



Strive...
Achieve...
Succeed...
Go Beyond!

Audited Financial Statements
Fiscal Year Ended June 30, 2010

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

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Lewiston, Idaho

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HAYDEN & ROSS, P.A.

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
Independent School District No.1
Lewiston, Idaho 83501

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 1, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Independent School District No. 1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as disclosed in the following paragraph, 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.

We were unable to obtain audited financial statements of Lewiston Independent Foundation for Education, Inc., a component unit of the Independent School District No. 1, and were therefore unable to satisfy ourselves about the assets, equity and earnings of that organization.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the assets, equity and earnings of Lewiston Independent Foundation for Education, Inc., the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 1, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows 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 September 17, 2010, on our consideration of the Independent School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance

and the results of that testing and not to provide an opinion on the 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 considered in assessing 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 3 through 8 and 35 through 52 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 the 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 conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Independent School District No. 1's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, the supplemental schedule – other special revenue funds, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual non-major fund financial statements, the supplemental schedule – other special revenue funds, and the schedule of findings and questioned costs are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been 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 and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Hayden & Ross, P.A.

Moscow, Idaho
September 17, 2010

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2010

Our discussion and analysis of the financial performance of Independent School District No. 1 provides an overview of the District's financial activities for the fiscal year ended June 30, 2010. Please read this analysis in conjunction with the financial statements which immediately follow this section.

Strategic Plan

The District's Board of Directors adopted a strategic plan in FY 2002 establishing our mission to "Strive...Achieve...Succeed...Go Beyond! The plan outlined seven strategies to reach three key results:

- Rich and rigorous learning experiences for each student
- Adaptive organizational structures that support student learning
- A culture of high performance

This optimistic plan has been renewed with new emphasis on student performance that has been the cornerstone of the Federal "No Child Left Behind" requirements. During the 2008-2009 school year, seven strategies were further developed to provide clear direction for optimal implementation of results-based practices that lead to the continuous improvement of student learning. The strategic plan is currently being updated and data compiled and reviewed.

Enrollments

Student enrollment over the past ten years has been relatively stable ranging from 5,163 students in October, 1999 to 4,906 in October of 2009.

Financial Highlights

- Property tax revenue received in FY2010 increased 3.81%, or \$443,078 over FY2009
- State apportionment revenue decreased by 17% in FY2010
- State revenue shortfalls were supplemented by \$3,062,701 in federal economic stimulus funds appropriated in the American Recovery and Reinvestment Act of 2009 (ARRA)
- District-wide total expenses decreased .7% from the previous year
- At the fund level, the General Fund balance decreased by \$491,875
- Health insurance claims paid in FY2010 by the Medical Insurance Risk Fund were much less than projected, resulting in no increase in the year-end liability for future claims on the mini-max insurance plan

Overview of the Financial Statements

The annual financial report consists of three parts: 1) Management's Discussion and Analysis; 2) basic financial statements, including notes to financial statements; and 3) other required supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

The statement of net assets and statement of activities provide information on a district-wide basis. The statements present a total view of the District's finances. District-wide statements contain useful long-term information, as well as information for the just-completed fiscal year.

The remaining statements are fund financial statements that focus on individual parts of District operations. Fund statements generally report operations in greater detail than the district-wide statements.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2010

The notes to the financial statements provide further detailed explanations of selected areas addressed in the statements. In addition, they provide disclosures that provide users with a complete picture of the financial position and financial activities of the organization.

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The two district-wide statements report the District's net assets and how they have changed. Net assets (the difference between assets and liabilities) are one way to measure the District's overall financial position.

To assess the overall financial condition of the District, non-financial factors, such as changes in the property tax base and the condition of school buildings and other facilities should also be considered.

In the district-wide financial statements, all district activities are classified as governmental 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. Internal service activities, specifically those of the Medical Insurance Risk Fund and the Print Shop, are reported on a separate statement.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on the most significant or "major" funds and not on the entire District as a whole. Funds are accounting devices primarily used by government entities to track sources and uses of funding on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law or administrative rule.

The District has established other funds to control and manage funds designated only for specific purposes such as capital project funds.

Three types of District Funds

Governmental funds. Most of the District's basic services and operations are included in governmental funds which focus on how money flows into and out of those funds and the balances remaining at year-end available for use in future periods. These funds are reported on the "modified accrual" basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and basic services provided to constituents.

Proprietary funds. Also called internal service funds, these funds record transactions for print shop services and the medical insurance risk pool. Proprietary funds use the accrual basis of accounting, as business-type activities, and are consolidated with the governmental activities in the district-wide statements.

Fiduciary funds. Also called agency funds, the District serves as a trustee (or fiduciary) for student clubs and organizations. The District is responsible for ensuring that the assets reported in these funds are used only for the intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because fiduciary assets are not available to the district for use in general operational activities. Expendable and endowed private purpose trust funds also reside in the fiduciary fund classification. These funds include contributions restricted by donors and interest earnings.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2010

Financial Analysis of the District as a Whole

Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

Table 1	Net Assets (In millions)		Total Percentage Change
	All Governmental Activities		
	2010	2009	
Current Assets	14.0	14.4	-2.80%
Capital Assets	8.7	9.1	-4.40%
Total Assets	22.7	23.5	-3.40%
Total Liabilities	6.0	6.2	-3.23%
Net Assets			
Invested in Capital			
Assets	8.7	9.1	-4.40%
Restricted	2.2	2.4	-8.33%
Unrestricted	5.8	5.8	0.00%
Total Net Assets	16.7	17.3	-3.47%

Table 2 shows the changes in net assets for fiscal year 2010.

