

LAKELAND JOINT SCHOOL DISTRICT No. 394

Rathdrum, Idaho

**Audited Financial Statements
For the Year Ended June 30, 2012**

HAYDEN ROSS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

LAKELAND JOINT SCHOOL DISTRICT NO. 272

RATHDRUM, IDAHO

AUDITED FINANCIAL STATEMENTS

For The Year Ended June 30, 2012



Lakeland Joint School District No. 272

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FINANCIAL SECTION

HAYDEN ROSS, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeland Joint School District No. 272, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the Lakeland Joint School District No. 272's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as disclosed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Lakeland Joint School District No. 272 was required to update Other Post-Employment Benefits liability pursuant to the requirements of GASB Statement 45. The District believes that the future cost of the increase to the liability previously calculated in 2009 is not material to the financial statements and the cost of updating the estimated cost cannot be justified at the current time. We are also unable to obtain audited financial statements for the Lakeland Education Foundation, Inc., a component unit of Lakeland Joint School District No. 272, and were therefore unable to satisfy ourselves about the assets, equity and earnings of that organization.

In our opinion, except for the effects of not providing updated information regarding Other Postemployment Benefit Obligations as described in the previous paragraph as well as such adjustment, if any, as might have been determined to be necessary had we been able to examine evidence regarding the assets, equity and earnings of the Lakeland Education Foundation, Inc., the financial statements referred to above present fairly, in all material respects, the 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2012 on our consideration of the Lakeland Joint School District No. 272's internal control over financial reporting and 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* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 36 through 74, 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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Lakeland Joint School District No. 272's basic financial statements. The introductory section, 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 of Lakeland Joint School District No. 272. 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 subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been

subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Hayden Ross, PLLC

Moscow, Idaho
October 7, 2012

Lakeland Joint School District No. 272
Management Discussion and Analysis
For the Year Ended June 30, 2012

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, 2012.

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 2011-12 fiscal year saw an unexpected decrease in student enrollment. This came after an overall trend of basically flat enrollment for the last five years. It appears the decrease was due, for the most part, to unsettled economic conditions. Families moved to other areas to take a job; move in with their extended family; and to save on commuting costs. Enrollment predictions will remain difficult until the economic conditions improve.
- The 2011-12 budget was prepared prior to a state distribution made to all school districts in the state in July of 2011. While the payment was made in July, it was designated as FY 11 revenue. This resulted in a substantially higher ending year general fund balance for FY11. The board had entered into an agreement with the teacher's association that spelled out uses of the state payment depending on the amount. This resulted in a use of the general fund unrestricted reserve to pay the expenses. The end result of expenses exceeding revenues in FY 12 was part of an overall plan and not due to unexpected expenditures.
- In March of 2012 the voters of the Lakeland Joint School District approved an increase, from \$3,250,000 per year to \$4,950,000 per year, in the supplemental levy for the next two years. This increase will help offset the loss of one-time state and federal funds and will fill in some of the state funding reductions that have occurred. It will allow the district to move forward without imposing furlough days or eliminating any programs

- At the same election the district asked for an increase in the 10 year plant facility levy. While a majority of voters approved the change, the required 55% approval was not met. A revised plant facility levy with a five year term was approved by voters in August 2012.
- The state budget for FY13 included funding increases for public schools in both salary support and “discretionary funding. This small increase, combined with the increased levy support has allowed the district to fully fund textbooks, library materials, and support staffing. These were all areas where reductions had been made.
- During the 2011-12 school year construction of KTEC, a professional- technical campus located within the Lakeland Joint School District was completed. This project involves Lakeland, Post Falls School District, Coeur d’Alene School District, North Idaho College, and local businesses. The new school opened in the fall of 2012 on a twenty acre building site donated by local businesses and land owners. Enrollment has exceeded expectations and industry support remaining very high. A special plant facility election was held in each district on August 24, 2011. All three districts were successful in their respective elections..

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 assets presents information on all of the assets and liabilities of the District, with the difference between the two reported as net

assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets 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 8-9 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 8-18 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 statement can be found on page 18 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 19-34 of this report.

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

Combining and individual fund statements and schedules can be found on pages 35-71 of this report.

**Government-Wide Financial Analysis
Statement of Net Assets
June 30, 2012**

ASSETS	<u>2011-12</u>	<u>2010-11</u>	<u>Change</u>
Current and Other Assets	8,394,178	9,152,495	(758,317)
Capital Assets	<u>31,332,221</u>	<u>32,333,519</u>	<u>(1,001,298)</u>
Total Assets	<u>\$39,726,399</u>	<u>\$41,486,014</u>	<u>\$ (759,615)</u>
 LIABILITIES			
Long-Term Liabilities			
Outstanding	15,668,462	16,695,000	(1,026,538)
Other Liabilities	<u>4,870,278</u>	<u>6,048,081</u>	<u>(1,177,803)</u>
Total Liabilities	20,538,740	22,743,081	(2,204,341)

NET ASSETS

Invested in Capital Assets, Net of Related Debt	14,146,257	13,140,690	1,005,567
Restricted	3,736,055	3,679,826	56,229
Unrestricted	<u>1,305,347</u>	<u>1,922,417</u>	<u>(617,070)</u>
Total Net Assets	<u>\$19,187,659</u>	<u>\$18,742,933</u>	<u>\$ 444,726</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$19,187,659.

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

**Changes in Net Assets
For Fiscal Year Ending June 30, 2012**

REVENUES	<u>2011-12</u>	<u>2010-11</u>	<u>Change</u>
Program Revenues:			
Charges for Services	444,960	472,478	(27,518)
Operating Grants and Contributions	4,312,501	4,398,180	(85,679)
Capital Grants and Contributions	58,086	58,087	(1)
General Revenues			
Property Taxes	7,976,571	8,062,238	(85,667)
Federal and State Revenues	18,222,100	20,208,937	(1,986,837)
Local Revenues	<u>128,066</u>	<u>156,268</u>	<u>(28,202)</u>
Total Revenues	<u>31,142,284</u>	<u>33,356,188</u>	<u>(2,213,904)</u>
EXPENSES			
Program Expenses:			
Instruction	16,445,081	17,044,583	(599,502)
Support Services:			
Pupil Support	1,461,245	1,452,360	8,885
Staff Support	430,599	530,915	(100,316)
General Administration	248,670	300,331	(51,661)
School Administration	2,167,646	2,166,679	967
Business Services	682,367	700,044	(17,677)
Maintenance/Custodial	2,354,729	2,383,178	(28,449)

Transportation	1,591,999	1,602,025	(10,026)
Other	2,970	3,795	(825)
Food Services	1,430,480	1,416,161	14,319
Capital Outlay	1,571,184	863,817	707,367
Debt Service	978,041	832,095	145,946
Depreciation, unallocated	<u>1,332,547</u>	<u>1,370,018</u>	<u>(37,471)</u>
Total Expenses	<u>30,697,558</u>	<u>30,666,001</u>	<u>31,557</u>
Change in Net Assets	444,726	2,690,187	(2,245,461)
Net Assets – Beginning	<u>18,742,933</u>	<u>16,052,746</u>	<u>2,690,187</u>
Net Assets – Ending	<u>\$19,187,659</u>	<u>\$18,742,933</u>	<u>\$ 444,726</u>

DISTRICT FUNDS

General fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved and undesignated fund balance was \$1,238,798. The unreserved and undesignated fund balance decreased by \$658,898.

Expenditures for general District purposes totaled \$23,337,136 a net decrease of .2% during the current fiscal year. This increase was within all categories due to the District cutting back on expenses District wide.

CAPITAL ASSET AND DEBT ADMINISTRATION

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

Capital Assets Governmental Activities Net of Accumulated Depreciation June 30, 2012

	<u>2011-12</u>	<u>2010-11</u>	<u>Change</u>
Sites	1,353,484	1,353,484	-
Buildings	28,891,098	29,985,082	(1,093,984)
Equipment	322,838	370,756	(47,918)
Transportation	<u>699,181</u>	<u>624,197</u>	<u>74,984</u>
Total Net Assets	<u>\$31,266,601</u>	<u>\$32,333,519</u>	<u>\$(1,066,918)</u>

The capital projects fund has a total fund balance of \$341,543 all of which is restricted for acquisition of capital assets and the purchase of furniture, equipment, and related expenditures. The fund balance decreased by \$205,596 during the current year due to the purchase of three new buses and equipment.

Long-term Debt. The debt service fund has a total fund balance of \$2,742,454, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance increased by \$48,202.

