

Lapwai School District No. 341
Audited Financial Statements as of and
For the Year Ended June 30, 2016

Lapwai School District No. 341
Table of Contents
June 30, 2016

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	i-x
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet – Governmental Funds	6
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Fiduciary Funds	
Statement of Net Position	10
Statement of Changes in Net Position	11
Notes to the Financial Statements	12-25
Required Supplementary Information	
Budgetary Comparison Schedules	
General Fund and Bond Redemption Fund	26
Food Service and Total Nonmajor Governmental Funds	27
PERSI – Base Plan Schedules	28
Notes to Required Supplementary Information	29

(Continued)

Lapwai School District No. 341
Table of Contents
June 30, 2016
(Continued)

	<u>Page</u>
Other Supplemental Information	
Combining Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	30-32
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	33-35
Combining Balance Sheet – All Trust and Agency Funds	36
Other Supplemental Schedules	
Agency Funds	
Schedule of Receipts and Disbursements – Student Body Funds	
Lapwai Elementary School	37
Lapwai Middle School and High School	38-39
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>	40-41
<u>Single Audit Section</u>	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	42-43
Schedule of Expenditures of Federal Awards	44-45
Summary Schedule of Prior Audit Findings	46
Schedule of Findings and Questioned Costs	47

**Lapwai School District #341
Nez Perce County
Lapwai, Idaho**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Lapwai School District #341's financial performance provides an overview of the School District's financial activities for the fiscal year ending June 30, 2016. Please read it in conjunction with the financial statements, which follow this narrative.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Lapwai School District #341's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nathan Weeks, Business Manager, Lapwai School District #341, 404 S Main St, Lapwai, Idaho 83540 or phone 208-843-2622 extension 200 or by email: nweeks@lapwai.org.

FINANCIAL HIGHLIGHTS

- Many small things happened in 2015-2016 which had direct effects on the school district's financial situation and will be explained as part of this report.
 - 1) Healthy Economic environment affecting the whole country
 - 2) Improved Funding from The State of Idaho
 - 3) Strong support from the Nez Perce Tribe
 - 4) Bringing students home from Northwest Children's Home
 - 5) Addressing Maintenance needs.
- The School District's Net Change in Fund Balance Under Total Governmental Funds (see *Independent Auditor's financial statement page 8*) shows a positive Net Change of \$27,643 from the fiscal year ending June 30 2015. The Beginning Fund Balance increased \$465,072 and Total Revenues increased \$428,309. State Support reported in the General Fund showed an increase of \$109,250 from the first year of implementing the career ladder and increased operation support. Total Expenditures increased \$865,728 over the prior year. The next large notable change was an increase of \$69,759 in Medicaid reimbursements. This was due to staff changes which brought in several new special education employees to address continuing needs of special needs students and to bring students back to the district that had been attending Northwest Children's Home. The efforts of these specialized employees was largely covered by Medicaid thereby reducing the net cost.
- The positively growing national and state economy allowed the legislature to provide more funding for public schools. The Career Ladder legislation increased funding for teachers while operations funding was increased as well.
- Investment Earnings saw a 107% increase of \$2,572. This was caused by more being invested but also the interest rates doubling from the State Treasurer's Local Government Investment Pool. The interest rate increased from .1919% in July, 2015 to .5289% in June, 2016.
- With the improved financial picture, A new bus was purchased in Fiscal Year 2015 and again in Fiscal Year 2016. Plans are to replace another bus next year. A 1996

Subaru Impreza was replaced with a 2016 Subaru Forester. The vehicle is used for Driver's Education, transportation support and other district needs.

- Also with the improved financial situation, many lingering maintenance needs were tackled. These included more work on the auditorium with asbestos removal and new ceiling tile. New carpet was installed in the auditorium as well. Some of the other needs that were addressed include security cameras, computer network server upgrades, sprinkler system installation, and a greenhouse for agricultural education.

Public School Account Reporting

The District uses Idaho Financial Accounting Reporting Management System (IFARMS) for reporting its budgeting and accounting reports. This allows Lapwai School District #341 to be uniform with all reports at the state level and still be flexible for local management needs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements of Lapwai School District #341. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School District as a whole and present a longer term view of the School District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements provide more detail than the government-wide statements. The combining statements are broken out into 24 Funds as follows:

- Fund 100 - General Fund
- Fund 230 – Nez Perce Tribe Elementary
- Fund 231 – Nez Perce Tribe Native Arts
- Fund 232 – Grants - Nez Perce Tribe and Others
- Fund 234 – Nez Perce Tribe Literature Grant
- Fund 235 – Nez Perce Tribe Job Skills
- Fund 243 – State Vocational
- Fund 244 – Nez Perce Tribe Reading Grant
- Fund 246 – Substance Abuse Prevention
- Fund 251 - Title I-A Fund
- Fund 257 – Part B Fund
- Fund 258 – Part B Preschool
- Fund 262 - REAP Fund (Rural Education)
- Fund 267 – Title VII-A Indian Education
- Fund 268 – Johnson O'Malley Fund
- Fund 271 - Title II Fund (Improving Teacher Quality)
- Fund 278 – Gear Up Grant
- Fund 284 – Elementary Counseling Grant
- Fund 290 – 291 - Food Service Funds
- Fund 310 - Bond Interest / Redemption Fund
- Fund 421 – Bus Depreciation Fund
- Fund 710 – Scholarship Fund
- Agency Funds – Student Activity Funds

Reporting the School as a Whole - The Combining Statements

Our analysis of the School as a whole is cautious. One of the most important questions asked about the School District's finances is, "Is the School as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the School as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in them. You can think of the School District's net assets, the difference between assets and liabilities, as one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the School District's property tax base and the condition of the School District's facilities, to assess the overall health of the School.

Reporting the School District's Most Significant Funds Fund Financial Statements

Our analysis of the School District's major funds begins on page VII. The fund statements provide detailed information about the most significant funds, not the School as a whole. Some funds are required to be established by State and Federal Laws. However, the District establishes other Funds to help it control and manage money for particular purposes (like the Nez Perce Tribe Grant Funds and the Scholarship Fund) or to show that it is meeting legal responsibilities for using certain grants, and other money. The School District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

- **Proprietary funds** - Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise and/or where the intent is that they be financed primarily from user charges. Therefore, their primary operating statement is the statement of revenues and expenses and their equity consists of separate invested and earned monies.
- **Fiduciary Funds** - Fiduciary Trust Funds are used to account for activities undertaken by a government on behalf of, or in fiduciary capacity for, some other persons or groups. Fiduciary funds are accounted for as either proprietary or governmental, depending on the nature of the responsibilities of the government (or fiduciary). Private Purpose Trust Funds (such as the Scholarship Fund) are treated like governmental funds.
- **Student Body Funds** - Student Body Funds are fiduciary funds held in trust by the school for student activity and/or clubs and organization. In order to be classified as an ASB (Associated Student Body) fund, there must be a club or organization advisor and the students must have a say in how these funds are expended.

CHARTS AND EXAMINATIONS OF INDIVIDUAL ACCOUNTS AND FUNDS

In order to examine various aspects of finances for Lapwai School District #341, the following charts and information are put together to explain portions of the District's financial activities.

General Fund Snapshot

This table shows the changes in several key areas in the General Fund: State Support, Impact Aid, Total Revenue, Expenditures, Fund Balance and changes in Fund Balance of the last 11 years. State support has ebbed and flowed with changes in student population and economic conditions. Impact Aid has increased slowly over time with the biggest increase coming after it was removed from sequestration.