Changes in Net Assets from Operating Results
(in millions)

	All Governmental Activities		Total Percentage Change
	2010	2009	
Revenues			
Program Revenues			
Charges for Services	1.7	1.5	13.33%
Grants	5.5	6.0	-8.33%
General Revenues			
Property Taxes	12.0	11.7	2.56%
Government Funding	23.5	23.4	0.43%
Other	0.4	0.5	-20.00%
Total Revenues	43.1	43.1	0%
Expenses			
Instructional	26.9	26.9	0.00%
Other	16.7	16.7	0.00%
Total Expenses	43.6	43.6	0.00%
Increase (Decrease) in Net Assets	-0.5	-0.5	

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2010

Governmental Activities

The statement of activities reflects the cost of programs and services, and the fees, sales, grants, and contributions offsetting those services. Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The net cost of services is the cost to the District from general revenue sources for each program. Specific revenue sources, such as fees for services or designated grants have been subtracted from the total cost to obtain the net cost. Table 3 identifies the cost of those services supported by tax revenues and unrestricted State entitlements.

Table 3	Governmental Activities (In millions)					
	Total cost of services		Percentage change	Net cost of services		Percentage change
	2010	2009		2010	2009	
Instruction	26.9	26.9	0.00%	23.1	22.6	2.21%
Pupil, staff support	3.6	3.6	0.00%	3.3	3.5	-5.71%
Administration, business	4.2	3.9	7.14%	4.2	3.9	7.69%
Maintenance, custodial	4.7	5.3	-11.32%	4.6	5.0	-8.00%
Transportation	1.5	1.5	0.00%	0.4	0.4	0.00%
Food Service	2.0	1.7	17.65%	.01	.01	0.00%
Other	0.7	0.7	0.00%	0.7	0.7	0.00%
Total	43.6	43.6	0.00%	36.3	36.1	3.00%

Proprietary Funds

The District has proprietary (or internal service) funds which account for the activities of the print shop and the medical risk fund. In fiscal year 2002, the Board established a medical risk fund to account for insurance premiums collected by the various funds of the District to recover the cost of claims paid. The risk fund has been used to mitigate the effects of increasing health insurance premiums and position the District for self-insuring medical claims in the future. Net assets in this fund have increased to \$1,523,356 at June 30, 2010. The reason for such a large increase is that the estimated liability for insurance claims that would become due in January 2010 (and accrued at June 30, 2009) proved to be larger than the actual amount owed by \$465,978. Based upon a detailed claims analysis performed by the District's benefits consultants of the expected liability at June 30, 2010, management elected not to increase the accrual for insurance claims payable this year.

Component Units

The basic financial statements include a statement of net assets and statement of changes in net assets for the Lewiston Independent Foundation for Education, Inc. (L.I.F.E.), a component unit of the District. These statements are included to meet requirements of GASB Statement 39. The Foundation is a separate organization whose resources are held for the direct benefit of the District and our students. The statements as presented are unaudited and are prepared by the Foundation's Treasurer, Doug Baune. He can be reached at 1132 Idaho Street, Lewiston, ID 83501 for more information.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2010

General Fund Budgeting Highlights.

The School District's budget is prepared according to Idaho law and is developed on the same accounting basis as the fund statements. The most significant budgeted fund is the General Fund. The District amended its General Fund Budget in June of 2010 to more accurately reflect actual financial circumstances encountered during the course of the year.

Capital Assets

At the end of fiscal year 2010, the School District had \$8.6 million of net capital assets in governmental activities. Table 4 reflects fiscal year 2010 balances compared to fiscal year 2009.

Table 4
Capital Assets at June 30
(Net of depreciation, in thousands)

	All Governmental Activities		Total Dollar Change
	2010	2009	
Land and Site Improvements	2,529	2,472	57
Buildings	5,161	5,466	(305)
Equipment	271	330	(59)
Vehicles and Buses	695	801	(106)
Construction in Progress		35	(35)
Total Net Capital Assets	8,656	9,104	(448)

The site improvement project to improve spectator access to Volmer Bowl was completed, and no projects were recorded as construction-in-progress at year-end. Spending on non-essential projects was reduced or delayed due to budget constraints.

Current Issues

During fiscal year 2010, the overall economy of the United States continued to be weak. Federal American Recovery and Reinvestment Act of 2009 (ARRA) funds replaced shortfalls in State Foundation funding to the District in the amount of \$3,062,701.

In the public school appropriation bill enacted by the Idaho Legislature (SB1418), a statewide financial emergency was declared for the 2010-2011 school year to allow individual school districts flexibility in crafting budgets with approximately 7.5% less funding than the previous year. The Board of Directors of Independent School District No.1 passed a resolution electing to participate in the statewide financial emergency, providing the ability to reopen salary, benefits and length of contract components of collective bargaining agreements. The final agreement with the Lewiston Education Association was for a contract reduced by four days from the previous year. The federal Education Jobs and Medicaid Assistance Act signed by the President in August 2010 could partially offset some of the salary reductions over the next two school years.

The District continues to exercise caution and diligence in choosing investment options for idle funds. All funds are currently divided between four approved local depositories to maximize protection of assets up to the new FDIC limit of \$250,000 per account holder, per institution. All remaining funds are in fully collateralized public funds accounts and the state investment pools. Rates of return on investments remained below 1% during most of 2010.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2010

At the county level, overall market values rose by approximately 3.81% from 2009 to 2010, primarily due to a large increase in the value of the county's largest taxpayer, Clearwater Paper, Inc. Residential values in Nez Perce County declined by as much as 3% in some cases, and new construction declined by 2/3 from the previous year. Net tax revenue for fiscal year 2011 is expected to remain equal to the prior year.

