

# LAKELAND JOINT SCHOOL DISTRICT No. 272

Rathdrum, Idaho

**Audited Financial Statements  
For the Year Ended June 30, 2014**



# **LAKELAND JOINT SCHOOL DISTRICT NO. 272**

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**Audited Financial Statements  
For the Year Ended June 30, 2014**



# LAKELAND JOINT SCHOOL DISTRICT NO. 272

## Table of Contents

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	<u>PAGE</u>
<b>Independent Auditor’s Report</b> .....	<b>1–3</b>
Management’s Discussion and Analysis .....	<b>4-9</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Position.....	<b>10</b>
Statement of Activities.....	<b>11</b>
Balance Sheet – Governmental Funds .....	<b>12</b>
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	<b>13</b>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	<b>14</b>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	<b>15</b>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund .....	<b>16</b>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund.....	<b>17</b>
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – School Plant Facility Fund.....	<b>18</b>
Statement of Net Position – Fiduciary Funds and Component Units .....	<b>19</b>
Statement of Revenues, Expenditures and Changes in Net Position – Component Unit.....	<b>20</b>
Notes to the Financial Statements.....	<b>21-36</b>

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**COMBINING AND INDIVIDUAL FUND STATEMENTS**

**GENERAL FUND**

Description of Fund ..... 37

Balance Sheet ..... 38

Statement of Revenues, Expenditures, and Changes in Fund  
Balance – Budget and Actual..... 39-40

Schedule of Expenditures by Function – Budget and Actual ..... 41-44

**SPECIAL REVENUE FUNDS**

Description of Funds..... 45-46

Combining Balance Sheet – All Special Revenue Funds ..... 47

Combining Statement of Revenues, Expenditures, and Changes  
in Fund Balances – All Special Revenue Funds ..... 48-49

**Child Nutrition Fund**

Statement of Revenues, Expenditures, and Changes in Fund  
Balance – Budget and Actual..... 50

**Federal Forest Fund**

Statement of Revenues, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 51

**Title I–A, ESEA – Improving Basic Programs Fund**

Statement of Revenues, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 52

**Before and After School Enrichment Fund**

Statement of Revenues, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 53

---

**IDEA Part B – School Age Fund**

Statement of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual ..... 54

**IDEA Part B – Preschool Fund**

Statement of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual ..... 55

**State Professional Technical Fund**

Statement of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual ..... 56

**Title II-A, ESEA – Improving Teacher Quality Fund**

Statement of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual ..... 57

**State Substance Abuse Fund**

Statement of Revenue, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 58

**Technology Grant Fund**

Statement of Revenue, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 59

**Perkins III – Professional Technical Act Fund**

Statement of Revenue, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 60

**Gifted and Talented Fund**

Statement of Revenue, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 61

---

**Professional Technical Academy Fund**

Statement of Revenue, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 62

**Idaho Reading Initiative Grant Fund**

Statement of Revenue, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 63

**Miscellaneous Grant Fund**

Statement of Revenue, Expenditures, and Changes in Fund  
Balance ..... 64

**ISEE Phase II Grant Fund**

Statement of Revenue, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 65

**DEBT SERVICE FUND**

Description of Fund..... 66  
Balance Sheet..... 67  
Statement of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual ..... 68

**SCHOOL PLANT FACILITY FUND**

Description of Fund..... 69  
Balance Sheet..... 70  
Statement of Revenues, Expenditures, and Changes in Fund  
Balance – Budget and Actual ..... 71

**AGENCY FUND**

Description of Fund..... 72  
Statement of Net Position – Student  
Group Agency Fund..... 73

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**SINGLE AUDIT SECTION**

Schedule of Expenditures of Federal Awards .....	74
Notes to Schedule of Expenditures of Federal Awards .....	75
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....</b>	<b>76-77</b>
<b>Independent Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....</b>	<b>78-79</b>
Schedule of Findings and Questioned Costs.....	80-81

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeland Joint School District No. 272, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

### ***Basis for Qualified Opinions***

The financial statements of Lakeland Education Foundation, Inc. have not been audited, and we were not engaged to audit the Lakeland Education Foundation, Inc. financial statements as part of our audit of the Lakeland Joint School District No. 272's basic financial statements. Lakeland Education Foundation, Inc.'s financial activities are included in the District's basic financial statements as a discretely presented component unit and represent all of the assets, net position, revenues and expenses, respectively, of the District's aggregate discretely presented component unit.

Lakeland Joint School District No. 272 believes the cost of adopting GASB 45 cannot be justified at the present time. The District believes the future cost of the implicit rate subsidy built into the current health care premiums is not material to the financial statements. The amount by which this GAAP departure would affect the liabilities and net position of the Statement of Net Position is not determinable.

### ***Qualified Opinions***

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeland Joint School District No. 272, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Debt Service Fund, and Capital Projects Fund 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 on pages 4 through 9, 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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2014, 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  
September 25, 2014

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2014**

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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, 2014.

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 2013-14 fiscal year saw a continuing decrease in student enrollment. Start of the year enrollment was down 72 students from the year before. However, over the course of the year, enrollment stayed flat rather than the usual drop off. After starting 72 students lower, enrollment at the end of the school year was nine students higher. This positive sign allowed the District to budget a “no-growth” budget, rather than a declining budget. The start of the 2014-15 school year confirmed the more positive trend with an increase in students. The increase was sufficient to allow the District to levy an “emergency levy.” The unexpected levy dollars combined with additional state funding should allow the district to balance the budget without continuing to utilize unreserved fund balance.
- The District was unable to reach agreement with the teachers association for the 2014-15 contract year. The District issued teacher contracts based on the board's offer in negotiations and all teachers received an increase of some amount.
- The state budget for FY14 included a funding increase for public schools in salary support, as well as the largest increase in “discretionary funding” in a number of years. This increase, has allowed the District to fully fund textbooks, library materials, and support staffing. The District also was able to provide salary increases to support staff and administrators.
- In March of 2014 the District passed a two year supplemental levy in the amount of \$4,795,000. It passed with 69% approval. This amount is \$155,000 less than the expiring levy. The amount was reduced based on increased state funding.

**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, deferred outflows of resources, liabilities, and deferred inflows of resources of the District, with the difference 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 position 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 11-18 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 19-20 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 21-36 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor 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, 2014**

	<u>2013-14</u>	<u>2012-13</u>	<u>Change</u>
<b>ASSETS</b>			
Current and Other Assets	13,016,724	6,920,249	6,096,475
Capital Assets	<u>29,088,292</u>	<u>30,311,512</u>	<u>(1,223,220)</u>
<b>Total Assets</b>	42,105,016	37,231,761	4,873,255
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>                  -</u>	 <u>      164,110</u>	 <u>      (164,110)</u>
 <b>LIABILITIES</b>			
Long-Term Liabilities Outstanding	12,980,000	14,055,000	(1,075,000)
Other Liabilities	<u>4,553,695</u>	<u>4,507,370</u>	<u>      56,325</u>
<b>Total Liabilities</b>	<u>17,533,695</u>	<u>18,562,370</u>	<u>(1,028,675)</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <u>  7,047,213</u>	 <u>  1,301,764</u>	 <u>  5,745,449</u>
 <b>NET POSITION</b>			

Net Investment in Capital Assets	14,880,769	13,593,398	1,287,371
Restricted	1,971,003	2,698,020	(727,017)
Unrestricted	<u>672,336</u>	<u>1,240,319</u>	<u>(567,983)</u>
<b>Total Net Position</b>	<b><u>\$17,524,108</u></b>	<b><u>\$17,531,737</u></b>	<b><u>\$(7,629)</u></b>

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, net position as of June 30, 2014 was \$17,524,108.

The District uses 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, 2014**

	<u>2013-14</u>	<u>2012-13</u>	<u>Change</u>
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	396,231	404,486	(8,255)
Operating Grants and Contributions	4,297,613	4,235,616	61,997
Capital Grants and Contributions	49,826	54,230	(4,404)
General Revenues:			
Property Taxes	6,992,649	7,062,422	(69,773)
Federal and State Revenues	17,764,294	18,317,786	(553,492)
Local Revenues	<u>2,015,683</u>	<u>208,243</u>	<u>1,807,440</u>
<b>Total Revenues</b>	<b><u>31,516,296</u></b>	<b><u>30,282,783</u></b>	<b><u>1,233,513</u></b>
<b>EXPENSES</b>			
Program Expenses:			
Instruction	17,135,530	17,036,406	99,124
Support Services:			
Pupil Support	1,728,416	1,833,582	(105,166)
Staff Support	490,933	500,806	(9,873)
General Administration	341,009	403,050	(62,041)
School Administration	2,225,406	2,253,677	(28,271)
Business Services	742,440	704,039	38,401
Maintenance/Custodial	2,752,299	2,418,108	334,191
Transportation	1,759,937	1,702,644	57,293
Other	-	7,423	(7,423)
Child Nutrition	1,415,742	1,375,824	39,918
Capital Outlay	1,003,962	969,158	34,804
Debt Service	578,002	1,385,083	(807,081)
Depreciation, unallocated	<u>1,350,249</u>	<u>1,348,905</u>	<u>1,344</u>

<b>Total Expenses</b>	<u>31,523,925</u>	<u>31,938,705</u>	<u>(414,780)</u>
<b>Change in Net Position</b>	(7,629)	(1,655,922)	1,648,293
<b>Net Position – Beginning</b>	<u>17,531,737</u>	<u>19,187,659</u>	<u>(1,655,922)</u>
<b>Net Position – Ending</b>	<u>\$17,524,108</u>	<u>\$17,531,737</u>	<u>\$(7,629)</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 \$821,248. The unreserved and undesignated fund balance decreased by \$344,792.

