

**Lapwai School District No. 341  
Audited Financial Statements as of and  
For the Year Ended June 30, 2013**

**Lapwai School District No. 341  
Table of Contents  
June 30, 2013**

	<u>Page</u>
Independent Auditor's Report . . . . .	1-2
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position . . . . .	3
Statement of Activities . . . . .	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds . . . . .	5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position . . . . .	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds . . . . .	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities . . . . .	8
Fiduciary Funds	
Statement of Net Position . . . . .	9
Statement of Changes in Net Position . . . . .	10
Notes to the Financial Statements . . . . .	11-22
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund and Bond Redemption Fund . . . . .	23
Nez Perce Tribe Construction and Total Nonmajor Governmental Funds . . . . .	24
Notes to Required Supplementary Information . . . . .	25
Other Supplemental Information	
Combining Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds . . . . .	26-29
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds . . . . .	30-33
Combining Balance Sheet – All Trust and Agency Funds . . . . .	34

(continued)

**Lapwai School District No. 341**  
**Table of Contents**  
**June 30, 2013**  
(continued)

Page

Other Supplemental Information (continued)

Statement of Revenues, Expenditures, and Changes in Fund  
Balances – Budget and Actual – Nonmajor Governmental Funds:

Nez Perce Tribe Lapwai Elementary . . . . .	35
Nez Perce Tribe Lapwai Native Arts . . . . .	35
Nez Perce Tribe Memory Project . . . . .	36
Box Tops . . . . .	36
Nez Perce Tribe Vocational Education . . . . .	37
Nez Perce Tribe Job Skills . . . . .	37
Nez Perce Tribe Playwrights . . . . .	38
Nez Perce Tribe School Health . . . . .	38
Nez Perce Tribe Wellness . . . . .	39
School Building Maintenance Fund . . . . .	39
State Vocational Education . . . . .	40
Reading Grant . . . . .	40
Technology Grant . . . . .	41
Drug Free Youth . . . . .	41
Title I-A, ESEA . . . . .	42
Title VI-B Special Education . . . . .	42
Title VI-B Special Education - Preschool . . . . .	43
Title VI-B, Rural Education . . . . .	43
Title VII-A, Indian Education . . . . .	44
Johnson O'Malley . . . . .	44
Title II-A . . . . .	45
Title IV-B 21 <sup>st</sup> Century Community Learning Center . . . . .	45
Medicaid . . . . .	46
Readiness and Emergency Management . . . . .	46
Gear Up . . . . .	47
Nez Perce Education Project . . . . .	47
Food Services . . . . .	48
Bus Depreciation . . . . .	48

Other Supplemental Schedules:

Agency Funds

Schedule of Receipts and Disbursements – Student Body Funds

Lapwai Elementary School . . . . .	49
Lapwai Middle School and High School . . . . .	50-51

Single Audit Section

Schedule of Expenditures of Federal Awards . . . . .	52-53
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> . . . . .	54-55
Independent Auditor's Report on Compliance for Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 . . . . .	56-57
Summary Schedule of Prior Audit Findings . . . . .	58
Schedule of Findings and Questioned Costs . . . . .	59-60

*John Goffinet*  
*Steve R. Clack*

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

## **Independent Auditor's Report**

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapwai Joint School District No. 341, State of Idaho, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility.***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lapwai Joint School District No. 341, State of Idaho, as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require budgetary comparison information presented on pages 23-25 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 omitted the management's discussion and analysis that 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.

### *Other Information*

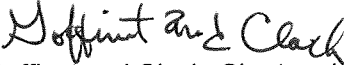
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lapwai Joint School District No. 341's financial statements. The combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required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

The combining and individual nonmajor fund financial statements and the schedule of expenditure 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2013, on our consideration of Lapwai Joint School District No. 341, State of Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lapwai Joint School District No. 341, State of Idaho's internal control over financial reporting and compliance.

October 11, 2013

  
Goffinet and Clack, Chartered  
Certified Public Accountants

**Lapwai School District No. 341**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	20
Investments	1,608,599
Receivables	
Accounts	22,724
Property Taxes	73,616
Other Governments	178,860
Due to Other Funds	929
Capital Assets	
Land	162,810
Depreciable Capital Assets - Net	13,365,412
Total Assets	15,412,970
<b>Liabilities</b>	
Deficit Cash	8,503
Accounts Payable	64,606
Accrued Interest	39,567
Accrued Salaries and Benefits	657,333
Noncurrent Liabilities	
Due Within One Year	180,000
Due in More Than One Year	2,560,000
Total Liabilities	3,510,009
<b>Net Position</b>	
Invested in Capital Assets, Net of Related Debt	10,788,222
Restricted	
Debt Service	96,121
Assigned	
Educational Programs	93,565
Child Nutrition	103,376
Unassigned	821,677
Total Net Assets	11,902,961

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, 2013**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Total</u>
<u>Governmental Activities</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Instruction	3,901,458	3,885	113,377	(3,784,196)
Non-Instruction				
Support Services	788,336		19,000	(769,336)
Administration	820,582			(820,582)
Maintenance and Operations	702,113		500	(601,613)
Transportation	273,327		139,036	(134,291)
Food Services	317,834	8,090	312,846	3,102
Interest on Long-Term Liabilities	100,340			(100,340)
Total Governmental Activities	6,903,990	11,975	584,759	(6,207,256)
<b>General Revenues</b>				
Taxes				
Property Taxes, Levied for General Purposes				30,126
Property Taxes, Levied for Debt Service				156,542
State and Federal Revenue				5,276,491
Investment Earnings				4,163
Miscellaneous				128,121
Total General Revenues and Other Financing Sources				5,595,443
Change in Net Position				(611,813)
Net Position, Beginning of Year				12,504,193
Prior Period Adjustment				10,581
Net Position, Restated				12,514,774
Net Position, End of Year				11,902,961

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

**Lapwai School District No. 341**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	General Fund	Bond Redemption Fund	Nez Perce Tribe Construction	Total Nonmajor Governmental Funds	Totals
<b>Assets</b>					
Cash				20	20
Investments	1,288,847	319,752			1,608,599
Property Taxes Receivable	17,058	56,558			73,616
Accounts	4,824			17,900	22,724
Due From Other Governments	37,931		100,000	40,929	178,860
Due From Other Funds			100,000	275,200	375,200
Total Assets	<u>1,348,660</u>	<u>376,310</u>	<u>200,000</u>	<u>334,049</u>	<u>2,259,019</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Deficit Cash	8,503				8,503
Accounts Payable	35,237	500		28,869	64,606
Accrued Salaries and Benefits	600,226			57,107	657,333
Due to Other Funds	83,396	267,514		23,361	374,271
Total Liabilities	<u>727,362</u>	<u>268,014</u>		<u>109,337</u>	<u>1,104,713</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	2,772	12,175			14,947
Unavailable Revenue - Capital Grants			100,000		100,000
Total Deferred Inflows	<u>2,772</u>	<u>12,175</u>	<u>100,000</u>		<u>114,947</u>
<b>Fund Balances</b>					
Restricted					96,121
Retirement of Long-Term Debt		96,121			
Assigned					
Education				93,565	93,565
Child Nutrition				103,376	103,376
Unassigned	618,526		100,000	27,771	746,297
Total Fund Balances	<u>618,526</u>	<u>96,121</u>	<u>100,000</u>	<u>224,712</u>	<u>1,039,359</u>
Total Liabilities and Fund Balances	<u>1,348,660</u>	<u>376,310</u>	<u>200,000</u>	<u>334,049</u>	<u>2,259,019</u>

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



**Lapwai School District No. 341  
 Reconciliation of Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2013**

Amounts reported for governmental activities in the statement of net position (page 3) are different because