At year end the District had \$16,530,000 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 ASSETS

June 30, 2012

ASSETS**Current Assets**

Cash	2,521,682	
Investments	1,194,707	
Taxes receivable	709,001	
Other receivables:		
Due from other governmental units	3,915,645	
Other	2,664	
Inventory	<u>50,479</u>	
Total current assets		8,394,178

Noncurrent Assets

Debt issuance cost, net of accumulated amortization	65,620	
Non-depreciated capital assets	1,353,484	
Depreciated capital assets	49,129,454	
Less: accumulated depreciation	<u>(19,216,337)</u>	
Total noncurrent assets		<u>31,332,221</u>

Total Assets		<u>39,726,399</u>
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LIABILITIES**Current Liabilities**

Accounts payable and other current liabilities	3,492,180	
Other post employment benefit payable	155,252	
Current portion of long-term debt	<u>1,222,846</u>	
Total current liabilities		4,870,278

Noncurrent Liabilities

Noncurrent portion of long-term debt	<u>15,668,462</u>	
Total noncurrent liabilities		<u>15,668,462</u>

Total Liabilities		<u>20,538,740</u>
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Net Assets

Invested in capital assets, net of related debt	14,146,257	
Restricted for:		
Debt service	2,965,142	
Capital projects	444,136	
Grant programs	326,777	
Unrestricted	<u>1,305,347</u>	
Total net assets		<u><u>\$ 19,187,659</u></u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
	Expenses	Services	Grants and	and	Changes in Net
			Contributions	Contributions	Assets
FUNCTIONS/PROGRAMS					Governmental
					Activities
Governmental activities:					
Preschool - 12 Instruction	16,445,081	-	2,152,383	-	(14,292,698)
Support Services					
Pupil support	1,461,245	-	107,524	-	(1,353,721)
Staff support	430,599	-	-	-	(430,599)
General Administration	248,670	-	-	-	(248,670)
School Administration	2,167,646	-	-	-	(2,167,646)
Business Services	682,367	-	-	-	(682,367)
Mainenance/Custodial	2,354,729	-	-	-	(2,354,729)
Transportation	1,591,999	-	1,042,132	-	(549,867)
Other	2,970	-	-	-	(2,970)
Food services	1,430,480	444,960	1,010,462	-	24,942
Capital Outlay	1,571,184	-	-	-	(1,571,184)
Debt Services	978,041	-	-	58,086	(919,955)
Depreciation, unallocated	1,332,547	-	-	-	(1,332,547)
Total School District	\$ 30,697,558	\$ 444,960	\$ 4,312,501	\$ 58,086	(25,882,011)
General Revenues					
Taxes					
					3,282,298
Property taxes levied for general purposes					121,996
Property taxes levied for liability insurance					3,038,535
Property taxes levied for debt service					1,533,742
Property taxes levied for capital projects					18,222,100
Federal and State aid not restricted to specific purposes					76,801
Other					51,265
Interest and investment earnings					
Total General Revenues					26,326,737
Change in Net Assets					444,726
Net assets - beginning					18,742,933
Net assets - ending					\$ 19,187,659

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	815,803	1,556,855	98,780	262,049	2,733,487
Investments	1,194,601	28	-	78	1,194,707
Taxes receivable	302,399	278,360	128,242	-	709,001
Other receivables:					
Due from other governmental units	1,754,860	1,130,649	568,398	461,738	3,915,645
Other	2,273	-	-	391	2,664
Inventory	-	-	-	50,479	50,479
Total assets	<u>\$ 4,069,936</u>	<u>\$ 2,965,892</u>	<u>\$ 795,420</u>	<u>\$ 774,735</u>	<u>\$ 8,605,983</u>
LIABILITIES					
Bank overdraft	-	-	-	211,805	211,805
Accounts payable	39,589	750	351,284	1,740	393,363
Accrued payroll and benefits	2,547,225	-	-	228,384	2,775,609
Deferred revenue	244,324	222,688	102,593	-	569,605
Total liabilities	<u>2,831,138</u>	<u>223,438</u>	<u>453,877</u>	<u>441,929</u>	<u>3,950,382</u>
EQUITY AND OTHER CREDITS					
Fund balance:					
Nonspendable	-	-	-	50,870	50,870
Restricted	-	2,742,454	341,543	281,936	3,365,933
Unassigned	1,238,798	-	-	-	1,238,798
Total equity and other credits	<u>1,238,798</u>	<u>2,742,454</u>	<u>341,543</u>	<u>332,806</u>	<u>4,655,601</u>
Total liabilities, equity and other credits	<u>\$ 4,069,936</u>	<u>\$ 2,965,892</u>	<u>\$ 795,420</u>	<u>\$ 774,735</u>	<u>\$ 8,605,983</u>

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES****For the Year Ended June 30, 2012**

Total Fund Balances - Governmental Funds	4,655,601
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Cost of capital assets	50,482,938
Accumulated depreciation	(19,216,337)

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.	569,605
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In the statement of activities, operating expenses are incurred when an exchange transaction takes place. However, in the government funds the expense did not meet the same criteria.	(28,552)
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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.	(294,656)
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Bond issuance costs are capitalized and then amortized in the government-wide financial statements, whereas in the government fund financial statements, the bond issuance costs are expensed when paid.	65,620
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Bond premium revenue is deferred and then amortized in the government-wide financial statements, whereas in the government fund financial statements, the bond premium was recognized as revenue.	(361,308)
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Other post employment benefits are accrued and expensed in the statements of net assets and activities. However, in the government funds, the accrual and expense did not meet the same criteria.	(155,252)
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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	<u>(16,530,000)</u>
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Total Net Assets - Governmental Funds	<u>\$ 19,187,659</u>
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LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local	3,487,687	3,040,642	1,540,882	453,471	8,522,682
State	18,724,325	58,086	-	277,814	19,060,225
Federal	539,907	-	-	2,992,555	3,532,462
Total revenues	<u>22,751,919</u>	<u>3,098,728</u>	<u>1,540,882</u>	<u>3,723,840</u>	<u>31,115,369</u>
EXPENDITURES					
Current:					
Instruction	14,515,946	-	-	1,978,589	16,494,535
Support	8,821,190	-	-	107,524	8,928,714
Non-instruction	-	-	-	1,434,732	1,434,732
Purchased services	-	-	2,970	-	2,970
Capital objects	-	-	1,862,222	-	1,862,222
Debt service	-	7,080,526	-	-	7,080,526
Total expenditures	<u>23,337,136</u>	<u>7,080,526</u>	<u>1,865,192</u>	<u>3,520,845</u>	<u>35,803,699</u>
Excess (deficiency) of revenue over/under expenditures	<u>(585,217)</u>	<u>(3,981,798)</u>	<u>(324,310)</u>	<u>202,995</u>	<u>(4,688,330)</u>
Other financing sources (uses):					
Proceeds from sale of bonds	-	3,955,000	-	-	3,955,000
Premium on issuance of debt	-	394,154	-	-	394,154
Cost of issuance	-	(71,585)	-	-	(71,585)
Payment to refunded bond escrow agent	-	(247,569)	-	-	(247,569)
Transfer in	45,033	-	118,714	-	163,747
Transfer out	(118,714)	-	-	(45,033)	(163,747)
Total other financing sources (uses)	<u>(73,681)</u>	<u>4,030,000</u>	<u>118,714</u>	<u>(45,033)</u>	<u>4,030,000</u>
Net change in fund balance	(658,898)	48,202	(205,596)	157,962	(658,330)
Fund balance-Beginning of year	<u>1,897,696</u>	<u>2,694,252</u>	<u>547,139</u>	<u>174,844</u>	<u>5,313,931</u>
Fund balance-End of year	<u>\$ 1,238,798</u>	<u>\$ 2,742,454</u>	<u>\$ 341,543</u>	<u>\$ 332,806</u>	<u>\$ 4,655,601</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012**

Net change in fund balances - total governmental funds (658,330)

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 assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlays	265,629	
Depreciation expense	<u>(1,332,547)</u>	(1,066,918)

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

Some property taxes will not be collected for several months after the District's fiscal year ends and they are not considered as "available" revenues in the governmental funds. Instead they are counted as deferred tax revenues. They are however, recorded as revenues in the statement of activities. 26,915

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

In the statement of activities, operating expenses are incurred when an exchange transaction takes place. However, in the governmental funds the expense did not meet the same criteria. 70,574

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditure is reported when due. 3,173

In the statement of activities, bond issuance costs and bond premiums are amortized, whereas in the governmental funds, the cost is recorded when it occurred and the premium is considered revenue. (322,569)

Bond proceeds from general bonded indebtedness is revenue in the governmental funds, but they increase long-term liabilities in the statement of net assets and does not affect the statement of activities. (3,955,000)

Repayment of the principal on general bonded indebtedness is an expenditure in the governmental funds, but they reduce long-term liabilities in the statement of net assets and does not affect the statement of activities. 6,320,000

Total change in net assets of governmental activities \$ 444,726

LAKELAND JOINT SCHOOL DISTRICT NO. 272**Rathdrum, Idaho****STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS AND
COMPONENT UNIT****June 30, 2012**

	Agency Funds	Component Unit Lakeland Education Foundation, Inc.
ASSETS		
Current Assets		
Cash	67,340	53,810
Investments	336,380	
Total assets	<u>\$ 403,720</u>	<u>\$ 53,810</u>
LIABILITIES		
Current Liabilities		
Due to student groups	403,720	-
Total liabilities	<u>403,720</u>	<u>-</u>
NET ASSETS		
Restricted	-	53,810
Total net assets	<u>\$ -</u>	<u>\$ 53,810</u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
COMPONENT UNIT**
For the Year Ended June 30, 2012

Additions

Net investment income	152	
Restricted donations	<u>18,000</u>	
Total additions		<u>18,152</u>

Deductions

Administrative expenses		75
Scholarship awards		<u>7,500</u>
Total deductions		<u>7,575</u>

Change in Net Assets 10,577

Net Assets - Beginning 43,233

Net Assets - Ending \$ 53,810

Lakeland Joint School District No. 272
Notes to the Financial Statements
June 30, 2012

NOTE 1 Summary of Significant Account Policies

The financial statements of the Lakeland Joint School District No. 272 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

Reporting Entity

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

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the District related to the administration and support of the District's programs, such as personnel and accounting – are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are

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

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

The District reports the following major governmental funds:

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

The District reports the following fund types:

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

Component Unit:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

their fair values due to future changes in interest rates. The District had an unrealized gain of \$65,427 at June 30, 2012, which was not reflected in the financial statements of the District.

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

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

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

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

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

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

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

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

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

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

The Bank is administered by an in-District five-member committee as provided in the Teacher Negotiated Agreement. At June 30, 2012 there were 127 days of sick leave in the bank.

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

Encumbrances - The District does not utilize an encumbrance system.

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

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

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

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

NOTE 2 Property Tax

The District's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the District. A revaluation of all property is required to be completed no less than every five years. The market value for the District as of January 1, 2011 upon which the 2011 levy was based was \$2,066,723,172.

The District's actual levy was .5433% per \$100 of market valuation for tort liability insurance and claims, 7.3348% for school plant facilities, and 14.5157% 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, 2012 was 16.2686% per \$100, which means the District was required to pass an override levy in the amount of 15.7253% per \$100. The total tax levy for the year ended June 30, 2012 was \$7,878,187 with total tax collections being \$7,458,496.