Enrollments and attendance have declined slightly over the past few years. Attendance is the major determinant of State revenues. The District has identified and implemented particular strategies to reduce truancy. Class sizes are monitored very closely in an effort to match costs with funding.

Old facilities continue to require a significant investment of resources to keep them safe and useable for today's students. Replacing the high school is the number one priority for the Board of Directors. A bond levy election will be held on October 14, 2010 requesting approval of a \$52 million bond issuance to finance the construction of a modern 9-12 high school on land owned by the District in the Lewiston Orchards. The District has no bonded indebtedness as of June 30, 2010. The last bond election to pass was in 1960, and that bond was repaid in 1980. A school plant facility levy was passed in 1971 which provided facility funds until 1981, and provided the basis for the current balances in the capital projects fund. Interest from investments of the capital projects fund balance supports major capital improvements within the District.

Fiscal year 2011 is the second year of a five-year supplemental levy which was passed by voters in May, 2008. This levy provides a significant funding source for District programs. Patrons of the Lewiston School District passed the supplemental levy with an 83% yes vote. Due to recent legislation, the supplemental levy will no longer be subjected to collections for three Urban Renewal Areas.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Katharine McPherson, CPA, Business Manager, Independent School District No. 1, 3317 - 12th Street, Lewiston, ID 83501, or telephone number 208-748-3040.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Net Assets
June 30, 2010

ASSETS

Current Assets

Cash and cash equivalents	\$ 118,580
Investments	6,467,520
Interest receivable	160
Taxes receivable (net)	5,333,007
Due from other governmental units	1,580,054
Inventory and Prepaid expenses	509,462
Total current assets	<u>14,008,783</u>

Noncurrent Assets

Non depreciated capital assets	1,839,830
Depreciated capital assets	20,866,751
Less: Accumulated depreciation	<u>(14,049,988)</u>
Total noncurrent Assets	<u>8,656,593</u>

Total Assets	<u>22,665,376</u>
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LIABILITIES

Current Liabilities

Accounts payable and other current Liabilities	4,791,003
Insurance claims payable	468,327
Deferred revenue	75,690
Due to Fiduciary Funds	107,086
Total current liabilities	<u>5,442,106</u>

Noncurrent liabilities

Noncurrent portion of long-term obligations	<u>593,491</u>
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Total Liabilities	<u>6,035,597</u>
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NET ASSETS

Invested in capital assets, net of related debt	8,694,938
Restricted for capital projects	2,155,593
Unrestricted	<u>5,779,248</u>
Total Net Assets	<u>\$ 16,629,779</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Activities
For the Year Ended June 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities
Governmental activities:					
Preschool - 12 Instruction	\$ 26,929,781	\$ 801,584	\$ 2,969,734	\$ -	\$ (23,158,463)
Support Services:					
Pupil support	2,074,460	-	262,549		(1,811,911)
Staff Support	1,509,182		-		(1,509,182)
General Administration	1,114,362				(1,114,362)
School Administration	2,338,504				(2,338,504)
Business Services	412,490				(412,490)
Technology	347,950				(347,950)
Maintenance/Custodial	4,666,837	78,384	-	0	(4,588,453)
Transportation	1,519,371		1,079,322		(440,049)
Food Services	1,964,485	777,348	1,133,486		(53,651)
Capital Outlay	187,757	-		0	(187,757)
Depreciation, unallocated	531,079				(531,079)
Total School District	<u>\$ 43,596,258</u>	<u>\$ 1,657,316</u>	<u>\$ 5,445,091</u>	<u>\$ -</u>	<u>\$ (36,493,851)</u>
General Revenues					
Taxes					
Property taxes levied for general purposes					
					11,980,722
Property taxes levied for liability insurance					
					51,650
Federal and State Aid not restricted to specific purposes					
					23,465,725
Other					
					235,731
Interest and investment earnings					
					130,006
Total General Revenues					<u>35,863,834</u>
Change in net assets					<u>(630,017)</u>
Net assets - beginning					<u>17,259,796</u>
Net assets - ending					<u>\$ 16,629,779</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 15,150	\$ 33,526	\$	\$ 48,676
Accounts receivable	656,387		923,667	1,580,054
Taxes receivable (net)	5,333,007			5,333,007
Interest receivable		40		40
Due from other funds			773,179	773,179
Investments	2,271,182	2,310,210		4,581,392
Prepaid supplies	243,011		70,126	313,137
Prepaid insurance	181,442			181,442
Total assets	<u>8,700,179</u>	<u>2,343,776</u>	<u>1,766,972</u>	<u>12,810,927</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	629,740	64,682	98,632	793,054
Payroll and taxes payable	3,529,891		466,674	3,996,565
Deferred revenue	538,071		75,690	613,761
Due to other funds	463,809		416,456	880,265
Total liabilities	<u>5,161,511</u>	<u>64,682</u>	<u>1,057,452</u>	<u>6,283,645</u>
Fund Balances				
Nonspendable	424,453		70,126	494,579
Restricted	441,065	2,279,094	639,394	3,359,553
Unassigned	2,673,150			2,673,150
Total fund balances	<u>3,538,668</u>	<u>2,279,094</u>	<u>709,520</u>	<u>6,527,282</u>
Total liabilities and fund balance	<u>\$ 8,700,179</u>	<u>\$ 2,343,776</u>	<u>\$ 1,766,972</u>	<u>\$ 12,810,927</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2010**