The two accompanying charts show Impact Aid Revenue and the General Fund Balance over this same time period.

Fund Revenue - comparing 2014-2015 with 2015-2016 Actual Revenues

This following charts compare each fund making up the school district's actual revenues and expenses for the years 2014-2015 and 2015-2016.

The first page shows the General Fund which makes up nearly the majority of the total financial picture.

The following page shows the remaining funds.

The Nez Perce Tribal Funds are used to account for multi-year grants made based on applications received each year. The biggest source of these funds are profits from the tribal casinos that are distributed to school district based on successful grant applications. Some other grant funds are accounted for in Fund 232.

State Vocational Funds are for Career Technical programs for Agriculture Education and Business Technology.

The Substance Abuse Education Fund is for drug-free youth activities based on grant funds.

The Title I funds are used for reading intervention and school improvement grant activities. The funds are used to pay for a Literacy Teacher and several paraprofessionals.

Part B and Part B Preschool funds are used in the special education department. Revenue in both funds decreased somewhat as has been the case for several years due to Federal cutbacks. These Part B funds in general are used to pay for Paraprofessional Aides. As these funds decrease, the payroll burden shifts to the general fund for those staff positions.

REAP funds are federal monies to assist small, rural schools in meeting their needs. These funds have been used to pay for one paraprofessional. The revenue in this fund increased by .19%.

Title VII-A and Johnson O'Malley funds are used for after school programs and culturally relevant instruction.

Gear Up funds are part of a multi-year grant to promote college and career options on a larger scale.

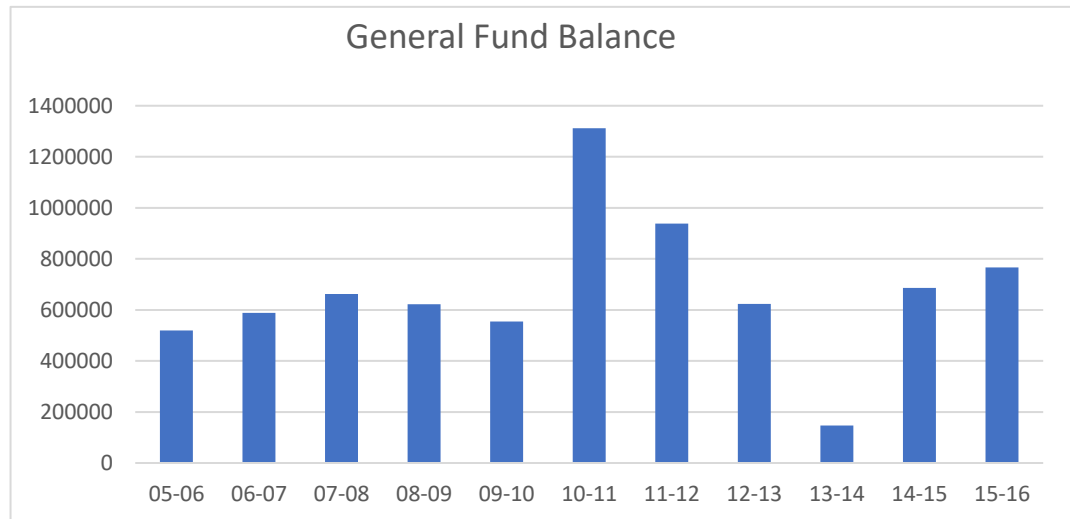
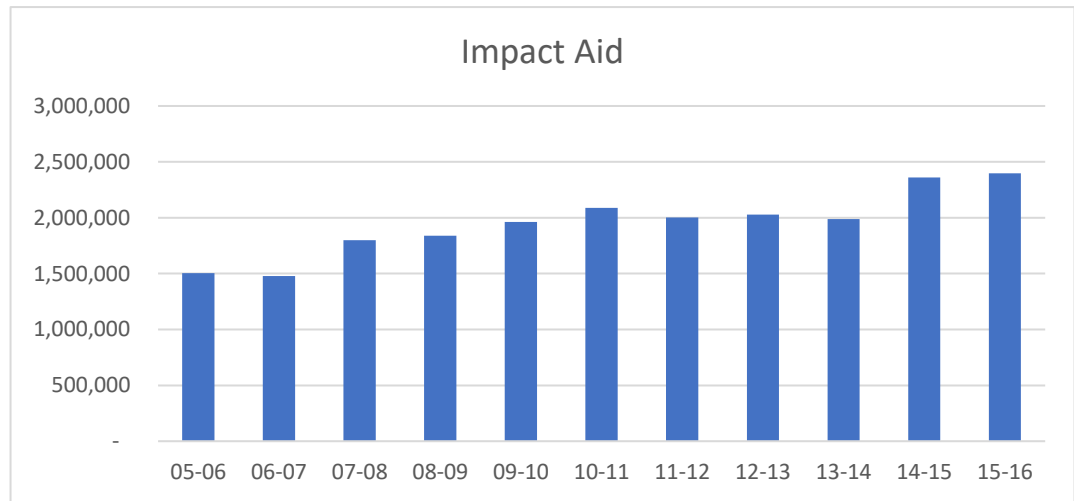
Elementary Counseling Grant funds are used for additional counseling and paraprofessional support.

Food Service Revenues have increased by nearly 5%. The District is on a Provision II program due to high poverty rates for the students. All students eat breakfast, lunch and snack for free under this program.

The Bond Interest and Redemption fund is used to account for activity relating to the bond used to construct the Middle/High School. The revenues this last year consisted of \$42,767 of State support and the balance from the property tax levy. The levy is set to raise enough to make the payment required for the year. The bond is set to be paid off in 2024.

General Fund Snapshot

Year	State Support	Impact Aid	Total Revenue	Expenditures	Balance	Change
05-06	2,656,185	1,504,075	4,615,304	4,537,714	519,843	
06-07	3,066,434	1,479,323	4,702,533	4,709,168	588,719	68,876
07-08	3,153,824	1,799,132	5,282,164	5,208,147	662,736	74,017
08-09	3,242,896	1,838,451	5,328,609	5,368,778	622,566	(40,170)
09-10	2,697,341	1,962,693	5,425,961	5,493,496	555,035	(67,531)
10-11	2,946,254	2,089,130	5,625,618	4,868,455	1,312,198	757,163
11-12	2,766,448	2,002,735	5,110,359	5,483,822	938,736	(373,462)
12-13	2,680,130	2,028,930	4,911,071	5,237,174	623,263	(315,473)
13-14	2,812,116	1,988,816	5,091,183	5,567,801	146,645	(476,618)
14-15	2,939,766	2,358,701	5,641,240	5,101,090	686,794	540,149
15-16	3,049,016	2,396,203	5,972,605	5,894,277	765,122	78,328