Expenditures for general District purposes totaled \$24,602,130 a net increase of 0.52% during the current fiscal year.

### 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, 2014**

	<u>2013-14</u>	<u>2012-13</u>	<u>Change</u>
Sites	1,353,484	1,353,484	-
Buildings	26,706,591	27,797,114	(1,090,523)
Equipment	387,751	370,786	16,965
Transportation	<u>640,466</u>	<u>790,128</u>	<u>(149,662)</u>
<b>Total Net Assets</b>	<u>\$29,088,292</u>	<u>\$30,311,512</u>	<u>\$(1,223,220)</u>

The capital projects fund has a total fund balance of \$23,274 all of which is restricted for acquisition of capital assets and the purchase of furniture, equipment, and related expenditures.

**Long-term Debt.** The debt service fund has a total fund balance of \$1,582,271, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance decreased by \$654,471.

At year end the District had \$13,955,000 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, 2014

**ASSETS**

Current assets		
Cash	485,137	
Investments	1,247,594	
Taxes receivable	317,146	
Unbilled taxes receivable	7,047,213	
Other receivables:		
Due from other governmental units	3,689,990	
Other	168,431	
Inventory	61,213	
Total current assets	<u>13,016,724</u>	
Noncurrent assets		
Non-depreciated capital assets	1,353,484	
Depreciated capital assets	49,650,299	
Less: accumulated depreciation	<u>(21,915,491)</u>	
Total noncurrent assets	<u>29,088,292</u>	
Total Assets		<u>42,105,016</u>

**DEFERRED OUTFLOWS OF RESOURCES**

-

**LIABILITIES**

Current liabilities		
Accounts payable and other current liabilities	3,423,443	
Other post employment benefit payable	155,252	
Current portion of long-term debt	<u>975,000</u>	
Total current liabilities	<u>4,553,695</u>	
Noncurrent liabilities		
Noncurrent portion of long-term debt	<u>12,980,000</u>	
Total Liabilities		<u>17,533,695</u>

**DEFERRED INFLOWS OF RESOURCES**

Unearned property tax revenue 7,047,213

**NET POSITION**

Net investment in capital assets	14,880,769	
Restricted for:		
Debt service	1,623,941	
Capital projects	54,549	
Grant programs	292,513	
Unrestricted	<u>672,336</u>	
Total net position		<u>\$ 17,524,108</u>

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**

Rathdrum, Idaho

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2014**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>					
Governmental activities:					
Preschool - 12 Instruction	17,135,530	-	1,825,665	-	(15,309,865)
Support Services:					
Pupil support	1,728,416	-	281,063	-	(1,447,353)
Staff support	490,933	-	-	-	(490,933)
General Administration	341,009	-	-	-	(341,009)
School Administration	2,225,406	-	-	-	(2,225,406)
Business Services	742,440	-	-	-	(742,440)
Mainenance/Custodial	2,752,299	-	-	-	(2,752,299)
Transportation	1,759,937	-	1,128,405	-	(631,532)
Child Nutrition	1,415,742	396,231	1,062,480	-	42,969
Capital Outlay	1,003,962	-	-	-	(1,003,962)
Debt Services	578,002	-	-	49,826	(528,176)
Depreciation, unallocated	1,350,249	-	-	-	(1,350,249)
Total School District	\$ 31,523,925	\$ 396,231	\$ 4,297,613	\$ 49,826	(26,780,255)

**General Revenues**

Taxes	
Property taxes levied for general purposes	5,054,374
Property taxes levied for liability insurance	119,442
Property taxes levied for debt service	1,024,095
Property taxes levied for capital projects	794,738
Federal and State aid not restricted to specific purposes	17,764,294
Bond premium	1,301,764
Other	680,396
Interest and investment earnings	33,523
Total General Revenues	26,772,626
Change in Net Position	(7,629)
<b>Net position - beginning</b>	17,531,737
<b>Net position - ending</b>	\$ 17,524,108

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2014

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
Assets:					
Cash	485,137	-	-	-	485,137
Investments	1,247,167	115	236	76	1,247,594
Due from other funds	437,597	1,198,196	-	146,253	1,782,046
Taxes receivable	226,402	51,904	38,840	-	317,146
Unbilled taxes receivable	4,843,560	1,403,653	800,000	-	7,047,213
Other receivables:					
Due from other governmental units	2,500,643	373,726	296,590	519,031	3,689,990
Other	168,064	-	-	367	168,431
Inventory	-	-	-	61,213	61,213
Total assets	9,908,570	3,027,594	1,135,666	726,940	14,798,770
Deferred outflows of resources	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 9,908,570</b>	<b>\$ 3,027,594</b>	<b>\$ 1,135,666</b>	<b>\$ 726,940</b>	<b>\$ 14,798,770</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	1,344,449	-	190,124	247,473	1,782,046
Accounts payable	39,790	-	90,993	1,929	132,712
Accrued payroll and benefits	2,671,345	-	-	185,025	2,856,370
Total liabilities	4,055,584	-	281,117	434,427	4,771,128
Deferred inflows of resources:					
Deferred revenue	188,178	41,670	31,275	100	261,223
Unearned property tax revenue	4,843,560	1,403,653	800,000	-	7,047,213
Total deferred inflows of resources	5,031,738	1,445,323	831,275	100	7,308,436
Fund balances:					
Nonspendable	-	-	-	61,213	61,213
Restricted	-	1,582,271	23,274	231,200	1,836,745
Unassigned	821,248	-	-	-	821,248
Total fund balances	821,248	1,582,271	23,274	292,413	2,719,206
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 9,908,570</b>	<b>\$ 3,027,594</b>	<b>\$ 1,135,666</b>	<b>\$ 726,940</b>	<b>\$ 14,798,770</b>

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, 2014

Total Fund Balances - Governmental Funds 2,719,206

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 51,003,783  
Accumulated depreciation (21,915,491)

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. 261,223

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. (181,838)

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. (252,523)

Other post employment benefits are accrued and expensed in the statements of net position 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 (13,955,000)

Total Net Position - Governmental Activities \$ 17,524,108

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**

Rathdrum, Idaho

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local	5,725,306	1,082,532	835,161	622,665	8,265,664
State	18,726,132	49,826	-	256,353	19,032,311
Federal	166,567	-	-	2,912,855	3,079,422
Total revenues	<u>24,618,005</u>	<u>1,132,358</u>	<u>835,161</u>	<u>3,791,873</u>	<u>30,377,397</u>
<b>EXPENDITURES</b>					
Instruction	14,861,681	-	-	2,313,359	17,175,040
Support	9,740,449	-	-	281,063	10,021,512
Non-instruction	-	-	-	1,417,117	1,417,117
Capital objects	-	-	976,879	-	976,879
Debt service	-	1,786,829	-	-	1,786,829
Total expenditures	<u>24,602,130</u>	<u>1,786,829</u>	<u>976,879</u>	<u>4,011,539</u>	<u>31,377,377</u>
Excess (deficiency) of revenue over/under expenditures	<u>15,875</u>	<u>(654,471)</u>	<u>(141,718)</u>	<u>(219,666)</u>	<u>(999,980)</u>
Other financing sources (uses):					
Transfer in	10	-	145,315	215,362	360,687
Transfer out	(360,677)	-	-	(10)	(360,687)
Total other financing sources (uses)	<u>(360,667)</u>	<u>-</u>	<u>145,315</u>	<u>215,352</u>	<u>-</u>
Net change in fund balance	(344,792)	(654,471)	3,597	(4,314)	(999,980)
Fund balance-Beginning 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>
Fund balance-End of year	<u>\$ 821,248</u>	<u>\$ 1,582,271</u>	<u>\$ 23,274</u>	<u>\$ 292,413</u>	<u>\$ 2,719,206</u>

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
Rathdrum, Idaho

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds		(999,980)
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	127,029	
Depreciation expense	<u>(1,350,249)</u>	(1,223,220)
In the statement of activities, the bond issuance costs that have been amortized in the prior year are now expensed in the current year with the implementation of GASB 65.		
		(164,110)
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.		
		(162,865)
In the statement of activities, bond premiums are recognized in the current year with the implementation of GASB 65. These revenues had previously been recognized in the governmental funds.		
		1,301,764
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.		
		(132,155)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.		
		22,937
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 position and do not affect the statement of activities.		
		<u>1,350,000</u>
Net change in net position of governmental activities		<u>\$ (7,629)</u>