Total fund balance - Governmental funds	\$ 6,527,282
Differences between Statement of Net Assets and Fund Statements	
Capital assets used in governmental activities are not reported as assets in governmental funds	
Cost of Capital Assets:	22,624,700
Accumulated Depreciation	<u>(13,990,139)</u>
	8,634,561
Property taxes receivable, not expected to be paid within sixty days are deferred in the funds	538,071
Net assets of internal service funds included in district-wide Statement of Net Assets	1,523,356
Long term liabilities not recorded in funds	
Compensated Absences	(288,315)
Other Post Employment Benefits	<u>(305,176)</u>
Total net assets - governmental activities	<u>\$ 16,629,779</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

LEWISTON INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2010

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property tax	\$ 12,076,049	\$	\$	\$ 12,076,049
State apportionment	21,025,007			21,025,007
Intergovernmental	3,520,040		4,365,769	7,885,809
Charges for services	17,889	15,803	777,348	811,040
Earnings on investments	43,404	82,554	4,048	130,006
Other	153,410	62,581	866,016	1,082,007
Total revenue	<u>36,835,799</u>	<u>160,938</u>	<u>6,013,181</u>	<u>43,009,918</u>
EXPENDITURES				
Instruction	23,393,928		3,788,428	27,182,356
Support:				
Pupil	1,847,031		262,549	2,109,580
Staff	1,536,700			1,536,700
General administration	1,130,027			1,130,027
School administration	2,389,050			2,389,050
Business service	419,748			419,748
Technology administration	351,653			351,653
Maintenance and operations	4,798,506			4,798,506
Transportation	1,433,375			1,433,375
Food service			1,964,485	1,964,485
Capital outlay		359,664		359,664
Total expenditures	<u>37,300,018</u>	<u>359,664</u>	<u>6,015,462</u>	<u>43,675,144</u>
Excess (deficiency) of revenues over/under expenditures	<u>(464,219)</u>	<u>(198,726)</u>	<u>(2,281)</u>	<u>(665,226)</u>
Other financing sources (uses);				
Operating transfers in	105,000	82,962	52,412	240,374
Operating transfers out	<u>(135,374)</u>		<u>(105,000)</u>	<u>(240,374)</u>
Total other financing sources (uses)	<u>(30,374)</u>	<u>82,962</u>	<u>(52,588)</u>	<u>0</u>
Net change in fund balances	(494,593)	(115,764)	(54,869)	(665,226)
Fund balance- Beginning of year	<u>4,033,261</u>	<u>2,394,858</u>	<u>764,389</u>	<u>7,192,508</u>
Fund balance- End of year	<u>\$ 3,538,668</u>	<u>\$ 2,279,094</u>	<u>\$ 709,520</u>	<u>\$ 6,527,282</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho**

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities**

For the Year Ended June 30, 2010

Net change in fund balances - total governmental funds			\$ (665,226)
Differences between Statement of Activities and Fund Statements			
Capital outlays recorded in funds as expenditures			
Capital Outlays:	269,786		
Prior period CIP	(35,373)		
Depreciation expense	<u>(679,703)</u>	(445,290)	
Liability for Other Post Employment Benefits not recorded in funds			(153,088)
Change in deferred taxes			(43,677)
Change in compensated absences, not recorded in funds			23,640
Net income (loss) of internal service funds not reflected in governmental funds are included in Statement of Activities			<u>653,624</u>
Change in net assets of governmental activities			<u><u>\$ (630,017)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Net Assets
All Proprietary Funds
June 30, 2010

	Internal Service Funds		
	Medical Insurance Risk Fund	Print shop	Total
ASSETS			
Current Assets			
Cash	\$ -	\$ 69,904	\$ 69,904
Interest Receivable	120		120
Investments	1,886,128		1,886,128
Prepaid supplies		14,885	14,885
Total current assets	<u>1,886,248</u>	<u>84,789</u>	<u>1,971,037</u>
Noncurrent Assets			
Furniture and equipment (net)		22,030	22,030
TOTAL ASSETS	<u><u>1,886,248</u></u>	<u><u>106,819</u></u>	<u><u>1,993,067</u></u>
LIABILITIES			
Accounts payable	\$ -	\$ 2,349	\$ 2,349
Payroll and taxes payable	-	1,384	1,384
Insurance claims payable	465,978		465,978
TOTAL LIABILITIES	<u>465,978</u>	<u>3,733</u>	<u>469,711</u>
NET ASSETS			
Reserved for benefit payments	1,420,270		1,420,270
Invested in capital assets		22,030	22,030
Unrestricted		81,056	81,056
TOTAL NET ASSETS	<u><u>\$ 1,420,270</u></u>	<u><u>\$ 103,086</u></u>	<u><u>\$ 1,523,356</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Revenues, Expenses and Changes in Net Assets
All Proprietary Funds
For the Year Ended June 30, 2010

	Internal Service Funds		
	Medical Insurance Risk Fund	Print shop	Total
OPERATING REVENUES			
Other local revenue	\$ 805,575	\$ 81,912	\$ 887,487
Total Operating Revenues	<u>805,575</u>	<u>81,912</u>	<u>887,487</u>
 OPERATING EXPENSES			
Support services	162,796	125,702	288,498
Total Operating Expenses	<u>162,796</u>	<u>125,702</u>	<u>288,498</u>
Operating Income (Loss)	642,779	(43,790)	598,989
 NON-OPERATING REVENUES (EXPENSES)			
Interest Income	<u>54,635</u>	<u>0</u>	<u>54,635</u>
Change in net assets	697,414	(43,790)	653,624
Total net assets - beginning	<u>722,856</u>	<u>146,876</u>	<u>869,732</u>
Total net assets - ending	<u>\$ 1,420,270</u>	<u>\$ 103,086</u>	<u>\$ 1,523,356</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Cash Flows - All Proprietary Funds
For the Year Ended June 30, 2010