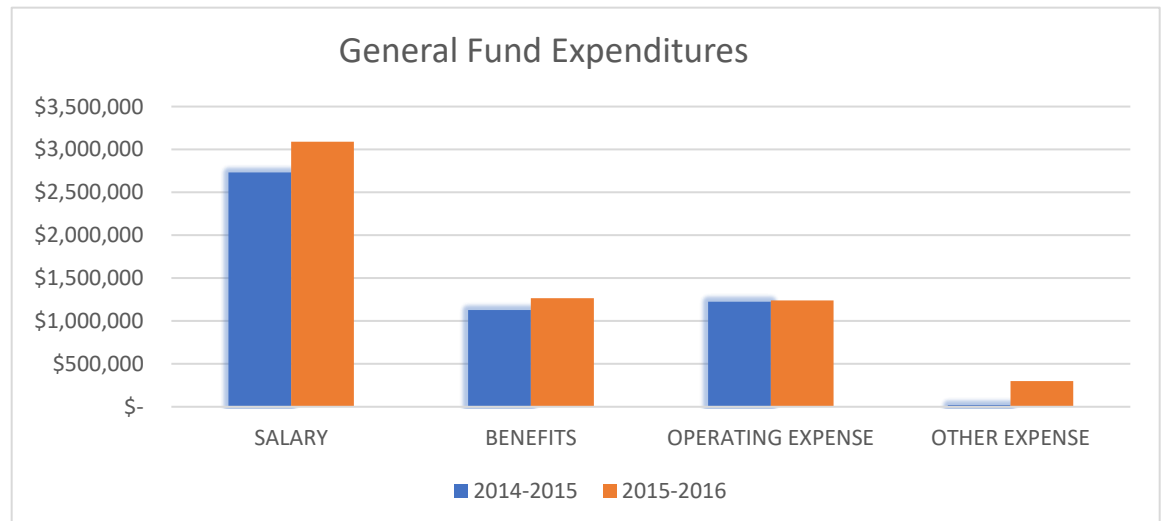
GENERAL FUND REVENUE ONLY

Revenue Breakdown by Category

REVENUE CATEGORY	2014-2015 ACTUAL	2015-2016 ACTUAL	DIFFERENCE	% Inc.
Tort	\$ 31,123	\$ 32,912	\$ 1,789	5.75%
Non-Levied Taxes	6,986	8,098	1,112	15.92%
Penalty & Interest	2,584	2,781	197	7.61%
Investment Earnings	2,394	4,966	2,572	107.42%
Grants	13,487	63,726	50,239	372.50%
Other Local Revenue	44,684	101,908	57,224	128.06%
State Apportionment	2,273,225	2,347,749	74,524	3.28%
Transportation Support	131,725	112,787	(18,938)	-14.38%
Benefit Apportionment	308,584	316,417	7,833	2.54%
Other State Support	174,224	195,381	21,157	12.14%
Lottery/State Maintenance	47,242	71,916	24,674	52.23%
Taxes in Lieu of	4,766	4,766	-	0.00%
Impact Aid	2,358,701	2,396,203	37,502	1.59%
Medicaid Revenue	239,804	309,563	69,759	29.09%
Other Revenue	1,711	3,433	1,722	100.62%
Total Revenue	\$ 5,641,240	\$ 5,972,604	329,642	6.85%

COMPARES 2014-2015 WITH 2015-2016 EXPENDITURES GENERAL FUND EXPENDITURES

BUDGET CATEGORY	2014-2015 Actual	2015-2016 Actual	% Inc/Dec
SALARIES	\$ 2,732,072	\$ 3,088,305	13.04%
BENEFITS	1,126,567	1,266,741	12.44%
OPERATING EXPENSE	1,223,912	1,239,465	1.27%
OTHER EXPENSE	18,539	299,766	1516.95%
TOTAL ALL EXPENSES	\$ 5,101,090	\$ 5,894,277	15.55%



COMPARE 2014-2015 WITH 2015-2016 ACTUAL REVENUES

ALL FUNDS

Beginning Balance and Revenue Breakdown by Fund

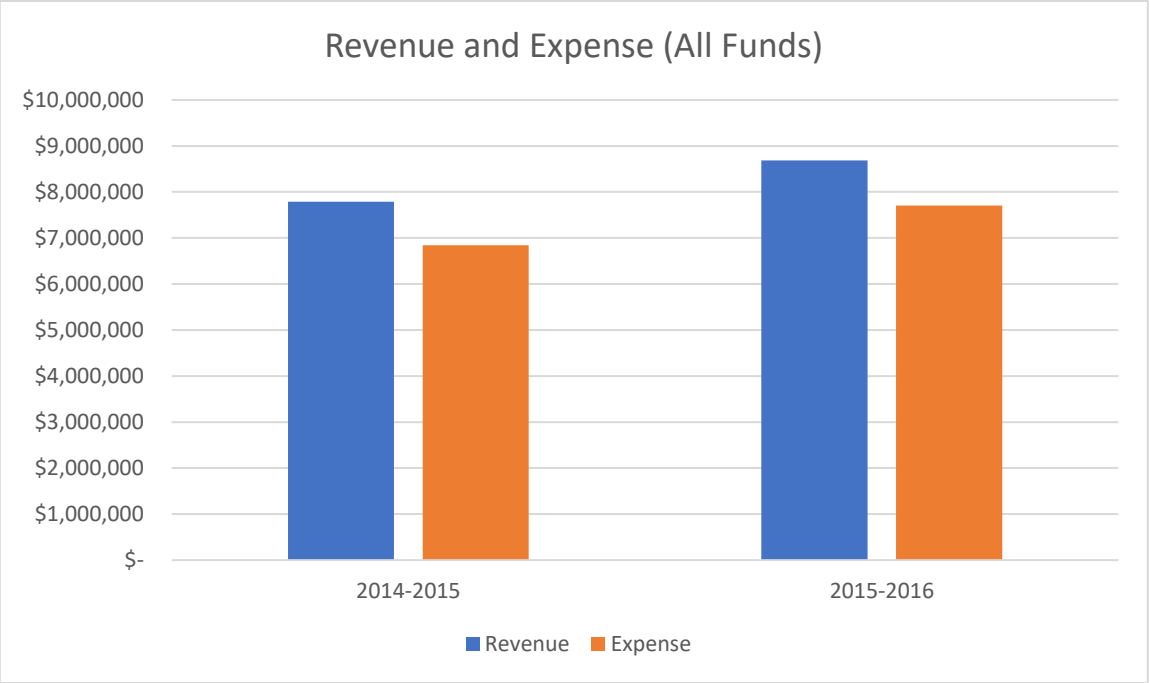
FUND CATEGORY	2014-2015 Actual	2015-2016 Actual	DIFFERENCE	% Inc/Dec
Beginning Balance	\$ 482,595	\$ 947,667	\$ 465,072	96.37%
General Fund	5,641,240	5,972,604	331,364	5.87%
Nez Perce Tribal Funds	109,189	30,496	(78,693)	-72.07%
State Vocational	18,829	21,105	2,276	12.09%
Substance Abuse Prevention	92,774	110,943	18,169	19.58%
Title I-A	310,069	376,393	66,324	21.39%
Part B	128,225	120,732	(7,493)	-5.84%
Part B Preschool	3,013	2,964	(49)	-1.63%
REAP	28,225	28,279	54	0.19%
Title VII-A	85,802	88,096	2,294	2.67%
Johnson O'Malley	16,644	-	(16,644)	-100.00%
Improve Teacher Quality	21,911	49,588	27,677	126.32%
Gear Up	40,268	41,212	944	2.35%
Elementary Counseling Grant	190,406	242,965	52,559	27.60%
Food Service	322,931	338,391	15,460	4.79%
Bond Interest & Redemption	284,445	287,159	2,714	.95%
Bus Depreciation	13,006	24,358	11,352	87.28%
Total All Funds	<u>\$ 7,789,572</u>	<u>\$ 8,682,953</u>	<u>\$ 893,381</u>	<u>11.47%</u>

