100	4,986	1,767	4,400	3,183	1,217
Total Administration	3,500	54,161	69,808	13,597	18,197	4,990	13,207
Capital Outlays					2,000		2,000
Total Expenditures	83,119	94,459	95,432	19,281	44,007	10,837	33,170
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,410		(973)	(19,281)	(10,329)	22,842	33,171
Other Financing Sources (Uses):							
Transfers (Out)	(2,410)						
Net Change in Fund Balances			(973)	(19,281)	(10,329)	22,842	33,171
Fund Balance, Beginning of Year			2,010	19,281	10,329	10,329	
Fund Balance, End of Year			1,037			33,171	33,171

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Title II-A & Title IV-A Safe and Drug Free Schools
For the Year Ended June 30, 2011

	Title II-A			Title IV-B, 21st Century Community Learning Centers		
	Original Budgeted Amounts	Final Budgeted Amounts	Over (Under) Budget	Original Budgeted Amounts	Final Budgeted Amounts	Over (Under) Budget
Revenues:						
Intergovernmental, Federal	40,626	47,948	32,607	155,263	153,763	150,237
Total Revenues	<u>40,626</u>	<u>47,948</u>	<u>32,607</u>	<u>155,263</u>	<u>153,763</u>	<u>150,237</u>
Expenditures:						
Current:						
Instruction:						
Salaries	27,885	5,000	62	66,644	64,723	62,606
Benefits	11,962	2,385	353	12,992	12,969	12,378
Purchased Services				2,391		75
Supplies and Materials				3,081	10,713	7,714
Total Instruction	<u>39,847</u>	<u>7,385</u>	<u>415</u>	<u>85,108</u>	<u>88,405</u>	<u>82,773</u>
Support Services:						
Salaries		20,000	16,475	40,217	33,836	33,836
Benefits		4,408	3,196	16,753	14,360	14,292
Purchased Services	1,194	16,078	6,699	8,700	7,940	4,924
Supplies and Materials		500	5,822			
Total Support Services	<u>1,194</u>	<u>40,986</u>	<u>32,192</u>	<u>65,670</u>	<u>56,136</u>	<u>53,052</u>
Transportation:						
Salaries				3,933	8,000	7,178
Benefits				330	1,222	1,043
Purchased Services				1,737		
Total Transportation				<u>6,000</u>	<u>9,222</u>	<u>8,221</u>
Total Expenditures	<u>41,041</u>	<u>48,371</u>	<u>32,607</u>	<u>156,778</u>	<u>153,763</u>	<u>144,046</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(415)</u>	<u>(423)</u>	<u>423</u>	<u>(1,515)</u>		<u>6,191</u>
Other Financing Sources (Uses):						
Transfers (Out)	<u>(1,262)</u>					
Net Change in Fund Balances	<u>(1,677)</u>	<u>(423)</u>	<u>423</u>	<u>(1,515)</u>		<u>6,191</u>
Fund Balance, Beginning of Year	<u>1,677</u>	<u>423</u>	<u>541</u>	<u>1,515</u>		<u>25,524</u>
Fund Balance, End of Year			<u>541</u>			<u>31,715</u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Impact Aid Special Education & Medicaid
For the Year Ended June 30, 2011

	Impact Aid Special Education			Medicaid			Over (Under) Budget
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Original Budgeted Amounts	Final Budgeted Amounts	Actual	
Revenues:							
Intergovernmental, Federal	66,980						
Total Revenues	<u>66,980</u>			<u>181,394</u>			
Expenditures:							
Current:							
Instruction:							
Salaries				94,091	12,032		12,032
Benefits				38,571	4,481	290	4,191
Purchased Services				16,500	27,000	43,021	(16,021)
Supplies and Materials				2,000			
Total Instruction				<u>151,162</u>	<u>43,513</u>	<u>43,311</u>	<u>202</u>
Support Services:							
Salaries	63,336	10,000	8,533	20,959	20,959	3,410	17,549
Benefits	14,722	1,840	3,908	8,973	5,528	1,464	4,064
Purchased Services				200			
Supplies and Materials				100			
Total Support Services	<u>78,058</u>	<u>11,840</u>	<u>12,441</u>	<u>30,232</u>	<u>26,487</u>	<u>4,874</u>	<u>21,613</u>
Total Expenditures	<u>78,058</u>	<u>11,840</u>	<u>12,441</u>	<u>181,394</u>	<u>70,000</u>	<u>48,185</u>	<u>21,815</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,078)	(11,840)	(12,441)		(70,000)	(48,185)	21,815
Fund Balance, Beginning of Year	11,078	11,840	12,441		70,000	69,466	(534)
Fund Balance, End of Year						<u>21,281</u>	<u>21,281</u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Resources Grant & R & E Management
For the Year Ended June 30, 2011