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, 2012 were 94.67 of the tax levy. Property taxes levied for 2011 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.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Total taxes receivable				
At June 30, 2012	302,399	278,360	128,242	709,001
Less: Taxes estimated to be collected by the County Treasurer by				
August 31, 2012	<u>58,075</u>	<u>55,672</u>	<u>25,649</u>	<u>139,396</u>
Deferred Revenue	<u>\$244,324</u>	<u>\$222,688</u>	<u>\$102,593</u>	<u>\$569,605</u>

NOTE 3 Deposits and Investments

Deposits

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>CASH</u>		
Checking and Savings Accounts	<u>\$2,589,022</u>	<u>\$3,316,150</u>

Checking and savings accounts were with Panhandle State Bank of which \$250,000 of interest bearing and non-interest bearing accounts as well as multiple certificate of deposits through various banks were covered by Federal Deposit Insurance. Therefore, \$3,169,035 was covered by FDIC and the remaining \$147,115 balance is in excess of the FDIC insured limit and uncollateralized.

Investments

Detail of investments at June 30, 2012 are as follows:

	<u>Rate</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Agency</u>	<u>Total</u>
Investment in State Treasuries Pool	Variable	33	78	28	336,380	336,519
State Treasurer Diversified Bond Fund	Variable	<u>1,194,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,194,568</u>
Total		<u>\$1,194,601</u>	<u>\$ 78</u>	<u>\$ 28</u>	<u>\$336,380</u>	<u>\$1,531,087</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	139	139	139	-
Diversified Bond Fund	1,194,601	1,259,994	442,002	752,599

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

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

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

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

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

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

NOTE 4 **Changes in Capital Assets**

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

	July 1, 2011 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2012 <u>Balance</u>
Capital Assets not being depreciated				
Land Improvements	<u>1,353,484</u>	<u>-</u>	<u>-</u>	<u>1,353,484</u>
Capital Assets being depreciated				
Buildings	44,836,653			44,836,653
Equipment	1,042,330	19,368		1,061,698
Transportation	<u>2,984,842</u>	<u>246,261</u>		<u>3,231,103</u>
Total depreciated assets	<u>48,775,462</u>	<u>265,629</u>	<u>-</u>	<u>49,129,454</u>
Less: accumulated depreciation				
Buildings	(14,851,571)	(1,093,984)	-	(14,851,571)
Equipment	(671,574)	(67,286)	-	(738,860)
Transportation	<u>(2,360,645)</u>	<u>(171,277)</u>	<u>-</u>	<u>(2,531,922)</u>
Total Accumulated Depreciation	<u>(17,883,790)</u>	<u>(1,332,547)</u>	<u>-</u>	<u>(19,216,337)</u>
Governmental Activities assets (net)	<u>\$32,333,519</u>	<u>\$(1,066,918)</u>	<u>\$ -</u>	<u>\$ 31,266,601</u>

NOTE 5 **Long Term Debt**

The following is a summary of bond transactions of the District for the year ended June 30, 2012:

General Obligation

Bonds payable at July 1, 2011	18,895,000
Debt issued	3,955,000
Debt retired	<u>6,320,000</u>
Bonds payable at June 30, 2012	<u>\$16,530,000</u>

Bonds payable at June 30, 2012, are comprised of the following individual issues:

General Obligation Bonds:**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% 1,055,000

Series 2005 –

Original issue of \$9,770,000 due August 15,

2025. Interest varies between 4.0% and 5.0% 9,770,000

Series 2006 –

Original issue of \$4,245,000 due August 15,

2013. Interest varies between 3.15% and 5.25% 1,750,000Total \$ 16,530,000

On June 7, 2012, \$3,955,000 of the Series 2003 bonds were refinanced at an interest rate of 3.00%. Repayment on these new bonds will begin during the fiscal year ending June 30, 2013. The refinancing of the Series 2003 bonds resulted in cash flow savings of \$550,433 and an economic gain of \$511,817.

The annual requirements to amortize all debt outstanding as of June 30, 2012 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>
08-15-2012	4.000	340,000	20,553	360,553
02-15-2013	-		13,752	13,752
08-15-2013	4.000	350,000	13,753	363,753
02-15-2014			6,752	6,752
08-15-2023	3.700	<u>365,000</u>	<u>6,753</u>	<u>371,753</u>
Total		<u>\$1,055,000</u>	<u>\$61,563</u>	<u>\$1,116,563</u>

SERIES 2005

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
08-15-2012	5.000		209,812	209,812
02-15-2013			209,813	209,813
08-15-2013	5.000		209,812	209,812

02-15-2014			209,813	209,813
08-15-2014	5.000	610,000	209,812	819,812
02-15-2015			194,563	194,563
08-15-2015	5.000	635,000	194,562	829,562
02-15-2016			178,688	178,688
08-15-2016	5.000	675,000	178,687	853,687
02-15-2017			161,813	161,813
08-15-2017	5.000	710,000	161,812	871,812
02-15-2018			144,063	144,063
08-15-2018	4.000	770,000	144,062	914,062
02-15-2019			128,663	128,663
08-15-2019	4.000	800,000	128,662	928,662
02-15-2020			112,663	112,663
08-15-2020	4.000	835,000	112,662	947,662
02-15-2021			95,963	95,963
08-15-2021	4.000	870,000	95,962	965,962
02-15-2022			78,563	78,563
08-15-2022	4.000	905,000	78,562	983,562
02-15-2023			60,463	60,463
08-15-2023	4.000	940,000	60,462	1,000,462
02-15-2024			41,663	41,663
08-15-2024	4.125	1,000,000	41,662	1,041,662
02-15-2025			21,038	21,038
08-15-2025	4.125	<u>1,020,000</u>	<u>21,037</u>	<u>1,041,037</u>
Total		<u>\$9,770,000</u>	<u>\$3,485,337</u>	<u>\$13,255,337</u>

SERIES 2006

<u>Date of Redemption</u>	<u>Interest Rate</u>	<u>Bond Principal</u>	<u>Interest Requirement</u>	<u>Total Requirement</u>
08-15-2012	3.500	850,000	38,500	888,500
02-15-2013			23,625	23,625
08-15-2013	5.250	<u>900,000</u>	<u>23,625</u>	<u>923,625</u>
Total		<u>\$1,750,000</u>	<u>\$ 85,750</u>	<u>\$1,835,750</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>
08-15-2012			22,417	22,412
02-15-2013			59,325	59,325
08-15-2013			59,325	59,325
02-15-2014			59,325	59,325

08-15-2014			59,325	59,325
02-15-2015			59,325	59,325
08-15-2015	3.00	390,000	59,325	449,325
02-15-2016			53,475	53,475
08-15-2016	3.00	400,000	53,475	453,475
02-15-2017			47,475	47,475
08-15-2017	3.00	415,000	47,475	462,475
02-15-2018			41,250	41,250
08-15-2018	3.00	425,000	41,250	466,250
02-15-2019			34,875	34,875
08-15-2019	3.00	440,000	34,875	474,875
02-15-2020			28,275	28,275
08-15-2020	3.00	455,000	28,275	483,275
02-15-2021			21,450	21,450
08-15-2021	3.00	460,000	21,450	481,450
02-15-2022			14,550	14,550
08-15-2022	3.00	480,000	14,550	494,550
02-15-2023			7,350	7,350
08-15-2023	3.00	<u>490,000</u>	<u>7,350</u>	<u>497,350</u>
		<u>\$3,955,000</u>	<u>\$875,767</u>	<u>\$4,830,762</u>

Combined Totals

<u>Year Ending</u>	<u>Bonds</u>	<u>Interest</u>	<u>Total</u>
2012-2013	1,190,000	597,797	1,787,797
2013-2014	1,250,000	582,405	1,832,405
2014-2015	610,000	523,025	1,133,025
2015-2016	1,025,000	486,050	1,511,050
2016-2017	1,075,000	441,450	1,516,450
2017-2018	1,125,000	394,600	1,519,600
2018-2019	1,195,000	348,850	1,543,850
2019-2020	1,240,000	304,475	1,544,475
2020-2021	1,290,000	258,350	1,548,350
2021-2022	1,330,000	210,525	1,540,525
2022-2023	1,385,000	160,925	1,545,925
2023-2024	1,795,000	116,228	1,911,228
2024-2025	1,000,000	62,700	1,062,700
2025-2026	<u>1,020,000</u>	<u>21,037</u>	<u>1,041,037</u>
Total	\$ <u>16,530,000</u>	<u>4,508,417</u>	<u>21,038,417</u>

Changes in long-term bond obligations: During the year ended June 30, 2012, the following changes occurred in liabilities:

	Balance July 1, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2012</u>
2003 Refunding				
Series	1,070,000	-	1,070,000	-
Series 2003	5,705,000	-	4,650,000	1,055,000
Series 2005	9,770,000	-	-	9,770,000
2012 Refunding				
Series	-	3,955,000	-	3,955,000
Series 2006	2,350,000	-	600,000	1,750,000
Deferred Amounts:				
For issuance premium		<u>394,154</u>	<u>32,846</u>	<u>361,308</u>
Totals	<u>\$18,895,000</u>	<u>\$4,349,154</u>	<u>\$6,352,846</u>	<u>\$16,891,308</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, 2012 the Legal Debt Margin was:

Market Value at January 1, 2011	2,066,723,172
Percentage Allowed	<u>5%</u>
Debt Limitation	103,336,159
Less: Bonded debt at June 30, 2012	<u>16,530,000</u>
Legal Debt Margin	<u>\$ 86,806,159</u>

As of June 30, 2012, \$2,742,454 was available in the debt service fund to service the general obligation bonds.