COMPARE 2014-2015 WITH 2015-2016 ACTUAL EXPENSES

ALL FUNDS

Expense Breakdown by Fund

FUND CATEGORY	2014-2015 Actual	2015-2016 Actual	DIFFERENCE	% Inc.
General Fund	\$ 5,101,090	\$ 5,894,277	\$ 793,187	15.55%
Nez Perce Tribal Funds	87,436	49,388	(38,048)	-43.52%
State Vocational	18,829	21,105	2,276	12.09%
Substance Abuse Prevention	92,914	107,852	14,938	16.08%
Title I-A	310,069	376,393	66,324	21.39%
Part B	128,225	120,732	(7,493)	-5.84%
Part B Preschool	3,013	2,964	(49)	-1.63%
REAP	28,225	28,279	54	0.19%
Title VII-A	85,802	88,096	2,294	2.67%
Johnson O'Malley	30,329	27,089	(3,240)	-10.68%
Improve Teacher Quality	21,911	49,588	27,677	126.32%
Gear Up	41,415	42,629	1,214	2.93%
Elementary Counseling Grant	189,548	243,824	54,276	28.63%
Food Service	366,717	351,847	(14,870)	-4.05%
Bond Interest & Redemption	279,249	279,213	(37)	-.01%
Bus Depreciation	57,133	24,358	(32,775)	-57.37%
Total All Funds	<u>\$ 6,841,905</u>	<u>\$ 7,707,633</u>	<u>\$ 865,728</u>	<u>12.65%</u>



John Goffinet
Steven R. Clack

jgoffinet@idaho.net
sclack@idaho.net

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, 2016, 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, 2016, 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 and pension plan information, presented on pages 26-29, 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.

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 introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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.

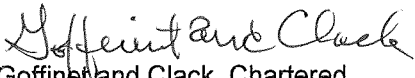
The Other Supplemental Schedules sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016, 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 19, 2016


Goffinet and Clack, Chartered
Certified Public Accountants

Lapwai School District No. 341
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash	75,562
Investments	1,413,715
Receivables	
Accounts	96,516
Property Taxes	106,904
Intergovernmental	317,660
Capital Assets	
Land	162,751
Depreciable Capital Assets - Net	12,263,480
Total Assets	<u>14,436,588</u>
Deferred Outflows of Resources	
Deferred Pension Contributions	<u>1,221,151</u>
Liabilities	
Accounts Payable	259,114
Accrued Interest	30,236
Accrued Salaries and Benefits	751,733
Due to Scholarship Fund	2,568
Noncurrent Liabilities	
Due Within One Year	205,000
Due in More Than One Year	1,975,000
Net Pension Liability	1,828,658
Total Liabilities	<u>5,052,309</u>
Deferred Inflows of Resources	
Deferred Pension Inflows	<u>1,179,510</u>
Net Position	
Net Investment in Capital Assets	10,246,231
Restricted	
Retirement of Long-Term Debt	106,048
Education	48,301
Child Nutrition	55,849
Unrestricted	(1,030,509)
Total Net Position	<u><u>9,425,920</u></u>

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, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				Total Governmental Activities
Instruction	4,478,261	2,300		(4,475,961)
Non-Instruction				
Support Services	775,762			(775,762)
Administration	856,143			(856,143)
Maintenance and Operations	736,152			(736,152)
Transportation	264,748		112,787	(151,961)
Food Services	364,760	7,505	330,886	(26,369)
Interest on Long-Term Liabilities	81,508			(81,508)
Total Governmental Activities	<u>7,557,334</u>	<u>9,805</u>	<u>443,673</u>	<u>(7,103,856)</u>
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes				44,825
Property Taxes, Levied for Debt Service				246,198
State and Federal Revenue				6,671,086
Intergovernmental Revenue				30,496
Investment Earnings				4,992
Sale of Assets				1,500
Pension Revenues				199,052
Miscellaneous				197,497
Total General Revenues and Other Financing Sources				<u>7,395,646</u>
Change in Net Position				291,790
Net Position, Beginning of Year, Restated (Note I.G.)				<u>9,051,180</u>
Capital Asset Adjustment (Note II.E.)				<u>82,950</u>
Net Position, End of Year				<u><u>9,425,920</u></u>

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

Lapwai School District No. 341
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Bond Redemption Fund	Food Service	Other Governmental Funds	Totals
Assets					
Cash	10,638		9,684	55,240	75,562
Investments	1,405,696	8,019			1,413,715
Receivables					
Accounts	96,516				96,516
Property Taxes	17,511	89,393			106,904
Intergovernmental	63,393		35,811	218,456	317,660
Due From Other Funds		27,022	40,068	24,358	91,448
Total Assets	1,593,754	124,434	85,563	298,054	2,101,805
Liabilities					
Accounts Payable	219,650		4,893	34,571	259,114
Accrued Salaries and Benefits	602,913		24,821	123,999	751,733
Due to Scholarship Trusts	2,568				2,568
Due to Other Funds	265			91,183	91,448
Total Liabilities	825,396		29,714	249,753	1,104,863
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	3,236	18,386			21,622
Total Deferred Inflows	3,236	18,386			21,622
Fund Balances					
Restricted					
Retirement of Long-Term Debt		106,048		48,301	106,048
Education			55,849		48,301
Child Nutrition					55,849
Unassigned	765,122				765,122
Total Fund Balances	765,122	106,048	55,849	48,301	975,320
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	1,593,754	124,434	85,563	298,054	2,101,805

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, 2016

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

Total Governmental Fund Balances (page 6)		975,320
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		12,426,231
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	21,621	
Deferred Pension Outflows	<u>1,221,150</u>	1,242,771
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	(30,236)	
Bonds Payable	<u>(2,180,000)</u>	(2,210,236)
Net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds		
Net Pension Liability	(1,828,656)	
Deferred Pension Inflows	<u>(1,179,510)</u>	<u>(3,008,166)</u>
Net Position of Governmental Activities (page 4)		<u><u>9,425,920</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, 2016

	General Fund	Bond Redemption Fund	Food Service	Other Governmental Funds	Totals
Revenues					
Property Taxes	43,791	244,367			288,158
Intergovernmental, Federal	2,705,851		330,886	862,132	3,898,869
Intergovernmental, State	3,049,015	42,767		132,048	3,223,830
Intergovernmental, Other				30,496	30,496
Investment Earnings	4,966	26			4,992
Miscellaneous	165,634		7,505	24,358	197,497
Total Revenues	5,969,257	287,160	338,391	1,049,034	7,643,842
Expenditures					
Current					
Instruction	3,124,402			983,425	4,107,827
Non-Instruction					
Administration	760,037			15,725	775,762
Support Services	782,703			70,690	853,393
Maintenance and Operations	731,112				731,112
Transportation	226,795				226,795
Food Services	8,677		351,848		360,525
Capital Outlays	260,551			24,358	284,909
Debt Service					
Principal		195,000			195,000
Interest		84,213			84,213
Total Expenditures	5,894,277	279,213	351,848	1,094,199	7,619,537
Excess (Deficiency) of Revenues Over (Under) Expenditures	74,980	7,947	(13,457)	(45,167)	24,305
Other Financing Sources (Uses)					
Transfers In (Out)	1,848				1,848
Sale of Property	1,500				1,500
Total Other Financing Sources (Uses)	3,348				3,348
Net Change in Fund Balances	78,328	7,947	(13,457)	(45,166)	27,652
Fund Balance, Beginning of Year	686,794	98,101	69,306	93,467	947,668
Fund Balance, End of Year	765,122	106,048	55,849	48,301	975,320

