

**Lapwai School District No. 341
Audited Financial Statements as of and
For the Year Ended June 30, 2014**

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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, 2014, 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, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require budgetary comparison information presented on pages 21-23 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.

The Other Supplemental Schedules sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2014, 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 17, 2014



Goffinet and Clack, Chartered
Certified Public Accountants

Lapwai School District No. 341
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash	47,982
Investments	904,081
Receivables	
Accounts	65,202
Property Taxes	108,508
Intergovernmental	196,657
Capital Assets	
Land	162,810
Depreciable Capital Assets - Net	13,006,204
Total Assets	14,491,444
Liabilities	
Accounts Payable	66,062
Accrued Interest	36,530
Accrued Salaries and Benefits	749,547
Due to Scholarship Fund	3,115
Noncurrent Liabilities	
Due Within One Year	185,000
Due in More Than One Year	2,375,000
Total Liabilities	3,415,254
Net Position	
Net Investment in Capital Assets	10,609,014
Restricted	
Retirement of Long-Term Debt	92,906
Education	85,825
Child Nutrition	113,092
Unrestricted	175,353
Total Net Position	11,076,190

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, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities				Total
Instruction	4,014,479	2,600	8,285	(4,003,594)
Non-Instruction				
Support Services	867,219			(867,219)
Administration	718,979			(718,979)
Maintenance and Operations	726,194		6,262	(719,932)
Transportation	257,606		146,321	(111,285)
Food Services	330,214	6,547	320,860	(2,807)
Interest on Long-Term Liabilities	98,425			(98,425)
Total Governmental Activities	7,013,116	9,147	481,728	(6,522,241)

General Revenues

Taxes	
Property Taxes, Levied for General Purposes	45,026
Property Taxes, Levied for Debt Service	243,602
State and Federal Revenue	5,284,236
Intergovernmental Revenue	33,275
Investment Earnings	2,048
Miscellaneous	87,283
Total General Revenues and Other Financing Sources	5,695,470
Change in Net Position	(826,771)
Net Position, Beginning of Year	11,902,961
Net Position, End of Year	11,076,190

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

Lapwai School District No. 341
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Bond Redemption Fund	Food Service	Total Nonmajor Governmental Funds	Totals
Assets					
Cash	3,115		44,867		47,982
Investments	896,100	7,981			904,081
Receivables					
Accounts	65,202				65,202
Property Taxes	23,155	85,353			108,508
Intergovernmental	58,689		19,458	118,510	196,657
Due From Other Governments	1,947	13,235		140,181	240,868
Due From Other Funds	1,048,208	106,569	85,505	258,690	1,563,297
Total Assets					
Liabilities					
Accounts Payable	47,488		5,721	12,853	66,062
Accrued Salaries and Benefits	625,269		31,017	93,261	749,547
Due to Other Funds	221,358			22,625	243,983
Total Liabilities	894,115		36,738	128,739	1,059,592
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	7,448	13,663			21,111
Total Deferred Inflows	7,448	13,663			21,111
Fund Balances					
Restricted		92,906		85,825	92,906
Retirement of Long-Term Debt					85,825
Education			113,092		113,092
Child Nutrition	146,645			44,127	190,772
Unassigned	146,645	92,906	113,092	129,952	482,595
Total Fund Balances					
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	1,048,208	106,569	149,830	258,690	1,563,297

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, 2014**

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

Total Governmental Fund Balances (page 5)		482,595
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		13,169,014
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		21,111
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	(36,530)	
Bonds Payable	<u>(2,560,000)</u>	<u>(2,596,530)</u>
Net Position of Governmental Activities (page 3)		<u><u>11,076,190</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, 2014