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, 2014

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
<b>REVENUES</b>					
Local:					
Taxes	5,068,500	5,068,500	5,239,091	170,591	170,591
Earnings on investments	37,500	37,500	32,158	(5,342)	(5,342)
Other	93,000	93,000	454,057	361,057	361,057
Total local	<u>5,199,000</u>	<u>5,199,000</u>	<u>5,725,306</u>	<u>526,306</u>	<u>526,306</u>
State:					
Base program	15,220,000	15,220,000	14,879,115	(340,885)	(340,885)
Transportation	1,060,000	1,060,000	1,128,405	68,405	68,405
Tuition equivalency	65,000	65,000	41,559	(23,441)	(23,441)
Benefit apportionment	2,119,333	2,119,333	2,063,389	(55,944)	(55,944)
Other state support	-	-	291,712	291,712	291,712
Lottery/additional state maintenance	-	-	82,399	82,399	82,399
Revenue in lieu of taxes	2,578	2,578	63,892	61,314	61,314
Other state revenue	152,000	152,000	175,661	23,661	23,661
Total state	<u>18,618,911</u>	<u>18,618,911</u>	<u>18,726,132</u>	<u>107,221</u>	<u>107,221</u>
Federal:					
Restricted	237,500	237,500	166,567	(70,933)	(70,933)
Total revenues	<u>24,055,411</u>	<u>24,055,411</u>	<u>24,618,005</u>	<u>562,594</u>	<u>562,594</u>
<b>EXPENDITURES</b>					
Instruction:					
Salaries	10,769,117	10,769,117	11,315,984	(546,867)	(546,867)
Benefits	3,207,769	3,207,769	3,279,729	(71,960)	(71,960)
Purchased services	47,000	47,000	46,270	730	730
Supply-materials	341,500	341,500	219,698	121,802	121,802
Total instruction	<u>14,365,386</u>	<u>14,365,386</u>	<u>14,861,681</u>	<u>(496,295)</u>	<u>(496,295)</u>
Support:					
Salaries	5,721,688	5,721,688	5,709,897	11,791	11,791
Benefits	1,688,725	1,688,725	1,671,461	17,264	17,264
Purchased services	1,042,500	1,042,500	1,382,574	(340,074)	(340,074)
Supply-materials	777,612	777,612	848,023	(70,411)	(70,411)
Insurance	129,500	129,500	128,494	1,006	1,006
Total support	<u>9,360,025</u>	<u>9,360,025</u>	<u>9,740,449</u>	<u>(380,424)</u>	<u>(380,424)</u>
Contingency	85,000	85,000	-	85,000	85,000
Total expenditures	<u>23,810,411</u>	<u>23,810,411</u>	<u>24,602,130</u>	<u>(791,719)</u>	<u>(791,719)</u>
Excess (deficiency) of revenues other expenditures	<u>245,000</u>	<u>245,000</u>	<u>15,875</u>	<u>(229,125)</u>	<u>(229,125)</u>
Other financing sources (uses):					
Transfer in:					
Special revenue funds	35,000	35,000	10	(34,990)	(34,990)
Transfer out:					
Special revenue funds	(167,000)	(167,000)	(215,362)	(48,362)	(48,362)
Plant facility funds	(113,000)	(113,000)	(145,315)	(32,315)	(32,315)
Total other financing sources (uses)	<u>(245,000)</u>	<u>(245,000)</u>	<u>(360,667)</u>	<u>(115,667)</u>	<u>(115,667)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(344,792)</u>	<u>\$ (344,792)</u>	<u>\$ (344,792)</u>
Fund balance-Beginning of year			1,166,040		
Fund balance-End of year			<u>\$ 821,248</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, 2014

	Original Budget	Amended Budget	Actual	Variances	
				Favorable (Unfavorable) Original to Actual	Amended to Actual
<b>REVENUES</b>					
Local:					
Taxes	1,000,000	1,000,000	1,081,332	81,332	81,332
Earnings on investments	5,000	5,000	1,200	(3,800)	(3,800)
Total local	1,005,000	1,005,000	1,082,532	77,532	77,532
State:					
Other state revenue	57,500	57,500	49,826	(7,674)	(7,674)
Total revenues	1,062,500	1,062,500	1,132,358	69,858	69,858
<b>EXPENDITURES</b>					
Debt service:					
Principal	1,250,000	1,250,000	1,350,000	(100,000)	(100,000)
Interest	582,405	582,405	436,829	145,576	145,576
Total expenditures	1,832,405	1,832,405	1,786,829	45,576	45,576
Net change in fund balance	\$ (769,905)	\$ (769,905)	(654,471)	\$ 115,434	\$ 115,434
Fund balance-Beginning of year			2,236,742		
Fund balance-End of year			\$ 1,582,271		

**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, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<b>Variances</b> <b>Favorable (Unfavorable)</b>	
				<u>Original to Actual</u>	<u>Amended to Actual</u>
<b>REVENUES</b>					
Local:					
Taxes	800,000	800,000	835,091	35,091	35,091
Earnings on investments	-	-	70	70	70
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>835,161</u>	<u>35,161</u>	<u>35,161</u>
<b>EXPENDITURES</b>					
Purchased services	7,500	7,500	-	7,500	7,500
Capital objects	<u>1,019,000</u>	<u>1,019,000</u>	<u>976,879</u>	<u>42,121</u>	<u>42,121</u>
Total expenditures	<u>1,026,500</u>	<u>1,026,500</u>	<u>976,879</u>	<u>49,621</u>	<u>49,621</u>
Excess (deficiency) of revenues over/under expenditures	(226,500)	(226,500)	(141,718)	84,782	84,782
Other financing sources (uses):					
Transfer in	<u>120,000</u>	<u>120,000</u>	<u>145,315</u>	<u>25,315</u>	<u>25,315</u>
Net change in fund balance	<u>\$ (106,500)</u>	<u>\$ (106,500)</u>	3,597	<u>\$ 110,097</u>	<u>\$ 110,097</u>
Fund balance-Beginning of year			<u>19,677</u>		
Fund balance-End of year			<u>\$ 23,274</u>		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**FIDUCIARY FUNDS AND COMPONENT UNIT**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	<b>Agency Funds</b>	<b>Component Unit Lakeland Education Foundation, Inc.</b>
	<u>          </u>	<u>          </u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Assets:		
Cash	80,461	72,089
Investments	274,860	-
Total assets	<u>355,321</u>	<u>72,089</u>
 Deferred outflows of resources	 <u>-</u>	 <u>-</u>
Total assets and deferred outflows of resources	 <u><u>\$ 355,321</u></u>	 <u><u>\$ 72,089</u></u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Liabilities:		
Due to student groups	355,321	-
 Deferred inflows of resources	 <u>-</u>	 <u>-</u>
Total liabilities and deferred inflows of resources	 <u>355,321</u>	 <u>-</u>
<b>NET POSITION</b>		
Restricted	 <u>-</u>	 <u>72,089</u>
Total net position	 <u><u>\$ -</u></u>	 <u><u>\$ 72,089</u></u>

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**COMPONENT UNIT - LAKELAND EDUCATION FOUNDATION, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2014**

**REVENUES**

Net investment income	82	
Restricted donations	18,587	<u>18,587</u>

Total revenues 18,669

**EXPENDITURES**

Administrative expenses	1,514	
Scholarship awards	14,095	<u>14,095</u>

Total expenditures 15,609

**Change in Net Position** 3,060

**Net Position - Beginning** 69,029

**Net Position - Ending** \$ 72,089

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Notes to the Financial Statements**  
**June 30, 2014**

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**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 Net Position and Statement of Changes in 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 nonmajor 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 position and changes in net position 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 government 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 position 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 checking accounts in local depositories. Investments are deposited in the Idaho State Treasurer's Local Government Investment Pool, which allow school districts within the state of Idaho to pool their funds for investments purposes.

Interest income is defined as non-operating revenue.

Deposits in State Treasurer's local government investment pool are stated at cost, which approximates market. All funds are invested in accordance with Section 67-1210 and 67-1210A of the Idaho Code. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

**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 position. 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, 2014 there were 138.5 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.

**Unearned Property Tax Revenue** - Unearned property tax revenue in the General Fund, Debt Service Fund and Capital Projects Fund represent the property taxes levied for 2014 that is measurable but unavailable to the District, and therefore recorded as a deferred inflow of resources in both the governmental funds and the government-wide financial statements.