	Community Resources Grant			Readiness & Emergency Management			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:							
Intergovernmental, Federal	14,255	3,555	3,555				
Total Revenues	14,255	3,555	3,555				
Expenditures:							
Current:							
Instruction:							
Supplies and Materials				1,000			
Total Instruction				1,000			
Support Services:							
Salaries	10,344	2,500	2,500	4,252		148	(148)
Benefits	3,911	1,055	1,055	1,395			
Purchased Services				28,505			
Supplies and Materials				5,748			
Total Support Services	14,255	3,555	3,555	39,900		148	(148)
Total Expenditures	14,255	3,555	3,555	40,900		148	(148)
Excess (Deficiency) of Revenues Over (Under) Expenditures				(40,900)		(148)	(148)
Other Financing Sources (Uses):							
Transfers (Out)				(2,233)			
Net Change in Fund Balances				(43,133)		(148)	(148)
Fund Balance, Beginning of Year				43,133		2,644	2,644
Fund Balance, End of Year						2,496	2,496

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Gear Up & Nez Perce Education Project
For the Year Ended June 30, 2011

	Gear Up			Nez Perce Education Project			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:							
Intergovernmental, Federal	35,556	47,848	46,363	241,956	260,282	236,279	(24,003)
Total Revenues	<u>35,556</u>	<u>47,848</u>	<u>46,363</u>	<u>241,956</u>	<u>260,282</u>	<u>236,279</u>	<u>(24,003)</u>
Expenditures:							
Current:							
Instruction:							
Salaries	22,765	24,663	25,319	66,750	78,708	66,413	12,295
Benefits	6,557	9,684	9,506	29,228	39,263	34,226	5,037
Purchased Services	850	5,000	115	3,000	3,000	2,753	247
Supplies and Materials	1,589	3,000	5,289	43,677	52,099	30,916	21,183
Total Instruction	<u>31,761</u>	<u>42,347</u>	<u>40,229</u>	<u>139,655</u>	<u>173,070</u>	<u>134,308</u>	<u>38,762</u>
Support Services:							
Salaries				31,850	14,699	7,740	6,959
Benefits				14,570	3,279	1,785	1,494
Purchased Services	3,795	5,501	2,272	18,000	7,500	11,083	(3,583)
Supplies and Materials				6,400	11,032	14,231	(3,199)
Total Support Services	<u>3,795</u>	<u>5,501</u>	<u>2,272</u>	<u>70,820</u>	<u>36,510</u>	<u>34,839</u>	<u>1,671</u>
Debt Services:							
Principal				49,000	51,000	45,490	5,510
Interest						5,510	(5,510)
Total Debt Service				<u>49,000</u>	<u>51,000</u>	<u>51,000</u>	
Total Expenditures	<u>35,556</u>	<u>47,848</u>	<u>42,501</u>	<u>259,475</u>	<u>260,580</u>	<u>220,147</u>	<u>40,433</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			3,862	(17,519)	(298)	16,132	16,430
Other Financing Sources (Uses):							
Transfers (Out)				(1,104)			
Net Change in Fund Balances			3,862	(18,623)	(298)	16,132	16,430
Fund Balance, Beginning of Year			(3,881)	18,623	298	298	
Fund Balance, End of Year			<u>(19)</u>			<u>16,430</u>	<u>16,430</u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Services & Plant Facilities
For the Year Ended June 30, 2011

