

LAKELAND JOINT SCHOOL DISTRICT No. 272

Rathdrum, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2013**



Hayden Ross, PLLC
Certified Public Accountants

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2013**



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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lakeland Joint School District No. 272
Rathdrum, Idaho 83858

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeland Joint School District No. 272, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 misstatement, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lakeland Joint School District No. 272, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof 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 that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 16 through 18, 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 the Lakeland Joint School District No. 272's basic financial statements. The introductory section and combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and the schedule of findings and questioned costs are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subject 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 basic financial statements as a whole.

The introductory section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2013, on our consideration of the Lakeland Joint School District No. 272'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 Lakeland Joint School District No. 272's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
October 14, 2013

Lakeland Joint School District No. 272
Management Discussion and Analysis
For the Year Ended June 30, 2013

As management of the Lakeland Joint School District No. 272 (District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2013.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; and GASB Statement No. 37, *Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001.

Financial Highlights

- The 2012-13 fiscal year saw a continuing decrease in student enrollment. This came after an unexpected decrease the year before. A portion of the decline was due to the opening of a charter school within the District. 127 students left the Lakeland Joint School District to attend the new school instead. The balance of the decline was apparently due to continued unsettled economic conditions. It is expected this trend will continue in the foreseeable future.
- The Lakeland School District has embraced a policy of having schools with relatively small student enrollments. This has been a decision reconfirmed during various strategic planning efforts. Smaller schools allow the building leadership and staff to better know each student. It allows for more student involvement in school activities and competitions. This policy, however, comes at a cost. It is less financially efficient to operate smaller schools. As student enrollment declined, and the recession resulted in declining state funding, the extra cost has become more apparent. This is an issue that will be confronted as the District moves forward.
- A plant facility levy of \$800,000 per year for five years approved by voters in August 2012. This allowed the District to move forward with building repairs, equipment purchases, new buses, and technology upgrades.
- The state budget for FY13 included funding increases for public schools in both salary support and "discretionary funding. This small increase, combined with the increased levy support has allowed the District to fully fund textbooks, library materials, and support staffing. These were all areas where reductions had been made.

- During the 2012-13 school year KTEC, a professional- technical campus located within the Lakeland Joint School District opened for its first year of operation. This project involves Lakeland, Post Falls School District, Coeur d'Alene School District, North Idaho College, and local businesses. The new school opened in the fall of 2012 on a twenty acre building site donated by local businesses and land owners. An operational shortfall resulted in local districts paying more than expected. These issues have been addressed and heading into FY14 KTEC has a realistic budget and new administration.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

- 1) Government-wide Financial Statements,
- 2) Fund Financial Statements, and
- 3) Notes to the Financial Statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statements present an aggregate view of the District's finances. They contain useful long-term information as well as information for the just completed fiscal year.

The statement of net position presents information on all of the assets and liabilities of the District, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

In the statements the District's activities are all classified as government activities. Governmental activities include all regular and special education, all educational support activities, administration, transportation, and food services. Most of these activities are supported by property taxes and formula aid from the State of Idaho.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than the government-wide statements.

Some funds are required by state law and bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. repaying long-term debt.) The District has two types of funds: Governmental and Fiduciary.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 11-17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The basic fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 20-36 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Combining and individual fund statements and schedules can be found on pages 37-73 of this report.

**Government-Wide Financial Analysis
Statement of Net Position
June 30, 2013**

ASSETS	<u>2012-13</u>	<u>2011-12</u>	<u>Change</u>
Current and Other Assets	6,920,249	8,394,178	(1,473,929)
Capital Assets	<u>30,311,512</u>	<u>31,266,601</u>	<u>(955,089)</u>
Total Assets	37,231,761	39,660,779	(2,429,018)
Deferred Outflows of Resources	<u>164,110</u>	<u>65,620</u>	<u>(5,965)</u>
LIABILITIES			
Long-Term Liabilities Outstanding	14,055,000	15,340,000	(1,250,000)
Other Liabilities	<u>4,507,370</u>	<u>4,837,432</u>	<u>(330,062)</u>
Total Liabilities	<u>18,562,370</u>	<u>20,177,432</u>	<u>(1,580,062)</u>
Deferred Inflows of Resources	<u>1,301,764</u>	<u>361,308</u>	<u>(32,846)</u>
NET POSITION			
Net Investment in Capital Assets	13,593,398	14,146,257	280,988
Restricted	2,698,020	3,736,055	(1,038,035)
Unrestricted	<u>1,240,319</u>	<u>1,305,347</u>	<u>(65,028)</u>
Total Net Position	<u>\$17,531,737</u>	<u>\$19,187,659</u>	<u>\$ (822,075)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$17,531,737.

The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Changes in Net Position
For Fiscal Year Ending June 30, 2013**

REVENUES	<u>2012-13</u>	<u>2011-12</u>	<u>Change</u>
Program Revenues:			
Charges for Services	404,486	444,960	(40,474)
Operating Grants and Contributions	4,235,616	4,312,501	(76,885)
Capital Grants and Contributions	54,230	58,086	(3,856)
General Revenues			
Property Taxes	7,062,422	7,976,571	(914,149)
Federal and State Revenues	18,317,786	18,222,100	95,686
Local Revenues	<u>208,243</u>	<u>128,066</u>	<u>80,177</u>
Total Revenues	<u>30,282,783</u>	<u>31,142,284</u>	<u>(859,501)</u>
EXPENSES			
Program Expenses:			
Instruction	17,036,406	16,445,081	591,325
Support Services:			
Pupil Support	1,833,582	1,461,245	372,337
Staff Support	500,806	430,599	70,207
General Administration	403,050	248,670	154,380
School Administration	2,253,677	2,167,646	86,031
Business Services	704,039	682,367	21,672
Maintenance/Custodial	2,418,108	2,354,729	63,379
Transportation	1,702,644	1,591,999	110,645
Other	7,423	2,970	4,453
Food Services	1,375,824	1,430,480	(54,656)
Capital Outlay	969,158	1,571,184	(602,026)
Debt Service	1,385,083	978,041	(426,805)
Depreciation, unallocated	<u>1,348,905</u>	<u>1,332,547</u>	<u>16,358</u>
Total Expenses	<u>31,938,705</u>	<u>30,697,558</u>	<u>407,300</u>
Change in Net Position	(1,655,922)	444,726	(1,266,801)
Net Position – Beginning	<u>19,187,659</u>	<u>18,742,933</u>	<u>444,726</u>
Net Position – Ending	<u>\$17,531,737</u>	<u>\$19,187,659</u>	<u>\$ 822,075</u>

DISTRICT FUNDS

General fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved and undesignated fund balance was \$1,166,040. The unreserved and undesignated fund balance decreased by \$72,758.

Expenditures for general District purposes totaled \$24,474,754 a net increase of 4.9% during the current fiscal year. This increase was within all categories due to the District cutting back on expenses District wide.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

**Capital Assets
Governmental Activities
Net of Accumulated Depreciation
As of June 30, 2013**

	<u>2012-13</u>	<u>2011-12</u>	<u>Change</u>
Sites	1,353,484	1,353,484	-
Buildings	27,797,114	28,891,098	(1,093,984)
Equipment	370,786	322,838	47,948
Transportation	<u>790,128</u>	<u>699,181</u>	<u>90,947</u>
Total Net Assets	<u>\$30,311,512</u>	<u>\$31,266,601</u>	<u>\$(955,089)</u>

The capital projects fund has a total fund balance of \$19,677 all of which is restricted for acquisition of capital assets and the purchase of furniture, equipment, and related expenditures. The fund balance decreased by \$321,866 during the current year due to the purchase of three new buses and equipment.

Long-term Debt. The debt service fund has a total fund balance of \$2,236,742, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance decreased by \$505,712.

At year end the District had \$15,305,000 in general obligation bonds outstanding. The debt of the District is secured by an annual tax levy authorized in past years by the patrons.

Requests for Information

This financial report is designed to provide a general overview of the Lakeland Joint School District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Tom Taggart, Director of Business and Support Services, Lakeland Joint School District, PO Box 39, Rathdrum, ID 83858.

FINANCIAL STATEMENTS



LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

STATEMENT OF NET POSITION

June 30, 2013

ASSETS**Current Assets**

Cash	1,360,410
Investments	1,219,175
Taxes receivable	518,672
Other receivables:	
Due from other governmental units	3,758,110
Other	2,357
Inventory	<u>61,525</u>

Total current assets 6,920,249

Noncurrent Assets

Non-depreciated capital assets	1,353,484
Depreciated capital assets	49,523,270
Less: accumulated depreciation	<u>(20,565,242)</u>

Total noncurrent assets 30,311,512

Total Assets37,231,761**DEFERRED OUTFLOWS OF RESOURCES**

Debt issuance cost, net of accumulated amortization 164,110

LIABILITIES**Current Liabilities**

Accounts payable and other current liabilities	3,102,118
Other post employment benefit payable	155,252
Current portion of long-term debt	<u>1,250,000</u>

Total current liabilities 4,507,370

Noncurrent Liabilities

Noncurrent portion of long-term debt 14,055,000

Total noncurrent liabilities 14,055,000

Total Liabilities18,562,370**DEFERRED INFLOWS OF RESOURCES**

Bond issuance premium 1,301,764

Net Position

Net investment in capital assets	13,593,398
Restricted for:	
Debt service	2,335,649
Capital projects	76,466
Grant programs	285,905
Unrestricted	<u>1,240,319</u>

Total net position \$ 17,531,737

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Preschool - 12 Instruction	17,036,406	-	1,837,142	-	(15,199,264)
Support Services					
Pupil support	1,833,582	-	339,292	-	(1,494,290)
Staff support	500,806	-	-	-	(500,806)
General Administration	403,050	-	-	-	(403,050)
School Administration	2,253,677	-	-	-	(2,253,677)
Business Services	704,039	-	-	-	(704,039)
Mainenance/Custodial	2,418,108	-	-	-	(2,418,108)
Transportation	1,702,644	-	1,063,246	-	(639,398)
Other	7,423	-	-	-	(7,423)
Food services	1,375,824	404,486	995,936	-	24,598
Capital Outlay	969,158	-	-	-	(969,158)
Debt Services	1,385,083	-	-	54,230	(1,330,853)
Depreciation, unallocated	1,348,905	-	-	-	(1,348,905)
Total School District	\$ 31,938,705	\$ 404,486	\$ 4,235,616	\$ 54,230	(27,244,373)

General Revenues

Taxes	
Property taxes levied for general purposes	5,019,408
Property taxes levied for liability insurance	114,078
Property taxes levied for debt service	1,098,328
Property taxes levied for capital projects	830,608
Federal and State aid not restricted to specific purposes	18,317,786
Other	163,184
Interest and investment earnings	45,059
Total General Revenues	25,588,451
Change in Net Position	(1,655,922)
Net position - beginning	19,187,659
Net position - ending	\$ 17,531,737

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	-	1,805,758	-	238,353	2,044,111
Investments	1,218,871	82	168	54	1,219,175
Taxes receivable	305,503	123,634	89,535	-	518,672
Other receivables:					
Due from other governmental units	2,621,287	406,175	294,573	436,075	3,758,110
Other	1,993	-	-	364	2,357
Inventory	-	-	-	61,525	61,525
Total assets	<u>\$ 4,147,654</u>	<u>\$ 2,335,649</u>	<u>\$ 384,276</u>	<u>\$ 736,371</u>	<u>\$ 7,603,950</u>
LIABILITIES					
Bank overdraft	192,829	-	286,806	204,066	683,701
Accounts payable	41,870	-	6,165	6,907	54,942
Accrued payroll and benefits	2,499,466	-	-	222,567	2,722,033
Deferred revenue	247,449	98,907	71,628	6,104	424,088
Total liabilities	<u>2,981,614</u>	<u>98,907</u>	<u>364,599</u>	<u>439,644</u>	<u>3,884,764</u>
EQUITY AND OTHER CREDITS					
Fund balance:					
Nonspendable	-	-	-	61,525	61,525
Restricted	-	2,236,742	19,677	235,202	2,491,621
Unassigned	1,166,040	-	-	-	1,166,040
Total equity and other credits	<u>1,166,040</u>	<u>2,236,742</u>	<u>19,677</u>	<u>296,727</u>	<u>3,719,186</u>
Total liabilities, equity and other credits	<u>\$ 4,147,654</u>	<u>\$ 2,335,649</u>	<u>\$ 384,276</u>	<u>\$ 736,371</u>	<u>\$ 7,603,950</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

For the Year Ended June 30, 2013

Total Fund Balances - Governmental Funds 3,719,186

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in government funds.