Total Governmental Fund Balances (page 5)		1,039,359
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		13,528,222
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		
Property Taxes	14,947	
Grant Revenues	<u>100,000</u>	114,947
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	(39,567)	
Bonds Payable	<u>(2,740,000)</u>	<u>(2,779,567)</u>
Net Position of Governmental Activities (page 3)		<u><u>11,902,961</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, 2013**

	General Fund	Bond Redemption Fund	Nez Perce Tribe Construction	Total Nonmajor Governmental Funds	Totals
<b>Revenues</b>					
Property Taxes	44,414	154,513		952,033	198,927
Intergovernmental, Federal	2,079,533			62,234	3,031,566
Intergovernmental, State	2,641,938	28,486	100,000	99,235	2,732,658
Intergovernmental, Other					199,235
Investment Earnings	3,528	635			4,163
Miscellaneous	102,516			35,370	137,886
Total Revenues	4,871,929	183,634	100,000	1,148,872	6,304,435
<b>Expenditures</b>					
Current					
Instruction	2,868,507			630,283	3,498,790
Non-Instruction					
Administration	734,905	1,000		74,645	810,550
Support Services	679,547			108,789	788,336
Maintenance and Operations	697,792				697,792
Transportation	229,665			5,290	234,955
Food Services	7,743			306,894	314,637
Capital Outlays	22,804			28,945	51,749
Debt Service					
Principal		170,000			170,000
Interest		84,838			84,838
Total Expenditures	5,240,963	255,838		1,154,846	6,651,647
Excess (Deficiency) of Revenues Over (Under) Expenditures	(369,034)	(72,204)	100,000	(5,974)	(347,212)
<b>Other Financing Sources (Uses)</b>					
Transfers In	38,192				38,192
Transfers Out				(38,192)	(38,192)
Total Other Financing Sources (Uses)	38,192			(38,192)	
Net Change in Fund Balances	(330,842)	(72,204)	100,000	(44,166)	(347,212)
Fund Balance, Beginning of Year	938,736	168,376		268,878	1,375,990
Prior Period Adjustment	10,632	(51)			10,581
Fund Balance, Restated	949,368	168,325		268,878	1,386,571
Fund Balance, End of Year	618,526	96,121	100,000	224,712	1,039,359

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, 2013**

Amounts reported for governmental activities in the statement of activities (page 4) are different because

Net Changes in Fund Balances, Total Governmental Funds (page 7)	(347,212)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period	(406,840)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Property Taxes	(12,259)
The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	170,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due	<u>(15,502)</u>
Change in Net Position of Governmental Activities (page 4)	<u><u>(611,813)</u></u>

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

**Lapwai School District No. 341**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

	<b>Private Purpose Trusts</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash		22,908
Investments	10,715	10,371
Accounts Receivable		3,369
Total Assets	10,715	36,648
<b>Liabilities</b>		
Due to Other Funds	929	
Due to Student Groups		36,648
Total Liabilities	929	36,648
<b>Net Position</b>		
Held in Trust for Scholarships	9,786	

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

**Lapwai School District No. 341**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

	<b>Private Purpose Trusts</b>
<b>Additions</b>	
Contributions	22
Investment Earnings	480
Total Additions	502
<b>Deductions</b>	
Scholarships and Expenses	1,965
Total Deductions	1,965
Change in Net Position	(1,463)
Net Position Beginning of Year	11,249
Net Position at End of Year	9,786

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, 2013**

**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. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements.

**B. 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. The accompanying financial statements present the entities for which the government is considered to be financially responsible.

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.

**C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements.

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

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.

**D. Basis of Presentation – Fund Financial Statements**

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

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 restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds
- 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.

Additionally, the government reports the following fund types:

- The private-purpose trust (fiduciary fund) accounts for contributions made on behalf of the Van Houten, Higheagle, Woods, Patterson, Wheeler, Wilson, Leighton, Reuben, and Merit Scholarship funds for scholarship award use.
- The student activities agency fund (fiduciary fund) accounts for activities of assets held on behalf of student groups.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as deficit cash in the liabilities section of the entity wide statement of net position.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

#### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting 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, 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.

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.

**F. 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, 2013. Actual results may differ from such estimates.

**G. Assets, Liabilities, Deferred Inflows of Resources, and Net Position / Fund Balance**

**1. Cash 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. 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 ten 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

**3. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.



#### **4. 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.

#### **5. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both (e.g. bond or grant proceeds) restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

#### **6. Fund Balance Policies**

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

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

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

#### **7. Unassigned Fund Balance**

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

#### **H. Revenues and Expenditures**

##### **1. Program Revenues**

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

##### **2. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on the third Monday of September and are payable in two installments on December 20<sup>th</sup> and June 20<sup>th</sup> of

the following year and are considered delinquent the day following the due date. The taxes are collected by Nez Perce 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, 2013 are included in the Deferred Inflows of Resources section of the governmental funds balance sheet.

### 3. 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.

## II. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

### 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 (\$8,503) and the bank balance was \$41,772. The bank balance was covered by federal depository insurance. The financial institution balances were:

	Governmental Activities	Fiduciary Activities	Total
Deposits	41,772	22,934	64,706
Investments	1,608,599	21,086	1,629,685
	<u>1,650,371</u>	<u>44,020</u>	<u>1,694,391</u>

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

Governmental Funds		
Cash	20	
Deficit Cash	(8,503)	
Total Governmental Cash		<u>(8,483.00)</u>
Fiduciary Funds		
Private Purpose Trusts		
Cash		
Agency Funds		
Cash	22,908	
Total Fiduciary Cash		<u>22,908</u>
Total Cash All Funds		<u>14,425.00</u>

The District's investments are as follows:

Fund	Carrying Value	Institution Balance
<b>Governmental Funds</b>		
General Fund		
Local Government Investment Pool	1,288,847	1,288,847
Bond Redemption Fund		
Local Government Investment Pool	319,752	319,752
<b>Total Governmental Funds</b>	<b>1,608,599</b>	<b>1,608,599</b>
<b>Fiduciary Funds</b>		
Private Purpose Trust		
Local Government Investment Pool	10,715	10,715
Agency Fund		
Local Government Investment Pool	10,371	10,371
<b>Total Fiduciary Funds</b>	<b>21,086</b>	<b>21,086</b>
<b>Total All Funds</b>	<b>1,629,685</b>	<b>1,629,685</b>

### Investments

The District had investments in the Idaho Local Government Investment Pool (LGIP) of \$1,629,685 at year-end. At June 30, 2013 the fair value of the District's share of the LGIP's assets was 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 regarding 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 on 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. State law limits the amount of credit risk by restricting governments to specific investment types as listed in Idaho Statutes Section 67-1210 and 67-1210A.

### 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, 2013, all of the District's investments were held for safekeeping by the State of Idaho's Local Government Investment Pool.

### 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 investment policy covering concentration of credit risk. However, all of the

District's investments are held in the District's name and held by the State of Idaho's Local Government Investment Pool. Idaho Statutes 67-1210 and 67-1210A requires that the District's foremost objective be safety of principal.

