

**Lapwai School District No. 341
Audited Financial Statements as of and
For the Year Ended June 30, 2018**

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapwai Joint School District No. 341, State of Idaho, as of and for the year ended June 30, 2018, 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.

Basis for Qualified Opinion on Governmental Activities

Management has not adopted a methodology for reporting other post-employment benefits under the guidelines of GASB 45 in the government-wide statements and, subsequently, has not considered the need to record a liability for such benefits. Accounting principles generally accepted in the United States of America require that an adequate liability be provided for post-employment benefits, which would increase the liabilities and decrease net assets and change the expenses in the government-wide statements. The amount by which this departure would affect the liabilities, net assets and expenses of the government-wide statements has not been determined.

Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lapwai School District No. 341, State of Idaho, as of June 30, 2018, 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 12, 2018, 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 12, 2018

Goffinet & Clack
Goffinet and Clack, Chartered
Certified Public Accountants

**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, 2018. 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

- Several things happened in 2017-2018 which had direct effects on the school district's financial situation and will be explained as part of this report.
 - 1) Uncertainty as to continued Impact Aid funding
 - 2) Healthy Economic environment affecting the whole country
 - 3) Improved Funding from The State of Idaho
 - 4) Strong support from the Nez Perce Tribe
 - 5) Addressing Maintenance and Facility 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 \$445,960 from the fiscal year ending June 30, 2017. The Beginning Fund Balance was \$907,880 and the Ending Fund Balance was \$1,353,840. Total Revenues increased by \$918,165.
- . State Support showed an increase of \$85,814 from the third year of implementing the career ladder and increased operation support, tempered by declining attendance. Federal Revenue increased by \$640,291, accounting for most of the increase. This was largely due to an increase in Impact Aid Revenue of \$572,690. Total Expenditures increased \$404,767 over the prior year. Much of the increase was from passing along the Career Ladder revenue increase to employees through a 4% raise with some reductions in Purchased Services and Supplies and Materials.

Capital Outlay of \$276,254 was an \$11,885 decrease from the prior year. Large items this year included replacing the roof on the Middle/High School for a cost of \$126,922 and a new bus for \$82,722.

- In January, 2017, the new Trump Administration came into office. Their proposed budget for Fiscal Year 2018 that was submitted to Congress did not include funding for Impact Aid. Due to this uncertainty, the negotiated agreement with the Lapwai Education Association reflected no increase to the pay scale, only individual movement in the schedules was made. The budget was finally passed in March, 2018, resulting in an increase in Impact Aid Funding of \$572,690. Negotiations were reopened in April, 2018 and a 4% increase was agreed to with the Lapwai Education Association. At this time, the budget bills being sent through Congress show continued funding with a small increase. However, nothing is certain until the bill becomes law.
- 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 in the General Fund saw a 193% increase of \$19,957. This was caused by more being invested but also an increased to the interest rates from the State Treasurer's Local Government Investment Pool. The interest rate increased from .9794% in June, 2018 to 1.8784% in June, 2019.
- With the continued positive financial picture, a new bus was purchased in Fiscal again in Fiscal Year 2018. Plans are under consideration to replace another bus in the next fiscal year.
- Also with the improved financial situation, many more lingering maintenance needs were tackled. The largest of these was replacement of the roof on the Middle/High School. With the value engineering done during construction and the poor quality job done with the roof installation, it had developed many leaks over the last 10 years and needed to be done correctly. The new roof has a 50-year warranty so few of us around today will have to worry about that. Other items included relocation of the long jump pit near the track, more new carpet in the Elementary School and additional sprinkler system installation.

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 273 – 21st Century Community Learning Center
- 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 13 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 this year after being threatened with repeal.

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

Fund Revenue - comparing 2016-2017 with 2017-2018 Actual Revenues

This following charts compare each fund making up the school district's actual revenues and expenses for the years 2016-2017 and 2017-2018.

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. This grant ended this year.

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 1.5%.

Title VII-A and Johnson O'Malley funds are used for after school programs and culturally relevant instruction. Due to a change in personnel and associated costs, no funds were expended from this fund.

Gear Up funds are part of a multi-year grant to promote college and career options on a larger scale. This grant was awarded again for the 2018-2019 school year.

The 21st Century Community Learning Center Grant was received this year and provides after school programs in the elementary school.

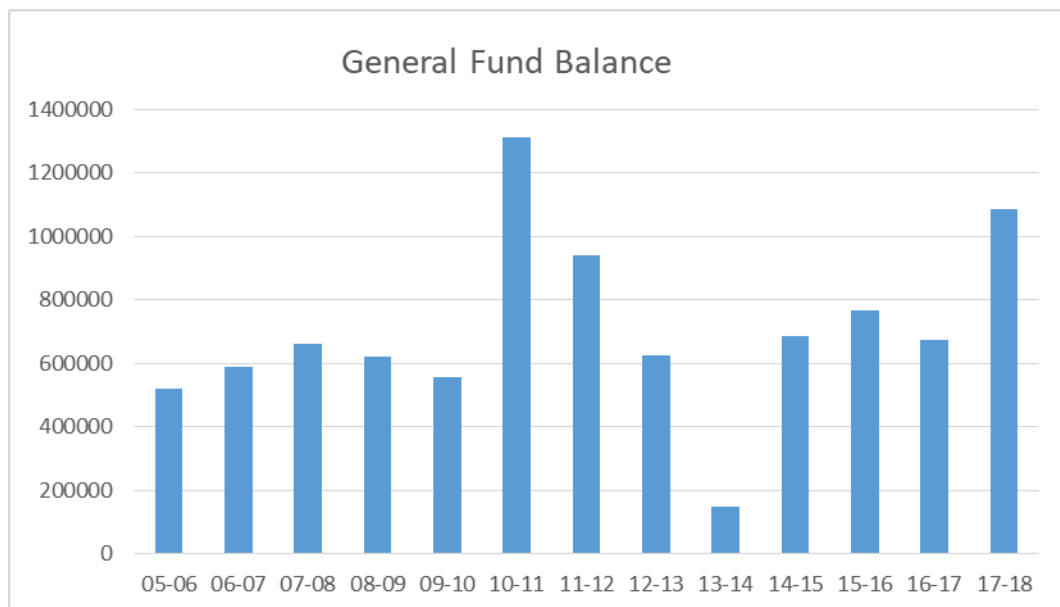
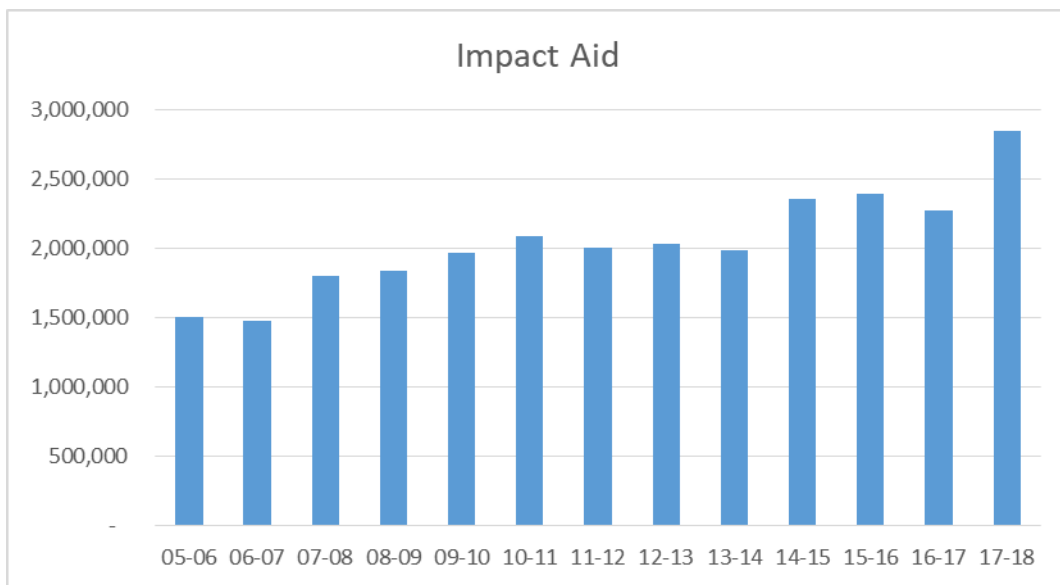
Elementary Counseling Grant funds are used for additional counseling and paraprofessional support. This grant ended this year.