NOTE 6 Employee's Retirement System

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

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

The actuarially determined contribution requirements of the School and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2012, the required contribution rate as a percentage of covered payroll for members was 6.23%. The employer rate as a percentage of covered payroll was 10.39%. Lakeland Joint School District No. 272's contributions required and paid were \$1,781,904, \$1,891,254 and \$1,889,761 for the three years ended June 30, 2012, 2011, and 2010, 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, 2012:

<u>Fund</u>	<u>Excess</u>
IDEA Part B – Preschool Fund	1,424
Perkins III, Professional Technical	847
Debt Service	4,033,000
School Plant Facility	350,192

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

NOTE 9 Other Required Individual Fund Disclosures

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

Interfund Transfers - Transfers to support the operations of other funds are recorded as "Operating Transfers" and are classified with "Other financing sources or uses." Idaho Code and State Department of Education Regulations mandate transfers into the Capital Projects Fund to cover the depreciation

reimbursement, and transfers into the School Lunch Fund from the General Fund to provide a matching contribution. Total operating transfers are as follows:

<u>Fund</u>	<u>Out</u>	<u>In</u>
General	118,714	45,033
Miscellaneous Grant	33	-
School Plant Facility	-	118,714
Child Nutrition	<u>45,000</u>	<u>-</u>
	<u>\$163,747</u>	<u>\$163,747</u>

NOTE 10 Risk Management

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

NOTE 11 Other Post-Employment Benefits

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

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

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

The following table shows the components of the District's net OPEB obligation to provide access to district healthcare benefits for those retirees who have not

yet reached age 65 and become eligible for benefits under Medicare. The Annual required contribution is recorded as a non-current liability.

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

Annual Required Contribution (ARC)

Normal Cost as of July 1, 2008	90,637
Actuarial Accrued Liability (AAL)	1,457,142
Actuarial Value of Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	1,457,142
Amortization factor	25.0
Amortization of the UAAL	58,286
Annual Required Contribution for FY2009	155,252

NOTE 12 – COOPERATIVE SERVICE AGENCY

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

REQUIRED SUPPLEMENTARY INFORMATION

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, 2012**

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	3,368,614	3,368,614	3,391,330	22,716	22,716
Earnings on investments	76,904	76,904	47,006	(29,898)	(29,898)
Other	87,500	87,500	49,351	(38,149)	(38,149)
Total local	<u>3,533,018</u>	<u>3,533,018</u>	<u>3,487,687</u>	<u>(45,331)</u>	<u>(45,331)</u>
State:					
Base program	15,611,135	15,611,135	15,372,207	(238,928)	(238,928)
Transportation	1,025,000	1,025,000	1,042,132	17,132	17,132
Tuition equivalency	52,500	52,500	61,105	8,605	8,605
Payroll benefits	2,043,138	2,043,138	2,016,241	(26,897)	(26,897)
Revenue in lieu of taxes	9,621	9,621	94,467	84,846	84,846
Other state support	248,814	248,814	138,173	(110,641)	(110,641)
Total state	<u>18,990,208</u>	<u>18,990,208</u>	<u>18,724,325</u>	<u>(265,883)</u>	<u>(265,883)</u>
Federal:					
Restricted	647,500	647,500	539,907	(107,593)	(107,593)
Total revenues	<u>23,170,726</u>	<u>23,170,726</u>	<u>22,751,919</u>	<u>(418,807)</u>	<u>(418,807)</u>
EXPENDITURES					
Current:					
Instruction:					
Salaries	10,793,833	10,793,833	10,979,205	(185,372)	(185,372)
Benefits	3,071,179	3,071,179	3,048,209	22,970	22,970
Purchased services	37,950	37,950	42,058	(4,108)	(4,108)
Supply-materials	266,067	266,067	446,474	(180,407)	(180,407)
Total instruction	<u>14,169,029</u>	<u>14,169,029</u>	<u>14,515,946</u>	<u>(346,917)</u>	<u>(346,917)</u>
Support:					
Salaries	5,343,028	5,343,028	5,400,073	(57,045)	(57,045)
Benefits	1,573,554	1,573,554	1,517,676	55,878	55,878
Purchased services	1,373,082	1,373,082	1,075,994	297,088	297,088
Supply-materials	690,307	690,307	709,761	(19,454)	(19,454)
Insurance	123,478	123,478	117,686	5,792	5,792
Total support	<u>9,103,449</u>	<u>9,103,449</u>	<u>8,821,190</u>	<u>282,259</u>	<u>282,259</u>
Contingency	<u>86,354</u>	<u>86,354</u>	<u>-</u>	<u>86,354</u>	<u>86,354</u>
Total expenditures	<u>23,358,832</u>	<u>23,358,832</u>	<u>23,337,136</u>	<u>21,696</u>	<u>21,696</u>
Excess (deficiency) of revenues other expenditures	<u>(188,106)</u>	<u>(188,106)</u>	<u>(585,217)</u>	<u>(397,111)</u>	<u>(397,111)</u>
Other financing sources (uses):					
Transfer in:					
Special revenue funds	88,106	88,106	45,033	(43,073)	(43,073)
Transfer out:					
Plant facility funds	<u>-</u>	<u>-</u>	<u>(118,714)</u>	<u>(118,714)</u>	<u>(118,714)</u>
Total other financing sources (uses)	<u>88,106</u>	<u>88,106</u>	<u>(73,681)</u>	<u>(161,787)</u>	<u>(161,787)</u>
Net change in fund balance	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>(658,898)</u>	<u>\$ (558,898)</u>	<u>\$ (558,898)</u>
Fund balance-Beginning of year			<u>1,897,696</u>		
Fund balance-End of year			<u>\$ 1,238,798</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, 2012**

			Variances		
			Favorable (Unfavorable)		
	Original Budget	Amended Budget	Actual	Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	3,000,000	3,000,000	3,037,342	37,342	37,342
Earnings on investments	1,000	1,000	3,300	2,300	2,300
Total local	<u>3,001,000</u>	<u>3,001,000</u>	<u>3,040,642</u>	<u>39,642</u>	<u>39,642</u>
State:					
Other state revenue	<u>58,087</u>	<u>58,087</u>	<u>58,086</u>	<u>(1)</u>	<u>(1)</u>
Total revenues	<u>3,059,087</u>	<u>3,059,087</u>	<u>3,098,728</u>	<u>39,641</u>	<u>39,641</u>
EXPENDITURES					
Debt service					
Interest	757,526	757,526	760,526	(3,000)	(3,000)
Principal	<u>2,290,000</u>	<u>2,290,000</u>	<u>6,320,000</u>	<u>(4,030,000)</u>	<u>(4,030,000)</u>
Total debt service	<u>3,047,526</u>	<u>3,047,526</u>	<u>7,080,526</u>	<u>(4,033,000)</u>	<u>(4,033,000)</u>
Total expenditures	<u>3,047,526</u>	<u>3,047,526</u>	<u>7,080,526</u>	<u>(4,033,000)</u>	<u>(4,033,000)</u>
Excess (deficiency) of revenues over/under expenditures	<u>11,561</u>	<u>11,561</u>	<u>(3,981,798)</u>	<u>(3,993,359)</u>	<u>(3,993,359)</u>
Other financing sources (uses):					
Proceeds from sale of bonds	-	-	3,955,000	3,955,000	3,955,000
Premium on issuance of debt	-	-	394,154	394,154	394,154
Cost of issuance	-	-	(71,585)	(71,585)	(71,585)
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>(247,569)</u>	<u>(247,569)</u>	<u>(247,569)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,030,000</u>	<u>4,030,000</u>	<u>4,030,000</u>
Net change in fund balance	<u>\$ 11,561</u>	<u>\$ 11,561</u>	48,202	<u>\$ 36,641</u>	<u>\$ 36,641</u>
Fund balance-Beginning of year			<u>2,694,252</u>		
Fund balance-End of year			<u>\$ 2,742,454</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**SCHOOL PLANT FACILITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2012**

	Original Budget	Amended Budget	Actual	Variances	
				Favorable (Unfavorable) Original to Actual	Amended to Actual
REVENUES					
Local:					
Taxes	1,515,000	1,515,000	1,520,984	5,984	5,984
Earnings on investments	-	-	153	153	153
Other	-	-	19,745	19,745	19,745
Total revenues	1,515,000	1,515,000	1,540,882	25,882	25,882
EXPENDITURES					
Purchased services	1,000	1,000	2,970	(1,970)	(1,970)
Capital objects	1,514,000	1,514,000	1,862,222	(348,222)	(348,222)
Total expenditures	1,515,000	1,515,000	1,865,192	(350,192)	(350,192)
Excess (deficiency) of revenues over/under expenditures	-	-	(324,310)	(324,310)	(324,310)
Other financing sources (uses):					
Transfer in	-	-	118,714	118,714	118,714
Net change in fund balance	\$ -	\$ -	(205,596)	\$ (205,596)	\$ (205,596)
Fund balance-Beginning of year			547,139		
Fund balance-End of year			\$ 341,543		

COMBINING AND INDIVIDUAL FUND STATEMENTS

Lakeland Joint School District No. 272
General Fund

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

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

**GENERAL FUND
BALANCE SHEET
June 30, 2012****ASSETS**

Cash	815,803
Investments	1,194,601
Taxes receivable	302,399
Other receivables:	
State support program	299,742
Other receivables	99,183
Taxes due from county	1,355,935
Interest receivable	<u>2,273</u>

Total assets		<u><u>\$ 4,069,936</u></u>
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LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	39,589
Accrued payroll and benefits	2,547,225
Deferred revenue	<u>244,324</u>

Total liabilities		2,831,138
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Fund equity:

Fund balances:

Unassigned	<u>1,238,798</u>
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Total fund equity		<u>1,238,798</u>
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Total liabilities and fund equity		<u><u>\$ 4,069,936</u></u>
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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, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Local:			
Taxes	3,391,330	3,368,614	22,716
Earnings on investments	47,006	76,904	(29,898)
Other	49,351	87,500	(38,149)
Total local	<u>3,487,687</u>	<u>3,533,018</u>	<u>(45,331)</u>
State:			
Base program	15,372,207	15,611,135	(238,928)
Transportation	1,042,132	1,025,000	17,132
Tuition equivalency	61,105	52,500	8,605
Payroll benefits	2,016,241	2,043,138	(26,897)
Revenue in lieu of taxes	94,467	9,621	84,846
Other state support	138,173	248,814	(110,641)
Total state	<u>18,724,325</u>	<u>18,990,208</u>	<u>(265,883)</u>
Federal:			
Restricted	<u>539,907</u>	<u>647,500</u>	<u>(107,593)</u>
Total revenues	<u>22,751,919</u>	<u>23,170,726</u>	<u>(418,807)</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	10,979,205	10,793,833	(185,372)
Benefits	3,048,209	3,071,179	22,970
Purchased services	42,058	37,950	(4,108)
Supply-materials	446,474	266,067	(180,407)
Total instruction	<u>14,515,946</u>	<u>14,169,029</u>	<u>(346,917)</u>
Support:			
Salaries	5,400,073	5,343,028	(57,045)
Benefits	1,517,676	1,573,554	55,878
Purchased services	1,075,994	1,373,082	297,088
Supply-materials	709,761	690,307	(19,454)
Insurance	117,686	123,478	5,792
Total support	<u>8,821,190</u>	<u>9,103,449</u>	<u>282,259</u>
Contingency	<u>-</u>	<u>86,354</u>	<u>86,354</u>
Total expenditures	<u>23,337,136</u>	<u>23,358,832</u>	<u>21,696</u>

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

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Continued)
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Excess (deficiency) of revenues over/under expenditures	<u>(585,217)</u>	<u>(188,106)</u>	<u>(397,111)</u>
Other financing sources (uses):			
Transfer in:			
Special revenue funds	45,033	88,106	(43,073)
Transfer out:			
Plant facility funds	<u>(118,714)</u>	<u>-</u>	<u>(118,714)</u>
Total other financing sources (uses)	<u>(73,681)</u>	<u>88,106</u>	<u>(161,787)</u>
Net change in fund balance	(658,898)	<u>\$ (100,000)</u>	<u>\$ (558,898)</u>
Fund balance-Beginning of year	<u>1,897,696</u>		
Fund balance-End of year	<u>\$ 1,238,798</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**GENERAL FUND
SCHEDULE OF EXPENDITURES
BY FUNCTION - BUDGET AND ACTUAL
For The Year Ended June 30, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION:			
Kindergarten/elementary			
Salaries	4,480,763	4,588,096	107,333
Benefits	1,259,545	1,305,797	46,252
Purchased services	13,973	1,250	(12,723)
Supply-materials	255,964	124,639	(131,325)
Total kindergarten/elementary	<u>6,010,245</u>	<u>6,019,782</u>	<u>9,537</u>
Secondary			
Salaries	4,525,470	4,494,252	(31,218)
Benefits	1,275,780	1,302,767	26,987
Purchased services	4,046	3,000	(1,046)
Supply-materials	181,494	126,008	(55,486)
Total secondary	<u>5,986,790</u>	<u>5,926,027</u>	<u>(60,763)</u>
Alternative School			
Salaries	366,761	337,210	(29,551)
Benefits	96,151	95,618	(533)
Purchased services	8,167	9,500	1,333
Supply-materials	6,926	12,500	5,574
Total alternative school	<u>478,005</u>	<u>454,828</u>	<u>(23,177)</u>
Exceptional child			
Salaries	1,042,407	829,998	(212,409)
Benefits	300,508	228,755	(71,753)
Purchased services	1,175	8,500	7,325
Supply-materials	-	-	-
Total exceptional child	<u>1,344,090</u>	<u>1,067,253</u>	<u>(276,837)</u>
Gifted and talented programs			
Salaries	92,439	90,214	(2,225)
Benefits	24,068	24,756	688
Purchased services	1,861	2,200	339
Supply-materials	1,740	1,920	180
Total gifted and talented programs	<u>120,108</u>	<u>119,090</u>	<u>(1,018)</u>
Extracurricular activities program			
Salaries	412,952	396,500	(16,452)
Benefits	80,978	102,117	21,139
Purchased services	12,836	13,500	664
Total extracurricular activities program	<u>506,766</u>	<u>512,117</u>	<u>5,351</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, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
INSTRUCTION (Continued)			
Summer School			
Salaries	57,895	57,063	(832)
Benefits	11,137	11,369	232
Supply-materials	-	1,000	1,000
Total summer school	<u>69,032</u>	<u>69,432</u>	<u>400</u>
Adult School			
Salaries	518	500	(18)
Benefits	42	-	(42)
Purchased services	350	-	(350)
Total adult school	<u>910</u>	<u>500</u>	<u>(410)</u>
TOTAL INSTRUCTION			
Salaries	10,979,205	10,793,833	(185,372)
Benefits	3,048,209	3,071,179	22,970
Purchased services	42,058	37,950	(4,108)
Supply-materials	446,474	266,067	(180,407)
Total Instruction	<u>\$ 14,515,946</u>	<u>\$ 14,169,029</u>	<u>\$ (346,917)</u>
SUPPORT:			
Attendance, guidance and health			
Salaries	709,951	688,422	(21,529)
Benefits	199,559	197,192	(2,367)
Purchased services	1,108	3,500	2,392
Supply-materials	3,595	3,280	(315)
Total attendance, guidance and health	<u>914,213</u>	<u>892,394</u>	<u>(21,819)</u>
Special services			
Salaries	294,919	337,823	42,904
Benefits	78,743	89,258	10,515
Purchased services	57,305	75,000	17,695
Supply-materials	-	1,500	1,500
Total special services	<u>430,967</u>	<u>503,581</u>	<u>72,614</u>
Instruction improvement			
Salaries	250	-	(250)
Benefits	45	-	(45)
Purchased services	555	-	(555)
Total instruction improvement	<u>850</u>	<u>-</u>	<u>(850)</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, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued)			
Educational Media			
Salaries	311,532	295,730	(15,802)
Benefits	89,081	96,804	7,723
Supply-materials	29,136	32,240	3,104
Total educational media	<u>429,749</u>	<u>424,774</u>	<u>(4,975)</u>
Instruction related technology			
Salaries	117,899	146,100	28,201
Benefits	31,015	47,087	16,072
Purchased services	300	27,500	27,200
Supply-materials	30,864	25,000	(5,864)
Total instruction related technology	<u>180,078</u>	<u>245,687</u>	<u>65,609</u>
Board of education			
Purchased services	35,735	61,750	26,015
Supply-materials	2,361	500	(1,861)
Insurance	30,496	35,166	4,670
Total board of education	<u>68,592</u>	<u>97,416</u>	<u>28,824</u>
District administration			
Salaries	325,408	303,927	(21,481)
Benefits	90,300	88,023	(2,277)
Purchased services	15,284	24,000	8,716
Supply-materials	5,109	5,000	(109)
Total district administration	<u>436,101</u>	<u>420,950</u>	<u>(15,151)</u>
School administration			
Salaries	1,515,666	1,478,116	(37,550)
Benefits	423,802	433,469	9,667
Purchased services	30,269	38,832	8,563
Supply-materials	9,738	14,587	4,849
Total school administration	<u>1,979,475</u>	<u>1,965,004</u>	<u>(14,471)</u>
Business operations			
Salaries	191,445	191,588	143
Benefits	54,821	56,372	1,551
Purchased services	-	750	750
Supply-materials	-	250	250
Total business operations	<u>246,266</u>	<u>248,960</u>	<u>2,694</u>
Administrative technology			
Salaries	114,579	124,519	9,940
Benefits	32,776	32,468	(308)
Purchased services	22,315	26,000	3,685
Supply-materials	18,501	4,000	(14,501)
Total administrative technology	<u>188,171</u>	<u>186,987</u>	<u>(1,184)</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, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
SUPPORT (Continued)			
Buildings - Care and upkeep			
Salaries	558,349	514,625	(43,724)
Benefits	158,726	165,457	6,731
Purchased services	749,139	946,250	197,111
Supply-materials	54,039	65,000	10,961
Insurance	67,569	62,318	(5,251)
Total buildings - care and upkeep	<u>1,587,822</u>	<u>1,753,650</u>	<u>165,828</u>
General maintenance non-student occupied			
Salaries	31,992	33,272	1,280
Benefits	11,548	12,030	482
Purchased services	6,157	3,500	(2,657)
Supply-materials	28,098	25,000	(3,098)
Total general maintenance non-student occupied	<u>77,795</u>	<u>73,802</u>	<u>(3,993)</u>
General maintenance student occupied			
Salaries	365,168	370,500	5,332
Benefits	114,280	121,549	7,269
Purchased services	107,984	98,500	(9,484)
Supply-materials	101,680	72,000	(29,680)
Total general maintenance student occupied	<u>689,112</u>	<u>662,549</u>	<u>(26,563)</u>
Pupil-to-school transportation			
Salaries	860,200	855,000	(5,200)
Benefits	232,290	233,670	1,380
Purchased services	34,250	54,000	19,750
Supply-materials	374,048	429,950	55,902
Insurance	14,170	12,997	(1,173)
Total pupil-to-school transportation	<u>1,514,958</u>	<u>1,585,617</u>	<u>70,659</u>
General transportation:			
Salaries	2,715	3,406	691
Benefits	690	175	(515)
Purchased services	15,593	13,500	(2,093)
Supply-materials	52,592	12,000	(40,592)
Insurance	5,451	12,997	7,546
Total general transportation	<u>77,041</u>	<u>42,078</u>	<u>(34,963)</u>
TOTAL SUPPORT			
Salaries	5,400,073	5,343,028	(57,045)
Benefits	1,517,676	1,573,554	55,878
Purchased services	1,075,994	1,373,082	297,088
Supply-materials	709,761	690,307	(19,454)
Insurance	117,686	123,478	5,792
Total Support	<u>\$ 8,821,190</u>	<u>\$ 9,103,449</u>	<u>\$ 282,259</u>

Lakeland Joint School District No. 272

Special Revenue Fund

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

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

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

Title II-D, ESEA Fund - To account for restricted Federal revenue to be spent on materials to supplement existing programs within the District.

