

**Lapwai School District No. 341
Audited Financial Statements as of and
For the Year Ended June 30, 2012**

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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, the business-type 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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lapwai School District No. 341, State of Idaho'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, the business-type activities, each major fund, and the aggregate remaining fund information of Lapwai School District No. 341, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof 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 16, 2012, on our consideration of Lapwai School District No. 341, State of Idaho's internal control over financial reporting and 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 should be considered in assessing the results of our audit.


Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 24 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the Management 's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lapwai School District No. 341, State of Idaho's financial statements taken as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 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 taken as a whole.

October 16, 2012


Goffinet and Clack, Chartered
Certified Public Accountants

Lapwai School District No. 341
Statement of Net Position
June 30, 2012

	Governmental Activities
Assets:	
Cash	279,639
Investments	1,617,695
Receivables:	
Accounts	28,153
Property Taxes	79,131
Other Governments	250,768
Capital Assets:	
Land	162,810
Depreciable Capital Assets - Net	13,772,252
Total Assets	16,190,448
 Liabilities:	
Accounts Payable	129,712
Accrued Interest	24,065
Accrued Salaries and Benefits	622,478
Noncurrent Liabilities:	
Due Within One Year	170,000
Due in More Than One Year	2,740,000
Total Liabilities	3,686,255
 Net Position:	
Invested in Capital Assets, Net of Related Debt	11,025,062
Restricted For:	
Debt Service	168,376
Educational Programs	150,797
Child Nutrition	118,081
Unrestricted	1,041,877
Total Net Assets	12,504,193

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, 2012

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	3,753,963		703,560		(3,050,403)
Non-Instruction					
Support Services	781,853		180,158		(601,695)
Administration	792,086		32,514		(759,572)
Maintenance and Operations	760,944			85,230	(675,714)
Transportation	271,179		157,983		(113,196)
Food Services	287,348	21,629	302,511		36,792
Interest on Long-Term Liabilities	111,232				(111,232)
Total Governmental Activities	6,758,605	21,629	1,376,726	85,230	(5,275,020)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes					54,616
Property Taxes, Levied for Debt Service					157,327
State and Federal Aid					4,794,354
Investment Earnings					5,046
Miscellaneous					107,462
Other Financing Sources:					
Sale of Property					3,939
Bond Refinancing Savings					40,000
Transfer from Private Purpose Trust					5,406
Total General Revenues and Other Financing Sources					5,168,150
Change in Net Position					(106,870)
Prior Period Adjustment (Accrued Payroll and Benefits)					(30,818)
Net Position, Beginning of Year					12,641,881
Net Position, End of Year					12,504,193

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

Lapwai School District No. 341
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	ARRA Construction Grant	Bond Redemption Fund	Nez Perce Tribe Construction	Other Governmental Funds	Totals
Assets						
Cash	1,575,772		319,117		2,445	2,445
Investments	21,144		57,987			1,894,889
Property Taxes Receivable	16,943				11,210	79,131
Accounts	61,055			100,000	89,713	28,153
Due From Other Governments					277,194	250,768
Due From Other Funds					380,562	277,194
Total Assets	<u>1,674,914</u>	<u>377,104</u>	<u>377,104</u>	<u>100,000</u>	<u>380,562</u>	<u>2,532,580</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	102,643				27,069	129,712
Accrued Salaries and Benefits	561,936				60,542	622,478
Deferred Revenue	17,060		10,146	100,000		127,206
Due to Other Funds	54,539		198,582		24,073	277,194
Total Liabilities	<u>736,178</u>	<u>208,728</u>	<u>208,728</u>	<u>100,000</u>	<u>111,684</u>	<u>1,156,590</u>
Fund Balances:						
Restricted For:						
Retirement of Long-Term Debt			168,376			168,376
Instruction					150,109	150,109
Assigned For:						
Child Nutrition	938,736				118,081	118,081
Unassigned	938,736		0		688	939,424
Total Fund Balances	<u>938,736</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>268,878</u>	<u>1,375,990</u>
Total Liabilities and Fund Balances	<u>1,674,914</u>	<u>208,728</u>	<u>208,728</u>	<u>100,000</u>	<u>380,562</u>	<u>2,532,580</u>

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 Position of Governmental Activities
 June 30, 2012**

Total Governmental Fund Balances (Page 5)		1,375,990
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,935,062
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property Taxes	27,206	
Grant Revenues	<u>100,000</u>	127,206
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	(24,065)	
Bonds Payable	<u>(2,910,000)</u>	<u>(2,934,065)</u>
Net Position of Governmental Activities (Page 3)		<u><u>12,504,193</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, 2012

	General Fund	ARRA Construction Grant	Bond Redemption Fund	Nez Perce Tribe Construction	Other Governmental Funds	Totals
Revenues						
Property Taxes	55,098		163,460			218,558
Intergovernmental, Federal	2,162,909	240,056			1,197,744	3,600,709
Intergovernmental, State	2,689,793		40,389		57,869	2,788,051
Intergovernmental, Other					62,765	62,765
Interest	4,313		731		2	5,046
Other	112,247				21,629	133,876
Total Revenues	<u>5,024,360</u>	<u>240,056</u>	<u>204,580</u>		<u>1,340,009</u>	<u>6,809,005</u>
Expenditures						
Current:						
Instruction	2,685,683				684,656	3,370,339
Non-Instruction						
Support Services	611,654				170,199	781,853
Administration	745,419		500		36,134	782,053
Maintenance and Operations	755,650	149			1,082	756,881
Transportation	226,508				6,492	233,000
Food Services	9,078				274,671	283,749
Capital Outlays	106,327	603,060		200,000		909,387
Debt Service:						
Principal			205,000		45,485	250,485
Interest			138,013		3,118	141,131
Total Expenditures	<u>5,140,319</u>	<u>603,209</u>	<u>343,513</u>	<u>200,000</u>	<u>1,221,837</u>	<u>7,508,878</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(115,959)</u>	<u>(363,153)</u>	<u>(138,933)</u>	<u>(200,000)</u>	<u>118,172</u>	<u>(699,873)</u>
Other Financing Sources (Uses)						
Transfers In	82,061	343,503				425,564
Transfers (Out)	(343,503)				(76,655)	(420,158)
Bond Refinancing Savings			40,000			40,000
Sale of Property	3,939					3,939
Total Other Financing Sources (Uses)	<u>(257,503)</u>	<u>343,503</u>	<u>40,000</u>		<u>(76,655)</u>	<u>49,345</u>
Net Change in Fund Balances	<u>(373,462)</u>	<u>(19,650)</u>	<u>(98,933)</u>	<u>(200,000)</u>	<u>41,517</u>	<u>(650,528)</u>
Fund Balance, Beginning of Year	1,312,198	19,650	267,309	200,000	258,179	2,057,336
Prior Period Adjustments					(30,818)	(30,818)
Adjusted Fund Balance	<u>1,312,198</u>	<u>19,650</u>	<u>267,309</u>	<u>200,000</u>	<u>227,361</u>	<u>2,026,518</u>
Fund Balance, End of Year	<u>938,736</u>		<u>168,376</u>		<u>268,878</u>	<u>1,375,990</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, 2012