Food Service Revenues have increased by nearly 10.51%, Expenses increased by 2.61%. Revenue exceeded Expenses by \$13,325. 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. A supper program was started this year to provide more opportunities for nutritious meals.

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 \$49,878 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
16-17	3,240,836	2,268,969	5,954,330	6,045,569	673,882	(91,240)
17-18	3,312,642	2,841,659	6,583,762	6,178,938	1,087,337	400,543



COMPARES 2016/2017 WITH 2017/2018 ACTUAL REVENUES

GENERAL FUND REVENUE ONLY

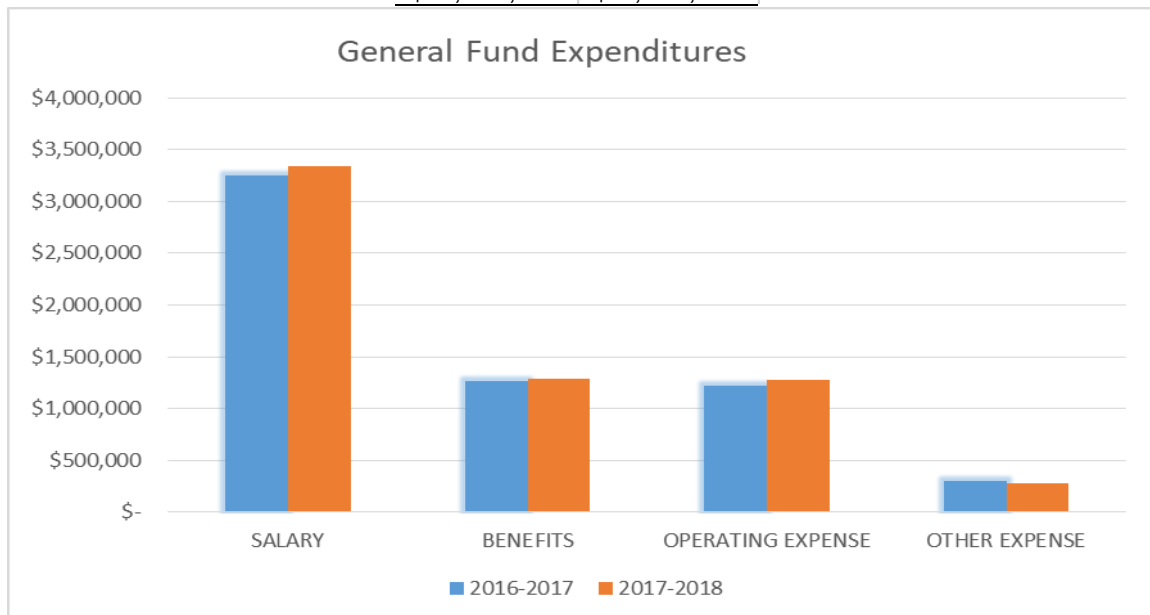
Revenue Breakdown by Category

REVENUE CATEGORY	2016-2017 ACTUAL	2017-2018 ACTUAL	DIFFERENCE	% Inc.
Tort	\$ 32,794	\$ 35,924	\$ 3,130	9.55%
Non-Levied Taxes	6,491	6,262	(229)	-3.53%
Penalty & Interest	2,906	3,054	148	5.09%
Investment Earnings	10,319	30,276	19,957	193.40%
Grants	40,470	68,679	28,209	69.70%
Other Local Revenue	64,954	56,954	(8,000)	-12.32%
State Apportionment	2,459,942	2,512,720	52,778	2.15%
Transportation Support	111,033	115,759	4,726	4.26%
Benefit Apportionment	328,946	337,481	8,535	2.59%
Other State Support	261,790	267,709	5,919	2.26%
Lottery/State Maintenance	74,360	74,208	(152)	-0.20%
Taxes in Lieu of	4,766	4,766	-	0.00%
Impact Aid	2,268,969	2,841,659	572,690	25.24%
Medicaid Revenue	282,757	214,091	(68,666)	-24.28%
Other Revenue	3,833	22,851	19,018	496.17%
Total Revenue	\$ 5,954,330	\$ 6,592,393	619,045	6.85%

COMPARES 2016-2017 WITH 2017-2018 EXPENDITURES

GENERAL FUND EXPENDITURES

BUDGET CATEGORY	2016-2017 Actual	2017-2018 Actual	% Inc/Dec
SALARY	\$ 3,254,722	\$ 3,343,033	2.71%
BENEFITS	1,266,941	1,284,820	1.41%
OPERATING EXPENSE	1,220,911	1,276,614	4.56%
OTHER EXPENSE	302,996	274,472	-9.41%
TOTAL ALL EXPENSES	\$ 6,045,570	\$ 6,178,938	2.21%