	General Fund	Bond Redemption Fund	Food Service	Total Nonmajor Governmental Funds	Totals
Revenues					
Property Taxes	40,350	242,114			282,464
Intergovernmental, Federal	2,042,326		320,860	610,198	2,973,384
Intergovernmental, State	2,812,117	34,059		21,360	2,867,536
Intergovernmental, Other				33,275	33,275
Investment Earnings	1,788	260			2,048
Miscellaneous	95,550	2,314	6,566	17,044	121,474
Total Revenues	<u>4,992,131</u>	<u>278,747</u>	<u>327,426</u>	<u>681,877</u>	<u>6,280,181</u>
Expenditures					
Current					
Instruction	3,156,693			454,462	3,611,155
Non-Instruction					
Administration	627,096	500		81,350	708,946
Support Services	729,807			137,412	867,219
Maintenance and Operations	721,873				721,873
Transportation	226,483				226,520
Food Services	8,248		317,710	37	325,958
Capital Outlays	93,812				93,812
Debt Service					
Principal		180,000			180,000
Interest		101,462			101,462
Total Expenditures	<u>5,564,012</u>	<u>281,962</u>	<u>317,710</u>	<u>673,261</u>	<u>6,836,945</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(571,881)</u>	<u>(3,215)</u>	<u>9,716</u>	<u>8,616</u>	<u>(556,764)</u>
Other Financing Sources (Uses)					
Transfers In	100,000				100,000
Transfers Out				(100,000)	(100,000)
Total Other Financing Sources (Uses)	<u>100,000</u>			<u>(100,000)</u>	
Net Change in Fund Balances	<u>(471,881)</u>	<u>(3,215)</u>	<u>9,716</u>	<u>(91,384)</u>	<u>(556,764)</u>
Fund Balance, Beginning of Year	<u>618,526</u>	<u>96,121</u>	<u>103,376</u>	<u>221,337</u>	<u>1,039,360</u>
Fund Balance, End of Year	<u>146,645</u>	<u>92,906</u>	<u>113,092</u>	<u>129,953</u>	<u>482,596</u>

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

Lapwai School District No. 341
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

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) (556,764)

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. (359,208)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	6,164	
Capital Grants	<u>(100,000)</u>	(93,836)

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. 180,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 3,037

Change in Net Position of Governmental Activities (page 4) (826,771)

Lapwai School District No. 341
Statement of Net Position
Fiduciary Funds
June 30, 2014

	<u>Private Purpose Trusts</u>	<u>Agency Funds</u>
Assets		
Cash		11,479
Investments	5,009	10,384
Accounts Receivable		3,743
Due From Other Funds	<u>3,115</u>	
Total Assets	<u>8,124</u>	<u>25,606</u>
Liabilities		
Due to Other Funds		
Due to Student Groups		<u>25,606</u>
Total Liabilities		<u><u>25,606</u></u>
Net Position		
Held in Trust for Scholarships	<u><u>8,124</u></u>	

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, 2014**

	Private Purpose Trusts
Additions	
Contributions	8
Investment Earnings	830
Total Additions	838
Deductions	
Scholarships and Expenses	2,500
Total Deductions	2,500
Change in Net Position	(1,662)
Net Position Beginning of Year	9,786
Net Position at End of Year	8,124

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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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 on the application of these criteria, there were no component units included with the reporting entity. Also, the District is not included in any governmental "reporting entity" as defined by the GASB pronouncements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned (including property taxes in the period for which levied), and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense.

Expenditures for property, plant and equipment are shown as increases in assets and redemption of capital lease obligations are recorded as a reduction in liabilities. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, certain grants, state support, and charges for services 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.

Financial Statement Presentation-Fund Accounting. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The District uses funds to report results of operations and financial position as well as demonstrate compliance with legal, contractual and regulatory requirements.

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 **Food Service Fund** accounts for the National School Food Service programs. These programs provided cash grants and food commodities to provide nutritional meals to students of the District. The programs include breakfast, lunch and summer lunch meals with provisions for fresh fruit and vegetables.

Non-major funds are included in *Nonmajor Governmental Funds*. The District's Nonmajor governmental funds are special revenue funds that account for resources provided by other entities to be used for specific purposes.

Additionally, the government reports the following fiduciary funds:

- The *Private-Purpose Trust funds* 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 funds* accounts for activities of assets held on behalf of student groups.

D. Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

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

1. Deposits and Investments

The District maintains its accounts at local financial institutions and the Local Government Investment Pool. The District's cash is considered to be cash on hand and cash in checking accounts. Investments are deposits with the State of Idaho's Local Government Investment Pool and deposits in savings accounts. The fair value of the District's investments is not materially different from the reported amounts, which are the carrying values.

2. Receivables and Payables

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

All Interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All interfund transactions are reported as operating transfers.

Property taxes are levied as of the third Monday of September on property values assessed as of January 1st. The levy is billed and due in two installments, December 20th and June 20th of the following year. The billings are considered past due the day after the due dates, at which time the applicable property is subject to lien, and the billing is subject to penalties and interest.

3. Capital Assets

Capital assets, which include land, building and improvements, machinery, 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 included in the capital assets.