Cost of capital assets 50,876,754
Accumulated depreciation (20,565,242)

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 424,088

In the statement of activities, operating expenses are incurred when an exchange transaction takes place. However, in the government funds the expense did not meet the same criteria. (49,683)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditure is reported when paid. (275,460)

Bond issuance costs are capitalized and then amortized in the government-wide financial statements, whereas in the government fund financial statements, the bond issuance costs are expensed when paid. 164,110

Bond premium revenue is deferred and then amortized in the government-wide financial statements, whereas in the government fund financial statements, the bond premium was recognized as revenue. (1,301,764)

Other post employment benefits are accrued and expensed in the statements of net assets and activities. However, in the government funds, the accrual and expense did not meet the same criteria. (155,252)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

General obligation bonds (15,305,000)

Total Net Position - Governmental Funds \$ 17,531,737

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local	5,306,148	1,227,371	863,153	423,996	7,820,668
State	19,212,098	54,230	-	317,874	19,584,202
Federal	168,934	-	-	2,854,496	3,023,430
Total revenues	<u>24,687,180</u>	<u>1,281,601</u>	<u>863,153</u>	<u>3,596,366</u>	<u>30,428,300</u>
EXPENDITURES					
Current:					
Instruction	15,016,054	-	-	2,043,810	17,059,864
Support	9,458,700	-	-	339,292	9,797,992
Non-instruction	-	-	-	1,380,117	1,380,117
Purchased services	-	-	7,423	-	7,423
Capital objects	-	-	1,332,006	-	1,332,006
Debt service	-	10,312,313	-	-	10,312,313
Total expenditures	<u>24,474,754</u>	<u>10,312,313</u>	<u>1,339,429</u>	<u>3,763,219</u>	<u>39,889,715</u>
Excess (deficiency) of revenue over/under expenditures	<u>212,426</u>	<u>(9,030,712)</u>	<u>(476,276)</u>	<u>(166,853)</u>	<u>(9,461,415)</u>
Other financing sources (uses):					
Proceeds from sale of bonds	-	8,490,000	-	-	8,490,000
Premium on issuance of debt	-	973,302	-	-	973,302
Cost of issuance	-	(104,455)	-	-	(104,455)
Payment to refunded bond escrow agent	-	(833,847)	-	-	(833,847)
Transfer in	35,000	-	154,410	165,774	355,184
Transfer out	(320,184)	-	-	(35,000)	(355,184)
Total other financing sources (uses)	<u>(285,184)</u>	<u>8,525,000</u>	<u>154,410</u>	<u>130,774</u>	<u>8,525,000</u>
Net change in fund balance	(72,758)	(505,712)	(321,866)	(36,079)	(936,415)
Fund balance-Beginning of year	<u>1,238,798</u>	<u>2,742,454</u>	<u>341,543</u>	<u>332,806</u>	<u>4,655,601</u>
Fund balance-End of year	<u>\$ 1,166,040</u>	<u>\$ 2,236,742</u>	<u>\$ 19,677</u>	<u>\$ 296,727</u>	<u>\$ 3,719,186</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds (936,415)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlays	393,816	
Depreciation expense	<u>(1,348,905)</u>	(955,089)

In the statement of activities, the bond issuance costs are amortized, whereas in the governmental fund the cost is recorded when it occurred. Therefore, the amortization of bond issuance costs are reflected in the statement of activities. (5,965)

Some property taxes will not be collected for several months after the District's fiscal year ends and they are not considered as "available" revenues in the governmental funds. Instead they are counted as deferred tax revenues. They are however, recorded as revenues in the statement of activities. (145,517)

In the statement of activities, bond premiums are amortized, whereas in the governmental funds the premium is considered revenue. Therefore, the amortization of the bond premium is reflected in the statement of activities. 32,846

In the statement of activities, operating expenses are incurred when an exchange transaction takes place. However, in the the government funds the expense did not meet the same criteria. (21,131)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditure is reported when due. 19,196

In the statement of activities, bond issuance costs are amortized, whereas in the governmental funds, the cost is recorded when it occurred. Therefore, the amortization of the bond issuance costs is reflected in the statement of activities. (868,847)

Bond proceeds from general bonded indebtedness is revenue in the governmental funds, but they increase long-term liabilities in the statement of net position and do not affect the statement of activities. (8,490,000)

Repayment of the principal on general bonded indebtedness is an expenditure in the governmental funds, but they reduce long-term liabilities in the statement of net assets and do not affect the statement of activities. 9,715,000

Total change in net position of governmental activities \$ (1,655,922)

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	5,065,000	5,065,000	5,130,361	65,361	65,361
Earnings on investments	50,000	50,000	39,021	(10,979)	(10,979)
Other	95,500	95,500	136,766	41,266	41,266
Total local	<u>5,210,500</u>	<u>5,210,500</u>	<u>5,306,148</u>	<u>95,648</u>	<u>95,648</u>
State:					
Base program	14,941,774	14,941,774	15,006,591	64,817	64,817
Transportation	1,075,000	1,075,000	1,063,246	(11,754)	(11,754)
Tuition equivalency	50,000	50,000	42,222	(7,778)	(7,778)
Payroll benefits	1,953,725	1,953,725	1,967,891	14,166	14,166
Revenue in lieu of taxes	5,000	5,000	83,702	78,702	78,702
Other state support	156,300	156,300	1,048,446	892,146	892,146
Total state	<u>18,181,799</u>	<u>18,181,799</u>	<u>19,212,098</u>	<u>1,030,299</u>	<u>1,030,299</u>
Federal:					
Restricted	<u>320,000</u>	<u>320,000</u>	<u>168,934</u>	<u>(151,066)</u>	<u>(151,066)</u>
Total revenues	<u>23,712,299</u>	<u>23,712,299</u>	<u>24,687,180</u>	<u>974,881</u>	<u>974,881</u>
EXPENDITURES					
Current:					
Instruction:					
Salaries	10,691,160	10,691,160	11,417,059	(725,899)	(725,899)
Benefits	2,972,545	2,972,545	3,133,540	(160,995)	(160,995)
Purchased services	52,750	52,750	66,769	(14,019)	(14,019)
Supply-materials	529,144	529,144	398,686	130,458	130,458
Total instruction	<u>14,245,599</u>	<u>14,245,599</u>	<u>15,016,054</u>	<u>(770,455)</u>	<u>(770,455)</u>
Support:					
Salaries	5,493,387	5,493,387	5,705,819	(212,432)	(212,432)
Benefits	1,576,103	1,576,103	1,601,300	(25,197)	(25,197)
Purchased services	1,119,055	1,119,055	1,183,528	(64,473)	(64,473)
Supply-materials	820,155	820,155	843,174	(23,019)	(23,019)
Insurance	116,500	116,500	124,879	(8,379)	(8,379)
Total support	<u>9,125,200</u>	<u>9,125,200</u>	<u>9,458,700</u>	<u>(333,500)</u>	<u>(333,500)</u>
Contingency	<u>141,500</u>	<u>141,500</u>	<u>-</u>	<u>141,500</u>	<u>141,500</u>
Total expenditures	<u>23,512,299</u>	<u>23,512,299</u>	<u>24,474,754</u>	<u>(962,455)</u>	<u>(962,455)</u>
Excess (deficiency) of revenues other expenditures	<u>200,000</u>	<u>200,000</u>	<u>212,426</u>	<u>12,426</u>	<u>12,426</u>
Other financing sources (uses):					
Transfer in:					
Special revenue funds	45,000	45,000	35,000	(10,000)	(10,000)
Transfer out:					
Special revenue funds	(120,000)	(120,000)	(165,774)	(45,774)	(45,774)
Plant facility funds	(125,000)	(125,000)	(154,410)	(29,410)	(29,410)
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(285,184)</u>	<u>(85,184)</u>	<u>(85,184)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(72,758)</u>	<u>\$ (72,758)</u>	<u>\$ (72,758)</u>
Fund balance-Beginning of year			<u>1,238,798</u>		
Fund balance-End of year			<u>\$ 1,166,040</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variances	
				<u>Favorable (Unfavorable) Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Local:					
Taxes	1,429,614	1,429,614	1,222,109	(207,505)	(207,505)
Earnings on investments	1,000	1,000	5,262	4,262	4,262
Total local	<u>1,430,614</u>	<u>1,430,614</u>	<u>1,227,371</u>	<u>(203,243)</u>	<u>(203,243)</u>
State:					
Other state revenue	58,000	58,000	54,230	(3,770)	(3,770)
Total revenues	<u>1,488,614</u>	<u>1,488,614</u>	<u>1,281,601</u>	<u>(207,013)</u>	<u>(207,013)</u>
EXPENDITURES					
Debt service					
Interest	538,465	538,465	597,313	(58,848)	(58,848)
Principal	1,190,000	1,190,000	9,715,000	(8,525,000)	(8,525,000)
Total debt service	<u>1,728,465</u>	<u>1,728,465</u>	<u>10,312,313</u>	<u>(8,583,848)</u>	<u>(8,583,848)</u>
Total expenditures	<u>1,728,465</u>	<u>1,728,465</u>	<u>10,312,313</u>	<u>(8,583,848)</u>	<u>(8,583,848)</u>
Other financing sources (uses):					
Proceeds from sale of bonds	-	-	8,490,000	8,490,000	8,490,000
Premium on issuance of debt	-	-	973,302	973,302	973,302
Cost of issuance	-	-	(104,455)	(104,455)	(104,455)
Payment to refunded bond escrow agent	-	-	(833,847)	(833,847)	(833,847)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,525,000</u>	<u>8,525,000</u>	<u>8,525,000</u>
Net change in fund balance	<u>\$ (239,851)</u>	<u>\$ (239,851)</u>	(505,712)	<u>\$ (265,861)</u>	<u>\$ (265,861)</u>
Fund balance-Beginning of year			2,742,454		
Fund balance-End of year			<u>\$ 2,236,742</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**SCHOOL PLANT FACILITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variances Favorable (Unfavorable)	
				<u>Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Local:					
Taxes	825,000	825,000	861,573	36,573	36,573
Earnings on investments	-	-	580	580	580
Other	-	-	1,000	1,000	1,000
	<u>825,000</u>	<u>825,000</u>	<u>863,153</u>	<u>38,153</u>	<u>38,153</u>
EXPENDITURES					
Purchased services	5,250	5,250	7,423	(2,173)	(2,173)
Capital objects	945,250	945,250	1,332,006	(386,756)	(386,756)
	<u>950,500</u>	<u>950,500</u>	<u>1,339,429</u>	<u>(388,929)</u>	<u>(388,929)</u>
Excess (deficiency) of revenues over/under expenditures	(125,500)	(125,500)	(476,276)	(350,776)	(350,776)
Other financing sources (uses):					
Transfer in	125,000	125,000	154,410	29,410	29,410
Net change in fund balance	<u>\$ (500)</u>	<u>\$ (500)</u>	(321,866)	<u>\$ (321,366)</u>	<u>\$ (321,366)</u>
Fund balance-Beginning of year			<u>341,543</u>		
Fund balance-End of year			<u>\$ 19,677</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS AND
COMPONENT UNIT
June 30, 2013