COMPARE 2016-2017 WITH 2017-2018 ACTUAL REVENUES

ALL FUNDS

Revenue Breakdown by Fund

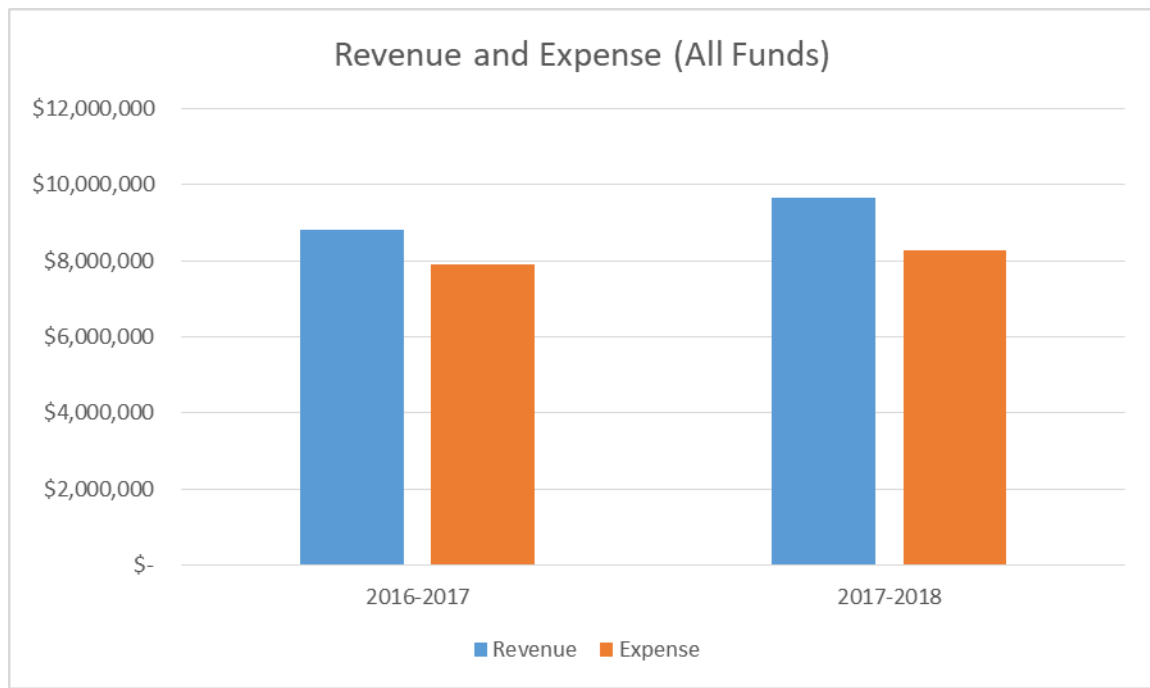
FUND CATEGORY	2016-2017 Actual	2017-2018 Actual	DIFFERENCE	% Inc/Dec
General Fund	5,954,330	6,592,393	638,063	10.72%
Nez Perce Tribal Funds	95,819	77,078	(18,741)	-19.56%
State Vocational	21,876	21,876	-	0.00%
Substance Abuse Prevention	103,993	90,136	(13,857)	-13.32%
Title I-A	431,829	385,134	(46,695)	-10.81%
Part B	120,136	121,568	1,432	1.19%
Part B Preschool	3,079	3,039	(40)	-1.30%
Title IV-A		10,000	10,000	100.00%
REAP	28,406	28,832	426	1.50%
Title VI-A	83,246	308,994	225,748	271.18%
Johnson O'Malley	19,673	33,135	13,462	68.43%
Improve Teacher Quality	30,900	26,636	(4,264)	-13.80%
21st Century Learning Center	-	143,433	143,433	100.00%
Gear Up	50,833	46,279	(4,554)	-8.96%
Elementary Counseling Grant	199,860	112,618	(87,242)	-43.65%
Food Service	363,165	401,335	38,170	10.51%
Bond Interest & Redemption	293,400	299,587	6,187	2.11%
Bus Depreciation	24,358	40,997	16,639	68.31%
Total All Funds	\$ 7,824,903	\$ 8,743,068	918,165	11.73%

COMPARE 2016-2017 WITH 2017-2018 ACTUAL EXPENSES

ALL FUNDS

Expense Breakdown by Fund

FUND CATEGORY	2016-2017 Actual	2017-2018 Actual	DIFFERENCE	% Inc.
General Fund	\$ 6,045,569	\$ 6,178,936	\$ 133,367	2.21%
Nez Perce Tribal Funds	57,318	100,185	42,867	74.79%
State Vocational	21,876	21,876	-	0.00%
Substance Abuse Prevention	104,581	96,926	(7,655)	-7.32%
Title I-A	431,829	385,134	(46,695)	-10.81%
Part B	120,136	121,568	1,432	1.19%
Part B Preschool	3,079	3,039	(40)	-1.30%
Title IV-A		10,000	10,000	100.00%
REAP	28,406	28,832	426	1.50%
Title VI-A	83,246	308,994	225,748	271.18%
Johnson O'Malley	31,526	-	(31,526)	-100.00%
Improve Teacher Quality	30,900	26,636	(4,264)	-13.80%
21st Century Learning Center	-	143,433	143,433	100.00%
Gear Up	51,801	49,638	(2,163)	-4.18%
Elementary Counseling Grant	199,860	112,618	(87,242)	-43.65%
Food Service	378,143	388,010	9,867	2.61%
Bond Interest & Redemption	279,713	280,288	575	0.21%
Bus Depreciation	24,358	40,997	16,639	68.31%
Total All Funds	\$ 7,892,341	\$ 8,297,108	\$ 404,767	5.13%



SUMMARY STATEMENT				
REVENUE AND EXPENDITURES				
JULY 1 2017 TO JUNE 30, 2018				
ALL FUNDS				
LAPWAI SCHOOL DISTRICT #341				
REVENUES	BUDGET	ACTUAL	16-'17 Actual	Change
Local Revenue	416,223	533,708	507,857	25,851
State Revenue	3,631,566	3,425,394	3,339,579	85,814
Federal Revenue	4,365,008	4,761,190	3,977,467	783,723
Other Revenue	-	2,120	-	2,120
Total Revenues	8,412,797	8,722,411	7,824,903	897,508
Transfers	12,026	20,657	-	20,657
TOTAL REVENUE & TRANSFERS	8,424,823	8,743,068	7,824,903	918,165
EXPENDITURES				
Salaries	\$4,274,528	4,190,520	4,041,253	149,267
Benefits	1,733,626	1,666,933	1,598,812	68,121
Purchased Services	1,234,397	1,200,256	1,148,078	52,178
Supplies and Materials	708,820	622,986	497,131	125,855
Capital Outlay	539,445	276,254	288,139	(11,885)
Debt Retirement	280,288	280,288	279,713	575
Insurance & Judgments	39,215	39,215	39,215	-
Contingency Reserve	334,837			
TOTAL EXPENDITURES	9,145,156	8,276,451	7,892,340	
Transfers	12,026	20,657	-	20,656.87
TOTAL EXPENDITURES & TRANSFERS	9,157,182	8,297,108	7,892,340	404,768
Excess (Deficiency) of Revenues over Expenditures & Transfers	(732,359)	445,960	(67,437)	513,398
Beginning Balances	\$732,359	907,880	975,317	(67,437)
Ending Fund Balances	-	1,353,840	907,880	445,960
Copies of the school district budget and the annual report are available for public inspection in the administrative offices of the school district at 404 S Main St, Lapwai, Idaho.				