	Internal Service Funds		
	Medical Insurance Risk Fund	Print shop	Total
Cash Flows From Operating Activities			
Cash received from user charges	\$	\$ 81,912	\$ 81,912
Cash received from services to other funds	809,416		809,416
Cash payments to suppliers for goods and services	(508)	(50,544)	(51,052)
Cash payment to employees for services	(51,685)	(55,568)	(107,253)
Cash payments for insurance related expenses	(561,658)		(561,658)
Net cash provided by (used in) operating activities	<u>195,565</u>	<u>(24,200)</u>	<u>171,365</u>
Cash Flows From Investing Activities			
Interest on investments	54,635		54,635
Purchase of fixed assets		(9,300)	(9,300)
Net cash provided by (used in) investing activities	<u>54,635</u>	<u>(9,300)</u>	<u>45,335</u>
Net increase (decrease) in cash and cash equivalents	<u>250,200</u>	<u>(33,500)</u>	<u>216,700</u>
Cash-beginning of year	1,635,928	103,404	1,739,332
Cash-end of year	<u>\$ 1,886,128</u>	<u>\$ 69,904</u>	<u>\$ 1,956,032</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating Income (Loss)	\$ 697,414	\$ (43,790)	\$ 653,624
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense		11,522	11,522
Interest income	(54,635)		(54,635)
Changes in assets and liabilities			0
Due from other funds	3,841		3,841
Accounts payable	(451,055)	552	(450,503)
Inventory		6,279	6,279
Salary and benefits payable	0	1,237	1,237
Net Cash Provided by (used in) operating activities	<u>\$ 195,565</u>	<u>\$ (24,200)</u>	<u>\$ 171,365</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Fiduciary Net Assets-Fiduciary Funds and Component Units
June 30, 2010

	Private Purpose Trusts	Agency Funds	Component Unit Lewiston Independent Foundation for Education, Inc.
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 196,437	\$ 532,693	\$ 11,021
Short Term Investments			25,178
Accounts receivable			220
Due from other funds	107,086		
Total Current Assets	<u>303,523</u>	<u>532,693</u>	<u>36,419</u>
Long-Term Investments			455,320
Total Assets	<u>\$ 303,523</u>	<u>\$ 532,693</u>	<u>\$ 491,739</u>
LIABILITIES			
Due to student groups		532,693	
Total Liabilities		<u>\$ 532,693</u>	
NET ASSETS			
Unrestricted			151,707
Restricted			340,032
Reserved for endowments	303,523		
Total Net Assets	<u>\$ 303,523</u>		<u>\$ 491,739</u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Changes in Fiduciary Net Assets -
Fiduciary Funds and Component Units
For the Year Ended June 30, 2010

	Private Purpose Trusts	Component Unit Lewiston Independent Foundation for Education, Inc.
ADDITIONS		
Unrestricted donations	\$ -	\$ 45,207
Restricted donations		13,424
Fund raising revenues (net)		8,586
Net investment income		77,113
Total additions	<u>0</u>	<u>144,330</u>
DEDUCTIONS		
Impact Grant Program		13,595
Insurance		1,230
Program supplies		36,746
Office supplies		2,765
Restricted program expenses		9,560
	<u>0</u>	<u>63,896</u>
Change in Net Assets	0	80,434
Net Assets-beginning	<u>303,523</u>	<u>411,305</u>
Net Assets-ending	<u><u>\$ 303,523</u></u>	<u><u>\$ 491,739</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Independent School District No. 1 is organized under a charter granted by the Eleventh Territorial Legislature and adopted in 1880. The charter was last amended in 1971.

The financial statements of Independent School District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

A. REPORTING ENTITY

Independent School District No. 1 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 those entities. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncements. 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 Lewiston Independent Foundation for Education, a component unit, are presented discretely on the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets.

B. BASIS OF PRESENTATION

Government-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. Eliminations of all activity in the internal service funds have been made to minimize the double counting of internal activities. Only governmental-type activities are shown, since there are no "business-type activities" within the school district. Fiduciary fund types are omitted from the government-wide statements.

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) fees paid by the recipients for 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.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

Fund Financial Statements: The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and internal service funds, each displayed in a separate column. All remaining governmental and internal service 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 which are accounted for in another fund.
- 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. It is commonly called the School Plant Facility Reserve (SPFR).

The District reports the following fund types:

- Proprietary funds (Internal service funds). The District has two internal service funds which are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. A Print Shop fund accounts for printing and binding services provided to all departments of the District. A Medical Insurance Risk fund accounts for the activities related to partial self insurance of medical benefits.
- Fiduciary funds. The District has two fiduciary funds:
 - Private-purpose trust fund. This fund reports a trust arrangement under which contributions to endowments are maintained to support programs identified specifically by the donors.
 - Agency funds. These funds account for assets held by the District as an agent for various student groups and clubs. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Component Unit:

- The District reports the net assets and changes in net assets of one component unit, the Lewiston Independent Foundation for Education (L.I.F.E.). The component unit financial statements are presented pursuant to GASB Statement 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 L.I.F.E. are fiduciary in nature and are not included in the activity of the governmental wide financial statements.
- Separately issued financial statements are available from L.I.F.E. Treasurer, Doug Baune, 1132 Idaho St. Lewiston, ID 83501.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide and Fiduciary Fund Statements – The government-wide and fiduciary fund financial statements are presented using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when 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, entitlements, 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, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements—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, other than grant funds, reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Grant funds are considered available when program expenses have been incurred and if collection is expected in the upcoming fiscal year. Property taxes, state foundation payments and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred except for 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 debt and acquisitions under capital leases are reported as other financing sources.

Proprietary Funds utilize the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. The internal service funds distinguish operating revenues and expenses from non-operating items. Operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenditures.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. RESTRICTED RESOURCES

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply restricted cost reimbursement grant resources and then unrestricted general revenues.