	<u>Agency Funds</u>	<u>Component Unit Lakeland Education Foundation, Inc.</u>
ASSETS		
Current Assets		
Cash	53,316	69,029
Investments	<u>305,528</u>	<u>-</u>
Total assets	<u>\$ 358,844</u>	<u>\$ 69,029</u>
LIABILITIES		
Current Liabilities		
Due to student groups	<u>358,844</u>	<u>-</u>
Total liabilities	<u>358,844</u>	<u>-</u>
NET POSITION		
Restricted	<u>-</u>	<u>69,029</u>
Total net position	<u>\$ -</u>	<u>\$ 69,029</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
COMPONENT UNITS**
For the Year Ended June 30, 2013

Additions		
Net investment income	130	
Restricted donations	24,970	
	<u>24,970</u>	
Total additions		<u>25,100</u>
Deductions		
Administrative expenses	750	
Scholarship awards	9,131	
	<u>9,131</u>	
Total deductions		<u>9,881</u>
Change in Net Position		15,219
Net Position - Beginning		<u>53,810</u>
Net Position - Ending		<u><u>\$ 69,029</u></u>

Lakeland Joint School District No. 272
Notes to the Financial Statements
June 30, 2013

NOTE 1 Summary of Significant Account Policies

The financial statements of the Lakeland Joint School District No. 272 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to 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 of the government's accounting policies are described below:

Reporting Entity

The Lakeland Joint School District No. 272 is the basic level of government, which has financial accountability, and control over all activities related to the public school education within the District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. The unaudited financial statements of the Lakeland Education Foundation, Inc., a component unit, are presented discretely on the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Position.

Basis of Presentation, Fund Accounting - District-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall district, except for fiduciary activities. Only governmental-type activities are shown, since there are no "business-type activities" within the school district.

The statement of activities presents a comparison between direct expenses and program revenues for each different function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the District related to the administration and support of the District's programs, such as personnel and accounting – are not allocated to programs.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are

restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state foundation aid, are presented as general revenues.

- **Fund Financial Statements:** The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

- **General Fund.** This is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.
- **Debt Service Fund.** This fund is used to account for the financial resources that are legally restricted for the retirement of District general obligation bonds.
- **Capital Projects Fund.** This fund is used to account for financial resources that are legally restricted for the acquisition, construction, or major repair of school property.

The District reports the following fund types:

- **Agency funds.** These funds account for assets held by the District as an agent for various student groups and clubs.

Component Unit:

- The District reports the net assets and changes in net assets of one component unit, the Lakeland Education Foundation, Inc. The component unit financial statements are presented pursuant to GASB 39 because the economic resources received by the Foundation are held for the direct benefit of the District and its students.
- The unaudited statements of the Lakeland Education Foundation, Inc. are fiduciary in nature and are not included in the activity of the governmental wide financial statements.

Basis of Accounting – The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or

receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Property taxes, state support and grant revenues are susceptible to accrual.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by cost-reimbursement grants and general revenues. When program expenses are incurred, the related revenue of cost-reimbursement grants is recognized.

Restricted Resources - The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Budgets - Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for general, special revenue, and capital projects funds.

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least 14 days prior to the public hearing the District publishes a proposed budget for public review.
2. A public hearing is set to obtain taxpayers comments.
3. The final budget is adopted by resolution of the Board at the regular June meeting of the Board of Directors.
4. Prior to July 15, the final budget is filed with the State Department of Education.

The budget is a plan of spending under which expenditures may not exceed the budget at the fund level.

Cash and Investments - The District's cash includes amounts in demand deposits and savings accounts in local depositories. Investments are deposited in the Idaho State Treasurer's Local Government Investment Pool, Diversified Bond Fund and Wells Fargo Bank. State statute and Board investment policy authorizes the District to invest in obligations of the U.S. Treasury, the State of Idaho, or county, city or other taxing districts of the State of Idaho, commercial paper, corporate bonds and repurchase agreements. Investments are stated at fair value, which approximates market. All investments are invested in FDIC- and SLIC-insured accounts. Certain investments exceed the FDIC insured limits of \$250,000 as listed in Note 3. Interest income is defined as a non-operating revenue.

Deposits in State Treasurer's local government investment pool are stated at cost, which approximates market. The State Treasurer combines deposits from all governmental entities in the state which participate in the pool, and purchases the following types of investments:

- a. Local Certificates of Deposit
- b. Repurchase Agreements
- c. U.S. Government Securities

The entities participating in the pool own a percentage of each investment held. The percentage is calculated by dividing the individual entity's deposits by the total deposits held in the pool. The purpose of this is to:

- a. Increase the overall rate of return.
- b. Reduce the risk of default.
- c. Place each entity under the FDIC and SLIC limits of \$250,000.

A portion of the District's general fund is invested in the State of Idaho Diversified Bond Fund, an unrated external investment pool sponsored by the Idaho State Treasurer's Office. The State Treasurer must operate and invest the funds for the benefit of the participants, in accordance with Idaho Code Sections 67-1201 through 67-1222. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. A copy of the external investment pool's financial statements is available from: Office of State Controller, Bureau of Reporting and Review, PO Box 83720, Boise, Idaho 83720-0011, 208-334-3150 or at www.state.id.us/accounting.

Investments in the Diversified Bond Fund are stated at cost. Investments are valued through a quoted market price. Earnings are distributed monthly to participants based on their relative participation during the month. Investments that are fixed for longer periods are likely to experience greater variability in

their fair values due to future changes in interest rates. The District had an unrealized gain of \$37,317 at June 30, 2013, which was not reflected in the financial statements of the District.

Investments in time certificates of deposit and savings accounts are authorized by Board policy as permitted by Idaho code Section 67-1210.

Short-Term Interfund Loans Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

Inventory - The District does not follow the practice of capitalizing expendable supplies at year-end in the General Fund. All supplies are recorded as expenditures in the period in which they were purchased. However, in the Food Service Fund, the District records inventory of food commodities at cost at year-end.

General Fixed Assets - Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

The Board has set a capitalization threshold of \$5,000. All purchases and improvements to facilities, which are not considered repairs, are capitalized and depreciated using the straight-line method in the government-wide statements and proprietary funds. Lives for buildings and improvements range from 15–30 years. Lives for equipment range from 3–10 years. Vehicles and school buses have estimated lives of 10-20 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Accumulated Unpaid Vacation and Sick Pay - Under the terms of the "Lakeland Joint School District Personnel Manual" District employees are granted vacation and sick leave in varying amounts. In the event an employee leaves the District's services, unused vacation credits are compensated at the employee's current rate of pay, ranging from 0 - 15 days. Employees are not paid for unused sick leave upon termination of employment with the District.

Long Term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources

while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Compensation - The Sick Leave Bank represents a type of long-term payroll protection insurance for absences beyond the employee's accumulated sick leave. Participation is optional for all employees eligible for the Idaho Public Employees Retirement System, with all new participants contributing one sick leave day.

The Bank is administered by an in-District five-member committee as provided in the Teacher Negotiated Agreement. At June 30, 2013 there were 136 days of sick leave in the bank.

Short-Term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other fund" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

Encumbrances - The District does not utilize an encumbrance system.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Equity, GASB 54 - The *nonspendable* fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (grants), or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, *assigned* fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amount not contained in the other classifications.

Deferred Revenue - Deferred revenue in the General, Debt Service, and Capital Projects Funds represent property taxes recorded but not estimated to be collected within 60 days of the end of the accounting period.

Subsequent Events - Management has evaluated subsequent events through the date of the audit report. This is the date the financial statements were available to be issued. Management has concluded that no material subsequent events have occurred.

NOTE 2 Property Tax

The District's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the District. A revaluation of all property is required to be completed no less than every five years. The market value for the District as of January 1, 2012 upon which the 2012 levy was based was \$1,925,598,266.

The District's actual levy was .5794% per \$100 of market valuation for tort liability insurance and claims, 4.1546% for school plant facilities, and 5.6077% for the payment of principal and interest on long-term debt. The combined tax rate to finance educational services other than the payment of principal and interest on long-term debt and plant facility acquisitions for the year ended June 30, 2013 was 26.2857% per \$100, which means the District was required to pass an override levy in the amount of 25.7063% per \$100. The total tax levy for the year ended June 30, 2013 was \$6,941,388 with total tax collections being \$6,422,717.

Taxes are due in two equal installments on the December 20 and June 20 following the levy date. Current tax collections for the year ended June 30, 2013 were 92.53% of the tax levy. Property taxes levied for 2012 are recorded as receivables if uncollected and a deferred revenue amount is recorded to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Total taxes receivable				
At June 30, 2013	305,503	123,634	89,535	518,672
Less: Taxes estimated to be collected by the County Treasurer by				
August 31, 2013	<u>58,054</u>	<u>24,727</u>	<u>17,907</u>	<u>100,688</u>
Deferred Revenue	<u>\$247,449</u>	<u>\$98,907</u>	<u>\$71,628</u>	<u>\$417,984</u>

NOTE 3 Deposits and Investments

Deposits

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>CASH</u>		
Checking and Savings Accounts	<u>\$1,413,726</u>	<u>\$2,926,728</u>

Checking and savings accounts were with Panhandle State Bank of which \$250,000 is covered by Federal Deposit Insurance. The remaining \$2,676,728 balance is in excess of the FDIC insured limit and uncollateralized.