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, 2016

Amounts reported for governmental activities in the statement of activities (page 5) are different because:

Net Changes in Fund Balances, Total Governmental Funds (page 8)		27,652
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.		(135,503)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	2,885	
Net Pension Contribution Expense	<u>199,052</u>	201,937
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.		195,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Accrued Interest		<u>2,704</u>
Change in Net Position of Governmental Activities (page 5)		<u><u>291,790</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, 2016

	Private Purpose Trusts	Agency Funds
Assets		
Cash		29,442
Investments	13,529	17,922
Accounts Receivable		5,336
Due From Other Funds	2,568	
	<hr/>	<hr/>
Total Assets	16,097	52,700
	<hr/>	<hr/>
Liabilities		
Accounts Payable	3,000	
Due to Student Groups		52,700
	<hr/>	<hr/>
Total Liabilities	3,000	52,700
	<hr/>	<hr/>
Net Position		
Held in Trust for Scholarships	13,097	
	<hr/>	

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, 2016

	Private Purpose Trusts
Additions	
Contributions	4,920
Investment Earnings	3,516
Total Additions	<u>8,436</u>
Deductions	
Scholarships and Expenses	<u>2,800</u>
Total Deductions	<u>2,800</u>
Change in Net Position	5,636
Net Position Beginning of Year	<u>7,461</u>
Net Position at End of Year	<u><u>13,097</u></u>

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, 2016

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 Higheagle, Bisbee, Woods, Patterson, 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 \$5,000 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:

Assets	Years
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 \$106,048 are reported in the Bond Redemption Fund.

Education. Restricted assets in the amount of \$48,301 are reported in the Nonmajor Governmental Funds.

Child Nutrition. Restricted assets in the amount of \$55,849 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.

G. Restatement

Effective for 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement Number 68. Implementation of this new accounting standard required a restatement of beginning net position for net pension liability and deferred outflows – pension contributions. Previously, these items were not reported. In 2015, the balance was restated incorrectly, the above restatements had the following impact on the previously reported Net Position.

Statement of Activities	Governmental Activities
Net Position, June 30, 2015, originally restated	8,767,502
Net Position, June 30, 2016, corrected restatement	9,051,180

II. DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

At year end the District's carrying amount of cash in checking was \$75,532 and the bank balance was \$86,196 in the Governmental Activities and the District's carrying amount of cash in checking accounts was \$18,243 and the bank balance was \$20,111 for the Fiduciary Activities.

	Governmental Activities	Fiduciary Activities	Total
Deposits	86,196	20,111	106,307
Investments	1,405,695	17,922	1,423,617
Other - Pepsi Caps		5,335	5,335
	<u>1,491,891</u>	<u>43,368</u>	<u>1,535,259</u>

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

Governmental Funds

Cash

On Hand	30	
In Bank Checking	<u>75,532</u>	
Total Cash		75,562

Investments

In Bank Savings	1,350,572	
Local LGIP		
District	50,911	
Disney	4,213	
Bond Redemption	<u>8,019</u>	
Total Investments		1,413,715

Total Cash and Investments - Governmental Funds	<u>1,489,277</u>
-------------------------------------------------	------------------

Fiduciary Funds

Cash

Cash on Hand	1,000	
High School Checking	8,044	
Elementary Checking	<u>10,199</u>	
Total Cash - Fiduciary Funds		19,243

Investments

Local IGIP	17,922
Total Cash and Investments - Fiduciary Funds	<u>37,165</u>

Deposits with Financial Institutions

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. As of June 30, 2016 District deposits of \$1,206,879 were not covered by FDIC.

Investments

The District had investments in the Idaho Local Government Investment Pool (LGIP) of \$63,143 at year-end. At June 30, 2016, 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, 2016, approximately 4% 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 96% are held by a financial institution in the District's name and are insured up to \$250,000.

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. Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

C. 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.

D. Receivables

Receivables at June 30, 2016 consist of the following:

	Receivables			Total
	Taxes	Accounts	Due From Other Governments	
General Fund	21,327	96,516	61,485	179,328
State Vocational Education			3,692	3,692
Nez Perce Tribe Drug Free Youth			24,873	24,873
Title I-A ESEA			105,703	105,703
Title VI-B Part B			17,984	17,984
Title II-A Improving Teacher Quality			21,028	21,028
Gear-Up Grant			10,051	10,051
Elementary Counseling Grant			35,125	35,125
Food Service			35,811	35,811
Bond Int/Redemp Fund	71,773			71,773
Total	<u>93,100</u>	<u>96,516</u>	<u>315,752</u>	<u>505,368</u>

E. Capital Assets

Capital asset activity for the year ended June 30, 2016 is as follows:

	Balance 7/1/2015	Increases	Decreases	Balance 6/30/2016
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	162,751			162,751
Total Capital Assets, Not Being Depreciated	162,751			162,751
Capital Assets Being Depreciated:				
Sites	261,445			261,445
Buildings	15,376,057			15,376,057
Capital Improvements	498,824	129,549		628,373
Equipment	508,298	69,711	(14,999)	563,010
Buses	536,598	85,649	(56,907)	565,340
Total Capital Assets, Being Depreciated	17,181,222	284,909	(71,906)	17,394,225
Accumulated Depreciation for:				
Sites	(199,526)	(11,738)		(211,264)
Buildings	(3,614,879)	(307,253)		(3,922,132)
Capital Improvements	(318,403)	(27,807)	78,750	(267,460)
Equipment	(377,489)	(40,568)	19,199	(398,858)
Buses	(354,892)	(33,046)	56,907	(331,031)
Total Accumulated Depreciation	(4,865,189)	(420,412)	154,856	(5,130,745)
Total Capital Assets Being Depreciated, Net	12,316,033	(135,503)	82,950	12,263,480
Governmental Activities, Capital Assets, Net	12,478,784	(135,503)	82,950	12,426,231

The District removed capital assets no longer in service in FYE 2015, however did not remove the accumulated depreciation, requiring a capital asset adjustment of \$82,950.

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

Instruction	370,434
Non-Instruction	
Administration	2,750
Maintenance and Operation	5,040
Transportation	37,953
Food Service	4,235
Total Depreciation Expense	420,412

F. Interfund Receivables and Payables

The composition of interfund receivables and payables due to deficit balances in the shared cash accounts as of June 30, 2016 is as follows:

	Due From Other Funds	Due To Other Funds	Total
General Fund		265	(265)
Due to Fiduciary Funds - Scholarship Fund		2,568	(2,568)
Bond Redemption Fund	27,022		27,022
Food Services	40,068		40,068
Nonmajor Governmental Funds			
State Vocational Education		3,011	(3,011)
Drug Free Youth		4,258	(4,258)
Title I, ESEA		61,353	(61,353)
Title VI-B, Part B		2,759	(2,759)
Title II-A, Impv Teach		16,590	(16,590)
Gear-Up Grant		3,212	(3,212)
Bus Depreciation	24,358		24,358
Fiduciary Funds - Scholarship Fund	2,568		2,568
	<u>94,016</u>	<u>94,016</u>	

G. Operating Leases

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

Equipment	Term	Cost	Begin Date
Ricoh MP7502SP Copier	60 Months	\$320.15 per month	1/20/2016
Ricoh MP7502SP Copier	60 Months	\$308.73 per month	1/20/2016
Ricoh MPC5502 Copier	60 Months	\$229.57 per month	6/1/2012