Lapwai School District No. 341
Statement of Net Position
June 30, 2018
With Comparative Totals for June 30, 2017

	Governmental Activities	
	June 30, 2018	June 30, 2017
Assets		
Cash	99,652	80,818
Investments	1,931,802	1,290,250
Receivables		
Accounts	8,796	55,511
Property Taxes	110,161	111,630
Intergovernmental	366,569	358,502
Capital Assets		
Land	162,751	162,751
Depreciable Capital Assets - Net	11,965,373	12,124,725
Total Assets	<u>14,645,104</u>	<u>14,184,187</u>
Deferred Outflows of Resources		
Deferred Pension Contributions	<u>328,278</u>	<u>1,500,755</u>
Liabilities		
Accounts Payable	311,062	161,316
Accrued Interest	24,859	25,567
Accrued Salaries and Benefits	830,878	802,868
Due to Scholarship Funds		1,280
Noncurrent Liabilities		
Due Within One Year	225,000	215,000
Due in More Than One Year	1,535,000	1,760,000
Net Pension Liability	2,090,623	2,948,730
Total Liabilities	<u>5,017,422</u>	<u>5,914,761</u>
Deferred Inflows of Resources		
Deferred Pension Inflows	<u>313,605</u>	<u>964,415</u>
Net Position		
Net Investment in Capital Assets	10,368,124	10,312,476
Restricted		
Retirement of Long-Term Debt	139,035	119,735
Education	73,271	73,391
Food Services	54,197	40,872
Unrestricted	(992,272)	(1,740,708)
Total Net Position	<u>9,642,355</u>	<u>8,805,766</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, 2018
With Comparative Totals for the Year Ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Prior Year
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	4,412,604	1,475		(4,411,129)	(4,699,086)
Non-Instruction					
Support Services	1,089,135			(1,089,135)	(1,241,652)
Administration	847,583			(847,583)	(963,199)
Maintenance and Operations	775,038			(775,038)	(731,966)
Transportation	294,992			(294,992)	(289,689)
Food Services	399,726	5,630		(394,096)	(403,236)
Interest on Long-Term Liabilities	64,579			(64,579)	(70,044)
Total Governmental Activities	<u>7,883,657</u>	<u>7,105</u>		<u>(7,876,552)</u>	<u>(8,398,872)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes				45,413	41,771
Property Taxes, Levied for Debt Service				246,768	245,160
State and Federal Revenue				8,179,580	7,197,254
Other Intergovernmental Revenue				77,078	175,660
Investment Earnings				30,876	10,389
Miscellaneous				133,426	108,484
Total General Revenues and Other Financing Sources				<u>8,713,141</u>	<u>7,778,718</u>
Change in Net Position				836,589	(620,154)
Net Position, Beginning of Year				<u>8,805,766</u>	<u>9,425,920</u>
Net Position, End of Year				<u><u>9,642,355</u></u>	<u><u>8,805,766</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, 2018

With Comparative Total for June 30, 2017

	General Fund	Bond Redemption Fund	Food Services	Other Governmental Funds	Totals	Prior Year Totals
Assets						
Cash		21,888	28,911	48,853	99,652	80,818
Investments	1,886,114	45,688			1,931,802	1,290,250
Receivables						
Accounts	8,796				8,796	55,511
Property Taxes	20,491	89,670			110,161	111,630
Intergovernmental	183,769		60,947	121,853	366,569	358,502
Due From Other Funds				177,740	177,740	73,804
Total Assets	<u>2,099,170</u>	<u>157,246</u>	<u>89,858</u>	<u>348,446</u>	<u>2,694,720</u>	<u>1,970,515</u>
Liabilities						
Accounts Payable	238,291		5,949	66,822	311,062	161,316
Accrued Salaries and Benefits	641,281		29,712	159,885	830,878	802,868
Due to Other Funds	129,272			48,468	177,740	75,084
Total Liabilities	<u>1,008,844</u>		<u>35,661</u>	<u>275,175</u>	<u>1,319,680</u>	<u>1,039,268</u>
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	2,989	18,211			21,200	23,367
Total Deferred Inflows	<u>2,989</u>	<u>18,211</u>			<u>21,200</u>	<u>23,367</u>
Fund Balances						
Restricted						
Retirement of Long-Term Debt		139,035			139,035	119,735
Education				73,271	73,271	73,391
Food Services			54,197		54,197	40,872
Unassigned	1,087,337				1,087,337	673,882
Total Fund Balances	<u>1,087,337</u>	<u>139,035</u>	<u>54,197</u>	<u>73,271</u>	<u>1,353,840</u>	<u>907,880</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>2,099,170</u>	<u>157,246</u>	<u>89,858</u>	<u>348,446</u>	<u>2,694,720</u>	<u>1,970,515</u>

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

Lapwai School District No. 341
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

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

Total Governmental Fund Balances (page 6)	1,353,840
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	12,128,124
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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	21,200	
Deferred Pension Outflows	328,278	349,478

Long-Term liabilities, including bonds and leases payable, are not due and payable in the current period and, therefore, are not reported in governmental funds.

Accrued Interest	(24,859)	
Bonds Payable	(1,760,000)	(1,784,859)

Net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds

Net Pension Liability	(2,090,623)	
Deferred Pension Inflows	(313,605)	(2,404,228)

Net Position of Governmental Activities (page 4)	9,642,355
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Lapwai School District No. 341
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2018
With Comparative Totals for June 30, 2017

	General Fund	Bond Redemption Fund	Food Services	Other Governmental Funds	Totals	Prior Year Totals
Revenues						
Property Taxes	45,240	249,108			294,348	285,186
Intergovernmental, Federal	3,055,824		395,663	1,219,568	4,671,055	3,877,753
Intergovernmental, State	3,312,642	49,879		153,109	3,515,630	3,319,501
Intergovernmental, Other				77,078	77,078	175,660
Investment Earnings	30,276	600			30,876	10,389
Indirect Expenses Reimbursement	15,098				15,098	
Miscellaneous	127,754		5,672		133,426	156,412
Total Revenues	<u>6,586,834</u>	<u>299,587</u>	<u>401,335</u>	<u>1,449,755</u>	<u>8,737,511</u>	<u>7,824,901</u>
Expenditures						
Current						
Instruction	3,050,461			1,166,129	4,216,590	3,959,283
Non-Instruction						
Administration	823,944			63,742	887,686	878,084
Support Services	986,904			158,350	1,145,254	1,164,012
Maintenance and Operations	806,326				806,326	698,681
Transportation	266,781				266,781	236,933
Food Services	9,265		388,010		397,275	387,494
Capital Outlays	235,257			40,997	276,254	288,138
Debt Service						
Principal		215,000			215,000	205,000
Interest & Fees		65,287			65,287	74,713
Indirect Expenses				15,098	15,098	
Total Expenditures	<u>6,178,938</u>	<u>280,287</u>	<u>388,010</u>	<u>1,444,316</u>	<u>8,291,551</u>	<u>7,892,338</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	407,896	19,300	13,325	5,439	445,960	(67,437)
Other Financing Sources (Uses)				(5,559)		
Transfers In (Out)	5,559					
Net Change in Fund Balances	413,455	19,300	13,325	(120)	445,960	(67,437)
Fund Balance, Beginning of Year	673,882	119,735	40,872	73,391	907,880	975,317
Fund Balance, End of Year	<u>1,087,337</u>	<u>139,035</u>	<u>54,197</u>	<u>73,271</u>	<u>1,353,840</u>	<u>907,880</u>