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

4. Compensated Absences

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

5. Long-Term Obligation

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

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

6. 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 or capital grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Fund Balances

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Governmental Fund Balances – Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

- **Restricted:** amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed:** amounts that contain self-imposed constraints of the government from its highest level of decision making authority (i.e., the Board of Trustees). The Board of Trustees commits revenue streams through adopted motions.
- **Assigned:** amounts that are intended to be used for specific purposes that are neither considered restricted or committed.
- **Unassigned:** all other spendable amounts.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

F. Restricted Assets

Retirement of Long-Term Debt. Restricted assets in the amount of \$92,906 are reported in the Bond Redemption Fund.

Education. Restricted assets in the amount of \$85,825 are reported in the Nonmajor Governmental Funds.

Child Nutrition. Restricted assets in the amount of \$113,092 are reported in the Food Service Fund.

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

II. DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

At year end the District's carrying amount of cash was \$554,505 and the bank balance was \$561,229. The bank balance was covered by federal depository insurance. The financial institution balances were:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Deposits	561,229	12,385	573,614
Investments	389,557	10,384	399,941
Other - Pepsi Caps		3,743	3,743
	<u>950,786</u>	<u>26,512</u>	<u>977,298</u>

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

Governmental Funds

Cash

On Hand	20	
In Bank Checking	<u>47,962</u>	
Total Cash		47,982

Investments

In Bank Savings	506,543	
Local LGIP		
District	385,364	
Disney	4,193	
Bond Redemption	<u>7,981</u>	
Total Investments		<u>904,081</u>
Total Cash and Investments - Governmental Funds		<u><u>952,063</u></u>

Fiduciary Funds

Cash

High School Checking	2,284	
Elementary Checking	<u>9,195</u>	
Total Cash - Fiduciary Funds		<u><u>11,479</u></u>

Deposits with Financial Institutions

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$500,000.

Investments

The District had investments in the Idaho Local Government Investment Pool (LGIP) of \$412,931 at year-end. At June 30, 2014, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District does not have a written policy 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, 2014, approximately 98% of the District's investments were held for safekeeping by the State of Idaho's Local Government Investment Pool and are excluded from this disclosure. The other 2% are held by a financial institution in the District's name and are insured up to \$500,000.

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. Property Taxes

Real and personal property taxes attach as an enforceable lien on property as of January 1st. Real and personal property taxes are levied on the third Monday in September and are due in two equal installments on December 20th and June 20th of the following year and are considered delinquent the day following the due date. Interest and penalty charges begin on the day following the installment due date. Nez Perce, Idaho and Lewis Counties bill and collect taxes and remit them to the District in the month following collection by the counties. District property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end. Taxes collected after 30 days are reported as deferred revenue (deferred inflows of resources). Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

C. Receivables

Receivables at June 30, 2014 consist of the following:

	Receivables			Total
	Taxes	Accounts	Due From Other Governments	
General Fund	18,478	65,201	61,766	145,445
State Vocational Education			5,643	5,643
ISEE Grant			22,684	22,684
Title I			39,146	39,146
Title V			14,873	14,873
JOM			22,218	22,218
Title II			362	362
Gear-Up Grant			12,512	12,512
Food Services			19,458	19,458
Bond Int/Redemp Fund	86,837			86,837
Total	105,315	65,201	198,662	369,178

D. Capital Assets

Capital asset activity for the year ended June 30, 2014 is as follows:

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	162,810			162,810
Total Capital Assets, Not Being Depreciated	162,810			162,810
Capital Assets Being Depreciated:				
Sites	276,089			276,089
Buildings	15,914,313			15,914,313
Capital Improvements	1,551,909	93,812		1,645,721
Equipment	600,533			600,533
Buses	627,309			627,309
Total Capital Assets, Being Depreciated	18,970,153	93,812		19,063,965
Accumulated Depreciation for:				
Sites	(197,865)	(11,248)		(209,113)
Buildings	(3,538,630)	(307,252)		(3,845,882)
Capital Improvements	(975,654)	(75,256)		(1,050,910)
Equipment	(418,453)	(32,977)		(451,430)
Buses	(474,139)	(26,287)		(500,426)
Total Accumulated Depreciation	(5,604,741)	(453,020)		(6,057,761)
Total Capital Assets Being Depreciated, Net	13,365,412	(359,208)		13,006,204
Governmental Activities, Capital Assets, Net	13,528,222	(359,208)		13,169,014

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

Instruction	403,324
Non-Instruction	
Administration	10,033
Maintenance and Operation	4,321
Transportation	31,086
Food Service	4,256
Total Depreciation Expense	453,020