Current lease operating costs are as follows:

	High School MP7502SP	Elementary School MP7502SP	District Office MPC5502	Total
2016 Costs	<u>4,312</u>	<u>4,243</u>	<u>2,755</u>	<u>11,310</u>

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

	MP7502SP	MP7502SP	MP2550B	Total
2017	3,842	3,705	2,755	10,302
2018	3,842	3,705	459	8,006
2019	3,842	3,705		7,547
2020	3,842	3,705		7,547
2021	3,842	3,705		7,547
Total	<u>19,210</u>	<u>18,525</u>	<u>3,214</u>	<u>40,949</u>

H. 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. In 2015, the District finished paying on the Series 2004 bonds. At June 30, 2016 the District is obligated on the following bond:

General Obligation Bonds, Series 2012 - \$2,180,000

Future payments under bonds payable as of June 30, 2016, are as follows:

Date	Interest Rate	Interest Payments	Principal Payments	Total Principal and Interest Payments	Balance
					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		346,285	2,180,000	2,526,285	

I. 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 2015-2016 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, 2016.

C. Subsequent Events

Management has evaluated subsequent events through October 14, 2016, the date on which the financial statements were available to be issued.

D. Employee Pension Plans

Plan Description

The Lapwai School District No. 341 contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months..

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2015 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. The District contributions were \$481,558 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2015, the District's proportion was 0.001388673 percent.

For the year ended June 30, 2016, the District recognized pension expense (revenue) of (\$364,404). At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$672,996	\$960,293
Changes in assumptions or other inputs	\$66,597	\$0
Net difference between projected and actual earnings on pension plan investments	\$0	\$219,217
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$0	\$0
District contributions subsequent to the measurement date	\$481,558	\$0
Total	<u>\$1,221,151</u>	<u>\$1,179,510</u>

\$1,221,151 is reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2014 the beginning of the measurement period ended June 30, 2015 is 5.5 and 5.6 for the measurement period June 30, 2014.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30, 2016:

2016	\$ (187,582)
2017	(187,582)
2018	(187,582)
2019	136,151
2020	(13,323)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date for that date.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclasy Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI ACQI ex USA	15.00%	7.55%
*Arithmetic return			
Actuarial Assumptions			
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Geometric Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected rate of return, Net of Investment Expenses			7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

June 30, 2015	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$4,453,943	\$1,828,656	(\$353,921)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. The report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At June 30, 2016, the District reported no payables to the defined benefit pension plan for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

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, 2016

	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	36,798	43,791	6,993	244,413	244,367	(46)
Intergovernmental, Federal	2,346,200	2,705,851	359,651			
Intergovernmental, State	3,061,972	3,049,015	(12,957)	35,000	42,767	7,767
Investment Earnings	1,700	4,966	3,266	300	26	(274)
Miscellaneous	490,833	165,634	(325,199)			
Total Revenues	5,937,503	5,969,257	31,754	279,713	287,160	7,447
Expenditures						
Current						
Instruction	3,126,157	3,124,402	1,755			
Non-Instruction						
Administration	786,611	760,037	26,574			
Support Services	741,012	782,703	(41,691)			
Maintenance and Operations	721,261	731,112	(9,851)			
Transportation	238,156	226,795	11,361			
Food Services	9,510	8,677	833			
Capital Outlays	19,980	260,551	(240,571)			
Contingency	296,983		296,983			
Bond Principle				195,000	195,000	
Bond Interest				84,713	84,213	500
Total Expenditures	5,939,670	5,894,277	45,393	279,713	279,213	500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,167)	74,980	77,147		7,947	7,947
Other Financing Sources (Uses)						
Sale of Assets	500	1,500	1,000			
Operating Transfers In (Out)	1,667	1,848	181			
Total Other Financing Sources and Uses	2,167	3,348	1,181			
Net Change in Fund Balances		78,328	78,328		7,947	7,947
Fund Balance, Beginning of Year		686,794	686,794		98,101	98,101
Fund Balance, End of Year		765,122	765,122		106,048	106,048

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 - Food Services and Other Governmental Funds
For the Year Ended June 30, 2016
(Continued)

	Food Services			Other Governmental Funds		
	Original and Final Budgeted Amounts	Actual	Variance With Final Budget Positive (Negative)	Original Budgeted Amounts	Final Budgeted Amounts	Variance With Final Budget Positive (Negative)
Revenues						
Intergovernmental, Federal	305,000	330,886	25,886	27,796	982,814	862,132
Intergovernmental, State				18,810	24,876	132,048
Intergovernmental, Other	16,455		(16,455)		173,031	107,172
Miscellaneous	7,500	7,505	5	10,837	24,358	(142,535)
Total Revenues	328,955	338,391	9,436	57,443	1,205,079	(156,045)
Expenditures						
Current						
Instruction				38,056	1,040,148	983,425
Non-Instruction						56,723
Administration					78,224	15,725
Support Services				8,550	97,167	70,690
Transportation						
Food Services	418,955	351,848	67,107		24,358	24,358
Capital Outlays, Transportation				10,837		
Total Expenditures	418,955	351,848	67,107	57,443	1,239,897	1,094,199
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,000)	(13,457)	76,543		(34,818)	(45,166)
Other Financing Sources (Uses)						
Sale of Assets						
Operating Transfers In (Out)						
Total Other Financing Sources and Uses						
Net Change in Fund Balances	(90,000)	(13,457)	76,543		(34,818)	(45,166)
Fund Balance, Beginning of Year	90,000	69,306	(20,694)		34,818	93,467
Fund Balance, End of Year		55,849	55,849			48,301

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

Lapwai Scholl District No. 341
Required Supplementary Information
June 30, 2016

Schedule of Employer's Share of Net Pension Liability
PERSI-Base Plan
Last 10-Fiscal Years*

	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.1388673%	0.1437183%
Employer's proportionate share of the net pension liability	1,828,656	1,057,992
Employer's covered-employee payroll	4,254,307	3,889,629
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	42.98%	27.20%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	94.95%

Data reported is measured as of June 30, 2015

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Schedule of Employer's Contribution
PERSI-Base Plan
Last 10-Fiscal Years*

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	481,558	440,306
Contributions in relation to the statutorily required contribution	481,558	440,306
Contribution (deficiency) excess		
Employer's covered-employee payroll	4,254,307	3,889,629
Contributions as a percentage of covered-employee payroll	11.32%	11.32%

Data is reported as of June 30, 2016.

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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, 2016

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

There were no funds that had excess expenditures over appropriations at June 30, 2016.