Net Changes in Fund Balances, Total Governmental Funds (Page 7)		(650,528)
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.		
		469,889
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(6,615)	
Grant Revenues	<u>(200,000)</u>	(206,615)
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.		
		250,485
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		<u>29,899</u>
Change in Net Position of Governmental Activities (Page 4)		<u><u>(106,870)</u></u>

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

Lapwai School District No. 341
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2012

	<u>Private Purpose Trusts</u>	<u>Agency Funds</u>
Assets:		
Cash	555	26,136
Investments	10,694	30,311
Accounts Receivable		2,643
	<hr/>	<hr/>
Total Assets	<u>11,249</u>	<u>59,090</u>
Liabilities:		
Due to Student Groups		59,090
		<hr/>
Total Liabilities		<u>59,090</u>
Net Position		
Held in Trust for Scholarships	<u>11,249</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 Position
Fiduciary Funds
For the Year Ended June 30, 2012

	Private Purpose Trusts
Additions	
Contributions	540
Interest	25
Total Additions	565
Deductions	
Scholarships and Expenses	1,550
Transfers	5,406
Total Deductions	6,956
Change in Net Position	(6,391)
Net Position Beginning of Year	17,640
Net Position at End of Year	11,249

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, 2012

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 position 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 Phases I, II, and III of the new school, auditorium, and gymnasium additions.
- 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, 2012. 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 position.

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

The District maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as cash or investments. Cash consists of deposits with financial institutions and investments consist of deposits with the Idaho Local Government Investment Pool.

At year end the District's carrying amount of cash was \$29,136 and the bank balance was \$39,561. The carrying amount of the District's cash and investments on June 30, 2012 is summarized below:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Deposits	2,445	26,691	29,136
Investments	1,894,890	41,004	1,935,894
	<u>1,897,335</u>	<u>67,695</u>	<u>1,965,030</u>

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

<u>Governmental Funds</u>	
Cash in Bank	
Special Revenue Funds	2,445
<u>Fiduciary Funds</u>	
Cash in Bank	
Private Purpose Trusts	555
Agency Funds	26,136
Total Cash in Bank	<u>29,136</u>

The District's investments are as follows:

<u>Fund</u>	<u>Carrying Value</u>	<u>Financial Institution Balance</u>
<u>General</u>		
Local Government Investment Pool	1,571,592	1,571,592
Local Government Investment Pool	4,180	4,180
<u>Bond Redemption Fund</u>		
Local Government Investment Pool	319,117	319,117
<u>Agency</u>		
Local Government Investment Pool	30,311	30,311
<u>Expendable Trust Funds</u>		
Local Government Investment Pool	10,694	10,694
	<u>1,935,894</u>	<u>1,935,894</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, 2012:

Cash

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

39,561

Investments

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)

1,935,894

1,975,455

Investments

The District had investments in the Idaho Local Government Investment Pool (LGIP) of \$1,935,894 at year-end. At June 30, 2012 the fair value of the District's share of the LGIP's

assets was substantially equal to the carrying value.

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 counterparty to an investment in debt securities will not fulfill its obligations. The District does not have a written investment policy covering custodial credit risk. However, all investments are held in safekeeping by external custodians and are either registered or insured in the City's name or held by the City's agent. The State of Idaho's Local Government Investment Pool's (LGIP) policy requires investment in corporate bonds/notes to have a maximum maturity of five years, securities must be rated A or better, and cannot exceed 20% of total portfolio. Commercial paper purchased must be registered commercial paper and be rated A-1 or its equivalent or better by two or more public rating agencies at the time of purchase. Commercial paper cannot exceed 25% of the total portfolio. The policies for other types of LGIP investments have similar minimum requirements and all investments are cited to be within Idaho Code.

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, 2012, approximately 98% 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 2% 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 20th and June 20th of the following year 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, 2012 are included in Deferred Revenues in the liability section of the governmental funds balance sheet.

C. Receivables

Receivables at June 30, 2012 consist of the following:

	Receivables			Total
	Taxes	Accounts	Other Governments	
General Fund	21,144	16,943	61,055	99,142
Bond Int/Redemp Fund	57,987			57,987
Nez Perce Tribe Construction			100,000	100,000
Other Governmental Funds		11,210	89,713	100,923
	<u>79,131</u>	<u>28,153</u>	<u>250,768</u>	<u>358,052</u>

D. Capital Assets

The District completed construction (Phase III) during last year with a gym and auditorium for the high school.

Capital asset activity for the year ended June 30, 2012 is as follows:

	Balance 7/1/2011	Increases	Decreases	Balance 6/30/2012
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	162,810			162,810
Construction in Progress	3,440,177	906,569	(4,346,746)	
Total Capital Assets, Not Being Depreciated	<u>3,602,987</u>	<u>906,569</u>	<u>(4,346,746)</u>	<u>162,810</u>
Capital Assets Being Depreciated:				
Sites	276,089			276,089
Buildings	11,567,567	4,346,746		15,914,313
Capital Improvements	1,512,730			1,512,730
Equipment	611,746	2,817	(26,600)	587,963
Buses	627,309			627,309
Total Capital Assets, Being Depreciated	<u>14,595,441</u>	<u>4,349,563</u>	<u>(26,600)</u>	<u>18,918,404</u>
Accumulated Depreciation for:				
Sites	(173,985)	(12,633)		(186,618)
Buildings	(2,945,859)	(285,519)		(3,231,378)
Capital Improvements	(829,746)	(73,446)		(903,192)
Equipment	(380,944)	(32,191)	26,600	(386,535)
Buses	(402,720)	(35,709)		(438,429)
Total Accumulated Depreciation	<u>(4,733,254)</u>	<u>(439,498)</u>	<u>26,600</u>	<u>(5,146,152)</u>
Total Capital Assets Being Depreciated, Net	<u>9,862,187</u>	<u>3,910,065</u>	<u>(4,346,746)</u>	<u>13,772,252</u>
Governmental Activities, Capital Assets, Net	<u>13,465,174</u>	<u>4,816,634</u>	<u>(4,346,746)</u>	<u>13,935,062</u>

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

Instruction	383,624
Non-Instruction	
Administration	10,033
Maintenance and Operation	4,063
Transportation	38,179
Food Service	3,599
Total Depreciation Expense	<u>439,498</u>

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, 2012 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund		54,539
Bond Redemption Fund		198,582
Other Governmental Funds		
Nez Perce Tribe:		
Lapwai Elementary	2,328	
Native Arts	8,269	
School Health	8,509	
Reading	3,744	
Drug Free Youth	5,188	
Title VII-A, Indian Education	20,717	
Johnson O'Malley	27,470	
Title II-A	4,311	
Medicaid	19,968	
Readiness & Emergency Management	808	
Nez Perce Education Project	40,114	
Food Service	135,768	
State Vocational Education		5,643
Title VI-B Rural Education		949
21st Century Community Learning Centers		5,747
Gear Up		11,734
	<u>277,194</u>	<u>277,194</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:	Governmental
Compass Learning Software	<u>Activities</u>
	190,777

The lease obligation was fulfilled in the current year.