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

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

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

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

Title IV-A, ESEA – Safe Drug Free Schools Fund - To account for restricted Federal revenue to be spent on drug education in-service training for teachers and parents and materials for classroom.

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 for the alternative high school.

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.

ISSE 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, 2012

	Child Nutrition	Federal Forest	Title I-A - ESEA Improving Basic Programs	IDEA Part B School-Age	IDEA Part B Pre-School	State Professional Technical	Title II-A ESEA - Improving Teacher Quality	State Substance Abuse	Technology Grant	Perkins III Professional Technical	Gifted and Talented	Idaho Reading Initiative	ISEE PHASE II	Miscellaneous Grant	Combining Total
ASSETS															
Cash	31,691	12,394	-	-	-	-	-	16,937	117,339	-	15,312	40,771	-	27,605	262,049
Investments	19	59	-	-	-	-	-	-	-	-	-	-	-	-	78
Other receivables:															
State reimbursements	-	-	-	-	-	15,510	-	-	-	-	-	-	38,122	-	53,632
Federal reimbursements	-	-	162,690	171,729	5,586	-	33,165	-	-	34,936	-	-	-	-	408,106
Other	391	-	-	-	-	-	-	-	-	-	-	-	-	-	391
Inventory	50,479	-	-	-	-	-	-	-	-	-	-	-	-	-	50,479
Total assets	82,580	12,453	162,690	171,729	5,586	15,510	33,165	16,937	117,339	34,936	15,312	40,771	38,122	27,605	774,735
LIABILITIES AND FUND EQUITY															
Liabilities:															
Bank overdraft	-	-	72,507	68,132	1,862	15,070	12,588	-	-	24,633	-	-	17,013	-	211,805
Accounts payable	1,740	-	-	-	-	-	-	-	-	-	-	-	-	-	1,740
Accrued payroll and benefits	-	-	90,183	103,597	3,724	-	20,577	-	-	10,303	-	-	-	-	228,384
Total liabilities	1,740	-	162,690	171,729	5,586	15,070	33,165	-	-	34,936	-	-	17,013	-	441,929
FUND EQUITY															
Fund Balances:															
Nonspendable	50,479	-	-	-	-	-	-	-	-	-	-	-	-	-	50,479
Restricted	30,361	12,453	-	-	-	440	-	16,937	117,339	-	15,312	40,771	21,109	27,605	282,327
Total fund equity	80,840	12,453	-	-	-	440	-	16,937	117,339	-	15,312	40,771	21,109	27,605	332,806
Total liabilities and fund equity	\$ 82,580	\$ 12,453	\$ 162,690	\$ 171,729	\$ 5,586	\$ 15,510	\$ 33,165	\$ 16,937	\$ 117,339	\$ 34,936	\$ 15,312	\$ 40,771	\$ 38,122	\$ 27,605	\$ 774,735

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, 2012

	Child Nutrition	Federal Forest	Title I-A - ESEA Improving Basic Programs	Title II-D - ESEA	IDEA Part B School-Age	IDEA Part B Pre-School	State Professional Technical	Title II-A ESEA - Improving Teacher Quality	Title IV-A ESEA - Safe & Drug Free Schools
REVENUES									
Local:									
Earnings on investments	768	38	-	-	-	-	-	-	-
Lunch sales	444,960	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total local	445,728	38	-	-	-	-	-	-	-
State:									
Restricted	-	-	-	-	-	-	58,365	-	-
Other state revenue	-	-	-	-	-	-	-	-	-
Total state	-	-	-	-	-	-	58,365	-	-
Federal:									
School lunch reimbursement	1,010,462	-	-	-	-	-	-	-	-
Restricted	-	38,470	837,426	9,345	835,611	22,424	-	154,609	2,114
Total federal	1,010,462	38,470	837,426	9,345	835,611	22,424	-	154,609	2,114
Total revenues	1,456,190	38,508	837,426	9,345	835,611	22,424	58,365	154,609	2,114
EXPENDITURES									
Current:									
Instruction:									
Salaries	-	-	642,224	-	578,046	16,967	-	114,320	-
Benefits	-	-	180,935	-	181,416	5,439	-	29,153	-
Purchased services	-	-	2,445	-	14,006	-	3,716	11,136	-
Supply-materials	-	-	11,822	-	51,194	18	41,962	-	-
Capital objects	-	-	-	-	503	-	12,687	-	-
Total instruction	-	-	837,426	-	825,165	22,424	58,365	154,609	-
Support:									
Salaries	-	-	-	7,680	6,774	-	-	-	-
Benefits	-	-	-	1,432	3,076	-	-	-	-
Purchased services	-	30,729	-	233	596	-	-	-	2,114
Supply-materials	-	3,888	-	-	-	-	-	-	-
Total support	-	34,617	-	9,345	10,446	-	-	-	2,114
Non-instruction:									
Salaries	195	-	-	-	-	-	-	-	-
Benefits	37	-	-	-	-	-	-	-	-
Purchased services	680,070	-	-	-	-	-	-	-	-
Supply-materials	723,845	-	-	-	-	-	-	-	-
Capital objects	4,252	-	-	-	-	-	-	-	-
Insurance	26,333	-	-	-	-	-	-	-	-
Total non-instruction	1,434,732	-	-	-	-	-	-	-	-
Total expenditures	1,434,732	34,617	837,426	9,345	835,611	22,424	58,365	154,609	2,114
Excess (deficiency) of revenues over/under expenditures	21,458	3,891	-	-	-	-	-	-	-
Other financing sources (uses):									
Transfers out	(45,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(45,000)	-	-	-	-	-	-	-	-
Net change in fund balance	(23,542)	3,891	-	-	-	-	-	-	-
Fund balance(deficit)- Beginning of year	104,382	8,562	-	-	-	-	440	-	-
Fund balance- End of year	\$ 80,840	\$ 12,453	\$ -	\$ -	\$ -	\$ -	\$ 440	\$ -	\$ -

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, 2012

	State Substance Abuse	Technology Grant	Perkins III Professional Technical	Gifted & Talented Fund	Professional Technical Academy	Miscellaneous Grant	Idaho Reading Initiative	ISEE PHASE II	Combining Total
REVENUES									
Local:									
Earnings on investments	-	-	-	-	-	-	-	-	806
Lunch sales	-	-	-	-	-	-	-	-	444,960
Other	-	-	-	-	-	7,705	-	-	7,705
Total local	-	-	-	-	-	7,705	-	-	453,471
State:									
Restricted	-	137,267	-	-	-	-	-	-	195,632
Other state revenue	-	-	-	-	-	-	21,354	60,828	82,182
Total state	-	137,267	-	-	-	-	21,354	60,828	277,814
Federal:									
School lunch reimbursement	-	-	-	-	-	-	-	-	1,010,462
Restricted	-	-	60,879	-	-	21,215	-	-	1,982,093
Total federal	-	-	60,879	-	-	21,215	-	-	2,992,555
Total revenues	-	137,267	60,879	-	-	28,920	21,354	60,828	3,723,840
EXPENDITURES									
Current:									
Instruction:									
Salaries	-	-	49,126	-	-	-	5,485	-	1,406,168
Benefits	-	-	12,600	-	-	-	439	-	409,982
Purchased services	-	-	-	607	10,218	25	-	-	42,153
Supply-materials	-	-	-	-	-	1,100	-	-	106,096
Capital objects	-	-	-	-	-	1,000	-	-	14,190
Total instruction	-	-	61,726	607	10,218	2,125	5,924	-	1,978,589
Support:									
Salaries	-	-	-	-	-	-	-	26,870	41,324
Benefits	-	-	-	-	-	-	-	5,080	9,588
Purchased services	1,319	9,964	-	-	-	-	-	7,769	52,724
Supply-materials	-	-	-	-	-	-	-	-	3,888
Total support	1,319	9,964	-	-	-	-	-	39,719	107,524
Non-instruction:									
Salaries	-	-	-	-	-	-	-	-	195
Benefits	-	-	-	-	-	-	-	-	37
Purchased services	-	-	-	-	-	-	-	-	680,070
Supply-materials	-	-	-	-	-	-	-	-	723,845
Capital objects	-	-	-	-	-	-	-	-	4,252
Insurance	-	-	-	-	-	-	-	-	26,333
Total non-instruction	-	-	-	-	-	-	-	-	1,434,732
Total expenditures	1,319	9,964	61,726	607	10,218	2,125	5,924	39,719	3,520,845
Excess (deficiency) of revenues over/under expenditures	(1,319)	127,303	(847)	(607)	(10,218)	26,795	15,430	21,109	202,995
Other financing sources (uses):									
Transfer out	-	-	-	-	-	(33)	-	-	(45,033)
Total other financing sources (uses)	-	-	-	-	-	(33)	-	-	(45,033)
Net change in fund balance	(1,319)	127,303	(847)	(607)	(10,218)	26,762	15,430	21,109	157,962
Fund balance-(deficit) Beginning of year	18,256	(9,964)	847	15,919	10,218	843	25,341	-	174,844
Fund balance- End of year	\$ 16,937	\$ 117,339	\$ -	\$ 15,312	\$ -	\$ 27,605	\$ 40,771	\$ 21,109	\$ 332,806

LAKELAND JOINT SCHOOL DISTRICT NO. 272**Rathdrum, Idaho****CHILD NUTRITION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
Local:			
Earnings on investments	768	250	518
Lunch sales	444,960	481,232	(36,272)
Total local	<u>445,728</u>	<u>481,482</u>	<u>(35,754)</u>
Federal:			
School lunch reimbursement	<u>1,010,462</u>	<u>979,912</u>	<u>30,550</u>
Total revenue	<u>1,456,190</u>	<u>1,461,394</u>	<u>(5,204)</u>
EXPENDITURES			
Current:			
Non-instruction:			
Salaries	195	-	(195)
Benefits	37	-	(37)
Purchased services	680,070	685,553	5,483
Supply-materials	723,845	712,490	(11,355)
Capital objects	4,252	25,000	20,748
Insurance	<u>26,333</u>	<u>24,603</u>	<u>(1,730)</u>
Total expenditures	<u>1,434,732</u>	<u>1,447,646</u>	<u>12,914</u>
Excess (deficiency) of revenues over/under expenditures	21,458	13,748	7,710
Other financing sources (uses):			
Transfer out	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Net change in fund balance	(23,542)	<u>\$ (31,252)</u>	<u>\$ 7,710</u>
Fund balance-Beginning of year	<u>104,382</u>		
Fund balance-End of year	<u>\$ 80,840</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