Other Supplemental Information

Lapwai School District No. 341
Combining Balance Sheet
Other Governmental Funds
For the Year Ended June 30, 2016

	Nez Perce Tribe Lapwai Elementary	Nez Perce Tribe Native Arts	Grants - Nez Perce Tribe & Others	Nez Perce Tribe Literature Grant	Nez Perce Tribe Job Skills	Nez Perce Tribe Playwrights	State Vocational Education
Assets							
Cash	2,731	913	12,930	2,748	4,707		
Investments							
Receivables							3,692
Intergovernmental Receivable							3,692
Total Assets	<u>2,731</u>	<u>913</u>	<u>12,930</u>	<u>2,748</u>	<u>4,707</u>		<u>3,692</u>
Liabilities							
Accounts Payable			1,255	119			681
Salaries and Benefits Payable							3,011
Due To Other Funds			1,255	119			3,692
Total Liabilities			<u>1,255</u>	<u>119</u>			<u>3,692</u>
Fund Balances							
Restricted							
Education	2,731	913	11,675	2,629	4,707		
Total Fund Balances	<u>2,731</u>	<u>913</u>	<u>11,675</u>	<u>2,629</u>	<u>4,707</u>		
Total Liabilities and Fund Balances	<u>2,731</u>	<u>913</u>	<u>12,930</u>	<u>2,748</u>	<u>4,707</u>		<u>3,692</u>

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

(Continued)

Lapwai School District No. 341
Combining Balance Sheet
Other Governmental Funds
For the Year Ended June 30, 2016
(Continued)

	Nez Perce Tribe Reading	Nez Perce Tribe Drug Free Youth	ISSE Grant Consortium	Title I-A ESEA	Title VI-B Part B	Title VI-B, Part B Preschool	Title VI-B, Rural Education
Assets							
Cash	723						4,589
Investments							
Receivables		24,873		105,703	17,984		
Intergovernmental Receivable							
Total Assets	723	24,873		105,703	17,984		4,589
Liabilities							
Accounts Payable		758		156			
Salaries and Benefits Payable		12,479		44,194	15,225		4,589
Due To Other Funds		4,258		61,353	2,759		
Total Liabilities		17,495		105,703	17,984		4,589
Fund Balances							
Restricted							
Education	723	7,378					
Total Fund Balances	723	7,378					
Total Liabilities and Fund Balances	723	24,873		105,703	17,984		4,589

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

(Continued)

Lapwai School District No. 341
Combining Balance Sheet
Other Governmental Funds
For the Year Ended June 30, 2016
(Continued)

	Title II-A Indian Education	Johnson O'Malley	Title II-A	Gear-Up	Elementary Counseling Grant	Bus Depreciation	Total
Assets							
Cash	12,639	13,260					55,240
Investments							
Receivables			21,028	10,051	35,125	24,358	218,456
Intergovernmental Receivable							24,358
Due From Other Funds							
Total Assets	12,639	13,260	21,028	10,051	35,125	24,358	298,054
Liabilities							
Accounts Payable		42	3,437		3,765	24,358-	34,571
Salaries and Benefits Payable	12,639		1,001	2,512	31,360		123,999
Due To Other Funds			16,590	3,212			91,183
Total Liabilities	12,639	42	21,028	5,724	35,125	24,358	249,753
Fund Balances							
Restricted							
Education		13,218		4,327			48,301
Total Fund Balances		13,218		4,327			48,301
Total Liabilities and Fund Balances	12,639	13,260	21,028	10,051	35,125	24,358	298,054

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

Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2016

	Nez Perce Tribe Lapwai Elementary Grant	Nez Perce Tribe Native Arts	Grants - Nez Perce Tribe and Others	Nez Perce Tribe Literature Grant	Nez Perce Tribe Job Skills	Nez Perce Tribe Playwrights	State Vocational Education
Revenues							
Intergovernmental, Federal							21,105
Intergovernmental, State			30,496				
Intergovernmental, Other							
Miscellaneous							
Total Revenues			30,496				21,105
Expenditures							
Current							
Instruction			40,892	978	2,979		12,619
Non-Instruction							
Administration		4,538					8,485
Support Services							
Transportation		4,538	40,892	978	2,979		21,105
Total Expenditures			40,892	978	2,979		21,105
Excess (Deficiency) of Revenues Over (Under) Expenditures		(4,538)	(10,396)	(978)	(2,979)		
Net Change in Fund Balances		(4,538)	(10,396)	(978)	(2,979)		
Fund Balance, Beginning of Year	2,731	5,451	22,071	3,608	7,686		
Fund Balance, End of Year	2,731	913	11,675	2,629	4,707		

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

(Continued)

Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2016
(Continued)

	Reading Grant	Substance Abuse Prevention	Title I-A ESEA	Title VI-B Part B	Title VI-B Part B Preschool	Title VI-B Rural Education
Revenues						
Intergovernmental, Federal			376,393	120,732	2,964	28,279
Intergovernmental, State		110,943				
Intergovernmental, Other						
Miscellaneous			376,393	120,732	2,964	28,279
Total Revenues		110,943	376,393	120,732	2,964	28,279
Expenditures						
Current						
Instruction		107,852	366,806	120,732	2,964	28,279
Non-Instruction			9,587			
Administration						
Support Services						
Transportation						
Total Expenditures		107,852	376,393	120,732	2,964	28,279
Excess (Deficiency) of Revenues Over (Under) Expenditures		3,091				
Net Change in Fund Balances		3,091				
Fund Balance, Beginning of Year	723	4,287				
Fund Balance, End of Year	723	7,378				

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

(Continued)

Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2016
(Continued)

	Title VII-A Indian Education	Johnson O'Malley	Title II-A	Gear-Up	Elementary Counseling Grant	Bus Depreciation	Total
Revenues							
Intergovernmental, Federal	88,096		49,588	41,212	242,964		862,132
Intergovernmental, State							132,048
Intergovernmental, Other							30,496
Miscellaneous						24,358	24,358
Total Revenues	<u>88,096</u>		<u>49,588</u>	<u>41,212</u>	<u>242,964</u>	<u>24,358</u>	<u>1,049,034</u>
Expenditures							
Current							
Instruction	9,726	17,684		37,816	243,824		983,425
Non-Instruction							
Administration	64,034	6,138					15,725
Support Services	14,336	3,267	49,588	4,812			70,690
Transportation - Capital Outlay						24,358	24,358
Total Expenditures	<u>88,096</u>	<u>27,089</u>	<u>49,588</u>	<u>42,628</u>	<u>243,824</u>	<u>24,358</u>	<u>1,094,199</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(27,089)		(1,416)	(860)		(45,165)
Net Change in Fund Balances		(27,089)		(1,416)	(860)		(45,165)
Fund Balance, Beginning of Year		40,307		5,743	860		93,467
Fund Balance, End of Year		<u>13,218</u>		<u>4,327</u>			<u>48,301</u>

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

Other Supplemental Information

Lapwai School District No. 341
Combining Balance Sheet - All Trust and Agency Funds
For the Year Ended June 30, 2016

	<u>Private Purpose Trusts Scholarship Trust</u>	<u>Student Activity Funds</u>
Assets		
Cash		29,442
Investments	13,529	17,922
Pepsi Rebate Cash Held for Student Groups		5,336
Due From Other Funds	2,568	
Total Assets	<u>16,097</u>	<u>52,700</u>
Liabilities		
Accounts Payable	3,000	
Due to Student Groups		52,700
Total Liabilities	<u>3,000</u>	<u>52,700</u>
Net Position		
Net Position Held in Trust for Scholarships	<u>13,097</u>	

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

Lapwai School District No. 341
Agency Funds
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2016

	<u>Beginning Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance June 30, 2016</u>
<u>Lapwai Elementary School</u>				
<u>Assets</u>				
Cash				
General Fund	7,514	2,173	1,523	8,164
Library/Book Fair	63	2,339	2,271	131
Book Orders	33			33
2nd Grade	70			70
5th Grade	59			59
Art	8			8
Humanities	1,000			1,000
Parent Group	734			734
	<hr/>	<hr/>	<hr/>	<hr/>
Total Elementary School	9,481	4,512	3,794	10,199
	<hr/>	<hr/>	<hr/>	<hr/>