G. Bonds Payable

The District approved the issuance of a bond in May 2004 to finance construction of a new school building. The District refinanced the outstanding bonds in May 2012. The District will continue to pay principal and interest on the current bonds until 2014, while also paying interest on the new bonds. In 2015, the District will be finished paying on the current bonds and pay principal and interest on the new bonds. At June 30, 2012 the District is obligated on the following bonds:

General Obligation Bonds, Series 2004 - \$535,000
General Obligation Bonds, Series 2012 - \$2,375,000

The principal savings due to refinancing (\$40,000) will be recognized at June 30, 2012.

Future payments under bonds payable as of June 30, 2012, are as follows:

Date	Interest Rate	Interest Payments	Principal Payments	Total Principal and Interest Payments	Balance
					2,910,000
9/15/2012		32,082	170,000	202,082	2,740,000
2/15/2013	3.85%	52,756		52,756	2,740,000
9/15/2013		52,756	180,000	232,756	2,560,000
2/15/2014	3.81%	48,706		48,706	2,560,000
9/15/2014		48,706	185,000	233,706	2,375,000
2/15/2015	3.75%	44,544		44,544	2,375,000
9/15/2015		44,544	195,000	239,544	2,180,000
2/15/2016	3.64%	39,669		39,669	2,180,000
9/15/2016		39,669	205,000	244,669	1,975,000
2/15/2017	3.50%	34,544		34,544	1,975,000
9/15/2017		34,544	215,000	249,544	1,760,000
2/15/2018	3.44%	30,244		30,244	1,760,000
9/15/2018		30,244	225,000	255,244	1,535,000
2/15/2019	3.35%	25,744		25,744	1,535,000
9/15/2019		25,744	235,000	260,744	1,300,000
2/15/2020	3.28%	21,338		21,338	1,300,000
9/15/2020		21,338	240,000	261,338	1,060,000
2/15/2021	3.18%	16,838		16,838	1,060,000
9/15/2021		16,838	250,000	266,838	810,000
2/15/2022	3.00%	12,150		12,150	810,000
9/15/2022		12,150	260,000	272,150	550,000
2/15/2023	3.00%	8,250		8,250	550,000
9/15/2023		8,250	270,000	278,250	280,000
2/15/2024	3.00%	4,200		4,200	280,000
9/15/2024		4,200	280,000	284,200	
Totals		<u>710,048</u>	<u>2,910,000</u>	<u>3,620,048</u>	

H. Long-Term Debt

Changes in Long-Term Liabilities: During the year ended June 30, 2012, the following changes occurred in liabilities reported in long-term debt:

	Balance 7/1/2011	Adjustments	Reductions	Balance 6/30/2012	Due Within One Year
Leases Payable	46,147	(662)	45,485		
Bonds Payable	3,115,000	(40,000)	165,000	2,910,000	170,000
	<u>3,161,147</u>	<u>(40,662)</u>	<u>210,485</u>	<u>2,910,000</u>	<u>170,000</u>

The adjustment to Leases Payable was due to interest being assessed differently for the prior year payment. The adjustment to Bonds Payable is due to the refinancing savings.

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 5 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 service, 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. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of Lapwai School District No. 341 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2012, the required contribution rate as a percentage of covered payrolls 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 \$404,101, \$406,284, and \$427,008 for the three years ended June 30, 2012, 2011, and 2010, 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 2011-2012 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 is 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 ,Capital Projects and Special Revenue Funds:

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 balance is Bond Redemption Fund \$168,376.

- Assigned for Child Nutrition:

A total of \$118,081 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 \$938,736 and other Special Revenue balance of \$688 in the Box Tops Fund.

L. Prior Period Adjustment

As recorded in the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balances a prior period adjustment was made to correct an overstatement of salaries and benefits payable in the amount of \$30,818 for the period ended June 30, 2011.

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 are 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, 2012.

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, 2012

	General Fund		ARRA Construction Grant	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Over (Under) Budget
Revenues				
Property Taxes	35,434	55,098	19,664	
Intergovernmental, Federal	1,771,148	2,162,909	391,761	240,056
Intergovernmental, State	2,908,274	2,689,793	(218,481)	
Interest	6,100	4,313	(1,787)	
Other	42,500	112,247	69,747	
Total Revenues	4,763,456	5,024,360	260,904	240,056
Expenditures				
Current:				
Instruction	2,931,520	2,685,683	245,837	
Non-Instruction				
Support Services	684,792	611,654	73,138	
Administration	761,878	745,419	16,459	
Maintenance and Operations	660,544	755,650	(95,106)	(149)
Transportation	254,970	226,508	28,462	
Food Services	8,476	9,078	(602)	
Capital Outlays	100,000	106,327	(6,327)	
Total Expenditures	5,402,180	5,140,319	261,861	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(638,724)	(115,959)	522,765	(363,153)
Other Financing Sources (Uses)				
Contingency	(23,681)		23,681	
Operating Transfers In		82,061	82,061	
Operating Transfers (Out)	(37,595)	(343,503)	(305,908)	343,503
Sale of Property		3,939	3,939	
Total Other Financing Sources and Uses	(61,276)	(257,503)	(196,227)	343,503
Net Change in Fund Balances	(700,000)	(373,462)	326,538	(19,650)
Fund Balance, Beginning of Year	700,000	1,312,198	612,198	19,650
Fund Balance, End of Year		938,736	938,736	

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, 2012
(continued)

	Bond Redemption Fund			Nez Perce Tribe Construction		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues						
Property Taxes	158,069	163,460	5,391			
Intergovernmental, Federal						
Intergovernmental, State	71,000	40,389	(30,611)			
Interest	450	731	281			
Other				100,000		(100,000)
Total Revenues	229,519	204,580	(24,939)	100,000		(100,000)
Expenditures						
Current:						
Instruction						
Non-Instruction						
Support Services						
Administration	500	500				
Maintenance and Operations						
Transportation						
Food Services						
Capital Outlays				200,000	200,000	
Debt Service:						
Principle	297,213	205,000	92,213			
Interest	297,213	138,013	159,200			
Total Expenditures	594,926	343,513	251,413	200,000	200,000	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(365,407)	(138,933)	226,474	(100,000)	(200,000)	(100,000)
Other Financing Sources (Uses)						
Savings from Bond Refinance		40,000	40,000			
Total Other Financing Sources and Uses		40,000	40,000			
Net Change in Fund Balances	(365,407)	(98,933)	266,474	(100,000)	(200,000)	(100,000)
Fund Balance, Beginning of Year	365,407	267,309	(98,098)	100,000	200,000	100,000
Fund Balance, End of Year		168,376	168,376			

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, 2012
 (continued)

	Other Governmental Funds		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues			
Property Taxes			
Intergovernmental, Federal	1,200,534	1,197,744	(2,790)
Intergovernmental, State	56,405	57,869	1,464
Intergovernmental, Other		62,765	62,765
Interest		2	2
Other	30,625	21,629	(8,996)
Total Revenues	<u>1,287,564</u>	<u>1,340,009</u>	<u>52,445</u>
Expenditures			
Current:			
Instruction	743,629	684,656	58,973
Non-Instruction			
Support Services	153,599	170,199	(16,600)
Administration	74,731	36,134	38,597
Maintenance and Operations		1,082	
Transportation	9,222	6,492	2,730
Food Services	338,724	274,671	64,053
Capital Outlays	4,800		4,800
Debt Service:			
Principle	51,000	45,485	5,515
Interest		3,118	(3,118)
Total Expenditures	<u>1,375,705</u>	<u>1,221,837</u>	<u>153,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(88,141)</u>	<u>118,172</u>	<u>206,313</u>
Other Financing Sources (Uses)			
Operating Transfers (Out)	(37,595)	(76,655)	(39,060)
Total Other Financing Sources and Uses	<u>(37,595)</u>	<u>(76,655)</u>	<u>(39,060)</u>
Net Change in Fund Balances	(125,736)	41,517	167,253
Fund Balance, Beginning of Year	125,736	258,179	132,443
Prior Period Adjustments		(30,818)	(30,818)
Adjusted Fund Balance	<u>125,736</u>	<u>227,361</u>	<u>101,625</u>
Fund Balance, End of Year	<u>268,878</u>	<u>268,878</u>	<u>268,878</u>