E. BUDGETARY DATA

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for general, special revenue, and capital projects funds, within which expenditures may not exceed budget at the fund level.

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 taxpayer comments.
3. The final budget is adopted by resolution of the Board at the regular June meeting of the Board of Directors. The 2010-2011 budget was adopted at a special board meeting held June 28, 2010.
4. Prior to July 15, the final budget is filed with the State Department of Education.
5. In June 2010, the District revised its annual budget to reflect more accurate revenue and expenditure projections. These amendments reflected updated market value information which was not available when the initial budget was set.

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded, reserving that portion of the applicable appropriation, is employed as an extension of formal budgetary integration of the Governmental Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances in the funds statements since they do not constitute expenditures or liabilities.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. CASH AND INVESTMENTS

The District's cash and investments consist of savings accounts and money market accounts held in local depositories, as well as deposits in the Idaho State Treasurer's local government investment pool and diversified bond fund. All investments are invested in FDIC and SLIC insured accounts or are securities held by the pool or its agent in the pool name. Deposits in the State pools are not insured or otherwise guaranteed by the State. Those investments held in local depositories which exceed the FDIC insured limits of \$250,000 are in fully collateralized public funds accounts. Interest income is defined as non-operating revenue.

Deposits in State Treasurer's local government investment pool are stated at cost, which approximates market. Diversified bond fund investments are stated at market value. The State Treasurer combines deposits from all governmental entities in the state participating 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 and proprietary fund are invested in the State of Idaho Diversified Bond Fund, an 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.sco.idaho.gov/

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

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. 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 funds" or "due to other funds" on the balance sheet. Short-term inter-fund loans are classified as "inter-fund receivables/payables."

I. PREPAID SUPPLIES

Supplies are valued at the weighted average cost method of accounting. Expendable supplies are accounted for by the consumption method, which records the expenditure at the time the items are used. The reserve for prepaid supplies is equal to the amount of supplies to indicate that a portion of the fund balance is not available for future expenditure.

J. PROPERTY TAXES

The District's property tax is levied in September and is payable to Nez Perce County, Idaho, on December 20 and June 20 following the levy date. Taxes are remitted to the District by the County in the month following. Taxes are delinquent the day following the due dates.

Property taxes levied for the year ended June 30 are recorded as revenue of the period. Delinquent property taxes are reflected as "taxes receivable". An allowance of \$12,285 has been provided as of June 30, 2010. Current tax collections for the year were 96.23% of the tax levy.

K. CAPITAL 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 20 – 50 years. Estimated useful lives for site improvements range from 9 – 25 years. Lives for equipment range from 5 - 10 years. Infrastructure consisting of the fiber optic network has a 20 year life.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. 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.

M. CASH EQUIVALENTS ON THE STATEMENT OF CASH FLOWS

The District considers all cash and investments with a maturity of less than 30 days to be cash or cash equivalents on the statement of cash flows.

N. ECONOMIC DEPENDENCE

The District's major single source of tax revenue is generated from Clearwater Paper Corporation which comprises 12.98% of the District's net market value in 2010 (13.04% in 2009). The net market value is the District's total assessed market value less any exemptions.

O. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 17, 2010, the date the financial statements were available to be issued. The only subsequent event to disclose is the Resolution passed by the Board of Directors on July 12, 2010, ordering a Special Bond Election to be held on October 14, 2010 on the question of the issuance of general obligation school bonds to build a modern 9-12 high school. The principal amount of the bonds will be \$52,000,000. If approved by at least two-thirds (2/3) of the qualified electors of the District voting in said election, bonds will be authorized, issued, and sold. As general obligation bonds, the full faith and credit of the District will be pledged for their payment. The bonds will be paid from taxes levied upon all taxable property within the District, and will mature annually over a period which will not exceed twenty-five years from their date, and will bear rate(s) of interest as may be determined by the Board by Resolution authorizing their issuance.

NOTE 2 - PROPERTY TAX

The market value for the District as of September, 2009, upon which the Fiscal Year 2010 levy was based, was \$2,244,385,368.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 - PROPERTY TAX (continued)

The District's actual levy was .0052974 of market valuation for general education services and .000023435 for tort liability insurance and claims. The combined tax rate to finance educational services consisted of a permanent supplemental levy of .000884, and a five year supplemental levy (2008) of .00439. The total tax levy for the year ended June 30, 2010, was \$11,922,803, and a total of \$11,678,706 in payments was received for taxes, penalties and interest owed from tax years 2005 through 2009.

In the Governmental Funds Statements, property taxes levied but not yet collected for fiscal year 2010 are recorded as receivables, and a deferred revenue amount is recorded to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

	General Fund
Total taxes receivable at June 30, 2010	\$5,345,291
Less: Taxes estimated to be collected by the County Treasurer by August 31, 2010	<u>4,807,220</u>
Deferred revenue	<u>\$538,071</u>

NOTE 3 - ACCOUNTS RECEIVABLE

Details of accounts receivable in the Funds Statements for all governmental funds at June 30, 2010, are as follows:

State apportionment funds	\$ 656,112
Grant reimbursements	923,667
Interest receivable	40
Other	<u>275</u>
Total	<u>\$1,580,094</u>

NOTE 4 - CASH AND INVESTMENTS

Cash

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The District currently does not have a formal policy regarding custodial risk for deposits. At June 30, 2010, the carrying amount of the District's deposits (including student activity funds) was \$651,273. The bank balance total of \$518,404 is in local depository accounts insured by the FDIC up to the limit of \$250,000 per institution. Total deposits fully insured equal \$518,404.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4 - CASH AND INVESTMENTS (continued)

Investments

The District's investment policy was adopted by the Board of Directors and provides the Business Manager with the authority to invest in any of the securities identified as eligible investments as defined by State statute with primary emphasis on safety of principal and liquidity. The total carrying amount of investments at year end is \$6,467,520.