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, 2016
(Continued)

	Beginning Balance July 1, 2015	Receipts	Disbursements	Ending Balance June 30, 2016
<u>Lapwai Middle School and High School</u>				
<u>Assets</u>				
Cash				
Student Body Funds				
Sales Tax Payable	1,029	5,672	5,925	776
High School Student Body	936	1,108	609	1,435
Middle School Student Body	27	1,242	273	996
At Risk Fund	1,635		637	998
June Boyer Memorial Fund	14			14
Concessions	348	19,002	18,998	352
Athletic Funds				
General Athletic Fund	900	25,612	26,488	24
Football	(1,032)	8,410	5,015	2,363
Football Fundraisers	440	6,212	5,290	1,362
Volleyball	848	2,953	3,764	37
Volleyball Fundraisers	3,071	5,727	8,074	724
Girls Basketball	(626)	7,254	6,507	121
Girls Basketball Fundraisers	993	9,319	8,627	1,685
Boys Basketball	(800)	11,039	9,218	1,021
Boys Basketball Fundraisers	(938)	13,274	12,336	
Track	1,561	14,538	14,787	1,312
Cheer	(155)	11,559	11,068	336
Class Funds				
Student Council	330	3,048	2,151	1,227
Senior Class	(1)	586	585	
Junior Class	514		514	
Clubs				
Year Book	(1,497)	5,730	4,768	(535)
Drama	3,350			3,350
Library	640	155	86	709
Indian Club	2,338	6,129	6,397	2,070
Booster Club	329			329
Honor Society	296			296
MS Yearbook	100		100	
Class of 2017 Parent Fundraisers	186			186
Class of 2016 Parent Fundraisers		2,069	2,069	
French Club	3,168			3,168
Pep Club	390			390
FFA Club	534	4,571	3,295	1,810
Fair Pigs	(5,750)	4,250		(1,500)

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, 2016
(Continued)

	Beginning Balance July 1, 2015	Receipts	Disbursements	Ending Balance June 30, 2016
<u>Lapwai Middle School and High School</u>				
<u>Assets</u>				
Cash				
Clubs (Continued)				
AISES Conference	489	172		661
Band/Music	24			24
Nez Perce Language	166			166
BPA	(2,875)	21,770	19,343	(448)
SEL Scholarship	100			100
Cap and Gowns	87	1,214	1,277	24
MAPP	57			57
Incentive	136			136
Drug Free School	46			46
SOS - Sources of Strength Club	1,928		787	1,141
Total Cash	<u>13,341</u>	<u>192,615</u>	<u>178,988</u>	<u>26,966</u>
Other				
Pepsi School Vendor Rebate	4,529	807		5,336
Total Other	<u>4,529</u>	<u>807</u>		<u>5,336</u>
Total Middle School and High School	<u>17,870</u>	<u>193,422</u>	<u>178,988</u>	<u>32,302</u>
Total Agency Funds	<u><u>27,351</u></u>	<u><u>197,934</u></u>	<u><u>182,782</u></u>	<u><u>42,501</u></u>

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

John Goffinet
Steven R. Clack

jgoffinet@idaho.net
sclack@idaho.net

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, 2016, 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 19, 2016.

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.

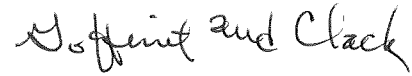
Compliance and Other Matters

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 19, 2016

A handwritten signature in cursive script that reads "Goffinet and Clack".

Goffinet and Clack, Chartered
Certified Public Accountants

John Goffinet
Steven R. Clack

jgoffinet@idaho.net
sclack@idaho.net

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 Uniform Guidance**

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 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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, 2016.

Report on Internal Control Over Compliance

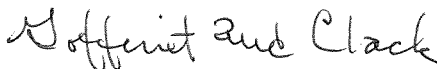
Management of Lapwai School District No. 341, State of Idaho, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lapwai School District 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

October 14, 2016


Goffinet and Clack, Chartered
Certified Public Accountants

Lapwai School District No. 341
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:		
Direct Programs:		
Schools and Roads - Grants to States	10.665	<u>86</u>
Subtotal Direct Programs		
Pass-Through Superintendent of Public Instruction:		
Department of Agriculture Food and Nutrition Service		
School Breakfast Program for Children	10.553	78,041
National School Lunch Program	10.555	222,339
Summer Food Service Program for Children	10.559	14,175
Fresh Fruit and Vegetable Program	10.582	<u>16,330</u>
Subtotal Pass-Through Superintendent of Public Instruction		<u>330,885</u>
Total U.S. Department of Agriculture		<u>330,971</u>
Department of the Interior:		
Pass-Through Superintendent of Public Instruction:		
Indian Education - Johnson O'Malley	15.130	<u>27,089</u>
Total Department of the Interior		<u>27,089</u>
Department of Education:		
Direct Programs:		
Title VIII Impact Aid	84.041	* 2,396,203
Title VII-A Indian Education	84.060	88,096
Fund for the Improvement of Education	84.215E	243,824
Title VI-B Rural Education	84.358	<u>28,279</u>
Total Direct Programs		<u>2,756,402</u>
Pass-Through Superintendent of Public Instruction:		
Title I Grants to Local Educational Agencies	84.010	113,540
School Improvement Grant	84.377	262,853
Title VI-B, IDEA-Part B	84.027	* 120,732
Title VI-B, IDEA-Part B Preschool	84.173	* 2,964
Title IV-A Gaining Early Awareness and Readiness in		
Undergraduate Programs (Gear Up)	84.334	42,629
Title II-A Improving Teacher Quality	84.367	<u>49,588</u>
Subtotal Pass-Through Programs		<u>592,306</u>
Total Department of Education		<u>3,348,708</u>

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, 2016
(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	309,563
Total Department of Health and Human Services		309,563
Total Expenditures of Federal Awards		<u>4,016,331</u>

* Major funds included on Schedule of Findings and Questioned Costs

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 the Uniform Guidance Section 200. 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 \$20,597 commodity value has been included with expenditures listed in the National School Lunch Program which is CFDA number 10.555.

Note C - Indirect Costs

The District did not calculate and expense indirect costs to its grant funds.

Note D - Medicaid Expenditures

Uniform Guidance Section 200.502 states "Medicaid payments to a subrecipient for providing patient services to Medicaid-eligible individuals are not considered Federal awards expended." The District has included Medicaid payments for disclosure.

**Lapwai School District No. 341
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016**

There were no prior year audit findings for the year ended June 30, 2015 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, 2016**

Section I - Summary of Audit Results

Financial Statements:

Type of auditor's report issued	Unqualified
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Internal control over financial reporting:

Material weakness identified	No
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Significant deficiencies not considered to be material weaknesses?	No
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Noncompliance material to financial

Statements noted?	No
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Federal Awards:

Internal control over major programs:

Material weakness identified?	No
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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 the Uniform Guidance Section 200

No

Identification of Major Programs:

Program	CFDA Number
Department of Education	
Direct Program:	
Title VIII Impact Aid	84.041
Pass-Through:	
Title VI-B IDEA-Part B	84.027
Title VI-B IDEA-Part B Preschool	84.173

The threshold for distinguishing Types A and B programs	\$750,000.
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Auditee qualified as a low risk auditee?	Yes
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Section II – Financial Statement Findings	None
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Section III – Federal Award Findings and Questioned Costs	None
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The notes to the financial statements are an integral part of this statement.