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, 2012

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, 2012:

<u>Fund</u>	<u>Amount</u>
Nez Perce Tribe Lapwai Elementary	1,358
Nez Perce Tribe Native Arts	5,400
Nez Perce Tribe Memory Project	6,745
Nez Perce Tribe Job Skills	9,958
Nez Perce Tribe Playwrights	10,001
Nez Perce Tribe Wellness	4,319
State Vocational Education	2,589
Nez Perce Tribe Reading	4,611
Nez Perce Tribe Drug Free Youth	582
Title I, ESEA	37,459
Title VI-B, Special Education	1,735
Title VI-B, Special Education Preschool	1
Title VI-B Rural Education	3,621
Readiness & Emergency Management	1,468
Gear Up	11,418
Plant Facilities	904

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, 2012

	Nez Perce Tribe Lapwai Elementary	Nez Perce Tribe Native Arts	Nez Perce Tribe Memory Project	Box Tops	Nez Perce Tribe Vocational Education	Nez Perce Tribe Job Skills	Nez Perce Tribe Playwrights	Nez Perce Tribe School Health
Assets								
Cash	2,328	8,269	755	688				8,509
Investments								
Receivables:								
Accounts								
Due From Other Governments								900
Total Assets	<u>2,328</u>	<u>8,269</u>	<u>755</u>	<u>688</u>				<u>9,409</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable		2,174						
Salaries and Benefits Payable								
Due To Other Funds								
Total Liabilities		<u>2,174</u>						
Fund Balances:								
Restricted for Education	2,328	6,095	755					9,409
Assigned for Child Nutrition				688				
Unassigned								
Total Fund Balances	<u>2,328</u>	<u>6,095</u>	<u>755</u>	<u>688</u>				<u>9,409</u>
Total Liabilities and Fund Balances	<u>2,328</u>	<u>8,269</u>	<u>755</u>	<u>688</u>				<u>9,409</u>

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

Lapwai School District No. 341
 Combining Balance Sheet
 Other Governmental Funds
 June 30, 2012
 (continued)

	Nez Perce Tribe Wellness	School Building Maintenance	State Vocational Education	Nez Perce Tribe Reading	Nez Perce Tribe Drug Free Youth	Title I, ESEA	Title VI-B, Special Education	Title VI-B, Special Education Preschool
Assets								
Cash	782			3,744	5,188			
Investments								
Receivables:								
Accounts			5,643					
Due From Other Governments								
Total Assets	782		5,643	3,744	5,188			
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable	759			355				
Salaries and Benefits Payable								
Due To Other Funds			5,643					
Total Liabilities	759		5,643	355				
Fund Balances:								
Restricted for Education	23			3,389	5,188			
Assigned for Child Nutrition								
Unassigned	23			3,389	5,188			
Total Fund Balances	23			3,389	5,188			
Total Liabilities and Fund Balances	782		5,643	3,744	5,188			

The notes to the financial statements are an integral part of this statement.
 (continued)
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Lapwai School District No. 341
 Combining Balance Sheet
 Other Governmental Funds
 June 30, 2012
 (continued)

	Title VI-B, Rural Education	Title VII-A Indian Education	Johnson O'Malley	Title II-A	21st Century Community Learning Center	Medicaid	Readiness & Emergency Management	Gear Up
Assets								
Cash		20,717	27,470	4,311		19,968	1,028	
Investments								
Receivables:								
Accounts								
Due From Other Governments	949			7,216	54,967			20,038
Total Assets	949	20,717	27,470	11,527	54,967	19,968	1,028	20,038
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable		821	335	9,261	6,106			146
Salaries and Benefits Payable		19,896		2,266	6,885			4,467
Due To Other Funds	949				5,747			11,734
Total Liabilities	949	20,717	335	11,527	18,738			16,347
Fund Balances:								
Restricted for Education			27,135		36,229	19,968	1,028	3,691
Assigned for Child Nutrition								
Unassigned								
Total Fund Balances			27,135		36,229	19,968	1,028	3,691
Total Liabilities and Fund Balances	949	20,717	27,470	11,527	54,967	19,968	1,028	20,038

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, 2012
 (continued)

	Nez Perce Education Project	Food Services	Plant Facilities	Total
Assets				
Cash	40,114	135,768		279,639
Investments				
Receivables:				
Accounts		11,210		11,210
Due From Other Governments				89,713
Total Assets	<u>40,114</u>	<u>146,978</u>		<u>380,562</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	349	6,763		27,069
Salaries and Benefits Payable	4,894	22,134		60,542
Due To Other Funds				24,073
Total Liabilities	<u>5,243</u>	<u>28,897</u>		<u>111,684</u>
Fund Balances:				
Restricted for Education	34,871			150,109
Assigned for Child Nutrition		118,081		118,081
Unassigned				688
Total Fund Balances	<u>34,871</u>	<u>118,081</u>		<u>268,878</u>
Total Liabilities and Fund Balances	<u>40,114</u>	<u>146,978</u>		<u>380,562</u>

Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2012

	Nez Perce Tribe Lapwai Elementary Grant	Nez Perce Tribe Native Arts	Nez Perce Tribe Memory Project	Box Tops	Nez Perce Tribe Vocational Education	Nez Perce Tribe Job Skills	Nez Perce Tribe Playwrights	Nez Perce Tribe School Health
Revenues								
Intergovernmental, Federal								
Intergovernmental, State								
Intergovernmental, Other	5,000	11,495	7,500			10,000	10,000	5,000
Interest								
Other								
Total Revenues	<u>5,000</u>	<u>11,495</u>	<u>7,500</u>			<u>10,000</u>	<u>10,000</u>	<u>5,000</u>
Expenditures								
Current:								
Instruction	9,209	5,551	2,036			11,914	10,001	1,213
Non-Instruction								
Administration								
Maintenance and Operations								
Support Services			4,709					
Transportation								
Food Services								
Capital Outlays								
Debt Service Principal								
Debt Service Interest								
Total Expenditures	<u>9,209</u>	<u>5,551</u>	<u>6,745</u>			<u>11,914</u>	<u>10,001</u>	<u>1,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,209)	5,944	755			(1,914)	(1)	3,787
Other Financing Sources (Uses)								
Transfers In (Out)								
Net Change in Fund Balances	(4,209)	5,944	755			(1,914)	(1)	3,787
Fund Balance, Beginning of Year	6,537	151		688		1,914	1	5,622
Fund Balance, End of Year	<u>2,328</u>	<u>6,095</u>	<u>755</u>	<u>688</u>				<u>9,409</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, 2012
(continued)