Investments are classified into the following three categories of credit risk:

- (1) Insured or registered, or securities held by the District or its agent in the District's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- (3) Uninsured and unregistered, with securities held by the counterparty or by the counterparty's trust department or agent, but not in the District's name.

The District's investment statement balances at June 30, 2010, are as follows:

	Category	General	Med Trust	SPFR	Total
Zions	1	\$296,606		\$854,304	\$1,150,910
Wells					
Fargo	1	259,789	335,788		595,577
Syringa	1	251,068			
LGIP pool	1	1,723,508	706,627	233,129	2,663,264
DBF pool	1		894,608	1,222,777	2,117,385
Total		\$2,530,971	\$1,937,023	\$2,410,198	\$6,878,192

The District participates in the Idaho State Treasurer's Local Governmental Investment Pool (LGIP), and the State of Idaho Diversified Bond Fund (DBF) both of which are under the administrative control of the Idaho State Treasurer's Office. All LGIP investments meet the requirements of Idaho Code as allowable investments for government agencies. As of June 30, 2010, LGIP investments consisted of 91% AAA rated, 1% AA rated and 8% Treasuries. The DBF is recommended for funds with a 3.5 year (or longer) time horizon, rather than funds needed for current cash flow. At June 30, 2010, Investments in the Diversified Bond Fund are converted to fair value through a quoted market price. The District's portion of the DBF had unrealized gain of \$72,730 as of June 30, 2010.

The following schedule represents the District's portion of investments in the external investment pools and a distribution of the pool's maturities at June 30, 2010:

	Investment Maturities			
External Investment Pool	<u>Book Value</u>	<u>Market Value</u>	<u>Less than 1 year</u>	<u>1-8 Years</u>
LGIP fund	\$2,663,264	\$2,663,264	\$2,663,264	
Diversified Bond Fund	\$2,117,385	\$2,117,385	\$783,432	\$1,333,953

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 - NON-CURRENT LIABILITIES

Compensated Absences

At June 30, 2010, the District is obligated to employees, other than instructors, for vacation time earned but not yet used in the amount of \$288,315 which will be paid from General Governmental Fund types when used. Compensated absences are generally liquidated by the General Fund. The current portion is estimated to be paid out of expendable available financial resources and is included as payroll and taxes payable in the Funds Statements.

During the year ended June 30, 2010, the following changes occurred to noncurrent liabilities:

Non Current Liability	7/1/2009	Additions	Reductions	6/30/2010
Compensated absences	\$310,955	\$240,326	\$262,966	\$288,315

Other Post-Employment Benefits

Fiscal year 2010 is the second year of recognition of a non-current liability for Other Post-Employment Benefits (OPEB) pursuant to the requirements of GASB Statement 45.

The Lewiston Independent School District #1 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 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 projected unit credit cost method as of June 30, 2010. 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 years. 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.

Annual Required Contribution (ARC)

Normal Cost as of July 1, 2008	\$91,011
Actuarial Accrued Liability (AAL)	\$1,395,890
Actuarial Value of Assets	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$1,395,890
Amortization factor	25.0
Amortization of the UAAL	\$55,836
Annual Required Contribution for FY2009	\$153,088
Annual Required Contribution for FY2010	\$153,088

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 - CONTINGENT LIABILITIES

Grant programs

The District participates in a number of state and federally assisted grant programs, mainly Title I, Title VI-B Grants, and the National School Lunch Program. These programs were subjected to financial and compliance audits as outlined in OMB Circular No. A-133 during the course of the annual audit of the District's records and are subject to additional audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010
Capital Assets not being depreciated				
Land	1,839,830			1,839,830
Construction in progress	35,373		(35,373)	0
Total non depreciated assets	1,875,203	0	(35,373)	1,839,830
				0
				0
Capital Assets being depreciated				
Site improvements	1,553,510	116,462		1,669,972
Buildings	13,131,318	55,445		13,186,763
Infrastructure	453,827			453,827
Equipment	2,271,887	55,510	(13,030)	2,314,367
School buses	2,274,351			2,274,351
Vehicles	843,221	42,369		885,590
Printshop equipment	105,475	9,300	(32,894)	81,881
Total depreciated assets	20,633,589	279,086	(45,924)	20,866,751
Less: Accumulated Depreciation				
Site improvements	(920,947)	(59,358)		(980,305)
Buildings	(7,895,553)	(337,391)		(8,232,944)
Infrastructure	(223,743)	(23,008)		(246,751)
Equipment	(1,966,595)	(111,322)	13,030	(2,064,887)
School buses	(1,603,013)	(116,800)		(1,719,813)
Vehicles	(713,613)	(31,824)		(745,437)
Printshop equipment	(81,223)	(11,522)	32,894	(59,851)
Total accumulated depreciation	(13,404,687)	(691,225)	45,924	(14,049,988)
 Governmental Activities Net Assets	 9,104,105	 (412,139)	 (35,373)	 8,656,593

Depreciation expense of \$679,703 in governmental functions was charged as follows:

Transportation Services	\$ 148,624
Unallocated	\$ 531,079

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 8 - DEFINED BENEFIT PENSION PLAN

The 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. Financial reports for the plan are available on the PERSI web site www.persi.idaho.gov or in print upon request to PERSI at PO Box 83720, Boise, ID 83720-0078.