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

Lapwai School District No. 341
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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)	445,960
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<p>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.</p>	(159,354)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	(2,165)	
Net Pension Contribution Revenue (Expense)	336,440	334,275

<p>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.</p>	215,000
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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	708
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Change in Net Position of Governmental Activities (page 5)	836,589
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Lapwai School District No. 341
Statement of Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trusts	Agency Funds
Assets		
Cash	2,900	31,422
Investments	13,618	18,284
Accounts Receivable		2,200
Total Assets	<u>16,518</u>	<u>51,906</u>
Liabilities		
Due to Student Groups		51,906
Total Liabilities		<u>51,906</u>
Net Position		
Held in Trust for Scholarships	<u>16,518</u>	

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

Lapwai School District No. 341
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Private Purpose Trusts
Additions	
Contributions	2,900
Investment Earnings	178
Total Additions	<u>3,078</u>
Deductions	
Scholarships and Expenses	
Total Deductions	<u> </u>
Change in Net Position	3,078
Net Position Beginning of Year	<u>13,440</u>
Net Position at End of Year	<u><u>16,518</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, 2018

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 Services 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 *Other Governmental Funds*. The District's Non-major 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 T. Higheagle - Johnson, Michael Bisbee, D. Higheagle, M. Patterson, Jeff Wilson, G. Leighton, Alec 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:

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

4. Compensated Absences

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

5. Long-Term Obligation

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

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will report 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 will not be recognized as an inflow of resources (revenue) until that time.

7. Fund Equity

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.

Government-Wide – 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 \$139,035 are reported in the Bond Redemption Fund.

Education: Restricted assets in the amount of \$73,271 are reported in the Other Governmental Funds.

Food Services: Restricted assets in the amount of \$54,197 are reported in the Child Nutrition Fund.

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

II. DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

For the year ended June 30, 2018, the carrying value of the District's deposits with financial institutions was \$2,097,466 and the financial institutions' balances were \$2,113,377. The financial institutions' balances are categorized as follows:

Amounts insured by the FDIC held by banks in the District's name	
General Operating	117,613
Student Agency Funds	31,660
Scholarship Trusts	2,900

Amounts collateralized with securities not held in the District's name, including funds held by the State of Idaho's Local Government Investment Pool.	
General Fund	1,883,612
Bond Redemption Fund	45,688
Agency & Expendable Trust Funds	31,902
	<u>2,113,375</u>

The carrying value of the District's deposits, cash on hand, and investments at June 30, 2018 that appear in the financial statements are summarized as follows:

Governmental Funds		
Deposits	102,563	
Investments	<u>1,931,803</u>	<u>2,034,366</u>
Fiduciary Funds		
Deposits - Student Activities Fund	31,198	
Investments - Student Activities Fund	18,284	
Investments - Scholarship Trusts	<u>13,618</u>	<u>63,100</u>
Total Deposits and Investments		
Total Cash on Hand, Deposits, and Investments		<u>2,097,466</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, 2018 all of the District and Fiduciary deposits of \$152,173 were covered by FDIC.

Investments

The District had investments in the Idaho Local Government Investment Pool (LGIP) of \$1,961,202 at year-end. At June 30, 2018, 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, 2018, approximately 92% of the District's investments were held for safekeeping by the State of Idaho's Local Government Investment Pool. The other 8% 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, 2018 consist of the following:

	Taxes	Accounts	Due From Other Governments	Total
General Fund	20,491	8,796	183,769	213,056
Title VI-A Indian Education			39,767	39,767
Title II-A Improving Teacher Quality			9,608	9,608
21st Century Learning Center			45,138	45,138
Gear-Up Grant			17,918	17,918
Elementary Counseling Grant			9,422	9,422
Child Nutrition			60,947	60,947
Bond Int/Redemp Fund	89,670			89,670
Total	110,161	8,796	366,569	485,526

E. Capital Assets

Capital asset activity for the year ended June 30, 2018 is as follows:

	Balance 7/1/2017	Increases	Decreases	Balance 6/30/2018
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	389,735			389,735
Buildings	15,376,057			15,376,057
Capital Improvements	697,195	193,530		890,725
Equipment	570,310			570,310
Buses	649,066	82,722		731,788
Total Capital Assets, Being Depreciated	17,682,363	276,252		17,958,615
Accumulated Depreciation for:				
Sites	(222,428)	(21,549)		(243,977)
Buildings	(4,229,385)	(306,944)		(4,536,329)
Capital Improvements	(302,455)	(39,564)		(342,019)
Equipment	(442,834)	(28,900)		(471,734)
Buses	(360,536)	(38,649)		(399,185)
Total Accumulated Depreciation	(5,557,638)	(435,606)		(5,993,244)
Total Capital Assets Being Depreciated, Net	12,124,725	(159,354)		11,965,371
Governmental Activities, Capital Assets, Net	12,287,476	(159,354)		12,128,122

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

Instruction	384,810
Non-Instruction	
Support Services	
Administration	4,714
Custodial, Maintenance and Operation	1,432
Transportation	41,722
Food Service	2,928
Total Depreciation Expense	435,606

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, 2018 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund		129,272
Nonmajor Governmental Funds		
Title I	60,169	
Part B	20,836	
Substance Abuse Prevention	13,505	
State Vocational Education	9,212	
Nezperce Tribe Grants & Other	45,133	
Bus Depreciation	28,885	
21st Century Learning Centers		28,415
Title II-A		3,420
Gear-Up Grant		10,081
Title VI-A Indian Education		6,552
	<u>177,740</u>	<u>177,740</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 *

*Lease ended June 2013 - The District still has the copier and is paying monthly Maintenance.

Current lease operating costs are as follows:

	High School MP7502SP	Elementary School MP7502SP	District Office MPC5502	Total
2018 Costs	<u>3,842</u>	<u>3,705</u>	<u>2,755</u>	<u>10,301</u>

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

	MP7502SP	MP7502SP	MP2550B	Total
2019	3,842	3,705		7,547
2020	3,842	3,705		7,547
2021	1,921	1,852		3,773
Total	<u>9,605</u>	<u>9,262</u>		<u>18,867</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 the Series 2004 bonds. At June 30, 2018 the District is obligated on the following bond:

General Obligation Bonds, Series 2012 - \$1,975,000

Future payments under bonds payable as of June 30, 2018, are as follows:

Date	Interest Rate	Interest Payments	Principal Payments	Total Principal and Interest Payments	Balance
					1,760,000
8/15/2018		34,544	225,000	259,544	1,535,000
2/15/2019	4.00%	30,244		30,244	1,535,000
8/15/2019		30,244	235,000	265,244	1,300,000
2/15/2020	3.75%	30,244		30,244	1,300,000
8/15/2020		25,744	240,000	265,744	1,060,000
2/15/2021	3.75%	25,744		25,744	1,060,000
8/15/2021		21,338	250,000	271,338	810,000
2/15/2022	3.00%	21,338		21,338	810,000
8/15/2022		16,838	260,000	276,838	550,000
2/15/2023	3.00%	16,838		16,838	550,000
8/15/2023		12,150	270,000	282,150	280,000
2/15/2024	3.00%	12,150		12,150	280,000
8/15/2024		8,250	280,000	288,250	0
Totals		<u>285,666</u>	<u>1,760,000</u>	<u>2,045,666</u>	

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 2017-2018 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, 2018.