Investments

Detail of investments at June 30, 2013 are as follows:

	<u>Rate</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Agency</u>	<u>Total</u>
Investment in State							
Treasures Pool	Variable	96	54	168	82	305,528	305,928
State Treasurer							
Diversified Bond Fund	Variable	<u>1,218,775</u>	-	-	-	-	<u>1,218,775</u>
Total		<u>\$1,218,871</u>	<u>\$ 54</u>	<u>\$ 168</u>	<u>\$ 82</u>	<u>\$305,528</u>	<u>\$1,524,703</u>

The District's investments, except for amounts held in the State Treasurer's Pool, are classified as uncollateralized.

Investment Maturities

<u>External Investment Pool</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Less than 1 Year</u>	<u>1-8 Years</u>
State Investment Pool	400	400	400	-
Diversified Bond Fund	1,218,775	1,256,092	142,890	1,075,885

The State Treasurer's Local Government Investment Pool is managed by the State of Idaho treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Custodial credit risk for investments is the risk that in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have

a policy restricting the amount of deposits and investments subject to custodial credit risk.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or Standard & Poor's. The investments of the District at year-end are not required to be rated. The District does not have a policy regarding credit risk.

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rate. At year-end, the District is not subject to interest rate risk as all investments are held in the State Treasurer's Local Government Investment Pool, which has a maturity of 91 days. The District does not have a policy regarding interest rate risk.

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total investments of the entity are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District has no policy limiting the amount it may invest in any one issuer.

The State Treasurer's Local Government Investment Pool and the Diversified Bond Fund issue their own financial statements, which can be obtained by writing P.O. Box 83720, Boise, ID 83720-0091.

NOTE 4 Changes in Capital Assets

A summary of changes in capital assets and accumulated depreciation is as follows:

	July 1, 2012			June 30, 2013
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital Assets not being depreciated				
Land Improvements	<u>1,353,484</u>	-	-	<u>1,353,484</u>
Capital Assets being depreciated				
Buildings	44,836,653			44,836,653
Equipment	1,061,698	136,719		1,198,417
Transportation	<u>3,231,103</u>	<u>257,097</u>		<u>3,488,200</u>
Total depreciated assets	<u>49,129,454</u>	<u>393,816</u>	-	<u>49,523,270</u>

Less: accumulated depreciation

Buildings	(15,945,555)	(1,093,984)	-	(17,039,539)
Equipment	(738,860)	(88,771)	-	(827,631)
Transportation	(2,531,922)	(166,150)	-	(2,698,072)
Total Accumulated Depreciation	<u>(19,216,337)</u>	<u>(1,348,905)</u>	-	<u>(20,565,242)</u>
Governmental Activities assets (net)	<u>\$31,266,601</u>	<u>\$(955,089)</u>	<u>\$ -</u>	<u>\$ 30,311,512</u>

NOTE 5 Long Term Debt

The following is a summary of bond transactions of the District for the year ended June 30, 2013:

General Obligation

Bonds payable at July 1, 2012	16,530,000
Debt issued	8,490,000
Debt retired	<u>9,715,000</u>
Bonds payable at June 30, 2013	<u>\$15,305,000</u>

Bonds payable at June 30, 2013, are comprised of the following individual issues:

General Obligation Bonds:

2013 Refunding Series-

Original issue of \$8,490,000 due August 15, 2025.
Interest varies between 2.0% and 4.0% 8,490,000

2012 Refunding Series -

Original issue of \$3,955,000 due August 15, 2023.
Interest is stated at 3.0% 3,955,000

Series 2003 –

Original issue of \$6,900,000 due August 15, 2014. Interest varies between 3.7% and 4.0% 715,000

Series 2005 –

Original issue of \$9,770,000 due August 15, 2015. Interest varies between 4.0% and 5.0% 1,245,000

Series 2006 –

Original issue of \$4,245,000 due August 15, 2013. Interest varies between 3.15% and 5.25% 900,000

Total \$ 15,305,000

On June 13, 2013, \$8,490,000 of the Series 2005 bonds were refinanced at an interest rate varying from 2.00%-4.00%. Repayment of these new bonds will begin during the fiscal year ending June 30, 2014. The refinancing of the Series 2005 bonds resulted in cash flow savings of \$610,879 and an economic gain of \$544,518.

The annual requirements to amortize all debt outstanding as of June 30, 2013 including interest payments are as follows:

SERIES 2003

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
08-15-2013	4.000	350,000	13,753	363,753
02-15-2014			6,752	6,752
08-15-2014	3.700	<u>365,000</u>	<u>6,753</u>	<u>371,753</u>
Total		<u>\$715,000</u>	<u>\$27,258</u>	<u>\$742,258</u>

SERIES 2005

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
08-15-2013	5.000		31,125	31,125
02-15-2014			31,125	31,125
08-15-2014	5.000	610,000	31,125	641,125
02-15-2015			15,875	15,875
08-15-2015	5.000	<u>635,000</u>	<u>15,875</u>	<u>650,875</u>
Total		<u>\$1,245,000</u>	<u>\$125,125</u>	<u>\$1,370,125</u>

SERIES 2006

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
08-15-2013	5.250	<u>900,000</u>	<u>23,625</u>	<u>923,625</u>
Total		<u>\$900,000</u>	<u>\$ 23,625</u>	<u>\$923,625</u>

SERIES 2012 – Refunding Series

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
08-15-2013			59,325	59,325
02-15-2014			59,325	59,325
08-15-2014			59,325	59,325
02-15-2015			59,325	59,325
08-15-2015	3.00	390,000	59,325	449,325
02-15-2016			53,475	53,475
08-15-2016	3.00	400,000	53,475	453,475
02-15-2017			47,475	47,475

08-15-2017	3.00	415,000	47,475	462,475
02-15-2018			41,250	41,250
08-15-2018	3.00	425,000	41,250	466,250
02-15-2019			34,875	34,875
08-15-2019	3.00	440,000	34,875	474,875
02-15-2020			28,275	28,275
08-15-2020	3.00	455,000	28,275	483,275
02-15-2021			21,450	21,450
08-15-2021	3.00	460,000	21,450	481,450
02-15-2022			14,550	14,550
08-15-2022	3.00	480,000	14,550	494,550
02-15-2023			7,350	7,350
08-15-2023	3.00	<u>490,000</u>	<u>7,350</u>	<u>497,350</u>
		<u>\$3,955,000</u>	<u>\$794,025</u>	<u>\$4,749,025</u>

SERIES 2013 – Refunding Series

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
08-15-2013	2.00	100,000	53,174	153,174
02-15-2014			153,375	153,375
08-15-2014			153,375	153,375
02-15-2015			153,375	153,375
08-15-2015			153,375	153,375
02-15-2016			153,375	153,375
08-15-2016	4.00	680,000	153,375	833,375
02-15-2017			139,775	139,775
08-15-2017	4.00	705,000	139,775	844,775
02-15-2018			125,675	125,675
08-15-2018	4.00	760,000	125,675	885,675
02-15-2019			110,475	110,475
08-15-2019	4.00	790,000	110,475	900,475
02-15-2020			94,675	94,675
08-15-2020	4.00	825,000	94,675	919,675
02-15-2021			78,175	78,175
08-15-2021	4.00	855,000	78,175	933,175
02-15-2022			61,075	61,075
08-15-2022	4.00	890,000	61,075	951,075
02-15-2023			43,275	7,350
08-15-2023	3.00	925,000	43,275	968,275
02-15-2024			29,400	29,400
08-15-2024	3.00	975,000	29,400	1,004,400
02-15-2025			14,775	14,775
08-15-2025	3.00	<u>985,000</u>	<u>14,775</u>	<u>999,775</u>
		<u>\$8,490,000</u>	<u>\$2,368,024</u>	<u>\$10,858,024</u>

Combined Totals

<u>Year Ending</u>	<u>Bonds</u>	<u>Interest</u>	<u>Total</u>
2013-2014	1,350,000	431,579	1,781,579
2014-2015	975,000	479,153	1,454,153
2015-2016	1,025,000	435,425	1,460,425
2016-2017	1,080,000	394,100	1,474,100
2017-2018	1,120,000	354,175	1,474,175
2018-2019	1,185,000	312,275	1,497,275
2019-2020	1,230,000	268,300	1,498,300
2020-2021	1,280,000	222,575	1,502,575
2021-2022	1,315,000	175,250	1,490,250
2022-2023	1,370,000	126,250	1,496,250
2023-2024	1,415,000	80,025	1,495,025
2024-2025	975,000	44,175	1,019,175
2025-2026	<u>985,000</u>	<u>14,775</u>	<u>999,775</u>
Total	<u>\$15,305,000</u>	<u>\$3,338,057</u>	<u>\$18,643,057</u>

Changes in long-term bond obligations: During the year ended June 30, 2013, the following changes occurred in liabilities:

	<u>Balance</u> <u>July 1,</u> <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>2013</u>
Series 2003	1,055,000	-	340,000	715,000
Series 2005	9,770,000	-	8,525,000	1,245,000
2012 Refunding				
Series	3,955,000	-	-	3,955,000
Series 2006	1,750,000	-	850,000	900,000
2013 Refunding				
Series	-	8,490,000	-	8,490,000
Deferred Amounts:				
For issuance premium	<u>361,308</u>	<u>973,302</u>	<u>32,846</u>	<u>1,301,764</u>
Totals	<u>\$16,891,308</u>	<u>\$9,463,302</u>	<u>\$9,747,846</u>	<u>\$16,606,764</u>

The District's Legal Debt Margin is calculated at 5% of the fair market value of property located within the District. At June 30, 2013 the Legal Debt Margin was:

Market Value at January 1, 2012	1,925,598,266
Percentage Allowed	<u>5%</u>
Debt Limitation	96,279,913
Less: Bonded debt at June 30, 2013	<u>15,305,000</u>
Legal Debt Margin	<u>\$ 80,974,913</u>

As of June 30, 2013, \$2,236,742 was available in the debt service fund to service the general obligation bonds.

NOTE 6 Employee's Retirement System

Public Employee Retirement System of Idaho (PERSI) – The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of the School and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2013, the required contribution rate as a percentage of covered payroll for members was 6.23%. The employer rate as a percentage of covered payroll was 10.39%. Lakeland Joint School District No. 272's contributions required and paid were \$1,844,012, \$1,781,904 and \$1,891,254 for the three years ended June 30, 2013, 2012, and 2011, respectively.

NOTE 7 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 8 Excess of Actual Expenditures over Budget in Individual Funds

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2013:

<u>Fund</u>	<u>Excess</u>
General	962,455
IDEA Part B, School-Age	37,661
IDEA Part B, Preschool	2,716
Gifted and Talented	1,095
Professional Technical Academy	25,774
Debt Service	8,583,848
School Plant Facility	388,929

These over-expenditures arose due to an increase in Local, State and Federal funding. To meet the student's education needs, the Board of Trustees approved the additional expenditures when additional funding became available. Idaho Code Section 33-701 allows the District to make budget adjustments to reflect the availability of funds and the requirements of the school district.