**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, 2013 upon which the 2013 levy was based was \$2,015,838,399.

The District's actual levy was 0.569% per \$100 of market valuation for tort liability insurance and claims, 3.97% for school plant facilities, and 4.99% 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, 2014 was 25.12% per \$100, which means the District was required to pass an override levy in the amount of 24.56% per \$100. The total tax levy for the year ended June 30, 2014 was \$6,862,130 with total tax collections being \$6,630,855.

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, 2014 were 96.63% of the tax levy. Property taxes levied for 2013 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.

In accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the District has recognized the 2014 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The 2014 property tax levy funds are considered unearned as of June 30, 2014. The total property taxes levy for 2014 of \$7,047,213 is recorded as uncollected but are not considered earned or available at June 30, 2014. The entire receivable is considered a deferred inflow of resources.

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
Total taxes receivable				
At June 30, 2014	226,402	51,904	38,840	317,146
Less: Taxes collected by The County Treasurer by August 31, 2014	<u>38,224</u>	<u>10,234</u>	<u>7,565</u>	<u>56,023</u>
Deferred revenue	<u>\$188,178</u>	<u>\$41,670</u>	<u>\$31,275</u>	<u>\$261,123</u>

### NOTE 3 Deposits and Investments

#### Deposits

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<b>Cash</b>		
Checking and Savings Accounts	<u>\$565,598</u>	<u>\$1,455,287</u>

Deposits were with Panhandle State Bank of which \$250,000 of interest bearing accounts and non-interest bearing accounts were covered by Federal Deposit Insurance. The remaining \$1,205,287 balance is in excess of the FDIC insured limit and uncollateralized.

#### Investments

Detail of investments at June 30, 2014 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							
Treasuries Pool	Variable	147	76	236	115	274,860	275,434
State Treasurer							
Diversified Bond Fund	Variable	<u>1,247,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,247,020</u>
Total		<u>\$1,247,167</u>	<u>\$ 76</u>	<u>\$ 236</u>	<u>\$ 115</u>	<u>\$274,860</u>	<u>\$1,522,454</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	275,434	275,434	275,434	-
Diversified Bond Fund	1,247,020	1,283,557	146,201	1,100,819

The State Treasurer's Local Government Investment Pool is managed by the State of Idaho Treasurer's office. All funds are invested in accordance with Section 67-1210 and 67-1210A of Idaho Code. Authorized investments include bonds, treasury bills, interest-bearing notes, and other obligations of the U.S. Government, general obligation or revenue bonds of the State of Idaho or other local governments within the state of Idaho, bonds, debentures, or other similar obligations issued by the farm credit system or by public corporations of the state of Idaho, repurchase agreements covered by any legal investment for the state of Idaho, tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the state of Idaho, revenue bonds of institutions of higher education of the state of Idaho, and time deposits and savings accounts in amounts not to exceed applicable insurance limits. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

The Diversified Bond Fund (DBF) was created by the Idaho State Treasurer's Office as an alternative investment to the short term investment funds such as the Local Government Investment Pool, for those State agencies and Public Agencies, and Municipalities who are able to assume less liquidity and more price volatility for the potential of greater returns over the long run. The investment object of the DBF is to provide a total return consistent with a high quality intermediate-term diversified fixed income portfolio. Investment management emphasis is placed on total return. All funds are invested in accordance with Section 67-120 and 67-1210A of Idaho Code.

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

*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.

#### **NOTE 4      Changes in Capital Assets**

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

	<b>July 1, 2013</b>			<b>June 30, 2014</b>
	<b><u>Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b>
<b>Capital Assets not being depreciated</b>				
Land Improvements	<u>1,353,484</u>	-	-	<u>1,353,484</u>
<b>Capital Assets being depreciated</b>				
Buildings	44,836,653	-	-	44,836,653
Equipment	1,198,417	127,029	-	1,325,446
Transportation	<u>3,488,200</u>	-	-	<u>3,488,200</u>
Total depreciated assets	<u>49,523,270</u>	<u>127,029</u>	-	<u>49,650,299</u>

Less: accumulated depreciation

Buildings	(17,039,539)	(1,090,523)	-	(18,130,062)
Equipment	(827,631)	(110,064)	-	(937,695)
Transportation	<u>(2,698,072)</u>	<u>(149,662)</u>	<u>-</u>	<u>(2,847,734)</u>
Total Accumulated Depreciation	<u>(20,565,242)</u>	<u>(1,350,249)</u>	<u>-</u>	<u>(21,915,491)</u>
Governmental Activities assets (net)	<u>\$30,311,512</u>	<u>\$(1,223,220)</u>	<u>\$ -</u>	<u>\$29,088,292</u>

**NOTE 5 Long Term Debt**

The following is a summary of bond transactions of the District for the year ended June 30, 2014:

**General Obligation**

Bonds payable at July 1, 2013	15,305,000
Debt issued	-
Debt retired	<u>1,350,000</u>
Bonds payable at June 30, 2014	<u>\$13,955,000</u>

Bonds payable at June 30, 2014, 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%	8,390,000

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%	365,000
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Series 2005 –

Original issue of \$9,770,000 due August 15, 2015. Interest varies between 4.0% and 5.0%	<u>1,245,000</u>
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Total	<u>\$ 13,955,000</u>
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The annual requirements to amortize all debt outstanding as of June 30, 2014 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>
08-15-2014	<u>\$3.700</u>	<u>\$365,000</u>	<u>\$6,753</u>	<u>\$371,753</u>

**SERIES 2005**

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
08-15-2014	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>\$62,875</u>	<u>\$1,307,875</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>
08-15-2014	-	-	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>\$675,375</u>	<u>\$4,630,375</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>
08-15-2014	-	-	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>\$8,390,000</u>	<u>\$2,161,475</u>	<u>\$10,551,475</u>

**Combined Totals**

<u>Year Ending</u>	<u>Bonds</u>	<u>Interest</u>	<u>Total</u>
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>\$13,955,000</u>	<u>\$2,906,478</u>	<u>\$16,861,478</u>

Changes in long-term bond obligations: During the year ended June 30, 2014, the following changes occurred in liabilities:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Series 2003	715,000	-	350,000	365,000
Series 2005	1,245,000	-	-	1,245,000
2012 Refunding Series	3,955,000	-	-	3,955,000

Series 2006	900,000	-	900,000	-
2013 Refunding Series	8,490,000	-	100,000	8,390,000
Deferred Amounts:				
For issuance premium	<u>1,301,764</u>	-	<u>1,301,764</u>	-
Totals	<u>\$16,606,764</u>	<u>\$ -</u>	<u>\$2,651,764</u>	<u>\$13,955,000</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, 2014 the Legal Debt Margin was:

Market Value at January 1, 2013	2,015,838,399
Percentage Allowed	<u>5%</u>
Debt Limitation	100,791,920
Less: Bonded debt at June 30, 2014	<u>13,955,000</u>
Legal Debt Margin	<u>\$86,836,920</u>

As of June 30, 2014, \$1,582,271 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](http://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, 2014, the required contribution rate as a percentage

of covered payroll for members was 6.79%. The employer rate as a percentage of covered payroll was 11.32%. Lakeland Joint School District No. 272's contributions required and paid were \$2,002,195, \$1,844,012 and \$1,781,904 for the three years ended June 30, 2014, 2013, and 2012, 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, 2014:

<u>Fund</u>	<u>Excess</u>
General	791,719
Child Nutrition	65,430
Federal Forest	13,584
Title I-A, ESEA – Improving Basic Programs	2,707
IDEA Part B – School Age	60,720
State Professional Technical	2,726
Title II-A, ESEA – Improving Teacher Quality	15,488
Perkins III – Professional Technical Act	7,047
Professional Technical Academy	6,722

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      Interfund Receivables, Payables and Transfers**

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 "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 transfers are as follows:

<u>Fund</u>	<u>Out</u>	<u>In</u>
General	360,677	10
Before and After School Enrichment	-	13,640
Miscellaneous Grant	10	-
Professional Technical Academy	-	166,722
Child Nutrition	-	35,000
School Plant Facility	-	<u>145,315</u>
	<u>\$360,687</u>	<u>\$360,687</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 was 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 District believes the cost of updating the GASB 45 information cannot be justified at this time. The amount shown as a non-current liability represents the annual required contribution as of June 30, 2009 in the amount of \$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, 2014:

Before and After School Enrichment	\$515
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It is the District's intent on eliminating the deficit by next fiscal year.