C. Subsequent Events

Management has evaluated subsequent events through October 12, 2018, the date on which the financial statements were available to be issued.

D. Employee Pension Plans

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.

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, 2017 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 \$467,637 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was 0.001330058 percent.

For the year ended June 30, 2018, the District recognized pension expense (revenue) of (\$517,679). At June 30, 2018, 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	\$289,617	\$188,347
Changes in assumptions or other inputs	\$38,661	\$0
Net difference between projected and actual earnings on pension plan investments	\$0	\$125,258
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	\$0	\$0
Total	<u>\$328,278</u>	<u>\$313,605</u>

\$328,278 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, 2018.

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, 2017 is 4.9 and 5.5 for the measurement period June 30, 2016.

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, 2018:

2018	\$ (113,653)
2019	195,415
2020	55,753
2021	(123,820)

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, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 – 10.00%
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 for the period July 1, 2007 through June 30, 2013 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, 2017 is based on the results of an actuarial valuation date July 1, 2017.

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, 2017.

Actuarial Assumptions

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70.00%	66% -77%
Broad Domestic Equity	9.15%	19.00%	55.00%	50% - 65%
International	9.25%	20.20%	15.00%	10% - 20%
Fixed Income	3.05%	3.75%	30.00%	23% - 33%
Cash	2.25%	0.90%	0.00%	0% - 5%

Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected Arithmetic return net of fees and expenses

Actuarial Assumptions

Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%

Portfolio Arithmetic Mean Return	8.42%
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Portfolio Long-Term Expected Geometric Rate of Return	7.50%
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Assumed Investment Expenses	0.40%
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Long-Term Expected Geometric Rate of Return, Net of

Investment Expenses	7.10%
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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:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$4,859,037	\$2,090,623	(\$210,003)

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, 2018, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

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, 2018

	General Fund			Bond Redemption Fund		
	Budgeted Amounts		Variance With	Original	Actual	Variance With
Revenues	Original	Final	Final Budget Positive (Negative)	Final Budget		Final Budget Positive (Negative)
Property Taxes	38,856	38,856	45,240	244,988	249,108	4,120
Intergovernmental, Federal	2,578,053	2,578,053	3,055,824			
Intergovernmental, State	3,430,693	3,430,693	3,312,642	35,000	49,879	14,879
Investment Earnings	5,000	5,000	30,276	300	600	300
Indirect Expense Reimbursement			15,098			
Miscellaneous	42,500	42,500	127,754			
Total Revenues	6,095,102	6,095,102	6,586,834	280,288	299,587	19,299
Expenditures						
Current	3,139,443	3,139,443	3,050,461			
Instruction						88,982
Non-Instruction						
Administration	818,885	818,885	823,944			(5,059)
Support Services	990,522	990,522	986,904			3,618
Maintenance and Operations	659,711	659,711	806,326			(146,615)
Transportation	256,228	256,228	266,781			(10,553)
Food Services	9,051	9,051	9,265			(214)
Capital Outlays	488,093	525,492	235,257			290,235
Contingency	334,836	334,836				334,836
Bond Principle				215,000	215,000	
Bond Interest				64,788	64,787	
Bond Interest Fees				500	500	
Total Expenditures	6,696,769	6,734,168	6,178,938	280,288	280,287	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(601,667)	(639,066)	407,896		19,300	19,300
Other Financing Sources (Uses)						
Operating Transfers In (Out)	1,667	12,026	5,559			
Total Other Financing Sources and Uses	1,667	12,026	5,559			
Net Change in Fund Balances	(600,000)	(627,040)	413,455		19,300	19,300
Fund Balance, Beginning of Year	600,000	600,000	673,882		119,735	119,735
Fund Balance, End of Year		(27,040)	1,087,337		139,035	139,035

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, 2018
(Continued)

	Food Services			Other Governmental Funds		
	Original and Final Budget	Actual	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Variance With Final Budget Positive (Negative)
				Original	Final	
Revenues						
Intergovernmental, Federal	328,000	395,663	67,663	1,028,688	1,458,955	(239,387)
Intergovernmental, State				151,916	65,873	87,236
Intergovernmental, Other					77,079	(1)
Miscellaneous	7,500	5,672	(1,828)		100,000	(100,000)
Total Revenues	335,500	401,335	65,835	1,180,604	1,701,907	(252,152)
Expenditures						
Current						
Instruction				828,196	1,331,741	150,514
Non-Instruction						
Administration				84,261	84,305	20,563
Support Services				327,223	327,223	172,355
Transportation						
Food Services	385,500	388,010	(2,510)			
Capital Outlays, Transportation				27,040	40,997	
Total Expenditures	385,500	388,010	(2,510)	1,266,720	1,784,266	343,432
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	13,325	63,325	(86,116)	(82,359)	91,280
Other Financing Sources (Uses)						
Operating Transfers In (Out)						(5,559)
Total Other Financing Sources and Uses						(5,559)
Net Change in Fund Balances	(50,000)	13,325	63,325	(86,116)	(82,359)	85,721
Fund Balance, Beginning of Year	50,000	40,872	(9,128)	86,116	82,359	(34,061)
Fund Balance, End of Year		54,197	54,197		46,101	46,101

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, 2018

I. Budgets and Budgetary Accounting

A. Budgetary Data

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

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

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

B. Excess Expenditures Over Appropriations

The Food Services Fund had excess expenditures over appropriations of \$2,510 at June 30, 2018.

Lapwai Scholl District No. 341
Required Supplementary Information
June 30, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.1330058%	0.1454616%	0.1388673%	0.1437183%
Employer's proportionate share of the net pension liability	2,090,623	2,948,730	1,828,656	1,057,992
Employer's covered-employee payroll	4,300,674	4,204,240	4,254,307	3,889,629
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.61%	70.14%	42.98%	27.20%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	87.26%	91.38%	94.95%

Data reported is measured as of June 30, 2017

*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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	486,836	474,920	481,558	440,306
Contributions in relation to the statutorily required contribution	486,836	474,920	481,558	440,306
Contribution (deficiency) excess				
Employer's covered-employee payroll	4,300,674	4,204,240	4,254,307	3,889,629
Contributions as a percentage of covered-employee payroll	11.32%	11.32%	11.32%	11.32%

Data is reported as of June 30, 2018.