## B. Receivables

Receivables at June 30, 2013 consist of the following:

	Receivables			Total
	Taxes	Accounts	Due From Other Governments	
General Fund	17,058	5,772	37,931	60,761
Nonmajor Governmental Funds				
Nez Perce Coord School Health		900		900
State Vocational Education			5,027	5,027
Title I ESEA		17,000		17,000
Title VI-B - Special Education			1,445	1,445
21st Century Community Center			14,021	14,021
Gear-Up			2,207	2,207
Food Services			18,229	18,229
Bond Redemption Fund	56,558			56,558
Nez Perce Tribe Construction			100,000	100,000
<b>Total</b>	<b>73,616</b>	<b>23,672</b>	<b>178,860</b>	<b>276,148</b>

## C. Capital Assets

Capital asset activity for the year ended June 30, 2013 is as follows:

	Balance 7/1/2012	Increases	Decreases	Balance 6/30/2013
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	162,810			162,810
<b>Total Capital Assets,         Not Being Depreciated</b>	<b>162,810</b>			<b>162,810</b>
<b>Capital Assets Being Depreciated:</b>				
Sites	276,089			276,089
Buildings	15,914,313			15,914,313
Capital Improvements	1,512,730	39,179		1,551,909
Equipment	587,963	12,570		600,533
Buses	627,309			627,309
<b>Total Capital Assets,         Being Depreciated</b>	<b>18,918,404</b>	<b>51,749</b>		<b>18,970,153</b>
<b>Accumulated Depreciation for:</b>				
Sites	(186,618)	(11,247)		(197,865)
Buildings	(3,231,378)	(307,252)		(3,538,630)
Capital Improvements	(903,192)	(72,462)		(975,654)
Equipment	(386,535)	(31,918)		(418,453)
Buses	(438,429)	(35,710)		(474,139)
<b>Total Accumulated Depreciation</b>	<b>(5,146,152)</b>	<b>(458,589)</b>		<b>(5,604,741)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>13,772,252</b>	<b>(406,840)</b>		<b>13,365,412</b>
<b>Governmental Activities, Capital Assets, Net</b>	<b>13,935,062</b>	<b>(406,840)</b>		<b>13,528,222</b>

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

Instruction	402,668
Non-Instruction	
Administration	10,032
Maintenance and Operation	4,321
Transportation	38,371
Food Service	3,197
Total Depreciation Expense	<u>458,589</u>

**D. Pension Plan Obligations**

Substantially all full time employees and certain part time employees of the District are members of the Public Employee Retirement System of Idaho (PERSI) The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited 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 financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](http://www.persi.idaho.gov).

The actuarially determined contribution requirements of Lapwai Joint 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, 2013, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members. The employer rate as a percentage of covered payroll was 10.39% for general members. The Lapwai Joint School District No. 341 employer contributions required and paid were \$400,864, \$404,101, and \$406,284 for the three years ended June 30, 2013, 2012, and 2011 respectively.

PERSI's assets do not include any loans to the District (whether in the form of notes, bonds, or other instruments).

**E. 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.

**F. Lease Obligations**

Operating Leases

The District has entered into the following copier operating lease agreements:

<u>Equipment</u>	<u>Term</u>	<u>Cost</u>	<u>Begin Date</u>
Ricoh MP6001 Copier	60 Months	\$398.50 per month	10/14/2010
Ricoh MP6001 Copier	60 Months	\$398.50 per month	10/14/2010
Ricoh MPC5502 Copier	60 Months	\$229.57 per month	6/1/2012

Current lease operating costs are as follows:

	High School MP6001	Elementary School MP6001	District Office MPC5502	Total
2013 Costs	4,782	4,782	2,296	11,860

Remaining future lease payments for the lease agreements excluding copy costs are:

	MP7001	MP2550B	MP2550B	Total
2014	4,782	4,782	2,755	12,319
2015	4,782	4,782	2,755	12,319
2016	1,196	1,196	2,755	5,147
2017			2,755	2,755
2018			459	459
Total	10,760	10,760	11,479	32,999

### G. Long-Term Liabilities

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 2012. The District continues to pay principal and interest on the Series 2004 bonds until 2014, while also paying interest on the Series 2012 bonds. In 2015, the District will be finished paying on the Series 2004 bonds and pay principal and interest on the Series 2012 bonds. At June 30, 2013 the District is obligated on the following bonds:

General Obligation Bonds, Series 2004 - \$ 365,000  
 General Obligation Bonds, Series 2012 - \$2,375,000

Future payments under bonds payable as of June 30, 2013, are as follows:

Date	Interest Rate	Interest Payments	Principal Payments	Total Principal and Interest Payments	Balance
					2,740,000
8/15/2013		52,756	180,000	232,756	2,560,000
2/15/2014	3.81%	48,706		48,706	2,560,000
8/15/2014		48,706	185,000	233,706	2,375,000
2/15/2015	3.75%	44,544		44,544	2,375,000
8/15/2015		44,544	195,000	239,544	2,180,000
2/15/2016	3.64%	39,669		39,669	2,180,000
8/15/2016		39,669	205,000	244,669	1,975,000
2/15/2017	3.50%	34,544		34,544	1,975,000
8/15/2017		34,544	215,000	249,544	1,760,000
2/15/2018	3.44%	30,244		30,244	1,760,000
8/15/2018		30,244	225,000	255,244	1,535,000
2/15/2019	3.35%	25,744		25,744	1,535,000
8/15/2019		25,744	235,000	260,744	1,300,000
2/15/2020	3.28%	21,338		21,338	1,300,000
8/15/2020		21,338	240,000	261,338	1,060,000
2/15/2021	3.18%	16,838		16,838	1,060,000
8/15/2021		16,838	250,000	266,838	810,000
2/15/2022	3.00%	12,150		12,150	810,000
8/15/2022		12,150	260,000	272,150	550,000
2/15/2023	3.00%	8,250		8,250	550,000
8/15/2023		8,250	270,000	278,250	280,000
2/15/2024	3.00%	4,200		4,200	280,000
8/15/2024		4,200	280,000	284,200	
Totals		625,210	2,740,000	3,365,210	

## H. 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, 2013 is as follows:

	Due From Other Funds	Due To Other Funds	Deficit Cash	Total
General Fund		91,899	8,503	(83,396)
Bond Redemption Fund		267,514		(267,514)
Nonmajor Governmental Funds				
Nez Perce Tribal Construction	100,000			100,000
Nez Perce Tribe Elementary	2,731			2,731
Nez Perce Tribe Native Arts	4,661			4,661
Nez Perce Tribe Memory Project	156			156
Box Tops	688			688
Nez Perce Tribe Job Skills	14,412			14,412
Nez Perce Coord School Health	1,783			1,783
State Vocational Education		4,890		(4,890)
Reading Grant	723			723
Drug Free Youth	4,867			4,867
Title I-A ESEA		17,000		(17,000)
Title VIII-A Indian Education	30,708			30,708
Johnson O'Malley	51,406			51,406
Title II-A	3,113			3,113
21st Century Community Learning Center		1,471		(1,471)
Gear-Up	1,325			1,325
Food Services	131,544			131,544
Bus Depreciation	27,083			27,083
Fiduciary Funds - Scholarship Fund		929		(929)
	<u>375,200</u>	<u>383,703</u>	<u>8,503</u>	<u>0</u>

## I. Long-Term Debt

Changes in Long-Term Liabilities: During the year ended June 30, 2013, the following changes occurred in liabilities reported in long-term debt:

	Balance 7/1/2012	Adjustments	Reductions	Balance 6/30/2013	Due Within One Year
Bonds Payable	<u>2,910,000</u>		<u>170,000</u>	<u>2,740,000</u>	<u>180,000</u>
	<u>2,910,000</u>		<u>170,000</u>	<u>2,740,000</u>	<u>180,000</u>

The District is not subject to any special assessment debt.

## 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 2012-2013 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.

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 Retirement of Long-Term Debt:

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 \$96,121.

- Assigned for Education

A total of \$93,565 is assigned to provide improvements for educational programs as designated by each of the Nonmajor Governmental Funds that contributes to this total.

- Assigned for Child Nutrition:

A total of \$103,376 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 balance of \$618,526, Nez Perce Tribal Construction balance of \$100,000 and Nonmajor Governmental Fund balance of \$27,771.