## **COMBINING AND INDIVIDUAL FUND STATEMENTS**



**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**General Fund**

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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, 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets:

Cash	485,137
Investments	1,247,167
Due from other funds	437,597
Taxes receivable	226,402
Unbilled taxes receivable	4,843,560
Other receivables:	
Taxes due from county	1,974,682
State support program	525,961
Interest receivable	1,861
Other receivables	166,203

Total assets 9,908,570

Deferred outflows of resources -

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 9,908,570

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND  
BALANCE

Liabilities:

Due to other funds	1,344,449
Accounts payable	39,790
Accrued payroll and benefits	2,671,345

Total liabilities 4,055,584

Deferred inflows of resources:

Deferred revenue	188,178
Unearned property tax revenue	4,843,560

Total deferred inflows of resources 5,031,738

Fund balance:

Unassigned	821,248
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Total fund balance 821,248

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND  
FUND BALANCE

\$ 9,908,570

**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, 2014**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Local:			
Taxes	5,239,091	5,068,500	170,591
Earnings on investments	32,158	37,500	(5,342)
Other	454,057	93,000	361,057
Total local	<u>5,725,306</u>	<u>5,199,000</u>	<u>526,306</u>
State:			
Base program	14,879,115	15,220,000	(340,885)
Transportation	1,128,405	1,060,000	68,405
Tuition equivalency	41,559	65,000	(23,441)
Benefit apportionment	2,063,389	2,119,333	(55,944)
Other state support	291,712	-	291,712
Lottery/additional state maintenance	82,399	-	82,399
Revenue in lieu of taxes	63,892	2,578	61,314
Other state revenue	175,661	152,000	23,661
Total state	<u>18,726,132</u>	<u>18,618,911</u>	<u>107,221</u>
Federal:			
Restricted	166,567	237,500	(70,933)
Total revenues	<u>24,618,005</u>	<u>24,055,411</u>	<u>562,594</u>
<b>EXPENDITURES</b>			
Instruction:			
Salaries	11,315,984	10,769,117	(546,867)
Benefits	3,279,729	3,207,769	(71,960)
Purchased services	46,270	47,000	730
Supply-materials	219,698	341,500	121,802
Total instruction	<u>14,861,681</u>	<u>14,365,386</u>	<u>(496,295)</u>
Support:			
Salaries	5,709,897	5,721,688	11,791
Benefits	1,671,461	1,688,725	17,264
Purchased services	1,382,574	1,042,500	(340,074)
Supply-materials	848,023	777,612	(70,411)
Insurance	128,494	129,500	1,006
Total support	<u>9,740,449</u>	<u>9,360,025</u>	<u>(380,424)</u>
Contingency	-	85,000	85,000
Total expenditures	<u>24,602,130</u>	<u>23,810,411</u>	<u>(791,719)</u>

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL (Continued)**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance Favorable (Unfavorable)</b>
Excess (deficiency) of revenues over/under expenditures	15,875	245,000	(229,125)
Other financing sources (uses):			
Transfer in:			
Special revenue funds	10	35,000	(34,990)
Transfer out:			
Special revenue funds	(215,362)	(167,000)	(48,362)
Plant facility funds	(145,315)	(113,000)	(32,315)
Total other financing sources (uses)	(360,667)	(245,000)	(115,667)
Net change in fund balance	(344,792)	\$ -	\$ (344,792)
Fund balance-Beginning of year	1,166,040		
Fund balance-End of year	\$ 821,248		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**

Rathdrum, Idaho

**GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION - BUDGET AND ACTUAL  
For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Budget</u>	<b>Variance Favorable (Unfavorable)</b>
<b>INSTRUCTION:</b>			
Elementary school			
Salaries	4,610,470	4,441,553	(168,917)
Benefits	1,354,298	1,282,646	(71,652)
Purchased services	6,206	6,000	(206)
Supply-materials	104,501	160,750	56,249
Total elementary school	<u>6,075,475</u>	<u>5,890,949</u>	<u>(184,526)</u>
Secondary school			
Salaries	4,796,047	4,547,957	(248,090)
Benefits	1,391,120	1,398,624	7,504
Purchased services	29,401	15,500	(13,901)
Supply-materials	97,149	161,500	64,351
Total secondary school	<u>6,313,717</u>	<u>6,123,581</u>	<u>(190,136)</u>
Alternative School			
Salaries	374,848	384,516	9,668
Benefits	103,989	105,443	1,454
Purchased services	-	9,500	9,500
Supply-materials	4,120	16,000	11,880
Total alternative school	<u>482,957</u>	<u>515,459</u>	<u>32,502</u>
Special education			
Salaries	958,083	859,200	(98,883)
Benefits	280,116	298,094	17,978
Purchased services	1,087	-	(1,087)
Supply-materials	10,663	-	(10,663)
Total special education	<u>1,249,949</u>	<u>1,157,294</u>	<u>(92,655)</u>
Gifted and talented			
Salaries	54,532	66,641	12,109
Benefits	17,872	19,137	1,265
Purchased services	1,595	2,000	405
Supply-materials	3,232	3,000	(232)
Total gifted and talented	<u>77,231</u>	<u>90,778</u>	<u>13,547</u>
Interscholastic			
Salaries	467,984	414,000	(53,984)
Benefits	122,190	93,540	(28,650)
Purchased services	7,981	14,000	6,019
Total interscholastic	<u>598,155</u>	<u>521,540</u>	<u>(76,615)</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, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>INSTRUCTION (Continued)</b>			
Summer School			
Salaries	53,663	55,250	1,587
Benefits	10,117	10,285	168
Supply-materials	33	250	217
Total summer school	<u>63,813</u>	<u>65,785</u>	<u>1,972</u>
Adult School			
Salaries	357	-	(357)
Benefits	27	-	(27)
Total adult school	<u>384</u>	<u>-</u>	<u>(384)</u>
<b>TOTAL INSTRUCTION</b>			
Salaries	11,315,984	10,769,117	(546,867)
Benefits	3,279,729	3,207,769	(71,960)
Purchased services	46,270	47,000	730
Supply-materials	219,698	341,500	121,802
Total Instruction	<u>\$ 14,861,681</u>	<u>\$ 14,365,386</u>	<u>\$ (496,295)</u>
<b>SUPPORT:</b>			
Attendance, guidance and health			
Salaries	708,860	708,807	(53)
Benefits	210,717	215,120	4,403
Purchased services	1,903	-	(1,903)
Supply-materials	3,338	4,250	912
Total attendance, guidance and health	<u>924,818</u>	<u>928,177</u>	<u>3,359</u>
Special education support services			
Salaries	317,813	261,871	(55,942)
Benefits	92,314	76,412	(15,902)
Purchased services	89,559	-	(89,559)
Supply-materials	3,921	1,000	(2,921)
Total special education support services	<u>503,607</u>	<u>339,283</u>	<u>(164,324)</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, 2014

	Actual	Budget	Variance Favorable (Unfavorable)
<b>SUPPORT (Continued)</b>			
Educational media			
Salaries	341,811	338,718	(3,093)
Benefits	104,914	94,871	(10,043)
Supply-materials	44,208	48,750	4,542
Total educational media	<u>490,933</u>	<u>482,339</u>	<u>(8,594)</u>
Instruction related technology			
Salaries	155,799	228,126	72,327
Benefits	51,719	66,388	14,669
Purchased services	145	17,500	17,355
Supply-materials	54,968	51,500	(3,468)
Total instruction related technology	<u>262,631</u>	<u>363,514</u>	<u>100,883</u>
Board of education			
Purchased services	46,216	59,500	13,284
Supply-materials	1,934	5,500	3,566
Insurance	30,228	32,500	2,272
Total board of education	<u>78,378</u>	<u>97,500</u>	<u>19,122</u>
District administration			
Salaries	337,079	324,612	(12,467)
Benefits	96,201	99,390	3,189
Purchased services	30,287	18,850	(11,437)
Supply-materials	10,660	11,500	840
Total district administration	<u>474,227</u>	<u>454,352</u>	<u>(19,875)</u>
School administration			
Salaries	1,549,849	1,573,230	23,381
Benefits	444,036	466,378	22,342
Purchased services	14,266	25,000	10,734
Supply-materials	24,043	24,600	557
Total school administration	<u>2,032,194</u>	<u>2,089,208</u>	<u>57,014</u>
Business operations			
Salaries	206,835	220,000	13,165
Benefits	61,378	65,435	4,057
Purchased services	-	2,500	2,500
Supply-materials	-	250	250
Total business operations	<u>268,213</u>	<u>288,185</u>	<u>19,972</u>
Administrative technology			
Salaries	107,486	102,500	(4,986)
Benefits	31,250	31,470	220
Purchased services	15,420	10,750	(4,670)
Supply-materials	39,056	30,000	(9,056)
Total administrative technology	<u>193,212</u>	<u>174,720</u>	<u>(18,492)</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, 2014