NOTE 9 Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

Interfund Transfers - Transfers to support the operations of other funds are recorded as "Operating Transfers" and are classified with "Other financing sources or uses." Idaho Code and State Department of Education Regulations mandate transfers into the Capital Projects Fund to cover the depreciation reimbursement, and transfers into the School Lunch Fund from the General Fund to provide a matching contribution. Total operating transfers are as follows:

<u>Fund</u>	<u>Out</u>	<u>In</u>
General	320,184	35,000
School Plant Facility	-	154,410
Professional Technical Academy	-	165,774
Child Nutrition	35,000	-
	<u>\$355,184</u>	<u>\$355,184</u>

NOTE 10 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 11 Other Post-Employment Benefits

Fiscal year-end 2009 is the first year of recognition of a non-current liability for Other Post-Employment Benefits (OPEB) pursuant to the requirements of GASB Statement 45.

The Lakeland Joint School District #272 Employee Group Benefits Plan is a single-employer plan that provides health insurance benefits to eligible retirees and their dependents from the time of retirement until the employee/retiree reaches age 65 and becomes eligible for Medicare benefits. Retirees pay 100% of the premium cost for themselves and their dependents.

The annual required contribution (ARC) for the plan has been determined under the protected unit credit cost method as of June 30, 2009. Several assumptions were made by the consulting actuaries in determining the ARC, including use of a 45 percent participation rate, and a 4.25 percent discount rate for this valuation, which is considered reasonable for school districts. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year, and amortize any unfunded actuarial liabilities (or funding excess) over a period of twenty-five year. The District funds the benefits on a pay-as-you-go basis from the general assets.

The following table shows the components of the District's net OPEB obligation to provide access to district healthcare benefits for those retirees who have not yet reached age 65 and become eligible for benefits under Medicare. The Annual required contribution is recorded as a non-current liability.

GASB Statement 45 requires the District to update the information every two years. Due to the cost of calculating the liability the District did not update the information this fiscal year.

Annual Required Contribution (ARC)

Normal Cost as of July 1, 2008	90,637
Actuarial Accrued Liability (AAL)	1,457,142
Actuarial Value of Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	1,457,142
Amortization factor	25.0
Amortization of the UAAL	58,286
Annual Required Contribution for FY2009	155,252

NOTE 12 Cooperative Service Agency

On August 24, 2010, the patrons of the District passed a plant facility levy to fund the professional technical campus (Kootenai Technical Education Campus) located within the Lakeland Joint School District. The project involves Lakeland, Post Falls School District, Coeur d’Alene School District, North Idaho College, and local businesses. A twenty acre building site has been donated by local businesses for the construction of the facility. The property is situated between property purchased by North Idaho College for a vocational education facility, and property the District purchased for a future high school. The funding for Lakeland’s land purchase was secured through a 2005 bond sale. All three districts were successful in their respective elections. Construction of the facility was completed in July, 2012. The facility opened in the fall of 2012.

NOTE 13 Deficit Fund Balance

The District had the following deficit fund balance at June 30, 2013:

Before and After School Enrichment	\$1,629
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It is the District’s intent on eliminating the deficit by next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION



COMBINING AND INDIVIDUAL FUND STATEMENTS



Lakeland Joint School District No. 272
General Fund

To account for resources traditionally associated with school operations which are not required to be accounted for in another fund.

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

GENERAL FUND
BALANCE SHEET
June 30, 2013

ASSETS

Investments	1,218,871
Taxes receivable	305,503
Other receivables:	
State support program	639,780
Other receivables	87,228
Taxes due from county	1,894,279
Interest receivable	1,993
	<u>1,993</u>

Total assets \$ 4,147,654

LIABILITIES AND FUND EQUITY

Liabilities:	
Bank overdraft	192,829
Accounts payable	41,870
Accrued payroll and benefits	2,499,466
Deferred revenue	247,449
	<u>247,449</u>

Total liabilities 2,981,614

Fund equity:

Fund balances:	
Unassigned	1,166,040
	<u>1,166,040</u>

Total fund equity 1,166,040

Total liabilities and fund equity \$ 4,147,654

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Taxes	5,130,361	5,065,000	65,361
Earnings on investments	39,021	50,000	(10,979)
Other	136,766	95,500	41,266
Total local	<u>5,306,148</u>	<u>5,210,500</u>	<u>95,648</u>
State:			
Base program	15,006,591	14,941,774	64,817
Transportation	1,063,246	1,075,000	(11,754)
Tuition equivalency	42,222	50,000	(7,778)
Payroll benefits	1,967,891	1,953,725	14,166
Revenue in lieu of taxes	83,702	5,000	78,702
Other state support	1,048,446	156,300	892,146
Total state	<u>19,212,098</u>	<u>18,181,799</u>	<u>1,030,299</u>
Federal:			
Restricted	168,934	320,000	(151,066)
Total revenues	<u>24,687,180</u>	<u>23,712,299</u>	<u>974,881</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	11,417,059	10,691,160	(725,899)
Benefits	3,133,540	2,972,545	(160,995)
Purchased services	66,769	52,750	(14,019)
Supply-materials	398,686	529,144	130,458
Total instruction	<u>15,016,054</u>	<u>14,245,599</u>	<u>(770,455)</u>
Support:			
Salaries	5,705,819	5,493,387	(212,432)
Benefits	1,601,300	1,576,103	(25,197)
Purchased services	1,183,528	1,119,055	(64,473)
Supply-materials	843,174	820,155	(23,019)
Insurance	124,879	116,500	(8,379)
Total support	<u>9,458,700</u>	<u>9,125,200</u>	<u>(333,500)</u>
Contingency	<u>-</u>	<u>141,500</u>	<u>141,500</u>
Total expenditures	<u>24,474,754</u>	<u>23,512,299</u>	<u>(962,455)</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)
For The Year Ended June 30, 2013

	Actual	Budget	Variance Favorable (Unfavorable)
Excess (deficiency) of revenues over/under expenditures	212,426	200,000	12,426
Other financing sources (uses):			
Transfer in:			
Special revenue funds	35,000	45,000	(10,000)
Transfer out:			
Special revenue funds	(165,774)	(120,000)	(45,774)
Plant facility funds	(154,410)	(125,000)	(29,410)
Total other financing sources (uses)	(285,184)	(200,000)	(85,184)
Net change in fund balance	(72,758)	\$ -	\$ (72,758)
Fund balance-Beginning of year	1,238,798		
Fund balance-End of year	\$ 1,166,040		

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GENERAL FUND
SCHEDULE OF EXPENDITURES
BY FUNCTION - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION:			
Kindergarten/elementary			
Salaries	4,793,357	4,346,906	(446,451)
Benefits	1,313,883	1,159,760	(154,123)
Purchased services	20,244	11,750	(8,494)
Supply-materials	150,005	224,636	74,631
Total kindergarten/elementary	<u>6,277,489</u>	<u>5,743,052</u>	<u>(534,437)</u>
Secondary			
Salaries	4,831,499	4,426,194	(405,305)
Benefits	1,338,642	1,295,803	(42,839)
Purchased services	28,120	11,000	(17,120)
Supply-materials	233,428	286,008	52,580
Total secondary	<u>6,431,689</u>	<u>6,019,005</u>	<u>(412,684)</u>
Alternative School			
Salaries	377,377	368,547	(8,830)
Benefits	101,156	98,492	(2,664)
Purchased services	9,000	9,500	500
Supply-materials	12,068	16,000	3,932
Total alternative school	<u>499,601</u>	<u>492,539</u>	<u>(7,062)</u>
Exceptional child			
Salaries	875,376	980,319	104,943
Benefits	247,706	292,388	44,682
Purchased services	-	4,000	4,000
Supply-materials	-	-	-
Total exceptional child	<u>1,123,082</u>	<u>1,276,707</u>	<u>153,625</u>
Gifted and talented programs			
Salaries	47,797	72,131	24,334
Benefits	12,998	21,167	8,169
Purchased services	741	2,500	1,759
Supply-materials	3,185	2,000	(1,185)
Total gifted and talented programs	<u>64,721</u>	<u>97,798</u>	<u>33,077</u>
Extracurricular activities program			
Salaries	442,461	432,000	(10,461)
Benefits	109,182	92,477	(16,705)
Purchased services	8,664	14,000	5,336
Total extracurricular activities program	<u>560,307</u>	<u>538,477</u>	<u>(21,830)</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GENERAL FUND
 SCHEDULE OF EXPENDITURES
 BY FUNCTION - BUDGET AND ACTUAL (Continued)
 For The Year Ended June 30, 2013

	Actual	Budget	Variance Favorable (Unfavorable)
INSTRUCTION (Continued)			
Summer School			
Salaries	48,688	64,563	15,875
Benefits	9,932	12,458	2,526
Supply-materials	-	500	500
Total summer school	<u>58,620</u>	<u>77,521</u>	<u>18,901</u>
Adult School			
Salaries	504	500	(4)
Benefits	41	-	(41)
Purchased services	-	-	-
Total adult school	<u>545</u>	<u>500</u>	<u>(45)</u>
TOTAL INSTRUCTION			
Salaries	11,417,059	10,691,160	(725,899)
Benefits	3,133,540	2,972,545	(160,995)
Purchased services	66,769	52,750	(14,019)
Supply-materials	398,686	529,144	130,458
Total Instruction	<u>\$ 15,016,054</u>	<u>\$ 14,245,599</u>	<u>\$ (770,455)</u>
SUPPORT:			
Attendance, guidance and health			
Salaries	732,509	713,160	(19,349)
Benefits	207,326	199,433	(7,893)
Purchased services	1,807	2,000	193
Supply-materials	1,648	4,500	2,852
Total attendance, guidance and health	<u>943,290</u>	<u>919,093</u>	<u>(24,197)</u>
Special services			
Salaries	319,213	211,538	(107,675)
Benefits	84,343	64,925	(19,418)
Purchased services	129,530	55,000	(74,530)
Supply-materials	-	1,500	1,500
Total special services	<u>533,086</u>	<u>332,963</u>	<u>(200,123)</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GENERAL FUND
 SCHEDULE OF EXPENDITURES
 BY FUNCTION - BUDGET AND ACTUAL (Continued)
 For The Year Ended June 30, 2013