E. Interfund Receivables and Payables

The composition of interfund receivables and payables due to deficit balances in the shared cash accounts as of June 30, 2014 is as follows:

	Due From Other Funds	Due To Other Funds	Total
General Fund		221,358	(221,358)
Bond Redemption Fund	13,235		13,235
Food Services	85,505		85,505
Nonmajor Governmental Funds			
Nez Perce Tribe Elementary	2,731		2,731
Nez Perce Tribe - Native Arts	3,471		3,471
Nez Perce Tribe - Literature Grant	4,595		4,595
Nez Perce Tribe Job Skills	8,997		8,997
Reading Grant	723		723
Drug Free Youth	4,427		4,427
ISEE Grant Consortium		15,454	(15,454)
Title I, ESEA		5,224	(5,224)
Title VI-B, Special Education	35,981		35,981
Title II-A, Indian Education	1,086		1,086
JOM	32,283		32,283
Title II-A, Impv Teach	639		639
Gear-Up	1,121		1,121
Bus Depreciation	44,127		44,127
Fiduciary Funds - Scholarship Fund	3,115		3,115
	<u>242,036</u>	<u>242,036</u>	<u>0</u>

F. Operating Leases

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

Equipment	Term	Cost	Begin Date
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
2014 Costs	<u>4,782</u>	<u>4,782</u>	<u>2,755</u>	<u>12,319</u>

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

	MP7001	MP2550B	MP2550B	Total
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	<u>5,978</u>	<u>5,978</u>	<u>8,724</u>	<u>20,680</u>

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, 2014 the District is obligated on the following bonds:

General Obligation Bonds, Series 2004 - \$ 185,000
 General Obligation Bonds, Series 2012 - \$2,375,000

Future payments under bonds payable as of June 30, 2014, are as follows:

Date	Interest Rate	Interest Payments	Principal Payments	Total Principal and Interest Payments	Balance
					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		<u>523,748</u>	<u>2,560,000</u>	<u>3,083,748</u>	

H. 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 2013-2014 contracts and elections.

III. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance.

B. Contingent Liabilities

Grants

The District receives financial assistants 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, 2014.

C. 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.

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, 2014, the required contribution rate as a percentage of covered payrolls for general members was 6.79%. The employer rate as a percentage of covered payroll was 11.32% for general members. The Lapwai Joint School District No. 341 employer contributions required and paid were \$441,047, \$400,864, and \$404,101 for the three years ended June 30, 2014, 2013, and 2012 respectively.

D. Subsequent Events

Management has evaluated subsequent events through October 17, 2014, the date on which the financial statements were available to be issued.

E. Prior Period Adjustment

The Nez Perce Tribe Construction fund reported Intergovernmental, Other accounts receivable and corresponding Deferred Inflows of Resources in the amount of \$100,000. All of the Nez Perce Tribe committed construction funding was determined to have been collected in prior years. The District correction is balance sheet only correction and did not change fund balance.

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, 2014

	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)
Revenues						
Property Taxes	36,547	40,350	3,803	158,069	242,114	84,045
Intergovernmental, Federal	1,847,614	2,042,326	194,712			
Intergovernmental, State	2,824,913	2,812,117	(12,796)	71,000	34,059	(36,941)
Investment Earnings	3,500	1,788	(1,712)	650	260	(390)
Miscellaneous	48,380	95,550	47,170		2,314	2,314
Total Revenues	<u>4,760,954</u>	<u>4,992,131</u>	<u>231,177</u>	<u>229,719</u>	<u>278,747</u>	<u>49,028</u>
Expenditures						
Current						
Instruction	3,448,643	3,156,693	291,950			
Non-Instruction						
Administration	718,747	627,096	91,651	500	500	
Support Services	774,851	729,807	45,044			
Maintenance and Operations	643,960	721,873	(77,913)			
Transportation	231,947	226,483	5,464			
Food Services	9,150	8,248	902			
Capital Outlays		93,812	(93,812)			
Bond Principle				165,000	180,000	(15,000)
Bond Interest				189,219	101,462	87,757
Total Expenditures	<u>5,827,298</u>	<u>5,564,012</u>	<u>263,286</u>	<u>354,719</u>	<u>281,962</u>	<u>72,757</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,066,344)</u>	<u>(571,881)</u>	<u>494,463</u>	<u>(125,000)</u>	<u>(3,215)</u>	<u>121,785</u>
Other Financing Sources (Uses)						
Operating Transfers In (Out)	140,000	100,000	(40,000)			
Sale of Property	500	(500)				
Total Other Financing Sources and Uses	<u>140,500</u>	<u>100,000</u>	<u>(40,500)</u>			
Net Change in Fund Balances	<u>(925,844)</u>	<u>(471,881)</u>	<u>453,963</u>	<u>(125,000)</u>	<u>(3,215)</u>	<u>121,785</u>
Fund Balance, Beginning of Year	<u>925,844</u>	<u>618,526</u>	<u>(307,318)</u>	<u>125,000</u>	<u>96,121</u>	<u>(28,879)</u>
Fund Balance, End of Year	<u><u>0</u></u>	<u><u>146,645</u></u>	<u><u>146,645</u></u>	<u><u>0</u></u>	<u><u>92,906</u></u>	<u><u>92,906</u></u>