	Actual	Budget	Variance Favorable (Unfavorable)
<b>SUPPORT (Continued)</b>			
Buildings-care program (custodial)			
Salaries	600,923	572,574	(28,349)
Benefits	175,098	188,442	13,344
Purchased services	976,013	713,700	(262,313)
Supply-materials	38,846	60,000	21,154
Insurance	73,270	75,000	1,730
Total buildings-care program (custodial)	<u>1,864,150</u>	<u>1,609,716</u>	<u>(254,434)</u>
Maintenance - non-student occupied			
Salaries	40,649	37,500	(3,149)
Benefits	14,216	4,590	(9,626)
Purchased services	29,213	11,500	(17,713)
Supply-materials	32,796	32,500	(296)
Total maintenance - non-student occupied	<u>116,874</u>	<u>86,090</u>	<u>(30,784)</u>
Maintenance - student occupied			
Salaries	409,022	395,000	(14,022)
Benefits	125,950	120,326	(5,624)
Purchased services	93,556	114,250	20,694
Supply-materials	142,747	100,000	(42,747)
Total maintenance - student occupied	<u>771,275</u>	<u>729,576</u>	<u>(41,699)</u>
Pupil-to-school transportation			
Salaries	931,367	955,000	23,633
Benefits	262,734	259,703	(3,031)
Purchased services	74,895	58,950	(15,945)
Supply-materials	410,677	396,550	(14,127)
Insurance	12,481	11,500	(981)
Total pupil-to-school transportation	<u>1,692,154</u>	<u>1,681,703</u>	<u>(10,451)</u>
General transportation:			
Salaries	2,404	3,750	1,346
Benefits	934	200	(734)
Purchased services	11,101	10,000	(1,101)
Supply-materials	40,829	11,212	(29,617)
Insurance	12,515	10,500	(2,015)
Total general transportation	<u>67,783</u>	<u>35,662</u>	<u>(32,121)</u>
<b>TOTAL SUPPORT</b>			
Salaries	5,709,897	5,721,688	11,791
Benefits	1,671,461	1,688,725	17,264
Purchased services	1,382,574	1,042,500	(340,074)
Supply-materials	848,023	777,612	(70,411)
Insurance	128,494	129,500	1,006
Total Support	<u>\$ 9,740,449</u>	<u>\$ 9,360,025</u>	<u>\$ (380,424)</u>

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Special Revenue Fund**

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**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 IDEA Part 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, 2014

	Child Nutrition	Federal Forest	Title I-A - ESEA Improving Basic Programs	Before and After School Enrichment	IDEA Part B School Age	IDEA Part B PreSchool	State Professional Technical	Title II-A ESEA - Improving Teacher Quality	State Substance Abuse	Technology Grant	Perkins III Professional Technical Act	Gifted and Talented	Professional Technical Academy	Idaho Reading Initiative Grant	Miscellaneous Grant	ISEE Phase II Grant	Combining Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>																	
Assets:																	
Investments	76	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	76
Due from other funds	-	19,006	-	-	-	-	-	-	3,375	15,888	-	7,717	-	72,773	21,010	6,484	146,253
Other receivables:																	
State reimbursements	-	-	-	4,043	-	-	18,775	-	-	-	-	-	-	-	12,726	-	35,544
Federal reimbursements	145,017	-	150,369	-	140,755	1,192	-	38,555	-	-	7,599	-	-	-	-	-	483,487
Other	364	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	367
Inventory	61,213	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,213
Total assets						1,192	18,775	38,555	3,375	15,888	7,599	7,717	-	72,773	33,736	6,484	726,940
Deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>206,670</b>	<b>19,009</b>	<b>150,369</b>	<b>4,043</b>	<b>140,755</b>	<b>1,192</b>	<b>18,775</b>	<b>38,555</b>	<b>3,375</b>	<b>15,888</b>	<b>7,599</b>	<b>7,717</b>	<b>-</b>	<b>72,773</b>	<b>33,736</b>	<b>6,484</b>	<b>726,940</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>																	
Liabilities:																	
Due to other funds	61,759	-	62,527	4,458	81,128	1,192	18,312	13,656	-	-	4,441	-	-	-	-	-	247,473
Accounts payable	1,929	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,929
Accrued payroll and benefits	-	-	87,842	-	59,627	-	-	24,899	-	9,499	3,158	-	-	-	-	-	185,025
Total liabilities	<b>63,688</b>	<b>-</b>	<b>150,369</b>	<b>4,458</b>	<b>140,755</b>	<b>1,192</b>	<b>18,312</b>	<b>38,555</b>	<b>-</b>	<b>9,499</b>	<b>7,599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>434,427</b>
Deferred inflows of resources																	
Deferred revenue	-	-	-	100	-	-	-	-	-	-	-	-	-	-	-	-	100
Fund balances (deficit):																	
Nonspendable	61,213	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,213
Restricted	81,769	19,009	-	(515)	-	-	463	-	3,375	6,389	-	7,717	-	72,773	33,736	6,484	231,200
Total fund balances (deficit)	<b>142,982</b>	<b>19,009</b>	<b>-</b>	<b>(515)</b>	<b>-</b>	<b>-</b>	<b>463</b>	<b>-</b>	<b>3,375</b>	<b>6,389</b>	<b>-</b>	<b>7,717</b>	<b>-</b>	<b>72,773</b>	<b>33,736</b>	<b>6,484</b>	<b>292,413</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 206,670</b>	<b>\$ 19,009</b>	<b>\$ 150,369</b>	<b>\$ 4,043</b>	<b>\$ 140,755</b>	<b>\$ 1,192</b>	<b>\$ 18,775</b>	<b>\$ 38,555</b>	<b>\$ 3,375</b>	<b>\$ 15,888</b>	<b>\$ 7,599</b>	<b>\$ 7,717</b>	<b>\$ -</b>	<b>\$ 72,773</b>	<b>\$ 33,736</b>	<b>\$ 6,484</b>	<b>\$ 726,940</b>

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, 2014

	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
<b>REVENUES</b>								
Local:								
Earnings on investments	90	5	-	-	-	-	-	-
Lunch sales	396,231	-	-	-	-	-	-	-
Other	-	-	-	189,798	-	-	-	-
Total local	396,321	5	-	189,798	-	-	-	-
State:								
Restricted	-	-	-	-	-	-	64,838	-
Other state revenue	-	-	-	-	-	-	-	-
Total state	-	-	-	-	-	-	64,838	-
Federal:								
School lunch reimbursement	1,062,480	-	-	-	-	-	-	-
Restricted	-	33,134	779,287	-	825,386	6,034	-	159,837
Total federal	1,062,480	33,134	779,287	-	825,386	6,034	-	159,837
Total revenues	1,458,801	33,139	779,287	189,798	825,386	6,034	64,838	159,837
<b>EXPENDITURES</b>								
Instruction:								
Salaries	-	-	551,136	149,056	627,416	4,936	-	124,399
Benefits	-	-	172,831	38,920	186,698	1,008	-	34,747
Purchased services	-	-	1,780	6,667	3,948	-	6,453	691
Supply-materials	-	-	53,540	4,670	5,327	90	46,861	-
Capital objects	-	-	-	3,011	1,041	-	11,524	-
Total instruction	-	-	779,287	202,324	824,430	6,034	64,838	159,837
Support:								
Salaries	-	-	-	-	168	-	-	-
Benefits	-	-	-	-	38	-	-	-
Purchased services	-	28,168	-	-	750	-	-	-
Supply-materials	-	12,916	-	-	-	-	-	-
Total support	-	41,084	-	-	956	-	-	-
Non-instruction:								
Salaries	663	-	-	-	-	-	-	-
Benefits	204	-	-	-	-	-	-	-
Purchased services	705,264	-	-	-	-	-	-	-
Supply-materials	684,524	-	-	-	-	-	-	-
Capital objects	1,375	-	-	-	-	-	-	-
Insurance	25,087	-	-	-	-	-	-	-
Total non-instruction	1,417,117	-	-	-	-	-	-	-
Total expenditures	1,417,117	41,084	779,287	202,324	825,386	6,034	64,838	159,837
Excess (deficiency) of revenues over/under expenditures	41,684	(7,945)	-	(12,526)	-	-	-	-
Other financing sources (uses):								
Transfers in	35,000	-	-	13,640	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	35,000	-	-	13,640	-	-	-	-
Net change in fund balance	76,684	(7,945)	-	1,114	-	-	-	-
Fund balance(deficit)-beginning of year	66,298	26,954	-	(1,629)	-	-	463	-
Fund balance(deficit)-end of year	\$ 142,982	\$ 19,009	\$ -	\$ (515)	\$ -	\$ -	\$ 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, 2014