*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
Combining Balance Sheet
Other Governmental Funds
For the Year Ended June 30, 2018

	Grants - Nez Perce Tribe and Others	Nez Perce Tribe Literature Grant	Nez Perce Tribe Job Skills	State Vocational Education	Substance Abuse Prevention	Title 1-A	Part B
Assets							
Cash		711	22				
Receivables							
Intergovernmental Receivable				9,212	13,505	60,169	20,836
Due From Other Funds	45,133			9,212	13,505	60,169	20,836
Total Assets	45,133	711	22	9,212	13,505	60,169	20,836
Liabilities							
Accounts Payable	7,095			9,212	1,359	7	20,836
Salaries and Benefits Payable					12,146	60,162	
Due To Other Funds							
Total Liabilities	7,095			9,212	13,505	60,169	20,836
Fund Balances							
Restricted							
Education	38,038	711	22				
Total Fund Balances	38,038	711	22				
Total Liabilities and Fund Balances	45,133	711	22	9,212	13,505	60,169	20,836

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, 2018
(Continued)

	Part B Preschool	Title IV-A ESSA Student Support	Title VI-B Rural Education	Title VI-A Indian Education	Indian Education Victory Dance Project	Johnson O'Malley
Assets						
Cash	517					34,500
Receivables						
Intergovernmental Receivable				39,767		
Due From Other Funds						
Total Assets	517			39,767		34,500
Liabilities						
Accounts Payable				4,154		
Salaries and Benefits Payable	517			29,061		
Due To Other Funds				6,552		
Total Liabilities	517			39,767		
Fund Balances						
Restricted						34,500
Education						34,500
Total Fund Balances						
Total Liabilities and Fund Balances	517			39,767		34,500

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, 2018
(Continued)

	Title II-A	21st Century Learning Centers	Gear-Up	Elementary Counseling Grant	Bus Depreciation	Total
Assets						
Cash				991	12,112	48,853
Receivables						
Intergovernmental Receivable	9,608	45,138	17,918	9,422		121,853
Due From Other Funds					28,885	177,740
Total Assets	<u>9,608</u>	<u>45,138</u>	<u>17,918</u>	<u>10,413</u>	<u>40,997</u>	<u>348,446</u>
Liabilities						
Accounts Payable	74	2,200		1,724	40,997	66,822
Salaries and Benefits Payable	6,114	14,523	7,837	8,689		159,885
Due To Other Funds	3,420	28,415	10,081			48,468
Total Liabilities	<u>9,608</u>	<u>45,138</u>	<u>17,918</u>	<u>10,413</u>	<u>40,997</u>	<u>275,175</u>
Fund Balances						
Restricted						73,271
Education						73,271
Total Fund Balances						
Total Liabilities and Fund Balances	<u>9,608</u>	<u>45,138</u>	<u>17,918</u>	<u>10,413</u>	<u>40,997</u>	<u>348,446</u>

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

Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2018

	Grants - Nez Perce Tribe and Others	Nez Perce Tribe Literature Grant	Nez Perce Tribe Job Skills	State Vocational Education	Substance Abuse Prevention	Title 1-A	Part B
Revenues							
Intergovernmental, Federal					90,136	385,134	121,568
Intergovernmental, State	72,078		5,000	21,876			
Intergovernmental, Other	72,078		5,000	21,876	90,136	385,134	121,568
Total Revenues							
Expenditures							
Current							
Instruction	79,488	328	5,702	21,876	90,148	374,880	121,568
Non-Instruction							
Administration	14,667					10,254	
Support Services							
Transportation - Capital Outlay							
Indirect Costs					6,777		
Total Expenditures	94,155	328	5,702	21,876	96,925	385,134	121,568
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,077)	(328)	(702)		(6,789)		
Other Financing Sources (Uses)							
Transfers In							
Transfers (Out)							
Total Other Financing Sources (Uses)							
Net Change in Fund Balances	(22,077)	(328)	(702)		(6,789)		
Fund Balance, Beginning of Year	60,115	1,039	724		6,789		
Fund Balance, End of Year	38,038	711	22				

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, 2018
(Continued)

	Part B Preschool	Title IV-A ESSA Student Support	Title VI-B Rural Education	Title VI-A Indian Education	Indian Education Victory Dance Project	Johnson O'Malley
Revenues						
Intergovernmental, Federal	3,039	10,000	28,832	81,005	227,989	33,135
Intergovernmental, State						
Intergovernmental, Other						
Total Revenues	<u>3,039</u>	<u>10,000</u>	<u>28,832</u>	<u>81,005</u>	<u>227,989</u>	<u>33,135</u>
Expenditures						
Current						
Instruction	3,039	10,000	28,832	26,570	219,668	
Non-Instruction						
Administration				38,821		
Support Services				15,614		
Transportation - Capital Outlay						
Indirect Costs					8,321	
Total Expenditures	<u>3,039</u>	<u>10,000</u>	<u>28,832</u>	<u>81,005</u>	<u>227,989</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures						<u>33,135</u>
Other Financing Sources (Uses)						
Transfers In						
Transfers (Out)						
Total Other Financing Sources (Uses)						
Net Change to Fund Balance						<u>33,135</u>
Fund Balance, Beginning of Year						<u>1,365</u>
Fund Balance, End of Year						<u><u>34,500</u></u>

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

(Continued)

Lapwai School District No. 341
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2018
(Continued)

	Title II-A	21st Century Learning Centers	Gear-Up	Elementary Counseling Grant	Bus Depreciation	Total
Revenues						
Intergovernmental, Federal	26,636	143,433	46,179	112,618		1,309,704
Intergovernmental, State			100		40,997	62,973
Intergovernmental, Other						77,078
Total Revenues	<u>26,636</u>	<u>143,433</u>	<u>46,279</u>	<u>112,618</u>	<u>40,997</u>	<u>1,449,755</u>
Expenditures						
Current						
Instruction		143,433	40,597			1,166,129
Non-Instruction						
Administration						63,742
Support Services	26,636		3,482	112,618	40,997	158,350
Transportation - Capital Outlay						40,997
Indirect Expenses						15,098
Total Expenditures	<u>26,636</u>	<u>143,433</u>	<u>44,079</u>	<u>112,618</u>	<u>40,997</u>	<u>1,444,316</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			2,200			5,439
Other Financing Sources (Uses)						
Transfers In						
Transfers (Out)			(5,559)			(5,559)
Total Other Financing Sources (Uses)			<u>(5,559)</u>			<u>(5,559)</u>
Net Change in Fund Balances			<u>(3,359)</u>			<u>(120)</u>
Fund Balance, Beginning of Year			<u>3,359</u>			<u>73,391</u>
Fund Balance, End of Year						<u><u>73,271</u></u>

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

Lapwai School District No. 341
Combining Balance Sheet - All Trust and Agency Funds
For the Year Ended June 30, 2018

	<u>Private Purpose Trusts Scholarship Trust</u>	<u>Student Activity Funds</u>
Assets		
Cash	2,900	31,422
Investments	13,618	18,284
Pepsi Rebate Cash Held for Student Groups		2,200
Total Assets	<u>16,518</u>	<u>51,906</u>
Liabilities		
Due to Student Groups		51,906
Total Liabilities		<u>51,906</u>
Net Position		
Net Position Held in Trust for Scholarships	<u>16,518</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, 2018