## 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 tax revenues received in the General Fund as well as the Bond Redemption Fund payable in the amount of \$10,632 and (\$51) respectively for the period ended June 30, 2012.



### **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, 2013.

#### **2. 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 was vacated due to basement moisture, mold and possible health issues. The building will require environmental renovation before future use.

The District's bus barn allowed waste oil to seep into the ground. The EPA required the District to begin restoration of the site and spent \$22,804 during the year ended June 30, 2013. No further expense has been incurred through the date of this report. There is potential water contamination with the contaminates that are already in the soil and the EPA wants to install monitoring drywells. If the contaminates move there may be additional expense.

**Required Supplementary Information**

**Lapwai School District No. 341**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual - General Fund and Bond Redemption Fund**  
**For the Year Ended June 30, 2013**

	General Fund			Bond Redemption Fund		
	Original and Final Budgeted Amounts	Actual	Variance With Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>						
Property Taxes	35,834	44,414	8,580	158,069	154,513	(3,556)
Intergovernmental, Federal	1,615,000	2,079,533	464,533			
Intergovernmental, State	2,726,532	2,641,938	(84,594)	71,000	28,486	(42,514)
Investment Earnings	6,100	3,528	(2,572)	650	635	(15)
Miscellaneous	48,500	102,516	54,016			
Total Revenues	4,431,966	4,871,929	439,963	229,719	183,634	(46,085)
<b>Expenditures</b>						
Current						
Instruction	3,043,788	2,868,507	175,281			
Non-Instruction						
Administration	762,141	734,905	27,236	500	1,000	(500)
Support Services	666,851	679,547	(12,696)			
Maintenance and Operations	725,266	697,792	27,474			
Transportation	236,888	229,665	7,223			
Food Services	8,792	7,743	1,049			
Capital Outlays		22,804	(22,804)			
Bond Principle				165,000	170,000	(5,000)
Bond Interest				189,219	84,838	104,381
Total Expenditures	5,443,726	5,240,963	202,763	354,719	255,838	98,881
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,011,760)	(369,034)	642,726	(125,000)	(72,204)	52,796
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	40,000	38,192	(1,808)			
Sale of Property	500		(500)			
Total Other Financing Sources and Uses	40,500	38,192	(2,308)			
Net Change in Fund Balances	(971,260)	(330,842)	640,418	(125,000)	(72,204)	52,796
Fund Balance, Beginning of Year	971,260	938,736	(32,524)	125,000	168,376	43,376
Prior Period Adjustment		10,632	10,632		(51)	(51)
Fund Balance, Restated	971,260	949,368	(21,892)	125,000	168,325	43,325
Fund Balance, End of Year		618,526	618,526		96,121	96,121

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 - Nez Perce Tribe Construction and Total Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**  
(continued)

	Nez Perce Tribe Construction		Total Nonmajor Governmental Funds	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental, Federal			952,033	(43,024)
Intergovernmental, State			62,234	(25,026)
Intergovernmental, Other	100,000	100,000	99,235	(120,765)
Miscellaneous			35,370	21,370
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>1,148,872</u>	<u>(167,445)</u>
<b>Expenditures</b>				
Current				
Instruction			630,283	116,774
Non-Instruction				
Administration			74,645	4,831
Support Services			108,789	28,483
Transportation			5,290	3,932
Food Services			306,894	36,738
Capital Outlays	100,000		28,945	13,055
Total Expenditures	<u>100,000</u>		<u>1,154,846</u>	<u>203,813</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		100,000	(5,974)	36,368
<b>Other Financing Sources (Uses)</b>				
Operating Transfers Out			(38,192)	1,808
Total Other Financing Sources and Uses			<u>(38,192)</u>	<u>1,808</u>
Net Change in Fund Balances		100,000	(44,166)	38,176
Fund Balance, Beginning of Year			268,878	186,536
Fund Balance, End of Year		<u>100,000</u>	<u>224,712</u>	<u>224,712</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, 2013**

**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, 2013:

<u>Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	
Nez Perce Tribe Lapwai Elementary	6,097
Nez Perce Tribe Native Arts	731
Nez Perce Tribe Memory Project	599
Nez Perce Tribe School Health	2,952
Nez Perce Tribe Wellness	23
School Building Maintenance	1,808
Title VI-B, Special Education	1,490
Title VI-B Rural Education	6,395
Title II-A	1,246
21st Century Community Learning Center	22,532
Gear Up	8,327
Total	<u><u>52,200</u></u>

Excess expenditures were funded by available fund balances or increases in revenues for all of the funds.

## **Other Supplemental Information**

Lapwai School District No. 341  
Combining Balance Sheet  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2013

	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
<b>Assets</b>								
Cash								900
Investments								
Receivables								
Accounts								
Intergovernmental Receivable				688		14,412		1,783
Due From Other Funds	2,731	4,661	156					
<b>Total Assets</b>	<u>2,731</u>	<u>4,661</u>	<u>156</u>	<u>688</u>	<u>14,412</u>	<u>14,412</u>		<u>2,683</u>
<b>Liabilities and Fund Balances</b>								
Liabilities								
Accounts Payable		297						598
Salaries and Benefits Payable								
Due To Other Funds								
Total Liabilities		<u>297</u>						<u>598</u>
<b>Fund Balances (Deficits)</b>								
Assigned								
Education	2,731	4,364	156			14,412		2,085
Child Nutrition				688				
Unassigned				688				
Total Fund Balances	<u>2,731</u>	<u>4,364</u>	<u>156</u>	<u>688</u>		<u>14,412</u>		<u>2,085</u>
<b>Total Liabilities and Fund Balances</b>	<u>2,731</u>	<u>4,661</u>	<u>156</u>	<u>688</u>	<u>14,412</u>	<u>14,412</u>		<u>2,683</u>

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

(continued)

**Lapwai School District No. 341**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**  
(continued)

	Nez Perce Tribe Wellness	School Building Maintenance	State Vocational Education	Nez Perce Tribe Reading	Technology Grant	Nez Perce Tribe Drug Free Youth	Title I-A ESEA
<b>Assets</b>							
Cash							
Investments							
Receivables							
Accounts							17,000
Intergovernmental Receivable			5,027	723		4,867	
Due From Other Funds							
<b>Total Assets</b>			<u>5,027</u>	<u>723</u>		<u>4,867</u>	<u>17,000</u>
<b>Liabilities and Fund Balances</b>							
Liabilities							
Accounts Payable			137				
Salaries and Benefits Payable							
Due To Other Funds			4,890				17,000
Total Liabilities			<u>5,027</u>				<u>17,000</u>
<b>Fund Balances (Deficits)</b>							
Assigned							
Education				723		4,867	
Child Nutrition							
Unassigned							
Total Fund Balances				<u>723</u>		<u>4,867</u>	
<b>Total Liabilities and Fund Balances</b>			<u>5,027</u>	<u>723</u>		<u>4,867</u>	<u>17,000</u>

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

(continued)



Lapwai School District No. 341  
Combining Balance Sheet  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2013  
(continued)

	Title VI-B Special Education Preschool	Title VI-B, Rural Education	Title VII-A Indian Education	Johnson O'Malley	Title II-A	21st Century Community Learning Center
<b>Assets</b>						
Cash						
Investments						
Receivables						
Accounts Intergovernmental Receivable Due From Other Funds	1,445		30,708	51,406	3,113	14,021
<b>Total Assets</b>	<u>1,445</u>		<u>30,708</u>	<u>51,406</u>	<u>3,113</u>	<u>14,021</u>
<b>Liabilities and Fund Balances</b>						
Liabilities						
Accounts Payable	1,445		2	343	1,566	5,890
Salaries and Benefits Payable			21,783		1,547	5,352
Due To Other Funds						1,471
<b>Total Liabilities</b>	<u>1,445</u>		<u>21,785</u>	<u>343</u>	<u>3,113</u>	<u>12,713</u>
<b>Fund Balances (Deficits)</b>						
Assigned Education			8,923	51,063		1,308
Child Nutrition						
Unassigned						
<b>Total Fund Balances</b>			<u>8,923</u>	<u>51,063</u>		<u>1,308</u>
<b>Total Liabilities and Fund Balances</b>	<u>1,445</u>		<u>30,708</u>	<u>51,406</u>	<u>3,113</u>	<u>14,021</u>