	Food Services			Plant Facilities			Over (Under) Budget
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Original Budgeted Amounts	Final Budgeted Amounts	Actual	
Revenues:							
Intergovernmental, Federal	264,882	267,382	296,315			902	902
Other	16,500	30,625	37,727				
Interest				15		2	2
Total Revenues	<u>281,382</u>	<u>298,007</u>	<u>334,042</u>	<u>15</u>		<u>904</u>	<u>904</u>
Expenditures:							
Current:							
Food Service:							
Salaries	97,823	86,252	79,317				6,935
Benefits	52,803	50,565	40,173				10,392
Purchased Services	8,700	5,000	660				4,340
Supplies and Materials	156,520	176,627	151,106				25,521
Total Food Service	<u>315,846</u>	<u>318,444</u>	<u>271,256</u>				<u>47,188</u>
Capital Outlays	8,400	21,437	7,900				13,537
Total Expenditures	<u>324,246</u>	<u>339,881</u>	<u>279,156</u>	<u>59,317</u>	<u>35,092</u>	<u>35,094</u>	<u>(2)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(42,864)</u>	<u>(41,874)</u>	<u>54,886</u>	<u>(59,302)</u>	<u>(35,092)</u>	<u>(34,190)</u>	<u>902</u>
Other Financing Sources (Uses):							
Transfers In	10,000			24,302			
Net Change in Fund Balances	<u>(32,864)</u>	<u>(41,874)</u>	<u>54,886</u>	<u>(35,000)</u>	<u>(35,092)</u>	<u>(34,190)</u>	<u>902</u>
Fund Balance, Beginning of Year	<u>32,864</u>	<u>41,874</u>	<u>38,686</u>	<u>35,000</u>	<u>35,092</u>	<u>35,092</u>	
Fund Balance, End of Year			<u>93,572</u>			<u>902</u>	<u>902</u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Agency Funds
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2011

	Beginning Balance <u>July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance <u>June 30, 2011</u>
<u>Lapwai Elementary School</u>				
<u>Assets</u>				
<u>Cash</u>				
General Fund	3,376	833	996	3,213
Candy Sale	567	10,737	6,232	5,072
Library/Book Fair	523	2,875	3,398	
Book Orders	40	284	294	30
5th Grade	59			59
3rd Grade	72		72	
Art		200	191	9
Attendance		131	131	
Humanities		1,000		1,000
Parent Group		2,037	452	1,585
Total Cash	<u>4,637</u>	<u>18,097</u>	<u>11,766</u>	<u>10,968</u>
<u>Other</u>				
Pepsi School/Vendor Rebate	960			960
Total Elementary School	<u>5,597</u>	<u>18,097</u>	<u>11,766</u>	<u>11,928</u>

The notes to the financial statements are an integral part of this statement.

(continued)

Lapwai School District No. 341
Agency Funds
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2011
(continued)

	Beginning Balance <u>July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance <u>June 30, 2011</u>
<u>Lapwai Middle School and High School</u>				
<u>Assets</u>				
<u>Cash</u>				
High School Student Body		865	865	
Middle School	60	170	37	193
Concessions	1,068	8,524	8,422	1,170
Petty Cash	500	525	525	500
Athletics		2,581	2,581	
Season Pass		7,100	6,766	334
Football	3,099	3,853	6,549	403
Football Fundraising Proceeds		600	600	
Volleyball		2,908	2,908	
High School District Volleyball	390		47	343
High School Girls Basketball	2,781	9,145	11,231	695
High School Boys Basketball	825	7,068	3,861	4,032
Girls Softball		152	152	
Boys and Girls Track		10,958	9,393	1,565
Cheerleaders		1,398	848	550
Cross Country		582	582	
Travel	1,896	2,306		4,202
MS Athletics	4,254	40	669	3,625
Jr. High Girls Basketball	34	985	885	134
Jr. High Boys Basketball	51	668	719	
MS Volleyball	454	831	322	963
MS Track	163	1,236	1,399	
12th Grade		617	617	
11th Grade	281	714	281	714
10th Grade	401		401	
9th Grade		47		47
Student Council		2,557	2,091	466
Class of 2000	30			30
Class of 2001	284			284
Class of 2002	113			113
Class of 2003	2			2
Class of 2004	78			78
Class of 2005	283			283
Class of 2006	256			256
Class of 2007	152			152
Class of 2008	709			709
High School Year Book	3,240	3,789	6,522	507

The notes to the financial statements are an integral part of this statement.