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

(Continued)

Lapwai School District No. 341
Notes to Required Supplementary Information
June 30, 2014

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 1st. 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 15th, 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, 2014:

Fund	Amount
Nonmajor Governmental Funds	
Nez Perce Tribe Native Arts	1,551
Nez Perce Tribe - IPADS Grant	155
Title VI-B, Special Education	2,164
Total	3,870

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

Lapwai School District No. 341
 Combining Balance Sheet
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Nez Perce Tribe Lapwai Elementary	Nez Perce Tribe Native Arts	Nez Perce Tribe IPADS Grant	Box Tops	Nez Perce Tribe Literature Grant	Nez Perce Tribe Job Skills	Nez Perce Tribe Playwrights
Assets							
Cash							
Investments							
Receivables							
Accounts							
Intergovernmental Receivable Due From Other Funds	2,731	3,470	4,595		4,595	8,996	
Total Assets	<u>2,731</u>	<u>3,470</u>	<u>4,595</u>		<u>4,595</u>	<u>8,996</u>	
Liabilities							
Accounts Payable							
Salaries and Benefits Payable Due To Other Funds							
Total Liabilities							
Fund Balances							
Restricted Education Unassigned	2,731	3,470	4,595		4,595	8,996	
Total Fund Balances	<u>2,731</u>	<u>3,470</u>	<u>4,595</u>		<u>4,595</u>	<u>8,996</u>	
Total Liabilities and Fund Balances	<u>2,731</u>	<u>3,470</u>	<u>4,595</u>		<u>4,595</u>	<u>8,996</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, 2014
 (Continued)

	Nez Perce Tribe School Health	Nez Perce Tribe Fast Math	School Building Maintenance	State Vocational Education	Nez Perce Tribe Reading	Technology Grant	Nez Perce Tribe Drug Free Youth
Assets							
Cash							
Investments							
Receivables							
Accounts							
Intergovernmental Receivable Due From Other Funds			5,643		723		4,427
Total Assets			<u>5,643</u>		<u>723</u>		<u>4,427</u>
Liabilities							
Accounts Payable			3,696				
Salaries and Benefits Payable Due To Other Funds			1,947				
Total Liabilities			<u>5,643</u>				
Fund Balances							
Restricted Education Unassigned					723		4,427
Total Fund Balances					<u>723</u>		<u>4,427</u>
Total Liabilities and Fund Balances			<u>5,643</u>		<u>723</u>		<u>4,427</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, 2014
 (Continued)

	ISEE Grant Consortium	Title I-A ESEA	Title VI-B Special Education	Title VI-B, Special Education Preschool	Title VI-B, Rural Education	Title II-A Indian Education	Johnson O'Malley
Assets							
Cash							
Investments							
Receivables							
Accounts							
Intergovernmental Receivable Due From Other Funds	22,684	39,146	35,981			14,873 1,086	22,218 32,283
Total Assets	<u>22,684</u>	<u>39,146</u>	<u>35,981</u>			<u>15,959</u>	<u>54,502</u>
Liabilities							
Accounts Payable	7,230					5	509
Salaries and Benefits Payable Due To Other Funds	15,454	33,922 5,224	35,981			15,954	
Total Liabilities	<u>22,684</u>	<u>39,146</u>	<u>35,981</u>			<u>15,959</u>	<u>509</u>
Fund Balances							
Restricted Education Unassigned							53,992
Total Fund Balances							<u>53,992</u>
Total Liabilities and Fund Balances	<u>22,684</u>	<u>39,146</u>	<u>35,981</u>			<u>15,959</u>	<u>54,502</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, 2014
 (Continued)