	Nez Perce Tribe Wellness	School Building Maintenance Fund	State Vocational Education	Nez Perce Tribe Reading	Nez Perce Tribe Drug Free Youth	Title I-A ESEA	Title VI-B Special Education	Title VI-B Special Education Preschool
Revenues								
Intergovernmental, Federal						215,135	119,110	3,161
Intergovernmental, State		39,059	18,810					
Intergovernmental, Other				8,000	5,770			
Interest								
Other								
Total Revenues		<u>39,059</u>	<u>18,810</u>	<u>8,000</u>	<u>5,770</u>	<u>215,135</u>	<u>119,110</u>	<u>3,161</u>
Expenditures								
Current:								
Instruction	4,419		17,599		582	198,891	120,423	3,161
Non-Instruction								
Administration						9,565		
Maintenance and Operations								
Support Services				4,611		6,679		
Transportation								
Food Services								
Capital Outlays								
Debt Service Principal								
Debt Service Interest								
Total Expenditures	<u>4,419</u>		<u>17,599</u>	<u>4,611</u>	<u>582</u>	<u>215,135</u>	<u>120,423</u>	<u>3,161</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,419)	39,059	1,211	3,389	5,188		(1,313)	
Other Financing Sources (Uses)								
Transfers In (Out)		(76,655)						
Net Change in Fund Balances	(4,419)	(37,596)	1,211	3,389	5,188		(1,313)	
Fund Balance, Beginning of Year	4,442	37,596	(1,211)				1,313	
Fund Balance, End of Year	<u>23</u>			<u>3,389</u>	<u>5,188</u>			

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, 2012
(continued)

	Title VI-B, Rural Education	Title VII-A Indian Education	Johnson O'Malley	Title II-A	21st Century Community Learning Center	Medicaid	Readiness & Emergency Management	Gear Up
Revenues								
Intergovernmental, Federal	18,921	89,249	5,245	47,000	134,517			62,976
Intergovernmental, State								
Intergovernmental, Other								
Interest								
Other								
Total Revenues	18,921	89,249	5,245	47,000	134,517			62,976
Expenditures								
Current:								
Instruction	18,921	55,847	4,950		64,366	1,313		52,496
Non-Instruction								
Administration		20,238	6,331					
Maintenance and Operations							178	
Support Services		14,201		47,541	53,287		1,290	6,770
Transportation					6,492			
Food Services								
Capital Outlays								
Debt Service Principal								
Debt Service Interest								
Total Expenditures	18,921	90,286	11,281	47,541	124,145	1,313	1,468	59,266
Excess (Deficiency) of Revenues Over (Under) Expenditures		(1,037)	(6,036)	(541)	10,372	(1,313)	(1,468)	3,710
Other Financing Sources (Uses)								
Transfers In (Out)								
Net Change in Fund Balances		(1,037)	(6,036)	(541)	10,372	(1,313)	(1,468)	3,710
Fund Balance, Beginning of Year								(19)
Prior Period Adjustment		1,037	33,171	541	31,715	21,281	2,496	
Adjusted Fund Balance					(5,858)			
Fund Balance, End of Year			33,171	541	25,857	21,281	2,496	(19)
			27,135		36,229	19,968	1,028	3,691

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
Other Governmental Funds
For the Year Ended June 30, 2012
 (continued)

	Nez Perce Education Project	Food Services	Plant Facilities	Total
Revenues				
Intergovernmental, Federal	199,919	302,511		1,197,744
Intergovernmental, State				57,869
Intergovernmental, Other				62,765
Interest				2
Other		21,629	2	21,629
Total Revenues	<u>199,919</u>	<u>324,140</u>	<u>2</u>	<u>1,340,009</u>
Expenditures				
Current:				
Instruction	101,764			684,656
Non-Instruction				
Administration				
Maintenance and Operations			904	36,134
Support Services	31,111			1,082
Transportation				170,199
Food Services		274,671		6,492
Capital Outlays				274,671
Debt Service Principal	45,485			45,485
Debt Service Interest	3,118			3,118
Total Expenditures	<u>181,478</u>	<u>274,671</u>	<u>904</u>	<u>1,221,837</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,441	49,469	(902)	118,172
Other Financing Sources (Uses)				
Transfers In (Out)				(76,655)
Net Change in Fund Balances	18,441	49,469	(902)	41,517
Fund Balance, Beginning of Year	16,430	93,572	902	258,179
Prior Period Adjustment		(24,960)		(30,818)
Adjusted Fund Balance	16,430	68,612	902	227,361
Fund Balance, End of Year	<u>34,871</u>	<u>118,081</u>		<u>268,878</u>

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, 2012

	<u>Private Purpose Trusts</u>		<u>Student</u>	<u>Total</u>
	<u>Scholarship</u>	<u>Employee</u>	<u>Activity</u>	
	<u>Trust</u>	<u>Medical</u>	<u>Funds</u>	
Assets				
Cash	555		26,136	26,691
Investments	10,694		30,311	41,005
Accounts Receivable			2,643	2,643
Total Assets	<u>11,249</u>		<u>59,090</u>	<u>70,339</u>
Liabilities				
Due to Student Groups			59,090	59,090
Total Liabilities			<u>59,090</u>	<u>59,090</u>
Fund Equity				
Reserved for Scholarships	11,249			11,249
Total Fund Equity	<u>11,249</u>			<u>11,249</u>
Total Liabilities and Fund Equity	<u>11,249</u>		<u>59,090</u>	<u>70,339</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, 2012

	<u>Scholarship Trusts</u>	<u>Employee Medical</u>	<u>Total</u>
Revenues			
Interest	25		25
Other Revenues	540		540
Total Revenues	<u>565</u>		<u>565</u>
Expenditures			
Scholarships and Expenses	1,550		1,550
Total Expenditures	<u>1,550</u>		<u>1,550</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(985)</u>		<u>(985)</u>
Other Financing Sources (Uses)			
Transfer Out		(5,406)	(5,406)
Total Other Financing Sources (Uses)		<u>(5,406)</u>	<u>(5,406)</u>
Net Change in Fund Balance	(985)	(5,406)	(6,391)
Fund Balance, Beginning of Year	<u>12,234</u>	<u>5,406</u>	<u>17,640</u>
Fund Balance, End of Year	<u><u>11,249</u></u>	<u><u>5,406</u></u>	<u><u>11,249</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 Native Arts
For the Year Ended June 30, 2012

	Nez Perce Tribe Lapwai Elementary		Nez Perce Tribe Native Arts	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Over (Under) Budget
Revenues:				
Intergovernmental, Other		5,000		11,495
Total Revenues		<u>5,000</u>		<u>11,495</u>
				5,000
				<u>5,000</u>
Expenditures:				
Current:				
Instruction:				
Salaries		575		(575)
Benefits		114		(114)
Purchased Services		3,379		(3,379)
Supplies and Materials	7,851	5,141		2,710
Total Instruction	<u>7,851</u>	<u>9,209</u>		<u>(1,358)</u>
Total Expenditures	7,851	9,209		(1,358)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,851)	(4,209)	3,642	6,095
Fund Balance, Beginning of Year	7,851	6,537	(1,314)	151
Fund Balance, End of Year		<u>2,328</u>	<u>2,328</u>	<u>6,095</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 Memory Project & Box Tops
For the Year Ended June 30, 2012