	Actual	Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued)			
Educational Media			
Salaries	335,235	337,181	1,946
Benefits	93,215	93,844	629
Supply-materials	72,356	48,750	(23,606)
Total educational media	<u>500,806</u>	<u>479,775</u>	<u>(21,031)</u>
Instruction related technology			
Salaries	206,327	140,870	(65,457)
Benefits	56,770	45,843	(10,927)
Purchased services	11,616	17,500	5,884
Supply-materials	30,906	70,000	39,094
Total instruction related technology	<u>305,619</u>	<u>274,213</u>	<u>(31,406)</u>
Board of education			
Purchased services	62,046	52,000	(10,046)
Supply-materials	4,265	1,500	(2,765)
Insurance	31,120	32,500	1,380
Total board of education	<u>97,431</u>	<u>86,000</u>	<u>(11,431)</u>
District administration			
Salaries	327,637	306,525	(21,112)
Benefits	90,439	90,847	408
Purchased services	19,087	18,100	(987)
Supply-materials	11,982	5,000	(6,982)
Total district administration	<u>449,145</u>	<u>420,472</u>	<u>(28,673)</u>
School administration			
Salaries	1,592,233	1,512,503	(79,730)
Benefits	438,671	424,958	(13,713)
Purchased services	22,673	39,105	16,432
Supply-materials	22,971	13,100	(9,871)
Total school administration	<u>2,076,548</u>	<u>1,989,666</u>	<u>(86,882)</u>
Business operations			
Salaries	197,858	215,000	17,142
Benefits	56,561	61,587	5,026
Purchased services	475	2,500	2,025
Supply-materials	-	250	250
Total business operations	<u>254,894</u>	<u>279,337</u>	<u>24,443</u>
Administrative technology			
Salaries	92,535	133,050	40,515
Benefits	26,813	38,006	11,193
Purchased services	8,231	21,500	13,269
Supply-materials	49,550	29,000	(20,550)
Total administrative technology	<u>177,129</u>	<u>221,556</u>	<u>44,427</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GENERAL FUND
 SCHEDULE OF EXPENDITURES
 BY FUNCTION - BUDGET AND ACTUAL (Continued)
 For The Year Ended June 30, 2013

	Actual	Budget	Variance Favorable (Unfavorable)
SUPPORT (Continued)			
Buildings - Care and upkeep			
Salaries	569,262	602,925	33,663
Benefits	166,408	178,047	11,639
Purchased services	738,612	758,600	19,988
Supply-materials	73,081	60,000	(13,081)
Insurance	72,978	62,500	(10,478)
Total buildings - care and upkeep	<u>1,620,341</u>	<u>1,662,072</u>	<u>41,731</u>
General maintenance non-student occupied			
Salaries	39,520	37,770	(1,750)
Benefits	13,350	12,892	(458)
Purchased services	23,683	5,000	(18,683)
Supply-materials	30,444	27,500	(2,944)
Total general maintenance non-student occupied	<u>106,997</u>	<u>83,162</u>	<u>(23,835)</u>
General maintenance student occupied			
Salaries	375,552	381,615	6,063
Benefits	113,542	123,683	10,141
Purchased services	92,980	102,500	9,520
Supply-materials	108,696	100,000	(8,696)
Total general maintenance student occupied	<u>690,770</u>	<u>707,798</u>	<u>17,028</u>
Pupil-to-school transportation			
Salaries	914,596	897,500	(17,096)
Benefits	252,649	241,863	(10,786)
Purchased services	61,991	32,750	(29,241)
Supply-materials	383,819	447,805	63,986
Insurance	10,481	15,000	4,519
Total pupil-to-school transportation	<u>1,623,536</u>	<u>1,634,918</u>	<u>11,382</u>
General transportation:			
Salaries	3,342	3,750	408
Benefits	1,213	175	(1,038)
Purchased services	10,797	12,500	1,703
Supply-materials	53,456	11,250	(42,206)
Insurance	10,300	6,500	(3,800)
Total general transportation	<u>79,108</u>	<u>34,175</u>	<u>(44,933)</u>
TOTAL SUPPORT			
Salaries	5,705,819	5,493,387	(212,432)
Benefits	1,601,300	1,576,103	(25,197)
Purchased services	1,183,528	1,119,055	(64,473)
Supply-materials	843,174	820,155	(23,019)
Insurance	124,879	116,500	(8,379)
Total Support	<u>\$ 9,458,700</u>	<u>\$ 9,125,200</u>	<u>\$ (333,500)</u>

Lakeland Joint School District No. 272

Special Revenue Fund

Child Nutrition Fund – To account for costs of operating the school lunch program at the District. Financing is provided by State and Federal assistance and by sales of lunches. Reporting is done as a special revenue fund rather than as an enterprise fund due to the large amounts of State and Federal assistance received by the program.

Federal Forest Fund – To account for unrestricted Federal revenue received from the U.S. Department of Agriculture. This Fund has been used for special capital outlay projects.

Title I-A, ESEA - Improving Basic Programs Fund - To account for restricted Federal revenue to be spent on programs to provide special instruction to disadvantaged students.

Before and After School Enrichment Fund - To account for local revenues supporting a before and after school enrichment program.

IDEA Part B - School Age Fund - To account for restricted Federal revenue to be spent on programs to provide for special testing, physical therapy, teacher aids, equipment and materials, etc. in special education.

IDEA Part B - Preschool Fund - To account for restricted Federal revenue to be spent on programs to provide for preschool handicapped (3-5 years old) in the same manner provided for school age children in Title VI-B program.

State Professional Technical Fund - To account for restricted State revenue to be spent on equipment and materials for vocational programs.

Title II-A, ESEA – Improving Teacher Quality Fund - To account for restricted Federal revenue to be spent on in-service training of math and/or science teachers.

State Substance Abuse Fund - To account for restricted State revenue to be spent on drug education in-service training for teachers and parents and materials for classroom.

Technology Grant Fund - To account for restricted State revenue to be spent on capital outlay projects.

Perkins III – Professional Technical Act Fund - To account for restricted Federal revenue to be spent on vocational training.

Gifted and Talented Fund – To account for State revenues to be spent on in service training for the gifted and talented program.

Professional Technical Academy – To account for Local revenues to be spent on salaries and benefits in vocational activities.

Idaho Reading Initiative Grant Fund – To account for State revenues to be spent on interventions for kindergarten through third grade students whose reading scores fall below grade level.

Miscellaneous Grant Fund – To account for State and Local revenue to be spent on the current needs of the District as indicated by each grant.

ISEE Phase II Grant Fund – To account for State revenue to be spent on professional development to implement Common Core State Standards utilizing Schoolnet.

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
June 30, 2013

	Child Nutrition	Federal Forest	Title I-A - ESEA Improving Basic Programs	Before and After School Enrichment	IDEA Part B School-Age	IDEA Part B Pre-School	State Professional Technical	Title II-A ESEA - Improving Teacher Quality	State Substance Abuse	Technology Grant	Perkins III Professional Technical	Gifted and Talented	Idaho Reading Initiative	ISEE PHASE II	Miscellaneous Grant	Combining Total
ASSETS																
Cash	-	26,954	-	4,475	-	-	-	-	16,937	48,337	-	7,717	56,229	23,566	54,138	238,353
Investments	54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54
Other receivables:																
State reimbursements	-	-	-	-	-	-	18,492	-	-	-	-	-	-	-	-	18,492
Federal reimbursements	18,380	-	140,837	-	181,786	18,296	-	40,250	-	-	18,034	-	-	-	-	417,583
Other	364	-	-	-	-	-	-	-	-	-	-	-	-	-	-	364
Inventory	61,525	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,525
Total assets	80,323	26,954	140,837	4,475	181,786	18,296	18,492	40,250	16,937	48,337	18,034	7,717	56,229	23,566	54,138	736,371
LIABILITIES AND FUND EQUITY																
Liabilities:																
Bank overdraft	12,175	-	64,716	-	62,851	18,296	18,029	17,406	-	-	10,593	-	-	-	-	204,066
Accounts payable	1,850	-	-	-	5,057	-	-	-	-	-	-	-	-	-	-	6,907
Accrued payroll and benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	76,121	-	113,878	-	-	22,844	-	-	7,441	-	-	2,283	-	222,567
Total liabilities	14,025	-	140,837	6,104	181,786	18,296	18,029	40,250	-	-	18,034	-	-	2,283	-	439,644
FUND EQUITY																
Fund Balances (Deficit):																
Nonspendable	61,525	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,525
Restricted	4,773	26,954	-	(1,629)	-	-	463	-	16,937	48,337	-	7,717	56,229	21,283	54,138	235,202
Total fund equity	66,298	26,954	-	(1,629)	-	-	463	-	16,937	48,337	-	7,717	56,229	21,283	54,138	296,727
Total liabilities and fund equity	\$ 80,323	\$ 26,954	\$ 140,837	\$ 4,475	\$ 181,786	\$ 18,296	\$ 18,492	\$ 40,250	\$ 16,937	\$ 48,337	\$ 18,034	\$ 7,717	\$ 56,229	\$ 23,566	\$ 54,138	\$ 736,371

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
For The Year Ended June 30, 2013

	Child Nutrition	Federal Forest	Title I-A - ESEA Improving Basic Programs	Before and After School Enrichment	IDEA Part B School-Age	IDEA Part B Pre-School	State Professional Technical	Title II-A ESEA - Improving Teacher Quality
REVENUES								
Local:								
Earnings on investments	153	43	-	-	-	-	-	-
Lunch sales	404,486	-	-	-	-	-	-	-
Other	-	-	-	1,039	-	-	-	-
Total local	404,639	43	-	1,039	-	-	-	-
State:								
Restricted	-	-	-	-	-	-	61,970	-
Other state revenue	-	-	-	-	-	-	-	-
Total state	-	-	-	-	-	-	61,970	-
Federal:								
School lunch reimbursement	995,936	-	-	-	-	-	-	-
Restricted	-	35,554	714,384	-	868,778	23,716	-	158,989
Total federal	995,936	35,554	714,384	-	868,778	23,716	-	158,989
Total revenues	1,400,575	35,597	714,384	1,039	868,778	23,716	61,970	158,989
EXPENDITURES								
Current:								
Instruction:								
Salaries	-	-	536,382	1,562	620,778	22,000	-	123,467
Benefits	-	-	158,173	188	190,922	892	-	32,070
Purchased services	-	-	5,215	229	9,165	-	6,423	3,452
Supply-materials	-	-	14,614	689	31,286	824	46,517	-
Capital objects	-	-	-	-	1,729	-	9,007	-
Total instruction	-	-	714,384	2,668	853,880	23,716	61,947	158,989
Support:								
Salaries	-	-	-	-	5,036	-	-	-
Benefits	-	-	-	-	7,090	-	-	-
Purchased services	-	17,208	-	-	2,772	-	-	-
Supply-materials	-	3,888	-	-	-	-	-	-
Capital objects	-	-	-	-	-	-	-	-
Total support	-	21,096	-	-	14,898	-	-	-
Non-instruction:								
Salaries	460	-	-	-	-	-	-	-
Benefits	139	-	-	-	-	-	-	-
Purchased services	685,501	-	-	-	-	-	-	-
Supply-materials	664,435	-	-	-	-	-	-	-
Capital objects	4,293	-	-	-	-	-	-	-
Insurance	25,289	-	-	-	-	-	-	-
Total non-instruction	1,380,117	-	-	-	-	-	-	-
Total expenditures	1,380,117	21,096	714,384	2,668	868,778	23,716	61,947	158,989
Excess (deficiency) of revenues over/under expenditures	20,458	14,501	-	(1,629)	-	-	23	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(35,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	(35,000)	-	-	-	-	-	-	-
Net change in fund balance	(14,542)	14,501	-	(1,629)	-	-	23	-
Fund balance(deficit)- Beginning of year	80,840	12,453	-	-	-	-	440	-
Fund balance- End of year	\$ 66,298	\$ 26,954	\$ -	\$ (1,629)	\$ -	\$ -	\$ 463	\$ -