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

Lapwai School District No. 341  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2013  
 (continued)

	Medicaid	Readiness and Emergency Management	Gear Up	Nez Perce Education Project	Food Services	Bus Depreciation	Total
<b>Assets</b>							
Cash					20		20
Investments							
Receivables							17,900
Accounts			2,207		18,229		40,929
Intergovernmental Receivable			1,325		131,544	27,083	275,200
Due From Other Funds							
<b>Total Assets</b>			<b>3,532</b>		<b>149,793</b>	<b>27,083</b>	<b>334,049</b>
<b>Liabilities and Fund Balances</b>							
Liabilities							
Accounts Payable					18,591		28,869
Salaries and Benefits Payable			599		27,826		57,107
Due To Other Funds							23,361
Total Liabilities			<b>599</b>		<b>46,417</b>		<b>109,337</b>
<b>Fund Balances (Deficits)</b>							
Assigned							
Education			2,933				93,565
Child Nutrition					103,376		103,376
Unassigned						27,083	27,771
Total Fund Balances			<b>2,933</b>		<b>103,376</b>	<b>27,083</b>	<b>224,712</b>
<b>Total Liabilities and Fund Balances</b>			<b>3,532</b>		<b>149,793</b>	<b>27,083</b>	<b>334,049</b>

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**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

	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
<b>Revenues</b>								
Intergovernmental, Federal								
Intergovernmental, State								
Intergovernmental, Other	10,000	4,000			11,607	20,000	10,000	3,628
Miscellaneous								
<b>Total Revenues</b>	<u>10,000</u>	<u>4,000</u>			<u>11,607</u>	<u>20,000</u>	<u>10,000</u>	<u>3,628</u>
<b>Expenditures</b>								
Current								
Instruction	1,551	4,944	599		11,607	5,588	10,000	3,961
Non-Instruction								
Administration								
Support Services	8,046	787						6,991
Transportation								
Food Services								
Capital Outlays								
<b>Total Expenditures</b>	<u>9,597</u>	<u>5,731</u>	<u>599</u>		<u>11,607</u>	<u>5,588</u>	<u>10,000</u>	<u>10,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	403	(1,731)	(599)			14,412		(7,324)
<b>Other Financing Sources (Uses)</b>								
Transfers In (Out)								
Net Change in Fund Balances	403	(1,731)	(599)			14,412		(7,324)
Fund Balance, Beginning of Year	2,328	6,095	755	688				9,409
Fund Balance, End of Year	<u>2,731</u>	<u>4,364</u>	<u>156</u>	<u>688</u>		<u>14,412</u>		<u>2,085</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**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**  
(continued)

	Nez Perce Tribe Wellness	School Building Maintenance Fund	State Vocational Education	Reading Grant	Technology Grant	Drug Free Youth	Title I-A ESEA
<b>Revenues</b>							
Intergovernmental, Federal							167,880
Intergovernmental, State		38,192	16,758		7,284		
Intergovernmental, Other							
Miscellaneous							
Total Revenues		<u>38,192</u>	<u>16,758</u>		<u>7,284</u>		<u>167,880</u>
<b>Expenditures</b>							
Current							
Instruction	23		16,758			321	158,277
Non-Instruction							
Administration				2,666	7,284		9,603
Support Services							
Transportation							
Food Services							
Capital Outlays							
Total Expenditures	<u>23</u>		<u>16,758</u>	<u>2,666</u>	<u>7,284</u>	<u>321</u>	<u>167,880</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23)	38,192		(2,666)		(321)	
<b>Other Financing Sources (Uses)</b>							
Transfers In (Out)		(38,192)					
Net Change in Fund Balances	(23)			(2,666)		(321)	
Fund Balance, Beginning of Year	23			3,389		5,188	
Fund Balance, End of Year				<u>723</u>		<u>4,867</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**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**  
(continued)

	Title VI-B Special Education	Title VI-B Special Education Preschool	Title VI-B, Rural Education	Title VII-A Indian Education	Johnson O'Malley	Title II-A	21st Century Community Learning Center
<b>Revenues</b>							
Intergovernmental, Federal	119,628	3,054	25,316	93,053	32,908	49,194	113,584
Intergovernmental, State							
Intergovernmental, Other							
Miscellaneous							
Total Revenues	<u>119,628</u>	<u>3,054</u>	<u>25,316</u>	<u>93,053</u>	<u>32,908</u>	<u>49,194</u>	<u>113,584</u>
<b>Expenditures</b>							
Current							
Instruction	119,628	3,054	25,316	20,818	7,169	7,228	112,988
Non-Instruction							
Administration				63,231	1,811		
Support Services				81		41,966	30,227
Transportation							5,290
Food Services							
Capital Outlays							
Total Expenditures	<u>119,628</u>	<u>3,054</u>	<u>25,316</u>	<u>84,130</u>	<u>8,980</u>	<u>49,194</u>	<u>148,505</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				8,923	23,928		(34,921)
<b>Other Financing Sources (Uses)</b>							
Transfers In (Out)							
Net Change in Fund Balances				8,923	23,928		(34,921)
Fund Balance, Beginning of Year					27,135		36,229
Fund Balance, End of Year				<u>8,923</u>	<u>51,063</u>		<u>1,308</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**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**  
(continued)

	Medicaid	Readiness and Emergency Management	Gear Up	Nez Perce Education Project	Food Services	Bus Depreciation	Total
<b>Revenues</b>							
Intergovernmental, Federal			34,569		312,847		952,033
Intergovernmental, State							62,234
Intergovernmental, Other				40,000			99,235
Miscellaneous					8,287	27,083	35,370
Total Revenues			34,569	40,000	321,134	27,083	1,148,872
<b>Expenditures</b>							
Current	19,968		35,222	65,263			630,283
Instruction							
Non-Instruction							
Administration		1,028	105	9,608			74,645
Support Services							108,789
Transportation							5,290
Food Services					306,894		306,894
Capital Outlays					28,945		28,945
Total Expenditures	19,968	1,028	35,327	74,871	335,839		1,154,846
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,968)	(1,028)	(758)	(34,871)	(14,705)	27,083	(5,974)
<b>Other Financing Sources (Uses)</b>							
Transfers In (Out)							(38,192)
Net Change in Fund Balances	(19,968)	(1,028)	(758)	(34,871)	(14,705)	27,083	(44,166)
Fund Balance, Beginning of Year	19,968	1,028	3,691	34,871	118,081		268,878
Fund Balance, End of Year			2,933		103,376	27,083	224,712

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**  
**For the Year Ended June 30, 2013**

	<b>Private Purpose Trusts Scholarship Trust</b>	<b>Student Activity Funds</b>
<b>Assets</b>		
Cash		22,908
Investments	10,715	10,371
Accounts Receivable		3,369
Total Assets	10,715	36,648
<b>Liabilities</b>		
Due to Other Funds	929	
Due to Student Groups		36,648
Total Liabilities	929	36,648
<b>Net Position</b>		
Net Position Held in Trust for Scholarships	9,786	

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 and Nez Perce Tribe Native Arts**  
**For the Year Ended June 30, 2013**