	Nez Perce Tribe Memory Project			Box Tops		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:						
Intergovernmental, Other		7,500	7,500			
Total Revenues		<u>7,500</u>	<u>7,500</u>			
Expenditures:						
Current:						
Instruction						
Salaries		1,102	(1,102)			
Benefits		84	(84)			
Supplies and Materials		850	(850)	688		688
Total Instruction		<u>2,036</u>	<u>(2,036)</u>	<u>688</u>		<u>688</u>
Support Services						
Supplies and Materials		4,709	(4,709)			
Total Instruction		<u>4,709</u>	<u>(4,709)</u>			
Total Expenditures		<u>6,745</u>	<u>(6,745)</u>	<u>688</u>		<u>688</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		755	755	(688)	688	688
Fund Balance, Beginning of Year				688	688	
Fund Balance, End of Year		<u>755</u>	<u>755</u>		<u>688</u>	<u>688</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 Vocational Education & Nez Perce Tribe Job Skills
For the Year Ended June 30, 2012

	Nez Perce Tribe Vocational Education		Nez Perce Tribe Job Skills	
	Original and Final Budgeted Amounts	Over (Under) Budget	Original and Final Budgeted Amounts	Over (Under) Budget
Revenues:				
Intergovernmental, Other				
Total Revenues			10,000	10,000
			10,000	10,000
Expenditures:				
Current:				
Instruction				
Salaries	2,000	2,000	10,843	(10,843)
Benefits	173	173	831	(831)
Purchased Services			240	1,716
Supplies	259	259		
Total Instruction	2,432	2,432	11,914	(9,958)
Total Expenditures	2,432	2,432	11,914	(9,958)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,432)	2,432	(1,956)	42
Fund Balance, Beginning of Year	2,432	(2,432)	1,956	(42)
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
Nez Perce Tribe Playwrights & Nez Perce School Health Grant
For the Year Ended June 30, 2012

	Nez Perce Tribe Playwrights		Nez Perce Tribe School Health	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Over (Under) Budget
Revenues:				
Intergovernmental, Other		10,000		5,000
Total Revenues		10,000		5,000
Expenditures:				
Current:				
Instruction				
Purchase Services		9,495		(9,495)
Supplies and Materials		506		(506)
Total Instruction		10,001		(10,001)
Support Services				
Purchase Services			3,000	3,000
Supplies and Materials			3,494	3,494
Total Support Services			6,494	6,494
Total Expenditures		10,001	6,494	1,213
Excess (Deficiency) of Revenues Over (Under) Expenditures		(1)	(6,494)	3,787
Fund Balance, Beginning of Year		1	6,494	5,622
Fund Balance, End of Year				9,409
				(872)
				10,281
				5,281

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 Wellness & School Building Maintenance Fund
For the Year Ended June 30, 2012

	Nez Perce Tribe Wellness			School Building Maintenance Fund		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:						
Intergovernmental, State				37,595	39,059	1,464
Total Revenues				<u>37,595</u>	<u>39,059</u>	<u>1,464</u>
Expenditures:						
Current:						
Instruction						
Supplies and Materials		4,419	(4,419)			
Total Instruction		<u>4,419</u>	<u>(4,419)</u>			
Total Expenditures		<u>4,419</u>	<u>(4,419)</u>			
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(4,419)</u>	<u>(4,419)</u>	37,595	39,059	1,464
Other Financing Sources (Uses):						
Transfers (Out)				(37,595)	(76,655)	(39,060)
Total Other Financing Sources				<u>(37,595)</u>	<u>(76,655)</u>	<u>(39,060)</u>
Net Change in Fund Balances		<u>(4,419)</u>	<u>(4,419)</u>		<u>(37,596)</u>	<u>(37,596)</u>
Fund Balance, Beginning of Year		<u>4,442</u>	<u>4,442</u>		<u>37,596</u>	<u>37,596</u>
Fund Balance, End of Year		<u>23</u>	<u>23</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
State Vocational Education & Nez Perce Tribe Reading
For the Year Ended June 30, 2012

	State Vocational Education		Nez Perce Tribe Reading	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
Revenues:				
Intergovernmental, State	18,810	18,810		
Intergovernmental, Other			8,000	8,000
Total Revenues	18,810	18,810	8,000	8,000
Expenditures:				
Current:				
Instruction				
Salaries	1,811		1,811	
Benefits	806	20	786	
Purchased Services	4,155	1,405	2,750	
Supplies and Materials	8,238	16,174	(7,936)	
Total Instruction	15,010	17,599	(2,589)	
Support Services				
Supplies and Materials				(4,611)
Total Support Services				(4,611)
Capital Outlays	3,800			
Total Expenditures	18,810	17,599	4,611	(4,611)
Excess (Deficiency) of Revenues Over (Under) Expenditures		1,211		3,389
Fund Balance, Beginning of Year		(1,211)		
Fund Balance, End of Year			3,389	3,389

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 Drug Free Youth & Title I-A, ESEA
For the Year Ended June 30, 2012

	Nez Perce Tribe Drug Free Youth		Title I-A, ESEA	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
Revenues:				
Intergovernmental, Federal			177,676	215,135
Intergovernmental, Other		5,770		
Total Revenues		<u>5,770</u>	<u>177,676</u>	<u>215,135</u>
				Over (Under) Budget
				37,459
Expenditures:				
Current:				
Instruction:				
Salaries			99,468	134,919
Benefits			55,817	49,664
Purchased Services		350	5,905	2,356
Supplies and Materials		232	771	11,952
Total Instruction		<u>582</u>	<u>161,961</u>	<u>198,891</u>
Support Services:				
Purchased Services			4,500	6,679
Total Support Services			<u>4,500</u>	<u>6,679</u>
Administration:				
Salaries			9,333	8,000
Benefits			1,882	1,551
Supplies and Materials				14
Total Administration			<u>11,215</u>	<u>9,565</u>
Total Expenditures		<u>582</u>	<u>177,676</u>	<u>215,135</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		5,188		
Fund Balance, Beginning of Year				
Fund Balance, End of Year		<u>5,188</u>		<u>37,459</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 Special Education & Title VI-B Special Education Preschool
For the Year Ended June 30, 2012

	Title VI-B Special Education		Title VI-B Special Education Preschool			
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:						
Intergovernmental, Federal	118,688	119,110	422	3,160	3,161	1
Total Revenues	<u>118,688</u>	<u>119,110</u>	<u>422</u>	<u>3,160</u>	<u>3,161</u>	<u>1</u>
Expenditures:						
Current:						
Instruction:						
Salaries	65,597	82,897	(17,300)	2,542	2,522	20
Benefits	51,943	30,468	21,475	618	639	(21)
Purchased Services	1,148	6,006	(4,858)			
Supplies and Materials		1,052	(1,052)			
Total Instruction	<u>118,688</u>	<u>120,423</u>	<u>(1,735)</u>	<u>3,160</u>	<u>3,161</u>	<u>(1)</u>
Total Expenditures	<u>118,688</u>	<u>120,423</u>	<u>(1,735)</u>	<u>3,160</u>	<u>3,161</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(1,313)	(1,313)			
Fund Balance, Beginning of Year		<u>1,313</u>	<u>1,313</u>			
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 Rural Education & Title VII-A Indian Education
For the Year Ended June 30, 2012