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS (Continued)
For The Year Ended June 30, 2013

	State Substance Abuse	Technology Grant	Perkins III Professional Technical	Gifted & Talented Fund	Professional Technical Academy	Miscellaneous Grant	Idaho Reading Initiative	ISEE PHASE II	Combining Total
REVENUES									
Local:									
Earnings on investments	-	-	-	-	-	-	-	-	196
Lunch sales	-	-	-	-	-	-	-	-	404,486
Other	-	-	-	-	-	18,275	-	-	19,314
Total local	-	-	-	-	-	18,275	-	-	423,996
State:									
Restricted	-	118,337	-	-	-	-	-	-	180,307
Other state revenue	-	-	-	-	-	3,000	21,697	112,870	137,567
Total state	-	118,337	-	-	-	3,000	21,697	112,870	317,874
Federal:									
School lunch reimbursement	-	-	-	-	-	-	-	-	995,936
Restricted	-	-	41,686	-	-	15,453	-	-	1,858,560
Total federal	-	-	41,686	-	-	15,453	-	-	2,854,496
Total revenues	-	118,337	41,686	-	-	36,728	21,697	112,870	3,596,366
EXPENDITURES									
Current:									
Instruction:									
Salaries	-	-	32,445	-	-	828	5,774	-	1,343,236
Benefits	-	-	9,241	-	-	63	465	-	392,014
Purchased services	-	-	-	7,540	165,774	1,440	-	-	199,238
Supply-materials	-	-	-	55	-	3,501	-	-	97,486
Capital objects	-	-	-	-	-	1,100	-	-	11,836
Total instruction	-	-	41,686	7,595	165,774	6,932	6,239	-	2,043,810
Support:									
Salaries	-	-	-	-	-	2,460	-	64,107	71,603
Benefits	-	-	-	-	-	303	-	13,480	20,873
Purchased services	-	6,500	-	-	-	500	-	22,854	49,834
Supply-materials	-	5,262	-	-	-	-	-	9,880	19,030
Capital objects	-	175,577	-	-	-	-	-	2,375	177,952
Total support	-	187,339	-	-	-	3,263	-	112,696	339,292
Non-instruction:									
Salaries	-	-	-	-	-	-	-	-	460
Benefits	-	-	-	-	-	-	-	-	139
Purchased services	-	-	-	-	-	-	-	-	685,501
Supply-materials	-	-	-	-	-	-	-	-	664,435
Capital objects	-	-	-	-	-	-	-	-	4,293
Insurance	-	-	-	-	-	-	-	-	25,289
Total non-instruction	-	-	-	-	-	-	-	-	1,380,117
Total expenditures	-	187,339	41,686	7,595	165,774	10,195	6,239	112,696	3,763,219
Excess (deficiency) of revenues over/under expenditures	-	(69,002)	-	(7,595)	(165,774)	26,533	15,458	174	(166,853)
Other financing sources (uses):									
Transfers in	-	-	-	-	165,774	-	-	-	165,774
Transfer out	-	-	-	-	-	-	-	-	(35,000)
Total other financing sources (uses)	-	-	-	-	165,774	-	-	-	130,774
Net change in fund balance	-	(69,002)	-	(7,595)	-	26,533	15,458	174	(36,079)
Fund balance-(deficit)									
Beginning of year	16,937	117,339	-	15,312	-	27,605	40,771	21,109	332,806
Fund balance-End of year	\$ 16,937	\$ 48,337	\$ -	\$ 7,717	\$ -	\$ 54,138	\$ 56,229	\$ 21,283	\$ 296,727

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

CHILD NUTRITION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUE			
Local:			
Earnings on investments	153	750	(597)
Lunch sales	404,486	485,000	(80,514)
Total local	404,639	485,750	(81,111)
Federal:			
School lunch reimbursement	995,936	940,000	55,936
Total revenue	1,400,575	1,425,750	(25,175)
EXPENDITURES			
Current:			
Non-instruction:			
Salaries	460	-	(460)
Benefits	139	-	(139)
Purchased services	685,501	668,250	(17,251)
Supply-materials	664,435	665,000	565
Capital objects	4,293	22,500	18,207
Insurance	25,289	25,000	(289)
Total expenditures	1,380,117	1,380,750	633
Excess (deficiency) of revenues over/under expenditures	20,458	45,000	(24,542)
Other financing sources (uses):			
Transfer out	(35,000)	(45,000)	10,000
Net change in fund balance	(14,542)	\$ -	\$ (14,542)
Fund balance-Beginning of year	80,840		
Fund balance-End of year	\$ 66,298		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

FEDERAL FOREST FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
Local:			
Earnings on investments	43	-	43
Federal:			
Restricted	35,554	30,000	5,554
Total revenues	35,597	30,000	5,597
EXPENDITURES			
Current:			
Support:			
Purchased services	17,208	25,000	7,792
Supply-materials	3,888	5,000	1,112
Total expenditures	21,096	30,000	8,904
Net change in fund balance	14,501	\$ -	\$ 14,501
Fund balance-Beginning of year	12,453		
Fund balance-End of year	\$ 26,954		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

TITLE I-A, ESEA - IMPROVING BASIC PROGRAMS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
Federal:			
Restricted	714,384	732,265	(17,881)
Total revenues	714,384	732,265	(17,881)
EXPENDITURES			
Current:			
Instruction:			
Salaries	536,382	601,492	65,110
Benefits	158,173	171,816	13,643
Purchased services	5,215	4,000	(1,215)
Supply-materials	14,614	14,957	343
Total Instruction	714,384	792,265	77,881
Total expenditures	714,384	792,265	77,881
Excess (deficiency) of revenues over/under expenditures	-	(60,000)	60,000
Other financing sources (uses):			
Transfer out	-	(20,246)	20,246
Net change in fund balance	-	\$ (80,246)	\$ 80,246
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

BEFORE AND AFTER SCHOOL ENRICHMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For The Year Ended June 30, 2013

REVENUES

Local		
Other local	1,039	

Total revenues		1,039
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EXPENDITURES

Current:

Instruction:

Salaries	1,562	
Benefits	188	
Purchased services	229	
Supply-materials	689	

Total expenditures		<u>2,668</u>
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Net change in fund balance		(1,629)
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Fund balance-Beginning of year		<u>-</u>
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Fund balance (deficit)-End of year		<u><u>\$ (1,629)</u></u>
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LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

IDEA PART B - SCHOOL AGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
Federal:			
Restricted	868,778	751,117	117,661
Total revenues	868,778	751,117	117,661
EXPENDITURES			
Current:			
Instruction:			
Salaries	620,778	611,900	(8,878)
Benefits	190,922	177,717	(13,205)
Purchased services	9,165	24,000	14,835
Supply-materials	31,286	17,500	(13,786)
Capital objects	1,729	-	(1,729)
Total Instruction	853,880	831,117	(22,763)
Support:			
Purchased services	5,036	-	(5,036)
Supply-materials	7,090	-	(7,090)
Capital objects	2,772	-	(2,772)
Total Support	14,898	-	(14,898)
Total expenditures	868,778	831,117	(37,661)
Excess (deficiency) of revenues over/under expenditures	-	(80,000)	80,000
Other financing sources (uses):			
Transfer out	-	(22,860)	22,860
Net change in fund balance	-	\$ (102,860)	\$ 102,860
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

IDEA PART B - PRESCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
Federal:			
Restricted	23,716	21,000	2,716
Total revenues	23,716	21,000	2,716
EXPENDITURES			
Current:			
Instruction:			
Salaries	22,000	15,500	(6,500)
Benefits	892	5,500	4,608
Supply-materials	824	-	(824)
Total expenditures	23,716	21,000	(2,716)
Net change in fund balance	-	\$ -	\$ -
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

STATE PROFESSIONAL TECHNICAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
State:			
Restricted	61,970	68,614	(6,644)
Total revenues	61,970	68,614	(6,644)
EXPENDITURES			
Current:			
Instruction:			
Purchased services	6,423	8,100	1,677
Supply-materials	46,517	50,564	4,047
Capital objects	9,007	9,950	943
Total expenditures	61,947	68,614	6,667
Net change in fund balance	23	\$ -	\$ 23
Fund balance-Beginning of year	440		
Fund balance-End of year	\$ 463		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

TITLE II-A, ESEA - IMPROVING TEACHER QUALITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
Federal:			
Restricted	158,989	150,000	8,989
Total revenues	158,989	150,000	8,989
EXPENDITURES			
Current:			
Instruction:			
Salaries	123,467	132,363	8,896
Benefits	32,070	36,637	4,567
Purchased services	3,452	5,000	1,548
Supply-materials	-	1,000	1,000
Total expenditures	158,989	175,000	16,011
Net change in fund balance	-	\$ (25,000)	\$ 25,000
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

STATE SUBSTANCE ABUSE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Instruction:			
Purchased services	-	7,500	7,500
Supply-materials	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Total expenditures	<u>-</u>	<u>13,500</u>	<u>13,500</u>
Net change in fund balance	-	<u>\$ (13,500)</u>	<u>\$ 13,500</u>
Fund balance-Beginning of year	<u>16,937</u>		
Fund balance-End of year	<u>\$ 16,937</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

TECHNOLOGY GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
State:			
Restricted	<u>118,337</u>	<u>130,000</u>	<u>(11,663)</u>
Total revenues	<u>118,337</u>	<u>130,000</u>	<u>(11,663)</u>
EXPENDITURES			
Current:			
Support:			
Purchases services	6,500	30,000	23,500
Supply-materials	5,262	25,000	19,738
Capital objects	<u>175,577</u>	<u>140,000</u>	<u>(35,577)</u>
Total expenditures	<u>187,339</u>	<u>195,000</u>	<u>7,661</u>
Net change in fund balance	(69,002)	<u>\$ (65,000)</u>	<u>\$ (4,002)</u>
Fund balance-Beginning of year	<u>117,339</u>		
Fund balance-End of year	<u>\$ 48,337</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

PERKINS III - PROFESSIONAL TECHNICAL ACT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
Federal:			
Restricted	41,686	42,551	(865)
Total revenues	41,686	42,551	(865)
EXPENDITURES			
Current:			
Instruction:			
Salaries	32,445	31,250	(1,195)
Benefits	9,241	8,901	(340)
Purchases services	-	1,900	1,900
Supply-materials	-	500	500
Total expenditures	41,686	42,551	865
Net change in fund balance	-	\$ -	\$ -
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

GIFTED AND TALENTED FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
Total revenues	-	-	-
EXPENDITURES			
Current:			
Instruction:			
Purchased services	7,540	5,500	(2,040)
Supply-materials	55	1,000	945
Total expenditures	7,595	6,500	(1,095)
Net change in fund balance	(7,595)	\$ (6,500)	\$ (1,095)
Fund balance-Beginning of year	15,312		
Fund balance-End of year	\$ 7,717		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