	<u>Beginning Balance July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance June 30, 2018</u>
<u>Lapwai Elementary School</u>				
<u>Assets</u>				
Cash				
General Fund	8,460	1,293	1,480	8,273
Library/Book Fair	175	1,708	1,762	121
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	10,539	3,001	3,242	10,298
	<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, 2018
(Continued)

	Beginning Balance July 1, 2017	Receipts	Disbursements	Ending Balance June 30, 2018
<u>Lapwai Middle School and High School</u>				
<u>Assets</u>				
Cash				
Student Body Funds				
Sales Tax Payable		4,607	4,607	
High School Student Body	987	1,031	924	1,094
Middle School Student Body	1,184	315	453	1,046
At Risk Fund	706	454	370	790
June Boyer Memorial Fund				
Concessions	1,454	12,729	13,683	500
Athletic Funds				
General Athletic Fund	21	22,364	19,172	3,213
Football	91	7,257	7,348	
Football Fundraisers	605	7,061	7,666	
Volleyball		3,512	3,512	
Volleyball Fundraisers		2,247	2,247	
Girls Basketball		10,512	10,512	
Girls Basketball Fundraisers		4,652	3,865	787
Boys Basketball		7,960	7,960	
Boys Basketball Fundraisers	478	15,331	15,679	130
Track	4,870	23,062	21,070	6,862
Cheer		10,351	10,351	
Softball		1,000	989	11
Softball Fundraisers		129	21	108
Baseball		2,155	2,144	11
Baseball Fundraisers	498	1,657	2,023	132
Class Funds				
Student Council	1,207	3,018	3,198	1,027
Senior Class		2,350	2,350	
Junior Class				
Clubs				
Year Book		4,204	3,960	244
Drama	3,910	882		4,792
Library	742	18		760
Indian Club	1,193	4,356	1,411	4,138
Booster Club	591	3,659	2,470	1,780
Honor Society	296	100	100	296
MS Yearbook		369		369
Class of 2017 Parent Fundraisers		6		6
Class of 2016 Parent Fundraisers		2,585	2,585	
French Club	2,876		103	2,773
Pep Club	390			390
FFA Club	1,639	2,135	192	3,582
Fair Pigs				

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, 2018
(Continued)

	Beginning Balance July 1, 2017	Receipts	Disbursements	Ending Balance June 30, 2018
<u>Lapwai Middle School and High School</u>				
<u>Assets</u>				
Cash				
Clubs (Continued)				
AISES Conference	732	5,769	5,021	1,480
Band/Music	24	100		124
Nez Perce Language	166			166
BPA		23,556	23,363	193
SEL Scholarship	1,089	501		1,590
Cap and Gowns	7	948	955	
MAPP	57			57
Incentive	151	164		315
Drug Free School	46			46
SOS - Sources of Strength Club	596			596
Total Cash	<u>26,606</u>	<u>193,106</u>	<u>180,304</u>	<u>39,408</u>
Other				
Pepsi School Vendor Rebate	1,570	630		2,200
Total Other	<u>1,570</u>	<u>630</u>		<u>2,200</u>
Total Middle School and High School	<u>28,176</u>	<u>193,736</u>	<u>180,304</u>	<u>41,608</u>
Total Agency Funds	<u><u>38,715</u></u>	<u><u>196,737</u></u>	<u><u>183,546</u></u>	<u><u>51,906</u></u>

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

John Goffinet
Steve R. Clack

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lapwai School District No. 341, Lapwai, Idaho, as of and for the year ended June 30, 2018, 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 12, 2018.

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 12, 2018

Goffinet & Clack

Goffinet and Clack, Chartered
Certified Public Accountants

John Goffinet
Steve R. Clack

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

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control
Over Compliance Required by 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, 2018. 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, 2018.

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 12, 2018

Goffinet & Clack

Goffinet and Clack, Chartered
Certified Public Accountants

Lapwai School District No. 341
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

<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>74</u>
Subtotal Direct Programs		
Pass-Through Superintendent of Public Instruction:		
Department of Agriculture Food and Nutrituion Service		
School Breakfast Program for Children	10.553	80,026
National School Lunch Program	10.555	235,419
Child & Adult Care Food Program	10.558	19,580
Summer Food Service Program for Children	10.559	40,027
State Administrative Expenses for Child Nutrition	10.560	228
Fresh Fruit and Vegetable Program	10.582	<u>12,730</u>
Subtotal Pass-Through Superintendent of Public Instruction		<u>388,010</u>
Total U.S. Department of Agriculture		<u>388,084</u>
Department of Education:		
Direct Programs:		
Title VIII Impact Aid	84.041	* 2,841,659
Title VI-A Indian Education	84.060	* 81,005
Title VII Indian Education, Native Youth Challenge Program	84-299A	* 227,989
Elementary & Secondary School Counseling Program	84.215E	112,618
Title VI-B Rural Education	84.358	<u>28,832</u>
Total Direct Programs		<u>3,292,103</u>
Pass-Through Superintendent of Public Instruction:		
Title I Grants to Local Educational Agencies	84.010	155,704
School Improvement Grant	84.377	229,430
Title VI-B, IDEA-Part B	84.027	121,568
Title VI-B, IDEA-Part B Preschool	84.173	3,039
Twenty-First Century Community Cearning Centers	84.287	143,433
Title IV-A Gaining Early Awareness and Readiness in		
Undergraduate Programs (Gear Up)	84.334	49,638
Title IV-A Student Support and Academic Enrichment Program	84.424A	10,000
Title II-A Improving Teacher Quality	84.367	<u>26,636</u>
Subtotal Pass-Through Programs		<u>739,448</u>
Total Department of Education		<u>4,031,551</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, 2018
(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:		
Projects of Regional and National Significance	93.243	96,296
Total Department of Health and Human Services		96,296
Total Expenditures of Federal Awards		4,515,931

* 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 \$25,410 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 elect to use the 10% de minimis indirect cost rate. The indirect cost rates utilized were from the agreed grant award or as determined and agreed upon by the cognizant agency.

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

**Lapwai School District No. 341
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018**

There were no prior year audit findings for the year ended June 30, 2018 relative to major federal award programs.

**Lapwai School District No. 341
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

There were no findings or questioned costs for the year ended June 30, 2018.

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, 2018**

Section I - Summary of Audit Results

Financial Statements:

Type of auditor's report issued Qualified

Internal control over financial reporting:

Material weakness identified No

Significant deficiencies not considered to be
material weaknesses? No

Noncompliance material to financial
Statements noted? No

Federal Awards:

Internal control over major programs:

Material weakness identified? No

Significant Deficiency No

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

Any audit findings disclosed that are required
to be reported in accordance with the Uniform
Guidance Section 200 No

Identification of Major Programs:

<u>Program</u>	<u>CFDA Number</u>
Department of Education	
Direct Program:	
Impact Aid	84.041
Indian Education_Grants to Local Educational Agencies	84.060
Demonstration Grants for Indian Children	84.299A

The threshold for distinguishing Types A and B programs \$750,000.

Auditee qualified as a low risk auditee? Yes

Section II – Financial Statement Findings None

Section III – Federal Award Findings and Questioned Costs None

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