	Title II-A	21st Century Community Learning Center	Gear-Up	Nez Perce Education Project	Bus Depreciation	Nez Perce Tribe Construction	Total
Assets							
Cash							
Investments							
Receivables							
Accounts							
Intergovernmental	1,433		12,512				118,510
Due From Other Funds	639		1,121		44,127		140,181
Total Assets	<u>2,072</u>		<u>13,633</u>		<u>44,127</u>		<u>258,690</u>
Liabilities							
Accounts Payable			1,412				12,853
Salaries and Benefits Payable	2,072		5,331				93,261
Due To Other Funds							22,625
Total Liabilities	<u>2,072</u>		<u>6,743</u>				<u>128,739</u>
Fund Balances							
Restricted							
Education			6,890		44,127		85,825
Unassigned							44,127
Total Fund Balances			<u>6,890</u>		<u>44,127</u>		<u>129,952</u>
Total Liabilities and Fund Balances	<u>2,072</u>		<u>13,633</u>		<u>44,127</u>		<u>258,690</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, 2014

	Nez Perce Tribe Lapwai Elementary Grant	Nez Perce Tribe Native Arts	Nez Perce Tribe IPADS Grant	Box Tops	Nez Perce Tribe Literature Grant	Nez Perce Tribe Job Skills	Nez Perce Tribe Playwrights
Revenues							
Intergovernmental, Federal							
Intergovernmental, State							
Intergovernmental, Other		4,975	10,000		10,000		8,000
Miscellaneous		4,975	10,000		10,000		8,000
Total Revenues							
Expenditures							
Current							
Instruction		6,165	158	688	5,405	5,416	8,000
Non-Instruction							
Administration		(296)	9,998				
Support Services							
Transportation							
Food Services		5,869	10,156	688	5,405	5,416	8,000
Total Expenditures							
Excess (Deficiency) of Revenues Over (Under) Expenditures		(894)	(156)	(688)	4,595	(5,416)	
Other Financing Sources (Uses)							
Transfers In (Out)							
Net Change in Fund Balances		(894)	(156)	(688)	4,595	(5,416)	
Fund Balance, Beginning of Year	2,731	4,364	156	688		14,412	
Fund Balance, End of Year	2,731	3,470			4,595	8,996	

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, 2014
(Continued)

	Nez Perce Tribe School Health	Nez Perce Tribe Fast Math	School Building Maintenance Fund	State Vocational Education	Reading Grant	Technology Grant	Drug Free Youth
Revenues							
Intergovernmental, Federal							
Intergovernmental, State		2,550		18,810			
Intergovernmental, Other							
Miscellaneous							
Total Revenues		<u>2,550</u>		<u>18,810</u>			
Expenditures							
Current							
Instruction	889	2,550		18,810			440
Non-Instruction							
Administration							
Support Services	1,196						
Transportation							
Food Services							
Total Expenditures	<u>2,085</u>	<u>2,550</u>		<u>18,810</u>			<u>440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,085)						(440)
Other Financing Sources (Uses)							
Transfers In (Out)							
Net Change in Fund Balances	(2,085)						(440)
Fund Balance, Beginning of Year	<u>2,085</u>				<u>723</u>		<u>4,867</u>
Fund Balance, End of Year					<u>723</u>		<u>4,427</u>

The notes to the financial statements are an integral part of this statement.
(Continued)
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Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014
(Continued)

	ISEE Grant Consortium	Title I-A ESEA	Title VI-B Special Education	Title VI-B Special Education Preschool	Title VI-B Rural Education	Title VII-A Indian Education	Johnson O'Malley
Revenues							
Intergovernmental, Federal	105,600	168,431	121,094	3,013	27,525	88,233	22,218
Intergovernmental, State							
Intergovernmental, Other							
Miscellaneous							
Total Revenues	<u>105,600</u>	<u>168,431</u>	<u>121,094</u>	<u>3,013</u>	<u>27,525</u>	<u>88,233</u>	<u>22,218</u>
Expenditures							
Current							
Instruction	23,132	158,772	121,094	3,013	27,525	16,474	13,095
Non-Instruction							
Administration	82,468	9,659				65,498	6,193
Support Services						15,184	
Transportation							
Food Services							
Total Expenditures	<u>105,600</u>	<u>168,431</u>	<u>121,094</u>	<u>3,013</u>	<u>27,525</u>	<u>97,156</u>	<u>19,288</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures						(8,923)	2,930
Other Financing Sources (Uses)							
Transfers In (Out)							
Net Change in Fund Balances						(8,923)	2,929
Fund Balance, Beginning of Year						8,923	51,063
Fund Balance, End of Year							<u>53,992</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, 2014
(Continued)