GIFTED AND TALENTED FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
Total revenues	-	-	-
EXPENDITURES			
Current:			
Instruction:			
Purchased services	7,540	5,500	(2,040)
Supply-materials	55	1,000	945
Total expenditures	7,595	6,500	(1,095)
Net change in fund balance	(7,595)	\$ (6,500)	\$ (1,095)
Fund balance-Beginning of year	15,312		
Fund balance-End of year	\$ 7,717		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

PROFESSIONAL TECHNICAL ACADEMY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES	-	-	-
EXPENDITURES			
Current:			
Instruction:			
Purchased services	165,774	140,000	(25,774)
Total expenditures	165,774	140,000	(25,774)
Excess (deficiency) of revenues over/under expenditures	(165,774)	(140,000)	(25,774)
Other financing sources (uses):			
Transfer in	165,774	140,000	25,774
Net change in fund balance	-	\$ -	\$ -
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

IDAHO READING INITIATIVE GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
State:			
Restricted	21,697	8,500	13,197
Total revenues	21,697	8,500	13,197
EXPENDITURES			
Current:			
Instruction:			
Salaries	5,774	4,500	(1,274)
Benefits	465	400	(65)
Purchased services	-	2,500	2,500
Supply-materials	-	1,100	1,100
Total expenditures	6,239	8,500	2,261
Net change in fund balance	15,458	\$ -	\$ 15,458
Fund balance-Beginning of year	40,771		
Fund balance-End of year	\$ 56,229		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

MISCELLANEOUS GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For The Year Ended June 30, 2013

REVENUES

Local:		
Other local revenue	18,275	
State:		
Other State revenue	3,000	
Federal:		
Restricted	<u>15,453</u>	
Total revenues		<u>36,728</u>

EXPENDITURES

Current:		
Instruction:		
Salaries	828	
Benefits	63	
Purchased services	1,440	
Supply-materials	3,501	
Capital objects	<u>1,100</u>	
Total Instruction		6,932
Support:		
Salaries	2,460	
Benefits	303	
Purchased services	<u>500</u>	
Total Support		<u>3,263</u>
Total expenditures		<u>10,195</u>
Net change in fund balance		26,533
Fund balance-Beginning of year		<u>27,605</u>
Fund balance-End of year		<u><u>\$ 54,138</u></u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

ISEE PHASE II GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
State:			
Other state revenue	112,870	159,172	(46,302)
Total revenues	112,870	159,172	(46,302)
EXPENDITURES			
Current:			
Support:			
Salaries	64,107	84,806	20,699
Benefits	13,480	24,054	10,574
Purchased services	22,854	47,312	24,458
Supply-materials	9,880	3,000	(6,880)
Capital objects	2,375	-	(2,375)
Total expenditures	112,696	159,172	46,476
Net change in fund balance	174	\$ -	\$ 174
Fund balance-Beginning of year	21,109		
Fund balance-End of year	\$ 21,283		

Lakeland Joint School District No. 272
Debt Service Fund

The debt service fund is established to receive property taxes levied for the redemption of general obligation bonds and payment of interest on those bonds as it is due. Funds are deposited into the debt service bank account and coupons and bonds are redeemed directly against that account. The District is allowed by law to carry in fund balance an additional seven months bond requirements in this fund to cover the cash flow requirements.

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

DEBT SERVICE FUND
BALANCE SHEET
June 30, 2013

ASSETS

Cash	1,805,758	
Investments	82	
Taxes receivable	123,634	
Other receivables:		
Taxes due from county	<u>406,175</u>	

Total assets \$ 2,335,649

LIABILITIES AND FUND EQUITY

Liabilities:

Deferred revenue	<u>98,907</u>	
Total liabilities		98,907

Fund equity:

Fund balance		
Restricted	<u>2,236,742</u>	
Total fund equity		<u>2,236,742</u>

Total liabilities and fund equity \$ 2,335,649

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
Local:			
Taxes	1,222,109	1,429,614	(207,505)
Earnings on investments	5,262	1,000	4,262
Total local	1,227,371	1,430,614	(203,243)
State:			
Other state revenue	54,230	58,000	(3,770)
Total revenues	1,281,601	1,488,614	(207,013)
EXPENDITURES			
Debt service			
Interest	597,313	538,465	(58,848)
Principal	9,715,000	1,190,000	(8,525,000)
Total debt service	10,312,313	1,728,465	(8,583,848)
Total expenditures	10,312,313	1,728,465	(8,583,848)
Excess (deficiency) of revenues over/under expenditures	(9,030,712)	(239,851)	(8,790,861)
Other financing sources (uses):			
Proceeds from sale of bonds	8,490,000	-	8,490,000
Premium on issuance of debt	973,302	-	973,302
Cost of issuance	(104,455)	-	(104,455)
Payment to refunded bond escrow agent	(833,847)	-	(833,847)
Total other financing sources (uses)	8,525,000	-	8,525,000
Net change in fund balance	(505,712)	\$ (239,851)	\$ (265,861)
Fund balance-Beginning of year	2,742,454		
Fund balance-End of year	\$ 2,236,742		

Lakeland Joint School District No. 272
School Plant Facility Fund

This fund is established to account for appropriated funds to acquire plant facility items. Financing is provided by tax revenues.

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

SCHOOL PLANT FACILITY FUND
BALANCE SHEET
June 30, 2013

ASSETS

Investments	168	
Taxes receivable	89,535	
Other receivables:		
Taxes due from county	<u>294,573</u>	
		<u>\$ 384,276</u>

Total assets

LIABILITIES AND FUND EQUITY

Liabilities:		
Bank overdraft	286,806	
Accounts payable	6,165	
Deferred revenue	<u>71,628</u>	
Total liabilities		<u>364,599</u>
Fund equity:		
Fund balance		
Restricted	<u>19,677</u>	
Total fund equity		<u>19,677</u>

Total liabilities and fund equity \$ 384,276

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

SCHOOL PLANT FACILITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2013

	Actual	Budget	Variance- Favorable (Unfavorable)
REVENUES			
Local:			
Taxes	861,573	825,000	36,573
Earnings on investments	580	500	80
Other	1,000	-	1,000
Total revenues	863,153	825,500	37,653
 EXPENDITURES			
Purchases services	7,423	5,250	(2,173)
Capital objects	1,332,006	945,250	(386,756)
Total expenditures	1,339,429	950,500	(388,929)
Excess (deficiency) of revenues over/under expenditures	(476,276)	(125,000)	(351,276)
Other financing sources (uses):			
Transfer in	154,410	125,000	29,410
Net change in fund balance	(321,866)	\$ -	\$ (321,866)
Fund balance-Beginning of year	341,543		
Fund balance-End of year	\$ 19,677		

Lakeland Joint School District No. 272
Agency Fund

The agency fund includes funds held for student groups by the District for disbursement as dictated by the individual student groups. Operations of these student groups are not considered a part of District financial operations.

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT GROUP AGENCY FUND
For The Year Ended June 30, 2013

	<u>Balance</u> <u>07/01/12</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>06/30/13</u>
ASSETS			
Cash and investments	<u>403,720</u>	<u>(44,876)</u>	<u>358,844</u>
Total assets	<u>\$ 403,720</u>	<u>\$ (44,876)</u>	<u>\$ 358,844</u>
LIABILITIES			
Due to student groups	<u>403,720</u>	<u>(44,876)</u>	<u>358,844</u>
Total liabilities	<u>\$ 403,720</u>	<u>\$ (44,876)</u>	<u>\$ 358,844</u>

SINGLE AUDIT SECTION



LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2013

	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
U. S. Department of Agriculture				
Passed through State Department of Education				
Child Nutrition Cluster				
School Lunch	10.555	13-272	2013IN109947	772,233
Breakfast Program	10.553	13-272	2013IN109947	174,863
Fresh Fruit and Vegetable	10.582	13-272	2013CL160347	46,708
Child and Adult Care Food Program	10.558	13-272	2013IN109947	2,132
Total Child Nutrition Cluster				<u>995,936</u>
Federal Forest	10.665	13-272		<u>21,096</u>
Total U.S. Department of Agriculture				<u>1,017,032</u>
U.S. Department of Education				
Passed through State Department of Education				
Education Jobs Fund	84.410	13-272	S410A100013	44,294
Title I-A Cluster				
Title I-A, ESEA - Improving Basic Programs	84.010	13-272	S010A120012	714,384
Total I-A, Cluster				<u>714,384</u>
Special Education (IDEA) Cluster				
Part B, IDEA - School Age	84.027	13-272	H027A120088	868,778
Part B, IDEA - Preschool	84.173	13-272	H173A120030	23,716
Total Special Education Cluster				<u>892,494</u>
Perkins III, Professional Technical	84.048	13-272	V048A120012	41,686
Title II-A, ESEA - Improving Teacher Quality	84.367	13-272	S367A120011	158,989
Total U.S. Department of Education				<u>1,851,847</u>
Total Expenditures				<u>\$ 2,868,879</u>

Lakeland Joint School District No. 272
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2013

GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the expenditure activity of all federal awards programs of the Lakeland Joint School District No. 272. All expenditures of federal awards received directly from federal agencies as well as expenditures of federal awards passed through other government agencies are included on the schedule.

BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis accounting.

**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
Lakeland Joint School District No. 272
Rathdrum, Idaho 83858

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakeland Joint School District No. 272, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise Lakeland Joint School District No. 272's basic financial statements, and have issued our report thereon dated October 14, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Lakeland Joint School District No. 272'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 Lakeland Joint School District No. 272's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lakeland Joint School District No. 272'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 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 Lakeland Joint School District No. 272'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hayden Ross, PLLC

Moscow, Idaho
October 14, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees
Lakeland Joint School District No. 272
Rathdrum, Idaho 83858

Report on Compliance for Each Major Federal Program

We have audited Lakeland Joint School District No. 272's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lakeland Joint School District No. 272's major federal programs for the year ended June 30, 2013. Lakeland Joint School District No. 272'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 Lakeland Joint School District No. 272'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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lakeland Joint School District No. 272'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 Lakeland Joint School District No. 272's compliance.

Opinion on Each Major Federal Program

In our opinion, Lakeland Joint School District No. 272 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Lakeland Joint School District No. 272 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 Lakeland Joint School District No. 272's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lakeland Joint School District No. 272's internal control over compliance.

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

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

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

Hayden Ross, PLLC

Moscow, Idaho
October 14, 2013

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Modified	
Internal control over financial reporting:		
- material weakness(es) identified?	_____ yes	_____ <u>x</u> no
- significant deficiency(ies) identified?	_____ yes	_____ <u>x</u> none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>x</u> no

Federal Awards

Internal control over major programs:		
- material weakness(es) identified?	_____ yes	_____ <u>x</u> no
- significant deficiency(ies) identified?	_____ yes	_____ <u>x</u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of OMB Circular A-133?	_____ yes	_____ <u>x</u> no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A Cluster
84.410	Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs:	\$300,000	
Auditee qualified as a low-risk auditee?	_____ <u>x</u> yes	_____ no

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For The Year Ended June 30, 2013

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.