	Nez Perce Tribe Lapwai Elementary		Nez Perce Tribe Native Arts	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
				Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental, Other		10,000		4,000
Total Revenues		10,000		4,000
<b>Expenditures</b>				
Current				
Instruction				
Salaries	575	300		275
Benefits	114	63		51
Purchased Services		856	2,500	987
Supplies and Materials	2,811	332	2,500	3,957
Total Instruction	3,500	1,551	5,000	4,944
				56
Support Services				
Purchased Services		8,046		787
Supplies and Materials		8,046		(787)
Total Support Services				
Total Expenditures	3,500	9,597	5,000	5,731
				(731)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,500)	403	(5,000)	(1,731)
Fund Balance, Beginning of Year	3,500	2,328	5,000	6,095
Fund Balance, End of Year		2,731		4,364

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 and Box Tops**  
**For the Year Ended June 30, 2013**

	Nez Perce Tribe Memory Project			Box Tops		
	Original and Final Budgeted Amounts	Actual	Variance With Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>						
Intergovernmental, Other						
Total Revenues						
<b>Expenditures</b>						
Current						
Instruction						
Supplies and Materials		599	(599)	688		688
Total Instruction		599	(599)	688		688
Total Expenditures		599	(599)	688		688
Excess (Deficiency) of Revenues Over (Under) Expenditures		(599)	(599)	(688)		688
Fund Balance, Beginning of Year		755	755	688	688	
Fund Balance, End of Year		156	156		688	688

**Lapwai School District No. 341**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Nez Perce Tribe Vocational Education and Nez Perce Tribe Job Skills**  
**For the Year Ended June 30, 2013**

	Nez Perce Tribe Vocational Education		Nez Perce Tribe Job Skills	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
<b>Revenues</b>				
Intergovernmental, Other	11,607	11,607	10,000	20,000
Total Revenues	11,607	11,607	10,000	20,000
<b>Expenditures</b>				
Current				
Instruction				
Salaries			9,400	5,176
Benefits			600	412
Supplies and Materials	11,607	11,607		
Total Instruction	11,607	11,607	10,000	5,588
Total Expenditures	11,607	11,607	10,000	5,588
Excess (Deficiency) of Revenues Over (Under) Expenditures				14,412
Fund Balance, Beginning of Year				
Fund Balance, End of Year				14,412

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 and Nez Perce School Health Grant**  
**For the Year Ended June 30, 2013**

	Nez Perce Tribe Playwrights		Nez Perce Tribe School Health	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
			Variance With Final Budget Positive (Negative)	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental, Other	10,000	10,000		3,628
Total Revenues	10,000	10,000		3,628
<b>Expenditures</b>				
Current				
Instruction				
Purchased Services	9,495	9,346	149	39
Supplies and Materials	505	654	(149)	39
Total Instruction	10,000	10,000		39
Support Services				
Purchased Services				(3,035)
Supplies and Materials				44
Total Support Services				(2,991)
Total Expenditures	10,000	10,000		(2,952)
Excess (Deficiency) of Revenues Over (Under) Expenditures			(8,000)	676
Fund Balance, Beginning of Year			8,000	1,409
Fund Balance, End of Year			2,085	2,085

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 and School Building Maintenance Fund  
 For the Year Ended June 30, 2013

	Nez Perce Tribe Wellness		School Building Maintenance Fund	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
<b>Revenues</b>				
Intergovernmental, State			40,000	38,192
Total Revenues			40,000	38,192
				(1,808)
				(1,808)
<b>Expenditures</b>				
Current				
Instruction				
Supplies and Materials		23		
Total Instruction		23		
				(23)
Total Expenditures		23		(23)
Excess (Deficiency) of Revenues Over (Under) Expenditures		(23)	40,000	38,192
				(1,808)
<b>Other Financing Sources (Uses):</b>				
Transfers (Out)			(40,000)	(38,192)
Total Other Financing Sources			(40,000)	(38,192)
				1,808
Net Change in Fund Balances		(23)		
				(23)
Fund Balance, Beginning of Year		23		23
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**  
**State Vocational Education and Nez Perce Tribe Reading**  
**For the Year Ended June 30, 2013**

	State Vocational Education		Reading Grant	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
<b>Revenues</b>				
Intergovernmental, State	18,760	16,758	3,500	
Total Revenues	<u>18,760</u>	<u>16,758</u>	<u>3,500</u>	<u>(3,500)</u>
				<u>(3,500)</u>
<b>Expenditures</b>				
Current				
Instruction				
Salaries	1,694			
Benefits	806			
Purchased Services	4,155	2,725		
Supplies and Materials	10,105	14,033		
Capital Outlays	2,000			
Total Instruction	<u>18,760</u>	<u>16,758</u>		
				<u>2,002</u>
Support Services				
Supplies and Materials			3,500	
Total Support Services			<u>3,500</u>	<u>834</u>
				<u>834</u>
Total Expenditures	<u>18,760</u>	<u>16,758</u>	<u>3,500</u>	<u>834</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(2,666)	(2,666)
Fund Balance, Beginning of Year			3,389	3,389
Fund Balance, End of Year			<u>723</u>	<u>723</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**  
**Technology Grant and Nez Perce Tribe Drug Free Youth**  
**For the Year Ended June 30, 2013**

	Technology Grant		Variance With Final Budget Positive (Negative)	Drug Free Youth		Variance With Final Budget Positive (Negative)
	Original and Final Budgeted Amounts	Actual		Original and Final Budgeted Amounts	Actual	
<b>Revenues</b>						
Intergovernmental, State	25,000	7,284	17,716			
Total Revenues	25,000	7,284	17,716			
<b>Expenditures</b>						
Current						
Instruction						
Purchased Services				150	2,350	
Supplies and Materials				171	2,516	
Total Instruction				321	4,866	
Support Services						
Supplies and Materials	15,000	7,284	7,716			
Total Support Services	15,000	7,284	7,716			
Administration						
Salaries	8,000		8,000			
Benefits	2,000		2,000			
Total Administration	10,000		10,000			
Total Expenditures	25,000	7,284	17,716	321	4,866	
Excess (Deficiency) of Revenues Over (Under) Expenditures				(321)	4,866	
Fund Balance, Beginning of Year				5,187	1	
Fund Balance, End of Year				4,867	4,867	

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 I-A, ESEA and Title VI-B Special Education**  
**For the Year Ended June 30, 2013**

	Title I-A, ESEA		Title VI-B Special Education	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
<b>Revenues</b>				
Intergovernmental, Federal	215,135	167,880	118,138	119,628
Total Revenues	215,135	167,880	118,138	119,628
		(47,255)		1,490
		(47,255)		1,490
<b>Expenditures</b>				
Current				
Instruction				
Salaries	108,162	112,100	80,761	68,527
Benefits	50,659	44,783	37,377	49,362
Purchased Services	30,449			294
Supplies and Materials	12,300	1,394		1,445
Total Instruction	201,570	158,277	118,138	119,628
		43,293		(1,445)
		43,293		(1,490)
Support Services				
Purchased Services	3,900			
Total Support Services	3,900			
		3,900		
Administration				
Salaries	8,000	8,000		
Benefits	1,665	1,603		
Total Administration	9,665	9,603		
		62		
		62		
Total Expenditures	215,135	167,880	118,138	119,628
		47,255		(1,490)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				
Fund Balance, Beginning of Year				
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 Special Education Preschool and Title VI-B, Rural Education**  
**For the Year Ended June 30, 2013**

	Title VI-B Special Education Preschool		Title VI-B, Rural Education	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
<b>Revenues</b>				
Intergovernmental, Federal	3,061	3,054	18,921	25,316
Total Revenues	3,061	3,054	18,921	25,316
				Variance With Final Budget Positive (Negative)
				6,395
				6,395
<b>Expenditures</b>				
Current				
Instruction				
Salaries	2,478	2,400	12,929	20,000
Benefits	583	654	5,992	5,316
Total Instruction	3,061	3,054	18,921	25,316
				(7,071)
Total Expenditures	3,061	3,054	18,921	25,316
				(6,395)
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Fund Balance, Beginning of Year				
Fund Balance, End of Year				