	Title II-A	21st Century Community Learning Center	Gear-Up	Nez Perce Education Project	Bus Depreciation	Nez Perce Tribe Construction	Total
Revenues							
Intergovernmental, Federal	23,611	833	49,640				610,198
Intergovernmental, State							21,360
Intergovernmental, Other			300				33,275
Miscellaneous					17,044		17,044
Total Revenues	23,611	833	49,940		17,044		681,877
Expenditures							
Current							
Instruction	176	(908)	43,568				454,462
Non-Instruction							
Administration							81,350
Support Services	23,435	3,012	2,415				137,412
Transportation		37					37
Food Services							
Total Expenditures	23,611	2,141	45,983				673,261
Excess (Deficiency) of Revenues Over (Under) Expenditures		(1,308)	3,957		17,044		8,616
Other Financing Sources (Uses)							
Transfers In (Out)						(100,000)	(100,000)
Net Change in Fund Balances		(1,308)	3,957		17,044	(100,000)	(91,384)
Fund Balance, Beginning of Year		1,308	2,933		27,083	100,000	221,337
Fund Balance, End of Year			6,890		44,127		129,953

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, 2014**

	Private Purpose Trusts Scholarship Trust	Student Activity Funds
Assets		
Cash		11,479
Investments	5,009	10,384
Accounts Receivable		3,743
Due From Other Funds	3,115	
Total Assets	8,124	25,606
Liabilities		
Due to Student Groups		25,606
Total Liabilities		25,606
Net Position		
Net Position Held in Trust for Scholarships	8,124	

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, 2014**

	Beginning Balance July 1, 2013	Receipts	Disbursements	Ending Balance June 30, 2014
<u>Lapwai Elementary School</u>				
<u>Assets</u>				
Cash				
General Fund	7,961	1,478	2,224	7,214
Library/Book Fair	4	1,581	1,542	43
Book Orders	27	47	6	68
2nd Grade	70			70
5th Grade	59			59
Art	9			9
Humanities	1,000			1,000
Parent Group	641	464	370	734
	<hr/>	<hr/>	<hr/>	<hr/>
Total Elementary School	9,769	3,569	4,143	9,195

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, 2014
(Continued)

	Beginning Balance July 1, 2013	Receipts	Disbursements	Ending Balance June 30, 2014
<u>Lapwai Middle School and High School</u>				
Assets				
Cash				
High School Student Body	4	851	761	94
Middle School	199		95	104
Concessions	1,000	10,627	11,627	
Petty Cash		900	900	
Athletics		12,398	12,398	
Season Pass		8,367	8,367	
Football		5,324	5,174	150
High School Volleyball		9,746	9,444	302
High School Volleyball Fundraisers		5,961	4,938	1,023
High School Girls Basketball	2,411	7,579	9,542	448
High School Girls Basketball Fundraisers		7,111	6,349	762
High School Boys Basketball	2,334	11,470	13,804	.
High School Boys Basketball Fundraisers		5,094	5,573	(479)
High School Track	4,352	8,237	7,128	5,461
High School Track Fundraisers		32	32	
Cheerleaders		3,562	3,846	(284)
Tennis Team		86	86	
June Boyer Memorial Fund		3,680		3,680
MS Athletics		70	70	
Jr. High Girls Basketball	748	1,022	1,770	
Jr. High Boys Basketball	158	512	670	
MS Football		1,120	1,120	
MS Volleyball	1,421	1,043	2,464	
MS Volleyball Fundraisers		1,185	1,185	
MS Track	1,339	2,574	3,913	
12th Grade	9	894	903	
11th Grade	388	1,286	388	1,286
10th Grade	635	654	1,289	
Student Council	824	1,732	2,117	439
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	699		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, 2014
(Continued)