	Title VI-B, Rural Education			Title VII-A, Indian Education		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:						
Intergovernmental, Federal		18,921	18,921	94,459	89,249	(5,210)
Total Revenues		<u>18,921</u>	<u>18,921</u>	<u>94,459</u>	<u>89,249</u>	<u>(5,210)</u>
Expenditures:						
Current:						
Instruction						
Salaries	10,300	12,930	(2,630)	18,638	35,011	(16,373)
Benefits	5,000	5,991	(991)	3,675	6,559	(2,884)
Purchased Services				639	13,459	(12,820)
Supplies				4,900	818	4,082
Total Instruction	<u>15,300</u>	<u>18,921</u>	<u>(3,621)</u>	<u>27,852</u>	<u>55,847</u>	<u>(27,995)</u>
Support Services						
Salaries				6,746	10,734	(3,988)
Benefits				4,130	3,337	793
Purchased Services				1,083	130	953
Total Support Services				<u>11,959</u>	<u>14,201</u>	<u>(2,242)</u>
Administration						
Salaries				37,969	4,291	33,678
Benefits				16,479	11,888	4,591
Purchased Services				100	3,198	(3,098)
Supplies				100	861	(761)
Total Administration				<u>54,648</u>	<u>20,238</u>	<u>34,410</u>
Total Expenditures	<u>15,300</u>	<u>18,921</u>	<u>(3,621)</u>	<u>94,459</u>	<u>90,286</u>	<u>4,173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,300)		15,300		(1,037)	(1,037)
Fund Balance, Beginning of Year	15,300		(15,300)		1,037	1,037
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
Readiness & Emergency Management & Gear Up
For the Year Ended June 30, 2012

	Readiness & Emergency Management		Gear Up	
	Original and Final Budgeted Amounts	Over (Under) Budget	Original and Final Budgeted Amounts	Over (Under) Budget
Revenues:				
Intergovernmental, Federal			47,848	15,128
Total Revenues			<u>47,848</u>	<u>15,128</u>
Expenditures:				
Current:				
Instruction				
Salaries			33,022	1,333
Benefits			9,761	698
Purchased Services			850	215
Supplies and Materials			420	(10,689)
Total Instruction			<u>44,053</u>	<u>(8,443)</u>
Support Services				
Purchased Services		1,290	3,795	(2,975)
Total Support Services		<u>(1,290)</u>	<u>3,795</u>	<u>(2,975)</u>
Maintenance				
Supplies and Materials		178		
Total Maintenance		<u>(178)</u>		
Total Expenditures		<u>(1,468)</u>	<u>47,848</u>	<u>(11,418)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(1,468)	3,710	3,710
Fund Balance, Beginning of Year		2,496	(19)	(19)
Fund Balance, End of Year		<u>1,028</u>	<u>3,691</u>	<u>3,691</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 Education Project
For the Year Ended June 30, 2012

	Nez Perce Education Project		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:			
Intergovernmental, Federal	260,282	199,919	(60,363)
Total Revenues	<u>260,282</u>	<u>199,919</u>	<u>(60,363)</u>
Expenditures:			
Current:			
Instruction			
Salaries	80,436	66,236	14,200
Benefits	39,666	33,445	6,221
Purchased Services	3,000	242	2,758
Supplies and Materials	75,388	1,841	73,547
Total Instruction	<u>198,490</u>	<u>101,764</u>	<u>96,726</u>
Support Services			
Salaries	14,713	14,137	576
Benefits	3,279	3,534	(255)
Purchased Services	7,500	9,469	(1,969)
Supplies and Materials	9,600	3,971	5,629
Total Support Services	<u>35,092</u>	<u>31,111</u>	<u>3,981</u>
Debt Services			
Principal	51,000	45,485	5,515
Interest		3,118	(3,118)
Total Debt Services	<u>51,000</u>	<u>48,603</u>	<u>2,397</u>
Total Expenditures	<u>284,582</u>	<u>181,478</u>	<u>103,104</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,300)	18,441	42,741
Fund Balance, Beginning of Year	24,300	16,430	(7,870)
Fund Balance, End of Year	<u>0</u>	<u>34,871</u>	<u>34,871</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, 2012

	Food Services			Plant Facilities		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues:						
Intergovernmental, Federal	267,332	302,511	35,179			
Other	30,625	21,629	(8,996)			
Interest					2	2
Total Revenues	<u>297,957</u>	<u>324,140</u>	<u>26,183</u>		<u>2</u>	<u>2</u>
Expenditures:						
Current:						
Maintenance and Operations						
Purchased Services					904	(904)
Total Maintenance and Operations					<u>904</u>	<u>(904)</u>
Food Services						
Salaries	93,778	90,904	2,874			
Benefits	52,936	40,841	12,095			
Purchased Services	5,500	1,272	4,228			
Supplies and Materials	186,510	141,654	44,856			
Total Food Services	<u>338,724</u>	<u>274,671</u>	<u>64,053</u>			
Total Expenditures	<u>338,724</u>	<u>274,671</u>	<u>64,053</u>		<u>904</u>	<u>(904)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(40,767)</u>	<u>49,469</u>	<u>90,236</u>		<u>(902)</u>	<u>(902)</u>
Fund Balance, Beginning of Year	40,767	93,572	52,805		902	902
Prior Period Adjustment		<u>(24,960)</u>	<u>(24,960)</u>			
Adjusted Fund Balance	<u>40,767</u>	<u>68,612</u>	<u>27,845</u>		<u>902</u>	<u>902</u>
Fund Balance, End of Year		<u>118,081</u>	<u>118,081</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, 2012

	<u>Beginning Balance July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance June 30, 2012</u>
<u>Lapwai Elementary School</u>				
<u>Assets</u>				
<u>Cash</u>				
General Fund	3,213	7,706	3,396	7,523
Candy Sale	5,072		5,072	
Library/Book Fair		2,574	2,543	31
Book Orders	30	74	78	26
5th Grade	59			59
2nd Grade		197	127	70
Art	9			9
Humanities	1,000			1,000
Parent Group	1,585	1,798	1,779	1,604
Total Cash	<u>10,968</u>	<u>12,349</u>	<u>12,995</u>	<u>10,322</u>
<u>Other</u>				
Pepsi School/Vendor Rebate	960		960	
Total Elementary School	<u>11,928</u>	<u>12,349</u>	<u>13,955</u>	<u>10,322</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, 2012
(continued)

	Beginning Balance July 1, 2011	Receipts	Disbursements	Ending Balance June 30, 2012
<u>Lapwai Middle School and High School</u>				
<u>Assets</u>				
<u>Cash</u>				
High School Student Body		4,221	4,221	
Middle School	193	284	278	199
Concessions	1,170	13,221	11,291	3,100
Petty Cash	500	500	500	500
Athletics		4,418	4,418	
Season Pass	334	6,945	4,172	3,107
Football	403	11,772	12,175	
Football Fundraising Proceeds		420	420	
Volleyball		3,383	3,024	359
High School District Volleyball	343			343
High School Girls Basketball	694	15,912	11,821	4,785
High School Boys Basketball	4,032	10,861	12,309	2,584
Girls Softball		333	333	
Boys and Girls Track	1,565	19,205	16,459	4,311
Cheerleaders	550	2,556	3,106	
Travel	4,202	3,251	7,046	407
MS Athletics	3,625		2,758	867
Jr. High Girls Basketball	134		125	9
Jr. High Boys Basketball		955	955	
MS Volleyball	963	2,976	2,515	1,424
MS Track		1,273	1,233	40
12th Grade		759	287	472
11th Grade	714	418	946	186
10th Grade		47		47
9th Grade	47	392	211	228
Student Council	466	1,292	1,758	
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	507	3,790	4,297	