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



**Lapwai School District No. 341**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Title VII-A, Indian Education and Johnson O'Malley**  
**For the Year Ended June 30, 2013**

	Title VII-A, Indian Education			Johnson O'Malley		
	Original and Final Budgeted Amounts	Actual	Variance With Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>						
Intergovernmental, Federal	89,249	93,053	3,804	20,000	32,908	12,908
Total Revenues	<u>89,249</u>	<u>93,053</u>	<u>3,804</u>	<u>20,000</u>	<u>32,908</u>	<u>12,908</u>
<b>Expenditures</b>						
Current						
Instruction						
Salaries	9,500	15,640	(6,140)			
Benefits	887	3,884	(2,997)			
Purchased Services	5,600	1,203	4,397	16,500	6,303	10,197
Supplies and Materials	5,508	91	5,417	2,000	866	1,134
Total Instruction	<u>21,495</u>	<u>20,818</u>	<u>677</u>	<u>18,500</u>	<u>7,169</u>	<u>11,331</u>
Support Services						
Benefits	5,746		5,746			
Purchased Services	3,447	81	3,366			
Supplies and Materials	250		250			
Total Support Services	<u>9,443</u>	<u>81</u>	<u>9,362</u>			
Administration						
Salaries	37,968	43,918	(5,950)			
Benefits	16,993	18,135	(1,142)			
Purchased Services	3,000	132	2,868	200	606	(406)
Supplies and Materials	350	1,046	(696)	1,300	1,205	95
Total Administration	<u>58,311</u>	<u>63,231</u>	<u>(4,920)</u>	<u>1,500</u>	<u>1,811</u>	<u>(311)</u>
Total Expenditures	<u>89,249</u>	<u>84,130</u>	<u>5,119</u>	<u>20,000</u>	<u>8,980</u>	<u>11,020</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		8,923	8,923		23,928	23,928
Fund Balance, Beginning of Year					27,135	27,135
Fund Balance, End of Year		<u>8,923</u>	<u>8,923</u>		<u>51,063</u>	<u>51,063</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 II-A and 21st Century Community Learning Center**  
**For the Year Ended June 30, 2013**

	Title II-A		21st Century Community Learning Center	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
<b>Revenues</b>				<b>Variance With Final Budget Positive (Negative)</b>
Intergovernmental, Federal	47,948	49,194	125,973	113,584
Total Revenues	<u>47,948</u>	<u>49,194</u>	<u>125,973</u>	<u>113,584</u>
				<u>(12,389)</u>
<b>Expenditures</b>				
Current				
Instruction				
Salaries	5,000	4,714	64,723	51,393
Benefits	2,385	2,514	12,969	9,251
Purchased Services				18
Supplies and Materials			15,507	52,326
Total Instruction	<u>7,385</u>	<u>7,228</u>	<u>93,199</u>	<u>112,988</u>
				<u>(19,789)</u>
Support Services				
Salaries	20,000	12,851	18,662	26,138
Benefits	4,408	2,427	1,677	2,399
Purchased Services	15,655	25,673	3,213	1,690
Supplies and Materials	500	1,015		
Total Support Services	<u>40,563</u>	<u>41,966</u>	<u>23,552</u>	<u>30,227</u>
				<u>(6,675)</u>
Transportation				
Salaries			8,000	4,565
Benefits			1,222	725
Total Transportation			<u>9,222</u>	<u>5,290</u>
Total Expenditures	<u>47,948</u>	<u>49,194</u>	<u>125,973</u>	<u>148,505</u>
				<u>(22,532)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			<u>(34,921)</u>	<u>(34,921)</u>
Fund Balance, Beginning of Year			<u>36,229</u>	<u>36,229</u>
Fund Balance, End of Year			<u>1,308</u>	<u>1,308</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**  
**Medicaid and Readiness and Emergency Management**  
**For the Year Ended June 30, 2013**

	Medicaid		Readiness and Emergency Management	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
<b>Revenues</b>				
Intergovernmental, Federal				
Total Revenues				
<b>Expenditures</b>				
Current				
Instruction				
Purchased Services	19,967	19,968		
Total Instruction	19,967	19,968		
Support Services				
Purchased Services				
Total Support Services				
Total Expenditures	19,967	19,968		
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,967)	(19,968)	(1,028)	(1,028)
Fund Balance, Beginning of Year	19,967	19,968	1,028	1,028
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**  
**Gear Up and Nez Perce Education Project**  
**For the Year Ended June 30, 2013**

	Gear Up		Nez Perce Education Project	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
<b>Revenues</b>				
Intergovernmental, Federal	27,000	34,569	200,000	40,000
Intergovernmental, Other		7,569		(160,000)
Total Revenues	<u>27,000</u>	<u>34,569</u>	<u>200,000</u>	<u>40,000</u>
				<u>(160,000)</u>
<b>Expenditures</b>				
Current				
Instruction				
Salaries	18,662	14,701	68,065	48,835
Benefits	1,527	3,772	36,935	16,428
Purchased Services	500	2,665	18,686	18,686
Supplies and Materials	4,311	14,084	41,000	41,000
Capital Outlays			40,000	40,000
Total Instruction	<u>25,000</u>	<u>35,222</u>	<u>204,686</u>	<u>65,263</u>
				<u>139,423</u>
Support Services				
Salaries			7,921	5,109
Benefits			1,893	1,999
Purchased Services	2,000	105	15,500	2,500
Supplies and Materials			10,000	
Total Support Services	<u>2,000</u>	<u>105</u>	<u>35,314</u>	<u>9,608</u>
				<u>25,706</u>
Total Expenditures	<u>27,000</u>	<u>35,327</u>	<u>240,000</u>	<u>74,871</u>
				<u>165,129</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(758)	(40,000)	(34,871)
Fund Balance, Beginning of Year		3,691	40,000	34,871
Fund Balance, End of Year		<u>2,933</u>		<u>5,129</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 and Bus Depreciation**  
**For the Year Ended June 30, 2013**

	Food Services		Variance With Final Budget Positive (Negative)	Bus Depreciation		Variance With Final Budget Positive (Negative)
	Original and Final Budgeted Amounts	Actual		Original and Final Budgeted Amounts	Actual	
<b>Revenues</b>						
Intergovernmental, Federal	329,632	312,847	(16,785)			
Miscellaneous	14,000	8,287	(5,713)	27,083	27,083	27,083
<b>Total Revenues</b>	<b>343,632</b>	<b>321,134</b>	<b>(22,498)</b>	<b>27,083</b>	<b>27,083</b>	<b>27,083</b>
<b>Expenditures</b>						
<b>Current</b>						
<b>Maintenance and Operations</b>						
<b>Total Maintenance and Operations</b>						
<b>Food Services</b>						
Salaries	87,878	91,672	(3,794)			
Benefits	49,638	51,290	(1,652)			
Purchased Services	1,500	2,559	(1,059)			
Supplies and Materials	204,616	161,373	43,243			
Capital Outlays		28,945	(28,945)			
<b>Total Food Services</b>	<b>343,632</b>	<b>335,839</b>	<b>7,793</b>			
<b>Total Expenditures</b>	<b>343,632</b>	<b>335,839</b>	<b>7,793</b>			
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(14,705)	(14,705)	27,083	27,083	27,083
<b>Fund Balance, Beginning of Year</b>		118,081	118,081			
<b>Fund Balance, End of Year</b>		<b>103,376</b>	<b>103,376</b>	<b>27,083</b>	<b>27,083</b>	<b>27,083</b>