	State Substance Abuse	Technology Grant	Perkins III Professional Technical Act	Gifted and Talented	Professional Technical Academy	Idaho Reading Initiative Grant	Miscellaneous Grant	ISEE Phase II Grant	Combining Total
<b>REVENUES</b>									
Local:									
Earnings on investments	-	-	-	-	-	-	-	-	95
Lunch sales	-	-	-	-	-	-	-	-	396,231
Other	-	-	-	-	-	-	36,541	-	226,339
Total local	-	-	-	-	-	-	36,541	-	622,665
State:									
Restricted	-	114,255	-	-	-	-	-	-	179,093
Other state revenue	-	-	-	-	-	21,682	55,578	-	77,260
Total state	-	114,255	-	-	-	21,682	55,578	-	256,353
Federal:									
School lunch reimbursement	-	-	-	-	-	-	-	-	1,062,480
Restricted	-	-	46,697	-	-	-	-	-	1,850,375
Total federal	-	-	46,697	-	-	-	-	-	2,912,855
Total revenues	-	114,255	46,697	-	-	21,682	92,119	-	3,791,873
<b>EXPENDITURES</b>									
Instruction:									
Salaries	-	-	36,987	-	-	4,697	14,000	-	1,512,627
Benefits	-	-	9,710	-	-	441	2,766	-	447,121
Purchased services	-	-	-	-	166,722	-	3,161	-	189,422
Supply-materials	9,067	-	-	-	-	-	1,744	-	121,299
Capital objects	-	-	-	-	-	-	27,314	-	42,890
Total instruction	9,067	-	46,697	-	166,722	5,138	48,985	-	2,313,359
Support:									
Salaries	-	96,275	-	-	-	-	1,332	200	97,975
Benefits	-	24,515	-	-	-	-	106	219	24,878
Purchased services	4,495	35,413	-	-	-	-	61,519	9,360	139,705
Supply-materials	-	-	-	-	-	-	569	5,020	18,505
Total support	4,495	156,203	-	-	-	-	63,526	14,799	281,063
Non-instruction:									
Salaries	-	-	-	-	-	-	-	-	663
Benefits	-	-	-	-	-	-	-	-	204
Purchased services	-	-	-	-	-	-	-	-	705,264
Supply-materials	-	-	-	-	-	-	-	-	684,524
Capital objects	-	-	-	-	-	-	-	-	1,375
Insurance	-	-	-	-	-	-	-	-	25,087
Total non-instruction	-	-	-	-	-	-	-	-	1,417,117
Total expenditures	13,562	156,203	46,697	-	166,722	5,138	112,511	14,799	4,011,539
Excess (deficiency) of revenues over/under expenditures	(13,562)	(41,948)	-	-	(166,722)	16,544	(20,392)	(14,799)	(219,666)
Other financing sources (uses):									
Transfers in	-	-	-	-	166,722	-	-	-	215,362
Transfer out	-	-	-	-	-	-	(10)	-	(10)
Total other financing sources (uses)	-	-	-	-	166,722	-	(10)	-	215,352
Net change in fund balance	(13,562)	(41,948)	-	-	-	16,544	(20,402)	(14,799)	(4,314)
Fund balance(deficit)-beginning of year	16,937	48,337	-	7,717	-	56,229	54,138	21,283	296,727
Fund balance(deficit)-end of year	\$ 3,375	\$ 6,389	\$ -	\$ 7,717	\$ -	\$ 72,773	\$ 33,736	\$ 6,484	\$ 292,413

**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, 2014**

	Actual	Budget	Variance Favorable (Unfavorable)
<b>REVENUE</b>			
Local:			
Earnings on investments	90	200	(110)
Lunch sales	396,231	427,533	(31,302)
Total local	396,321	427,733	(31,412)
Federal:			
School lunch reimbursement	1,062,480	960,129	102,351
Total revenue	1,458,801	1,387,862	70,939
<b>EXPENDITURES</b>			
Non-instruction:			
Salaries	663	-	(663)
Benefits	204	-	(204)
Purchased services	705,264	645,745	(59,519)
Supply-materials	684,524	657,211	(27,313)
Capital objects	1,375	25,000	23,625
Insurance	25,087	23,731	(1,356)
Total expenditures	1,417,117	1,351,687	(65,430)
Excess (deficiency) of revenues over/under expenditures	41,684	36,175	5,509
Other financing sources (uses):			
Transfer in	35,000	(35,000)	70,000
Net change in fund balance	76,684	\$ 1,175	\$ 75,509
Fund balance-Beginning of year	66,298		
Fund balance-End of year	\$ 142,982		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**FEDERAL FOREST FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Local:			
Earnings on investments	5	-	5
Federal:			
Restricted	33,134	27,500	5,634
Total revenues	33,139	27,500	5,639
<b>EXPENDITURES</b>			
Support:			
Purchased services	28,168	20,000	(8,168)
Supply-materials	12,916	7,500	(5,416)
Total expenditures	41,084	27,500	(13,584)
Net change in fund balance	(7,945)	\$ -	\$ (7,945)
Fund balance-Beginning of year	26,954		
Fund balance-End of year	\$ 19,009		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**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, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Federal:			
Restricted	779,287	659,858	119,429
<b>EXPENDITURES</b>			
Instruction:			
Salaries	551,136	588,740	37,604
Benefits	172,831	187,840	15,009
Purchased services	1,780	-	(1,780)
Supply-materials	53,540	-	(53,540)
Total expenditures	779,287	776,580	(2,707)
Net change in fund balance	-	\$ (116,722)	\$ 116,722
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**BEFORE AND AFTER SCHOOL ENRICHMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Local			
Other local	189,798	266,000	(76,202)
<b>EXPENDITURES</b>			
Instruction:			
Salaries	149,056	202,550	53,494
Benefits	38,920	42,450	3,530
Purchased services	6,667	12,500	5,833
Supply-materials	4,670	8,500	3,830
Capital objects	3,011	-	(3,011)
Total expenditures	202,324	266,000	63,676
Excess (deficiency) of revenues over/under expenditures	(12,526)	-	(12,526)
Other financing sources (uses):			
Transfer in	13,640	-	13,640
Net change in fund balance	1,114	\$ -	\$ 1,114
Fund balance(deficit)-Beginning of year	(1,629)		
Fund balance(deficit)-End of year	\$ (515)		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**IDEA PART B - SCHOOL AGE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL**  
**For the Year Ended June 30, 2014**

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
Federal:			
Restricted	825,386	689,666	135,720
<b>EXPENDITURES</b>			
Instruction:			
Salaries	627,416	577,210	(50,206)
Benefits	186,698	187,456	758
Purchased services	3,948	-	(3,948)
Supply-materials	5,327	-	(5,327)
Capital objects	1,041	-	(1,041)
Total instruction	824,430	764,666	(59,764)
Support:			
Salaries	168	-	(168)
Benefits	38	-	(38)
Purchased services	750	-	(750)
Total support	956	-	(956)
Total expenditures	825,386	764,666	(60,720)
Net change in fund balance	-	\$ (75,000)	\$ 75,000
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**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, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Federal:			
Restricted	6,034	18,984	(12,950)
<b>EXPENDITURES</b>			
Instruction:			
Salaries	4,936	14,100	9,164
Benefits	1,008	4,884	3,876
Supply-materials	90	-	(90)
Total expenditures	6,034	18,984	12,950
Net change in fund balance	-	\$ -	\$ -
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**STATE PROFESSIONAL TECHNICAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
State:			
Restricted	64,838	62,112	2,726
<b>EXPENDITURES</b>			
Instruction:			
Purchased services	6,453	7,900	1,447
Supply-materials	46,861	46,812	(49)
Capital objects	11,524	7,400	(4,124)
Total expenditures	64,838	62,112	(2,726)
Net change in fund balance	-	\$ -	\$ -
Fund balance-Beginning of year	463		
Fund balance-End of year	\$ 463		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**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, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Federal:			
Restricted	159,837	144,349	15,488
<b>EXPENDITURES</b>			
Instruction:			
Salaries	124,399	113,227	(11,172)
Benefits	34,747	31,122	(3,625)
Purchased services	691	-	(691)
Total expenditures	159,837	144,349	(15,488)
Net change in fund balance	-	\$ -	\$ -
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**STATE SUBSTANCE ABUSE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>	-	-	-
<b>EXPENDITURES</b>			
Instruction:			
Purchased services	-	7,937	7,937
Supply-materials	9,067	9,000	(67)
Total instruction	9,067	16,937	7,870
Support:			
Purchased services	4,495	-	(4,495)
Total expenditures	13,562	16,937	3,375
Net change in fund balance	(13,562)	\$ (16,937)	\$ 3,375
Fund balance-Beginning of year	16,937		
Fund balance-End of year	\$ 3,375		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**TECHNOLOGY GRANT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
State:			
Restricted	114,255	125,000	(10,745)
<b>EXPENDITURES</b>			
Support:			
Salaries	96,275	-	(96,275)
Benefits	24,515	-	(24,515)
Purchases services	35,413	50,000	14,587
Supply-materials	-	27,500	27,500
Capital objects	-	97,500	97,500
Total expenditures	156,203	175,000	18,797
Net change in fund balance	(41,948)	\$ (50,000)	\$ 8,052
Fund balance-Beginning of year	48,337		
Fund balance-End of year	\$ 6,389		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**PERKINS III - PROFESSIONAL TECHNICAL ACT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Federal:			
Restricted	46,697	39,650	7,047
<b>EXPENDITURES</b>			
Instruction:			
Salaries	36,987	30,545	(6,442)
Benefits	9,710	9,105	(605)
Total expenditures	46,697	39,650	(7,047)
Net change in fund balance	-	\$ -	\$ -
Fund balance-Beginning of year	-		
Fund balance-End of year	\$ -		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**GIFTED AND TALENTED FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>	-	-	-
<b>EXPENDITURES</b>			
Total expenditures	-	-	-
Net change in fund balance	-	\$ -	\$ -
Fund balance-Beginning of year	7,717		
Fund balance-End of year	\$ 7,717		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**PROFESSIONAL TECHNICAL ACADEMY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>REVENUES</b>	-	-	-
<b>EXPENDITURES</b>			
Instruction:			
Purchased services	<u>166,722</u>	<u>160,000</u>	<u>(6,722)</u>
Total expenditures	<u>166,722</u>	<u>160,000</u>	<u>(6,722)</u>
Excess (deficiency) of revenues over/under expenditures	(166,722)	(160,000)	(6,722)
Other financing sources (uses):			
Transfer in	<u>166,722</u>	<u>160,000</u>	<u>6,722</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance-Beginning of year	<u>-</u>		
Fund balance-End of year	<u>\$ -</u>		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**IDAHO READING INITIATIVE GRANT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
State:			
Restricted	21,682	8,500	13,182
<b>EXPENDITURES</b>			
Instruction:			
Salaries	4,697	4,500	(197)
Benefits	441	400	(41)
Purchased services	-	2,500	2,500
Supply-materials	-	1,100	1,100
Total expenditures	5,138	8,500	3,362
Net change in fund balance	16,544	\$ -	\$ 16,544
Fund balance-Beginning of year	56,229		
Fund balance-End of year	\$ 72,773		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**MISCELLANEOUS GRANT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2014**