FEDERAL FOREST FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Local:			
Earnings on investments	<u>38</u>	<u>-</u>	<u>38</u>
Federal:			
Restricted	<u>38,470</u>	<u>37,500</u>	<u>970</u>
Total revenues	<u>38,508</u>	<u>37,500</u>	<u>1,008</u>
EXPENDITURES			
Current:			
Support:			
Purchased services	<u>30,729</u>	<u>32,500</u>	<u>1,771</u>
Supply-materials	<u>3,888</u>	<u>5,000</u>	<u>1,112</u>
Total expenditures	<u>34,617</u>	<u>37,500</u>	<u>2,883</u>
Net change in fund balance	3,891	<u>\$ -</u>	<u>\$ 3,891</u>
Fund balance-Beginning of year	<u>8,562</u>		
Fund balance-End of year	<u>\$ 12,453</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

TITLE I-A, ESEA - IMPROVING BASIC PROGRAMS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted - ARRA	6,174	-	6,174
Restricted	<u>831,252</u>	<u>879,045</u>	<u>(47,793)</u>
Total revenues	<u>837,426</u>	<u>879,045</u>	<u>(41,619)</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	642,224	584,567	(57,657)
Benefits	180,935	189,031	8,096
Purchased services	2,445	15,000	12,555
Supply-materials	<u>11,822</u>	<u>60,000</u>	<u>48,178</u>
Total Instruction	<u>837,426</u>	<u>848,598</u>	<u>11,172</u>
Total expenditures	<u>837,426</u>	<u>848,598</u>	<u>11,172</u>
Excess (deficiency) of revenues over/under expenditures	-	30,447	(30,447)
Other financing sources (uses):			
Transfer out	<u>-</u>	<u>(20,246)</u>	<u>20,246</u>
Net change in fund balance	-	<u><u>\$ 10,201</u></u>	<u><u>\$ (10,201)</u></u>
Fund balance-Beginning of year	<u>-</u>		
Fund balance-End of year	<u><u>\$ -</u></u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

TITLE II-D, ESEA FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For The Year Ended June 30, 2012

REVENUES

Federal:

Restricted - ARRA	<u>9,345</u>
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Total revenues	9,345
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EXPENDITURES

Current:

Support:

Salaries	7,680
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Benefits	1,432
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Purchased services	<u>233</u>
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Total expenditures	<u>9,345</u>
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Net change in fund balance	-
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Fund balance-Beginning of year	<u>-</u>
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Fund balance-End of year	<u><u>\$ -</u></u>
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LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**IDEA PART B - SCHOOL AGE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted - ARRA	79,284	70,000	9,284
Restricted	<u>756,327</u>	<u>758,052</u>	<u>(1,725)</u>
Total revenues	<u>835,611</u>	<u>828,052</u>	<u>7,559</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	578,046	610,098	32,052
Benefits	181,416	183,237	1,821
Purchased services	14,006	121,857	107,851
Supply-materials	51,194	70,000	18,806
Capital objects	<u>503</u>	<u>-</u>	<u>(503)</u>
Total Instruction	<u>825,165</u>	<u>985,192</u>	<u>160,027</u>
Support:			
Purchased services	6,774	-	(6,774)
Supply-materials	3,076	-	(3,076)
Capital objects	<u>596</u>	<u>-</u>	<u>(596)</u>
Total Support	<u>10,446</u>	<u>-</u>	<u>(10,446)</u>
Total expenditures	<u>835,611</u>	<u>985,192</u>	<u>149,581</u>
Excess (deficiency) of revenues over/under expenditures	-	(157,140)	157,140
Other financing sources (uses):			
Transfer out	<u>-</u>	<u>(22,860)</u>	<u>22,860</u>
Net change in fund balance	-	<u>\$ (180,000)</u>	<u>\$ 180,000</u>
Fund balance-Beginning of year	<u>-</u>		
Fund balance-End of year	<u>\$ -</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

IDEA PART B - PRESCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>22,424</u>	<u>21,000</u>	<u>1,424</u>
Total revenues	<u>22,424</u>	<u>21,000</u>	<u>1,424</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	16,967	16,325	(642)
Benefits	5,439	4,675	(764)
Supply-materials	<u>18</u>	<u>-</u>	<u>(18)</u>
Total expenditures	<u>22,424</u>	<u>21,000</u>	<u>(1,424)</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

STATE PROFESSIONAL TECHNICAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
State:			
Restricted	<u>58,365</u>	<u>68,614</u>	<u>(10,249)</u>
Total revenues	<u>58,365</u>	<u>68,614</u>	<u>(10,249)</u>
EXPENDITURES			
Current:			
Instruction:			
Purchased services	3,716	8,100	4,384
Supply-materials	41,962	50,564	8,602
Capital objects	<u>12,687</u>	<u>9,950</u>	<u>(2,737)</u>
Total expenditures	<u>58,365</u>	<u>68,614</u>	<u>10,249</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance-Beginning of year	<u>440</u>		
Fund balance-End of year	<u>\$ 440</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

TITLE II-A, ESEA - IMPROVING TEACHER QUALITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>154,609</u>	<u>158,412</u>	<u>(3,803)</u>
Total revenues	<u>154,609</u>	<u>158,412</u>	<u>(3,803)</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	114,320	147,936	33,616
Benefits	29,153	40,476	11,323
Purchased services	<u>11,136</u>	<u>-</u>	<u>(11,136)</u>
Total expenditures	<u>154,609</u>	<u>188,412</u>	<u>33,803</u>
Net change in fund balance	-	<u><u>\$ (30,000)</u></u>	<u><u>\$ 30,000</u></u>
Fund balance-Beginning of year	<u>-</u>		
Fund balance-End of year	<u><u>\$ -</u></u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

TITLE IV-A, ESEA - SAFE & DRUG FREE SCHOOLS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For The Year Ended June 30, 2012

REVENUES

Federal:

Restricted 2,114

Total revenues 2,114

EXPENDITURES

Current:

Support:

Purchased services 2,114

Total expenditures 2,114

Net change in fund balance -

Fund balance-Beginning of year -

Fund balance-End of year \$ -

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

STATE SUBSTANCE ABUSE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Instruction:			
Purchased services	1,319	7,500	6,181
Supply-materials	<u> </u>	<u>7,500</u>	<u>7,500</u>
Total expenditures	<u>1,319</u>	<u>15,000</u>	<u>13,681</u>
Net change in fund balance	(1,319)	<u><u>\$ (15,000)</u></u>	<u><u>\$ 13,681</u></u>
Fund balance-Beginning of year	<u>18,256</u>		
Fund balance-End of year	<u><u>\$ 16,937</u></u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

TECHNOLOGY GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For The Year Ended June 30, 2012

REVENUES

State:

Restricted

137,267

Total revenues

137,267

EXPENDITURES

Current:

Support:

Purchases services

9,964

Total expenditures

9,964

Net change in fund balance

127,303

Fund balance-Beginning of year

(9,964)

Fund balance-End of year

\$ 117,339

LAKELAND JOINT SCHOOL DISTRICT NO. 272**Rathdrum, Idaho****PERKINS III, PROFESSIONAL TECHNICAL ACT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Federal:			
Restricted	<u>60,879</u>	<u>60,879</u>	<u>-</u>
Total revenues	<u>60,879</u>	<u>60,879</u>	<u>-</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	49,126	45,730	(3,396)
Benefits	12,600	11,799	(801)
Purchases services		2,850	2,850
Supply-materials	<u></u>	<u>500</u>	<u>500</u>
Total expenditures	<u>61,726</u>	<u>60,879</u>	<u>(847)</u>
Net change in fund balance	(847)	<u>\$ -</u>	<u>\$ (847)</u>
Fund balance-Beginning of year	<u>847</u>		
Fund balance-End of year	<u>\$ -</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**GIFTED AND TALENTED FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Instruction:			
Purchased services	607	6,500	5,893
Supply-materials	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total expenditures	<u>607</u>	<u>7,500</u>	<u>6,893</u>
Net change in fund balance	(607)	<u>\$ (7,500)</u>	<u>\$ 6,893</u>
Fund balance-Beginning of year	<u>15,919</u>		
Fund balance-End of year	<u>\$ 15,312</u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

PROFESSIONAL TECHNICAL ACADEMY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For The Year Ended June 30, 2012

REVENUES		-
EXPENDITURES		
Current:		
Instruction:		
Purchased services	<u>10,218</u>	
Total expenditures		<u>10,218</u>
Net change in fund balance		(10,218)
Fund balance-Beginning of year		<u>10,218</u>
Fund balance-End of year		<u><u>\$ -</u></u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

IDAHO READING INITIATIVE GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
State:			
Restricted	<u>21,354</u>	<u>8,500</u>	<u>12,854</u>
Total revenues	<u>21,354</u>	<u>8,500</u>	<u>12,854</u>
EXPENDITURES			
Current:			
Instruction:			
Salaries	5,485	4,500	(985)
Benefits	439	410	(29)
Purchased services	-	2,500	2,500
Supply-materials	<u>-</u>	<u>1,090</u>	<u>1,090</u>
Total expenditures	<u>5,924</u>	<u>8,500</u>	<u>2,576</u>
Net change in fund balance	15,430	<u><u>\$ -</u></u>	<u><u>\$ 15,430</u></u>
Fund balance-Beginning of year	<u>25,341</u>		
Fund balance-End of year	<u><u>\$ 40,771</u></u>		