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, 2013**

	<u>Beginning Balance July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance June 30, 2013</u>
<u>Lapwai Elementary School</u>				
<b><u>Assets</u></b>				
Cash				
General Fund	7,523	696	355	7,864
Candy Sale				
Library/Book Fair	31	2,579	2,577	33
Book Orders	26			26
5th Grade	59			59
2nd Grade	70			70
Art	9			9
Humanities	1,000			1,000
Parent Group	1,604	2,045	2,939	710
	<hr/>	<hr/>	<hr/>	<hr/>
Total Elementary School	10,322	5,320	5,871	9,771

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, 2013**  
(continued)

	<b>Beginning Balance July 1, 2012</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Ending Balance June 30, 2013</b>
<u>Lapwai Middle School and High School</u>				
<b>Assets</b>				
Cash				
High School Student Body		3,466	3,462	4
Middle School	199			199
Concessions	3,100	15,260	17,360	1,000
Petty Cash	500	387	887	
Athletics		4,270	4,270	
Season Pass	3,107	8,965	12,072	
Football		10,131	10,131	
Football Fundraising Proceeds		137	137	
Volleyball	359	8,005	8,364	
High School District Volleyball	343		343	
High School Girls Basketball	4,785	22,714	25,089	2,410
High School Boys Basketball	2,584	14,995	15,245	2,334
Girls Softball		313	313	
Boys and Girls Track	4,311	7,970	7,929	4,352
Cheerleaders		3,374	3,374	
Travel	407	7,046	7,453	
MS Athletics	867	2,398	3,265	
Jr. High Girls Basketball	9	2,628	1,889	748
Jr. High Boys Basketball		1,515	1,357	158
MS Football		11,895	11,895	
MS Volleyball	1,424	1,178	1,241	1,361
MS Track	40	1,818	519	1,339
12th Grade	472	890	1,353	9
11th Grade	186	484	281	389
10th Grade	47	749	161	635
9th Grade	228	4	232	
Student Council		3,333	2,509	824
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
Class of 2012		803	104	699

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, 2013**  
(continued)

	<u>Beginning Balance July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance June 30, 2013</u>
<u>Lapwai Middle School and High School</u>				
<b>Assets</b>				
Cash				
High School Year Book		4,780	6,458	(1,678)
Drama	1,852	1,597	1,201	2,248
Library	470	97	44	523
Indian Club	1,162	9,686	8,633	2,215
Booster Club	334		5	329
Honor Society		300	4	296
MS Yearbook	373	515	361	527
Sophomore Coast Trip	849			849
Senior Parent Special Account	6	4,490	4,496	
French Club	3,607	80		3,687
Pep Club	336			336
Pay It Forward	121			121
WBE	470			470
FFA Club	1,812	11,469	6,827	6,454
Fair Pigs	395		14,504	(14,109)
AISES Conference	122	610	619	113
Band/Music	24			24
Nez Perce Language	166			166
BPA	7,867	20,916	28,233	550
Drivers Education		2,361	2,361	
Middle School River Trip	172			172
HOSA	185			185
SEL Scholarship	600			600
Cap and Gowns	65	578	575	68
MAPP	57			57
Incentive		968	77	891
Drug Free School		46		46
Total Cash	<u>45,920</u>	<u>193,221</u>	<u>215,633</u>	<u>23,508</u>
Other				
Pepsi School Vendor Rebate	2,643	726		3,369
Accounts Payable	205		205	
Total Other	<u>2,848</u>	<u>726</u>	<u>205</u>	<u>3,369</u>
Total Middle School and High School	<u>48,768</u>	<u>193,947</u>	<u>215,838</u>	<u>26,877</u>
Total Agency Funds	<u><u>59,090</u></u>	<u><u>199,267</u></u>	<u><u>221,709</u></u>	<u><u>36,648</u></u>

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



**Lapwai School District No. 341  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture:</b>		
Pass-Through Superintendent of Public Instruction:		
School Breakfast Program for Children	10.553	56,887
National School Lunch Program	10.555	230,018
Summer Food Service Program for Children	10.559	8,548
Fresh Fruit and Vegetable Program	10.582	16,681
Subtotal Pass-Through Superintendent of Public Instruction		<u>312,134</u>
Total U.S. Department of Agriculture		<u>312,134</u>
<b>Department of the Interior:</b>		
Pass-Through Superintendent of Public Instruction:		
Indian Education - Johnson O'Malley	15.130	8,980
Total Department of the Interior		<u>8,980</u>
<b>Department of Education:</b>		
Direct Programs:		
Title VIII Impact Aid	84.041	* 2,028,930
Title VIII Impact Aid Construction Funds - ARRA	84.401A	
Title VII-A Indian Education	84.060	84,130
Title VI-B Rural Education	84.358	25,316
Safe & Drug Free Schools - Readiness & Emergency Management Project	84.184E	1,028
Lapwai Nez Perce Educational Project	84.299A	74,871
Total Direct Programs		<u>2,214,275</u>
Pass-Through Superintendent of Public Instruction:		
Title I Grants to Local Educational Agencies	84.010	* 167,880
Title VI-B Special Education	84.027	119,628
Title VI-B Special Education - Preschool Grants	84.173	3,054
Title IV-B Twenty-First Century Community Learning Centers	84.287	148,505
Title IV-A Gaining Early Awareness and Readiness in Undergraduate Programs (Gear Up)	84.334	35,327
Title II-A Improving Teacher Quality	84.367	49,194
Subtotal Pass-Through Programs		<u>523,588</u>
Total Department of Education		<u>2,737,863</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, 2013**  
(continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services:</b>		
Medical Assistance Program (Medicaid)	93.778	70,457
Total Department of Health and Human Services		<u>70,457</u>
 Total Expenditures of Federal Awards		<u><u>3,129,434</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.

*John Goffinet*  
*Steve R. Clack*

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapwai School District No. 341, Lapwai, Idaho, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lapwai School District No. 341, Lapwai, Idaho's basic financial statements, and have issued our report thereon dated October 11, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lapwai School District No. 341, Lapwai, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lapwai School District No. 341, Lapwai, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of Lapwai School District No. 341, Lapwai, Idaho's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. 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 2013-01 and 2013-02.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lapwai School District No. 341, Lapwai, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 11, 2013

*Goffinet and Clack*  
Goffinet and Clack, Chartered  
Certified Public Accountants

*John Goffinet*  
*Steve R. Clack*

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

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control  
Over Compliance Required by OMB Circular A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited Lapwai School District No. 341, State of Idaho's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lapwai School District No. 341, State of Idaho's major federal programs for the year ended June 30, 2013 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion for each of Lapwai School District No. 341, State of Idaho's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, Our audit does not provide a legal determination on Lapwai School District No. 341, State of Idaho's compliance with those requirements.

**Opinion on Each Major Federal Program**

In our opinion, Lapwai School District No. 341, State of Idaho, complied, in all material respects, with the types of 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, 2013.

**Report on 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 of compliance, we considered Lapwai School District No. 341, State of Idaho's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of

expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with 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.

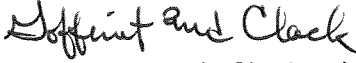
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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 on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report is not suitable for any other purpose.

October 11, 2013

  
Goffinet and Clack, Chartered  
Certified Public Accountants

**Lapwai School District No. 341  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2013**

There were no prior year audit findings for the year ended June 30, 2012 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, 2013**

**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:

Program	CFDA Number
Department of Education	
P.L. 874 Impact Aid	84.041
Department of Education	
Title I Grants to Local Educational Agencies	84.010

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 2013-01:

*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 2013-02:

*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