(continued)

Lapwai School District No. 341
Agency Funds
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2011
(continued)

	Beginning Balance <u>July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance <u>June 30, 2011</u>
<u>Lapwai Middle School and High School</u>				
<u>Assets</u>				
<u>Cash</u>				
Drama	1,852			1,852
Library	303	245	101	447
Indian Club	1,561	3,991	5,552	
Booster Club	1,320	1,355	1,074	1,601
MS Yearbook	327	254		581
Sophomore Coast Trip	1,072	4,757	5,559	270
Senior Parent Special Account	486	3,683	4,169	
French Club	2,894	909	769	3,034
Pep Club	336			336
Pay It Forward	121			121
WBE	345	125		470
FFA Club	3,558	1,157	2,780	1,935
Fair Pigs	395			395
AISES Conference	122			122
Band/Music	24			24
Nez Perce Language	3,886		3,640	246
BPA		8,465	6,901	1,564
Drivers Education	1,345	2,537	2,250	1,632
Middle School River Trip	172			172
HOSA	185			185
SEL Scholarship		500		500
Cap and Gowns	22	828	794	56
MAPP	12	7,045	7,000	57
Middle School Art	14		14	
Total Cash	<u>41,756</u>	<u>106,070</u>	<u>109,876</u>	<u>37,950</u>
<u>Other</u>				
Pepsi School Vendor Rebate	1,245	1,837		3,082
Accounts Payable		1,656		1,656
Total Other	<u>1,245</u>	<u>3,493</u>		<u>4,738</u>
Total Middle School and High School	<u>43,001</u>	<u>109,563</u>	<u>109,876</u>	<u>42,688</u>
Total Agency Funds	<u><u>48,598</u></u>	<u><u>127,660</u></u>	<u><u>121,642</u></u>	<u><u>54,616</u></u>

The notes to the financial statements are an integral part of this statement.

Lapwai School District No. 341
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:		
Pass-Through Superintendent of Public Instruction:		
School Breakfast Program for Children	10.553	76,771
National School Lunch Program	10.555	176,125
Summer Food Service Program for Children	10.559	19,109
Child Nutrition Discretionary Grant	10.579	7,552
Fresh Fruit and Vegetable Program	10.582	16,210
Subtotal Pass-Through Superintendent of Public Instruction		<u>295,767</u>
Total U.S. Department of Agriculture		<u>295,767</u>
 Department of the Interior:		
Pass-Through Superintendent of Public Instruction:		
Indian Education - Johnson O'Malley	15.130	10,837
Total Department of the Interior		<u>10,837</u>
 Department of Education:		
Direct Programs:		
Title VIII Impact Aid	84.041	2,089,130
Title VIII Impact Aid Special Education	84.041	12,441
Title VIII Impact Aid Construction Funds - ARRA	84.401A	3,424,588
Title VII-A Indian Education	84.060	95,431
Title VI-B Rural Education	84.358	25,593
Safe & Drug Free Schools - Readiness & Emergency Management Project	84.184E	149
Lapwai Nez Perce Educational Project	84.299A	220,147
Total Direct Programs		<u>5,867,479</u>
 Pass-Through Superintendent of Public Instruction:		
Title I Grants to Local Educational Agencies	84.010	196,742
Title I-A Grants to Local Educational Agencies- ARRA	84.389A	82,864
Title VI-B Special Education	84.027	140,240
Title VI-B Special Education - Preschool Grants	84.173	4,204
Title VI-B Special Education - ARRA	84.392A	33,063
Title IV-B Twenty-First Century Community Learning Centers	84.287	144,045

The notes to the financial statements are an integral part of this statement.

(continued)

Lapwai School District No. 341
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011
(continued)

Department of Education: (continued)

Title IV-A Gaining Early Awareness and Readiness in Undergraduate Programs (GearUp)	84.334	42,501
Title II-A Improving Teacher Quality	84.367	<u>32,607</u>
Subtotal Pass-Through Programs		<u>676,266</u>
Total Department of Education		<u>6,543,745</u>

Department of Health and Human Services:

Temporary Assistance for Needy Families:		
Temporary Assistance for Needy Families	93.558	3,555
Medical Assistance Program (Medicaid)	93.778	<u>212,349</u>
Total Department of Health and Human Services		<u>215,904</u>

Environmental Protection Agency

Pass-Through State Environmental Protection Agency		
State Clean Diesel Grant Program	66.040	<u>19,000</u>
Total Environmental Protection Agency		<u>19,000</u>

Total Expenditures of Federal Awards		<u><u>7,085,253</u></u>
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Note A - Basis of Presentation

The Schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of **OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations**. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The value of the commodities have been included with expenditures listed in the National School Lunch Program which is CFDA number 10.555.