	Beginning Balance July 1, 2013	Receipts	Disbursements	Ending Balance June 30, 2014
<u>Lapwai Middle School and High School</u>				
Assets				
Cash				
High School Year Book	(1,678)	6,741	5,919	(856)
Drama	2,248	1,115	13	3,350
Library	523	294	195	622
Indian Club	2,323	3,592	5,341	574
Booster Club	329			329
Honor Society	296			296
MS Yearbook	527	145	572	100
Sophomore Coast Trip	849		849	
Freshman Parents Fundraisers		187	1	186
Senior Parent Special Account		4,852	4,496	356
French Club	3,687	203	222	3,668
Pep Club	336			336
Pay It Forward	121		121	
WBE	470		470	
FFA Club	6,454	7,977	11,530	2,901
Fair Pigs	(14,109)	15,073	17,248	(16,284)
AISES Conference	113	377	1	489
Band/Music	24			24
Nez Perce Language	166			166
BPA	550	12,933	12,011	1,472
Drivers Education		2,801	2,801	
Middle School River Trip	172		172	
HOSA	185		185	
SEL Scholarship	600	500	1,000	100
Cap and Gowns	68	698	732	34
MAPP	57			57
Incentive	892		756	136
Drug Free School	46			46
At Risk Fund		1,580		1,580
Total Cash	<u>23,677</u>	<u>172,185</u>	<u>183,194</u>	<u>12,668</u>
Other				
Pepsi School Vendor Rebate	3,369	374		3,743
Accounts Payable		144,439	144,439	
Total Other	<u>3,369</u>	<u>144,813</u>	<u>144,439</u>	<u>3,743</u>
Total Middle School and High School	<u>27,046</u>	<u>316,998</u>	<u>327,633</u>	<u>16,411</u>
Total Agency Funds	<u><u>36,815</u></u>	<u><u>320,567</u></u>	<u><u>331,776</u></u>	<u><u>25,606</u></u>

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

John Goffinet
Steve R. Clack

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

**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, 2014, 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 17, 2014.

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.

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 17, 2014



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, 2014. Lapwai School District No. 341, State of Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 on compliance for each of Lapwai School District No. 341, State of Idaho's major federal 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 Standard*, 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.

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, 2014.

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 types of compliance requirements referred to above. 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 each major federal program 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.

The purpose of 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 17, 2014


Goffinet and Clack, Chartered
Certified Public Accountants

Lapwai School District No. 341
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:		
Pass-Through Superintendent of Public Instruction:		
School Breakfast Program for Children	10.553	* 68,359
National School Lunch Program	10.555	* 235,274
Summer Food Service Program for Children	10.559	* 29,553
Fresh Fruit and Vegetable Program	10.582	* 14,077
Subtotal Pass-Through Superintendent of Public Instruction		<u>347,263</u>
Total U.S. Department of Agriculture		<u>347,263</u>
Department of the Interior:		
Pass-Through Superintendent of Public Instruction:		
Indian Education - Johnson O'Malley	15.130	<u>19,289</u>
Total Department of the Interior		<u>19,289</u>
Department of Education:		
Direct Programs:		
Title VIII Impact Aid	84.041	* 1,988,816
Title VIII Impact Aid Construction Funds - ARRA	84.401A	
Title VII-A Indian Education	84.060	97,156
Title VI-B Rural Education	84.358	27,525
Total Direct Programs		<u>2,113,497</u>
Pass-Through Superintendent of Public Instruction:		
Title I Grants to Local Educational Agencies	84.010	168,431
Title VI-B Special Education	84.027	119,649
Title VI-B Special Education - Preschool Grants	84.173	3,013
Title IV-B Twenty-First Century Community Learning Centers	84.287	2,142
Title IV-A Gaining Early Awareness and Readiness in Undergraduate Programs (Gear Up)	84.334	45,982
Title II-A Improving Teacher Quality	84.367	23,611
Subtotal Pass-Through Programs		<u>362,828</u>
Total Department of Education		<u>2,476,325</u>

* Major funds included on Schedule of Findings and Questioned Costs

Lapwai School District No. 341
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014
 (Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services:		
Medical Assistance Program (Medicaid)	93.778	52,217
Total Department of Health and Human Services		52,217
 Total Expenditures of Federal Awards		 2,895,094

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.

**Lapwai School District No. 341
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2014**

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*.

Corrective Action Taken: The District has employed personnel with professional expertise to minimize non-attest services.

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.

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.

Corrective Action Taken: The District's Board of Trustees and business administrator have continually improved reporting and internal controls to minimize risk.

**Lapwai School District No. 341
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

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? No

Noncompliance material to financial Statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant Deficiency No

Type of auditors' report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a) No

Identification of major programs:

Program	CFDA Number
Department of Education	
P.L. 874 Impact Aid	84.041
Child Nutrition Programs	
School Breakfast Program for Children	10.553
National School Lunch Program	10.555
Commodities	10.555
Summer Food Service Program for Children	10.559
Fresh Fruit and Vegetable Program	10.582

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

Auditee qualified as a low risk auditee? No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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