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

MISCELLANEOUS GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For The Year Ended June 30, 2012

REVENUES

Local:

Other local revenue 7,705

Federal:

Restricted 21,215

Total revenues 28,920

EXPENDITURES

Current:

Instruction:

Purchased services 25

Supply-materials 1,100

Capital objects 1,000

Total expenditures 2,125

Excess (deficiency) of revenues
over/under expenditures 26,795

Other financing sources (uses):

Transfer out (33)

Net change in fund balance 26,762

Fund balance-Beginning of year 843

Fund balance-End of year \$ 27,605

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

ISEE PHASE II GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For The Year Ended June 30, 2012

REVENUES

State:

Other state revenue	<u>60,828</u>
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Total revenues	60,828
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EXPENDITURES

Current:

Support:

Salaries	26,870
Benefits	5,080
Purchased services	<u>7,769</u>

Total expenditures	<u>39,719</u>
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Net change in fund balance	21,109
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Fund balance-Beginning of year	<u>-</u>
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Fund balance-End of year	<u><u>\$ 21,109</u></u>
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Lakeland Joint School District No. 272
Debt Service Fund

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

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

DEBT SERVICE FUND
BALANCE SHEET
June 30, 2012

ASSETS

Cash	1,556,855
Investments	28
Taxes receivable	278,360
Other receivables:	
Taxes due from county	<u>1,130,649</u>

Total assets		<u><u>\$ 2,965,892</u></u>
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LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	750	
Deferred revenue	<u>222,688</u>	
Total liabilities		223,438

Fund equity:

Fund balance		
Restricted	<u>2,742,454</u>	
Total fund equity		<u><u>2,742,454</u></u>

Total liabilities and fund equity		<u><u>\$ 2,965,892</u></u>
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LAKELAND JOINT SCHOOL DISTRICT NO. 272**Rathdrum, Idaho**

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Local:			
Taxes	3,037,342	3,000,000	37,342
Earnings on investments	3,300	1,000	2,300
Total local	<u>3,040,642</u>	<u>3,001,000</u>	<u>39,642</u>
State:			
Other state revenue	<u>58,086</u>	<u>58,087</u>	<u>(1)</u>
Total revenues	<u>3,098,728</u>	<u>3,059,087</u>	<u>39,641</u>
EXPENDITURES			
Debt service			
Interest	760,526	757,526	(3,000)
Principal	6,320,000	2,290,000	(4,030,000)
Total debt service	<u>7,080,526</u>	<u>3,047,526</u>	<u>(4,033,000)</u>
Total expenditures	<u>7,080,526</u>	<u>3,047,526</u>	<u>(4,033,000)</u>
Excess (deficiency) of revenues over/under expenditures	<u>(3,981,798)</u>	<u>11,561</u>	<u>(3,993,359)</u>
Other financing sources (uses):			
Proceeds from sale of bonds	3,955,000	-	3,955,000
Premium on issuance of debt	394,154	-	394,154
Cost of issuance	(71,585)	-	(71,585)
Payment to refunded bond escrow agent	<u>(247,569)</u>	<u>-</u>	<u>(247,569)</u>
Total other financing sources (uses)	<u>4,030,000</u>	<u>-</u>	<u>4,030,000</u>
Net change in fund balance	48,202	<u>\$ 11,561</u>	<u>\$ 36,641</u>
Fund balance-Beginning of year	<u>2,694,252</u>		
Fund balance-End of year	<u>\$ 2,742,454</u>		

Lakeland Joint School District No. 272
School Plant Facility Fund

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

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

SCHOOL PLANT FACILITY FUND
BALANCE SHEET
June 30, 2012

ASSETS

Cash	98,780	
Taxes receivable	128,242	
Other receivables:		
Taxes due from county	<u>568,398</u>	
		<u><u>\$795,420</u></u>

Total assets

LIABILITIES AND FUND EQUITY

Liabilities:		
Accounts payable	351,284	
Deferred revenue	<u>102,593</u>	
Total liabilities		<u>453,877</u>
 Fund equity:		
Fund balance		
Restricted	<u>341,543</u>	
Total fund equity		<u>341,543</u>

Total liabilities and fund equity \$795,420

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

SCHOOL PLANT FACILITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Local:			
Taxes	1,520,984	1,515,000	5,984
Earnings on investments	153	-	153
Other	19,745	-	19,745
Total revenues	<u>1,540,882</u>	<u>1,515,000</u>	<u>25,882</u>
 EXPENDITURES			
Purchases services	2,970	1,000	(1,970)
Capital objects	<u>1,862,222</u>	<u>1,514,000</u>	<u>(348,222)</u>
Total expenditures	<u>1,865,192</u>	<u>1,515,000</u>	<u>(350,192)</u>
 Excess (deficiency) of revenues over/under expenditures	(324,310)	-	(324,310)
 Other financing sources (uses):			
Transfer in	<u>118,714</u>	<u>-</u>	<u>118,714</u>
 Net change in fund balance	(205,596)	<u>\$ -</u>	<u>\$ (205,596)</u>
 Fund balance-Beginning of year	<u>547,139</u>		
 Fund balance-End of year	<u>\$ 341,543</u>		

Lakeland Joint School District No. 272
Agency Fund

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

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT GROUP AGENCY FUND
For The Year Ended June 30, 2012

	Balance 07/01/11	Net Change	Balance 06/30/12
ASSETS			
Cash and investments	<u>337,390</u>	<u>66,330</u>	<u>403,720</u>
Total assets	<u><u>\$337,390</u></u>	<u><u>\$66,330</u></u>	<u><u>\$403,720</u></u>
 LIABILITIES			
Due to student groups	<u>337,390</u>	<u>66,330</u>	<u>403,720</u>
Total liabilities	<u><u>\$337,390</u></u>	<u><u>\$66,330</u></u>	<u><u>\$403,720</u></u>

LAKELAND JOINT SCHOOL DISTRICT NO. 272

Rathdrum, Idaho

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2012**

	Federal CFDA Number	Pass Through Grantor's Number	Federal Grant Number	Expenditures
U. S. Department of Agriculture				
Passed through State Department of Education				
School Lunch	10.555	12-272	2012IN109947	697,394
Breakfast Program	10.553	12-272	2012IN109947	185,640
Fresh Fruit and Vegetable	10.582	12-272	2012CL160347	56,834
Team Nutrition Grant	10.574	12-272	2010IN350330	1,000
Food Distribution (non-cash)	10.550	12-272	2012IN109947	69,594
Federal Forest	10.665	12-272		<u>34,617</u>
Total U.S. Department of Agriculture				<u>1,045,079</u>
U.S. Department of Education				
Passed through State Department of Education				
Education Jobs Fund	84.410	12-272	S410A100013	463,022
Title I-A, ESEA - Improving Basic Programs	84.010	12-272	S010A090012	769,346
Title I-A, ESEA - Improving Basic Programs - ARRA	84.389	12-272	S389A090012	68,080
Part B, IDEA - School Age	84.027	12-272	H027A100088	672,520
Part B, IDEA - School Age - ARRA	84.391	12-272	H391A090088	163,091
Perkins III, Professional Technical	84.048	12-272	V048A110012	61,726
Part B, IDEA - Preschool	84.173	12-272	H173A090030	22,424
Title II-A, ESEA - Improving Teacher Quality	84.367	12-272	S367A110011	154,609
Title IV-A, ESEA - Safe & Drug Free Schools	84.186	12-272	Q186A090013	2,114
Title II-D, ESEA - ARRA	84.386	12-272	S386A090012	<u>9,345</u>
Total U.S. Department of Education				<u>2,386,277</u>
Total Expenditures				<u><u>\$ 3,431,356</u></u>

SINGLE AUDIT SECTION

Lakeland Joint School District No. 272
Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2012

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.

HAYDEN ROSS, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

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 the financial statements of the governmental 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, 2012, which collectively comprise the Lakeland Joint School District No. 272's basic financial statements and have issued our report thereon dated October 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Lakeland Joint School District No. 272's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lakeland Joint School District No. 272's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lakeland Joint School District No. 272's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Lakeland Joint School District No. 272's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hayden Ross, PLLC

Moscow, Idaho
October 7, 2012

HAYDEN ROSS, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

Jim Pilcher, CPA/PFS • Dave Jones, CPA/PFS • Brad Lewis, CPA/PFS • Cade Konen, CPA/PFS • Nathan Strong, CPA/PFS • Mark Watson, CPA

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

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

COMPLIANCE

We have audited the compliance of the Lakeland Joint School District No. 272 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2012. The 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Lakeland Joint School District No. 272's management. Our responsibility is to express an opinion on the Lakeland Joint School District No. 272's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing 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 the 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. Our audit does not provide a legal determination on the Lakeland Joint School District No. 272's compliance with those requirements.

In our opinion, the Lakeland Joint School District No. 272 complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2012.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Lakeland Joint School District No. 272 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Lakeland Joint School District No. 272's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 the 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.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be used by anyone other than these specified parties.

Hayden Ross, PLLC

Moscow, Idaho
October 7, 2012

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS**For The Year Ended June 30, 2012****Section I - Summary of Auditor's Results***Financial Statements*

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- material weakness(es) identified? _____ yes _____ x no

- significant deficiency(ies) identified? _____ yes _____ x none reported

Noncompliance material to financial statements noted? _____ yes _____ x no

Federal Awards

Internal control over major programs:

- material weakness(es) identified? _____ yes _____ x no

- significant deficiency(ies) identified? _____ yes _____ x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of OMB Circular A-133? _____ yes _____ x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	School Lunch program
10.553	Breakfast program
10.550	Food Distribution program
10.574	Team Nutrition
10.582	Fresh Fruit and Vegetable program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as a low-risk auditee? _____ x yes _____ no

LAKELAND JOINT SCHOOL DISTRICT NO. 272
Rathdrum, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For The Year Ended June 30, 2012

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.