The notes to the financial statements are an integral part of this statement.

John Goffinet
Steve R. Clack

P.O. Box 629
Orofino, ID.
83544-0629

**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**

To the Board of Trustees
Lapwai School District No. 341
Lapwai, Idaho

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapwai School District No. 341, as of and for the year ended June 30, 2011, which collectively comprise Lapwai School District No. 341's basic financial statements and have issued our report thereon dated October 14, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lapwai School District No. 341's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lapwai School District No. 341's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lapwai School District No. 341's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is deficiency, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

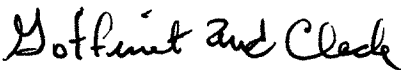
As part of obtaining reasonable assurance about whether Lapwai School District No. 341's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance

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 Standards*.

We noted certain matters that we reported to management of Lapwai School District No. 341 in a separate letter dated October 14, 2011.

This report is intended solely for the information and use of management and the Board of Trustees, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 14, 2011


Goffinet and Clack, Chartered
Certified Public Accountants

John Goffinet
Steve R. Clack

P.O. Box 629
Orofino, ID.
83544-0629

**Report on Compliance with Requirements
Applicable to Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133**

To the Board of Trustees
Lapwai School District No. 341
Lapwai, Idaho

Compliance

We have audited the compliance of Lapwai School District No. 341 with the types of compliance requirements described in the U. S. OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Lapwai School District No. 341's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Lapwai School District No. 341's management. Our responsibility is to express an opinion on Lapwai School District No. 341's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lapwai School District No. 341's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lapwai School District No. 341's compliance with those requirements.

In our opinion, Lapwai School District No. 341 complied, in all material respects, with the compliance requirements referred to above that have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

The management of Lapwai School District No. 341 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and

performing our audit, we considered the Lapwai School District No. 341's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the Lapwai School District No. 341's internal control over compliance.

A deficiency in *internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of, management, the Board of Trustees, others within the Lapwai School District No. 341, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 14, 2011


Goffinet and Clack, Chartered
Certified Public Accountants

**Lapwai School District No. 341
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June, 30, 2011**

Finding 2010-01: Medical Assistance Program (Medicaid) CFDA 93.778

Condition: The District's controls did not provide documentation and procedures to implement the individual education program for students to prevent noncompliance with Special Education Regulations, reimbursement requests for unallowable costs to Medicaid, and compliance with the District's policies. This condition was a significant deficiency of internal controls.

Recommendation: The auditors recommended the District implement the forms and procedures required by the State Department of Education in its Special Education Manual of 2007 and any amendments. The administration and special education department was recommended to establish and implement controls that would prevent events, services and/or billings to occur prior to prerequisite procedures.

Current Status: The District implemented the above recommendations.

Finding 2010-02: Medical Assistance Program *Medicaid) DFDA 93.778

Condition: As reference in Finding 2010-01, the deficiency of internal controls enabled noncompliance with allowable costs submitted to the State Department of Health and Welfare for the Medical Assistance Program (Medicaid) reimbursement. The deficiency was a material control deficiency to the Medical Assistance Program (Medicaid).

Recommendation: The recommendation was made for the Special Education Director to review Medicaid reimbursement billing prior to processing by the billing clerk.

Current Status: The District implemented the above recommendations. The District also hired licensed employee professionals qualified to provide needed services for special education students versus contracting expensive outside service providers.

The notes to the financial statements are an
integral part of this statement.

**Lapwai School District No. 341
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Section I - Summary of Audit Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified No

Significant Deficiency No

Noncompliance material to financial
Statements noted?

No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant Deficiency No

Type of auditors' report issued on compliance
for major programs

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Circular
A-133, Section 510(a)

No

Identification of major programs:

Program	CFDA Number
Impact Aid School Construction - ARRA	84.401A
21st Century Community Learning Centers	84.287

The threshold for distinguishing Types A and B programs

\$300,000.

Auditee qualified as a low risk auditee?

No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None:

The notes to the financial statements are an integral part of this statement.