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, 2012
(continued)

	Beginning Balance July 1, 2011	Receipts	Disbursements	Ending Balance June 30, 2012
Lapwai Middle School and High School				
Assets				
Cash				
Drama	1,852			1,852
Library	447	334	311	470
Indian Club		7,791	6,629	1,162
Booster Club	1,601	534	1,801	334
MS Yearbook	581	75	283	373
Sophomore Coast Trip	270	1,089	510	849
Senior Parent Special Account		2,684	2,678	6
French Club	3,034	929	356	3,607
Pep Club	336			336
Pay It Forward	121			121
WBE	470			470
FFA Club	1,935	6,242	6,365	1,812
Fair Pigs	395			395
AISES Conference	122			122
Band/Music	24			24
Nez Perce Language	246		80	166
BPA	1,564	20,941	14,638	7,867
Drivers Education	1,632	1,055	2,687	
Middle School River Trip	172			172
HOSA	185			185
SEL Scholarship	500	100		600
Cap and Gowns	57	572	564	65
MAPP	57			57
Total Cash	37,950	151,530	143,560	45,920
Other				
Pepsi School Vendor Rebate	3,082		439	2,643
Accounts Payable	1,656	205	1,656	205
Total Other	4,738	205	2,095	2,848
Total Middle School and High School	42,688	151,735	145,655	48,768
Total Agency Funds	54,616	164,084	159,610	59,090

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, 2012

<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	* 66,373
National School Lunch Program	10.555	* 228,080
Summer Food Service Program for Children	10.559	* 10,588
Fresh Fruit and Vegetable Program	10.582	* 15,832
Subtotal Pass-Through Superintendent of Public Instruction		<u>320,873</u>
Total U.S. Department of Agriculture		<u>320,873</u>
Department of the Interior:		
Pass-Through Superintendent of Public Instruction:		
Indian Education - Johnson O'Malley	15.130	10,065
Total Department of the Interior		<u>10,065</u>
Department of Education:		
Direct Programs:		
Title VIII Impact Aid	84.041	* 2,002,735
Title VIII Impact Aid Construction Funds - ARRA	84.401A	240,056
Title VII-A Indian Education	84.060	129,288
Title VI-B Rural Education	84.358	18,921
Safe & Drug Free Schools - Readiness & Emergency Management Project	84.184E	1,468
Lapwai Nez Perce Educational Project	84.299A	143,692
Total Direct Programs		<u>2,536,160</u>
Pass-Through Superintendent of Public Instruction:		
Title I Grants to Local Educational Agencies	84.010	215,135
Title VI-B Special Education	84.027	120,423
Title VI-B Special Education - Preschool Grants	84.173	3,161
Title IV-B Twenty-First Century Community Learning Centers	84.287	124,145
Education Jobs Fund	84.410	* 116,480
Title IV-A Gaining Early Awareness and Readiness in Undergraduate Programs (Gear Up)	84.334	59,266
Title II-A Improving Teacher Quality	84.367	47,541
Subtotal Pass-Through Programs		<u>686,151</u>
Total Department of Education		<u>3,222,311</u>

* Major funds included on Schedule of Findings and Questioned Costs

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, 2012
(continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services:		
Medical Assistance Program (Medicaid)	93.778	41,368
Total Department of Health and Human Services		<u>41,368</u>
Environmental Protection Agency		
Pass-Through State Environmental Protection Agency		
State Clean Diesel Grant Program	66.040	19,000
Total Environmental Protection Agency		<u>19,000</u>
Total Expenditures of Federal Awards		<u><u>3,613,617</u></u>

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, the business-type 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, 2012, which collectively comprise the Lapwai School District No. 341, State of Idaho's basic financial statements and have issued our report thereon dated October 16, 2012. 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

Management of Lapwai School District No. 341, State of Idaho, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Lapwai School District No. 341, State of Idaho'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, State of Idaho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lapwai School District No. 341, State of Idaho'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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as described in Findings 2012-01 and 2012-02. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lapwai School District No. 341, State of Idaho'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*.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, 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 16, 2012


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 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, State of Idaho, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Lapwai School District No. 341, State of Idaho'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 Lapwai School District No. 341, State of Idaho's management. Our responsibility is to express an opinion on Lapwai School District No. 341, State of Idaho'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, State of Idaho'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 on Lapwai School District No. 341, State of Idaho's compliance with those requirements:

In our opinion, Lapwai School District No. 341, State of Idaho, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Lapwai School District No. 341, State of Idaho, 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 Lapwai School District No. 341, State of Idaho's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the 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 on the effectiveness of Lapwai School District No. 341, State of Idaho's internal control over compliance.

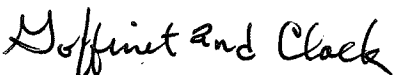
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 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.

Lapwai School District No. 341, State of Idaho's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Lapwai School District No. 341's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, 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 16, 2012


Goffinet and Clack, Chartered
Certified Public Accountants

**Lapwai School District No. 341
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2012**

There were no prior year audit findings for the year ended June 30, 2011 relative to major federal award programs.

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, 2012**

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 deficiencies not considered to be material weaknesses? Yes

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:

<u>Program</u>	<u>CFDA Number</u>
Department of Education	
P.L. 874 Impact Aid	84.041
Education Jobs Fund	84.410
Department of Agriculture	
School Breakfast Program for Children	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Fresh Fruit and Vegetable Program	10.582

The threshold for distinguishing Types A and B programs \$300,000.

Auditee qualified as a low risk auditee? No

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

Section II – Financial Statement Findings

Finding 2012-01:

Criteria: Non-attest services performed by independent auditors are required to be identified in accordance with *Government Auditing Standards* and evaluate whether the non-attest services impair the independent auditor's independence.

Condition: As independent auditors we performed non-attest services. We compiled the year-end financial statements and recommended journal entries.

Effect: The compiled financial statements and recommended journal entries were reviewed by management and approved. The safeguards in *Government Auditing Standards* have been complied with.

Response: Contracting with the independent auditor is the most cost-effective alternative for recommendation of journal entries and to compile the year-end financial statements. These services are allowed under *Government Auditing Standards*.

Recommendation: We agree with the District's response.

Finding 2012-02:

Criteria: Entities generally set up a system that will divide accounting duties among several individuals to identify and prevent errors within the accounting system.

Condition: Many accounting duties have been assigned to one individual so that "separation of duties" cannot be possible. There are limited individuals to provide the "separation of duties".

Effect: Many accounting duties are performed by one individual within the District.

Response: The District's management and Board of Trustees believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

Recommendation: We agree with the District's response.

Section III – Federal Award Findings and Questioned Costs

None

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