**REVENUES**

Local:

Other local revenue 36,541

State:

Other state revenue 55,578

Total revenues 92,119

**EXPENDITURES**

Instruction:

Salaries 14,000

Benefits 2,766

Purchased services 3,161

Supply-materials 1,744

Capital objects 27,314

Total instruction 48,985

Support:

Salaries 1,332

Benefits 106

Purchased services 61,519

Supply-materials 569

Total support 63,526

Total expenditures 112,511

Excess (deficiency) of revenues  
over/under expenditures (20,392)

Other financing sources (uses):

Transfer out (10)

Net change in fund balance (20,402)

Fund balance-Beginning of year 54,138

Fund balance-End of year \$ 33,736

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**ISEE PHASE II GRANT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>REVENUES</b>			
State:			
Other state revenue	-	60,500	(60,500)
<b>EXPENDITURES</b>			
Support:			
Salaries	200	30,000	29,800
Benefits	219	7,000	6,781
Purchased services	9,360	23,500	14,140
Supply-materials	5,020	-	(5,020)
Total expenditures	<u>14,799</u>	<u>60,500</u>	<u>45,701</u>
Net change in fund balance	(14,799)	<u>\$ -</u>	<u>\$ (14,799)</u>
Fund balance-Beginning of year	<u>21,283</u>		
Fund balance-End of year	<u>\$ 6,484</u>		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Debt Service Fund**

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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 21 months bond requirements in this fund to cover the cash flow requirements.

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**DEBT SERVICE FUND**  
**BALANCE SHEET**  
**June 30, 2014**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

Assets:

Investments	115	
Due from other funds	1,198,196	
Taxes receivable	51,904	
Unbilled taxes receivable	1,403,653	
Other receivables:		
Taxes due from county	373,726	
Total assets	<u>3,027,594</u>	3,027,594
Deferred outflows of resources		<u>-</u>

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

\$ 3,027,594

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE**

Liabilities		-
Deferred inflows of resources:		
Deferred revenue	41,670	
Unearned property tax revenue	1,403,653	
Total deferred inflows of resources	<u>1,445,323</u>	1,445,323
Fund balance		
Restricted	1,582,271	
Total fund balance	<u>1,582,271</u>	<u>1,582,271</u>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE**

\$ 3,027,594

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET**  
**AND ACTUAL**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Local:			
Taxes	1,081,332	1,000,000	81,332
Earnings on investments	1,200	5,000	(3,800)
Total local	1,082,532	1,005,000	77,532
State:			
Other state revenue	49,826	57,500	(7,674)
Total revenues	1,132,358	1,062,500	69,858
<b>EXPENDITURES</b>			
Debt service:			
Principal	1,350,000	1,250,000	(100,000)
Interest	436,829	582,405	145,576
Total expenditures	1,786,829	1,832,405	45,576
Net change in fund balance	(654,471)	\$ (769,905)	\$ 115,434
Fund balance-Beginning of year	2,236,742		
Fund balance-End of year	\$ 1,582,271		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**School Plant Facility Fund**

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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, 2014

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

Assets:

Investments	236	
Taxes receivable	38,840	
Unbilled taxes receivable	800,000	
Other receivables:		
Taxes due from county	296,590	
Total assets		1,135,666

Deferred outflows of resources		-
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**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** \$ 1,135,666

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE**

Liabilities:

Due to other funds	190,124	
Accounts payable	90,993	
Total liabilities		281,117

Deferred inflows of resources:

Deferred revenue	31,275	
Unearned property tax revenue	800,000	
Total deferred inflows of resources		831,275

Fund balance:

Restricted	23,274	
Total fund balance		23,274

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE** \$ 1,135,666

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**SCHOOL PLANT FACILITY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET**  
**AND ACTUAL**  
**For the Year Ended June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance- Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Local:			
Taxes	835,091	800,000	35,091
Earnings on investments	70	1,500	(1,430)
	<b>835,161</b>	<b>801,500</b>	<b>33,661</b>
Total revenues			
	<b>835,161</b>	<b>801,500</b>	<b>33,661</b>
<b>EXPENDITURES</b>			
Purchases services	-	7,500	7,500
Capital objects	976,879	1,019,000	42,121
	<b>976,879</b>	<b>1,019,000</b>	<b>42,121</b>
Total expenditures			
	<b>976,879</b>	<b>1,026,500</b>	<b>49,621</b>
Excess (deficiency) of revenues over/under expenditures	(141,718)	(225,000)	83,282
Other financing sources (uses):			
Transfer in	145,315	120,000	25,315
	<b>145,315</b>	<b>120,000</b>	<b>25,315</b>
Net change in fund balance	3,597	<b>\$ (105,000)</b>	<b>\$ 108,597</b>
Fund balance-Beginning of year	<b>19,677</b>		
Fund balance-End of year	<b>\$ 23,274</b>		

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Agency Fund**

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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

STUDENT GROUP AGENCY FUND

STATEMENT OF NET POSITION

June 30, 2014

	<u>Balance 07/01/13</u>	<u>Net Change</u>	<u>Balance 06/30/14</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets:			
Cash and investments	358,844	(3,523)	355,321
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	<u>358,844</u>	<u>(3,523)</u>	<u>355,321</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Liabilities:			
Due to student groups	358,844	(3,523)	355,321
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	<u>358,844</u>	<u>(3,523)</u>	<u>355,321</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SINGLE AUDIT SECTION**



**LAKELAND JOINT SCHOOL DISTRICT NO. 272**

Rathdrum, Idaho

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2014**

	Federal CFDA Number	Pass Through Grantor's Number	Federal Grant Number	Expenditures
<b>U. S. Department of Agriculture</b>				
Passed through State Department of Education				
Child Nutrition Cluster				
School Lunch	10.555	14-272	2014IN109947	740,307
School Lunch - Commodities	10.555	14-272	2014IN109947	89,742
Breakfast Program	10.553	14-272	2014IN109947	162,029
Fresh Fruit and Vegetable	10.582	14-272	2014IL160347	36,939
Child and Adult Care Food Program	10.558	14-272	2014IN109947	33,463
Total Child Nutrition Cluster				1,062,480
Direct through U.S. Department of Agriculture				
Federal Forest	10.665	14-272		41,084
Total U.S. Department of Agriculture				1,103,564
<b>U.S. Department of Education</b>				
Passed through State Department of Education				
Title I-A				
Title I-A, ESEA - Improving Basic Programs	84.010	14-272	S010A130012	779,287
Special Education (IDEA) Cluster				
Part B, IDEA - School Age	84.027	14-272	H027A120088	825,386
Part B, IDEA - Preschool	84.173	14-272	H173A130030	6,034
Total Special Education Cluster				831,420
Perkins III, Professional Technical	84.048	14-272	V048A130012	46,697
Title II-A, ESEA - Improving Teacher Quality	84.367	14-272	S367A130011	159,837
College Access Challenge Grant	84.378	14-272	R372A120037	200
Total U.S. Department of Education				1,817,441
<b>Total Expenditures</b>				<b>\$ 2,921,005</b>

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For The Year Ended June 30, 2014**

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**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, 2014 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 September 25, 2014.

**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  
September 25, 2014

**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, 2014. 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, 2014.

## 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  
September 25, 2014

**LAKELAND JOINT SCHOOL DISTRICT NO. 272**  
**Rathdrum, Idaho**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2014**

**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>
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants

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**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For The Year Ended June 30, 2014**

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.