The actuarially determined contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2010, the required rate as a percentage of covered payroll for general members was 6.23%. The employer rate as a percentage of covered payroll was 10.39% for general members. The Independent School District No. 1 employer and employee contributions required and paid were \$4,523,689, \$4,808,627, and \$4,645,745 for the three years ended June 30, 2010, 2009, and 2008, respectively.

NOTE 9- OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

RESTRICTED ASSETS

In accordance with Idaho Code, payments distributed to School Districts by the State of Idaho as reimbursement for bus depreciation is deposited into the School Plant Facility Reserve (SPFR) Fund to be used for the purchase of school buses. Other deposits into the SPFR Fund are restricted by Idaho Code 33-1019(3) for major capital improvements. At June 30, 2010, such restricted assets totaled \$2,155,593.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 9- OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

INTERFUND RECEIVABLES AND PAYABLES

Loans between funds represent temporary cash advances from various funds to finance operating cash deficits of other funds. Individual fund interfund receivable and payable balances at June 30, 2010, were:

Title	Interfund Receivable	Interfund Payable
General fund cash	\$	\$ 463,809
Misc local projects	49,218	
Medicaid		92,846
LIFE Combined expendable trust	5,932	
State mini grants	2,281	
State Technology	31,052	
Carl Perkins		55,866
Title I		44,026
Title VI-B		134,946
VI-B preschool		14,880
Indian education grant		13,186
Johnson O'Malley Indian Education	4,957	
Title II-A - Teacher quality		53,840
State drug-free		3,645
Misc federal projects		1,600
EETT fund		1,621
School lunch	679,739	
Private Purpose Trust Funds	107,086	
	<u>\$ 880,265</u>	<u>\$ 880,265</u>

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 (SPFR) Fund of the school bus depreciation reimbursement, and transfers into the School Lunch fund from the General Fund pursuant to Idaho Code 33-1015 for the payment of federal social security payroll taxes. In FY 2010, transfers were also made from Title I, Part B IDEA and School lunch (special funds) to the General Fund to reimburse indirect costs for those programs based upon the approved restricted indirect cost rate of 3.8% for FY2010.

To Capital Projects from General Fund	\$82,962
To General Fund from Special Funds	105,000
To School Lunch Fund from General Fund	52,412

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 9 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

EXPENDITURES OVER BUDGET

The excess of actual expenditures over budget occurred in the following funds:

School Lunch	\$295,535
Other Special Revenue	\$352,773

In Federal Grant Funds, the over-expenditures arose due to increases in revenues. To meet educational needs of our students the Board of Directors approved the additional expenditures when additional funding became available. Idaho Code Section 33-701 allows the District to make budget adjustments to reflect additional revenue and expenditures.

TERMINATION BENEFITS

The District participates in the State of Idaho and the District-sponsored Early Retirement Incentive Program. Under both programs, long-term employees who elect for the program agree to retire prior to reaching age 65 in exchange for a lump sum payment made following retirement. At June 30, 2010, the District was obligated to make payments totaling \$272,922 on behalf of retiring employees. The related reimbursement from the State of Idaho totaling \$111,278 offsets the liability in the General Fund. One payment will be made in September of the year of retirement.

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 - LOSS CONTINGENCY

The District has evaluated its exposure to potential losses that could arise as a result of pending legal matters as of September 17, 2010 (the date the financial statements were available to be issued), and found none. The legal matter that was disclosed in the 2009 financial statements with regard to the District seeking judicial review of storm water fees imposed by the City of Lewiston has been resolved by summary judgment in favor of the District and other plaintiffs.

NOTE 12 - GASB 54 - FUND BALANCE DEFINITIONS

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.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 12 - GASB 54 – FUND BALANCE DEFINITIONS (continued)

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 amounts not contained in the other classifications.

NOTE 13 - SUBSEQUENT EVENTS

On July 12, 2010, the Board of Directors passed a Resolution ordering a Special Bond Election to be held on October 14, 2010 on the question of the issuance of general obligation school bonds to build a modern 9-12 high school. The principal amount of the bonds will be \$52,000,000. If approved by at least two-thirds (2/3) of the qualified electors of the District voting in said election, bonds will be authorized, issued, and sold. As general obligation bonds of the District, the full faith and credit of the District will be pledged for their payment. The bonds will be paid from taxes levied upon all taxable property within the District, and will mature annually over a period which will not exceed twenty-five years from their date, and will bear rate(s) of interest as may be determined by the Board by resolution authorizing their issuance.

Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual -- General Fund
For the Year Ended June 30, 2010

			Variances--		
	Original Budget	Amended Budget	Favorable (Unfavorable)		
			Original to Actual	Amended to Actual	
REVENUES					
Property tax	\$ 11,966,481	\$ 11,966,481	\$ 12,076,049	\$ 109,568	\$ 109,568
State apportionment	24,303,113	24,029,851	21,025,007	(3,278,106)	(3,004,844)
Intergovernmental	592,115	604,269	3,520,040	2,927,925	2,915,771
Charges for services	30,000	30,000	17,889	(12,111)	(12,111)
Earnings on investments	250,000	50,000	43,404	(206,596)	(6,596)
Other	145,250	145,250	153,410	8,160	8,160
Total revenue	<u>37,286,959</u>	<u>36,825,851</u>	<u>36,835,799</u>	<u>(451,160)</u>	<u>9,948</u>
EXPENDITURES					
Instruction	23,707,496	23,300,269	23,393,928	313,568	(93,659)
Support:					
Pupil	1,932,604	1,932,604	1,847,031	85,573	85,573
Staff	1,513,603	1,587,345	1,536,700	(23,097)	50,645
General administration	971,471	1,111,471	1,130,027	(158,556)	(18,556)
School administration	2,410,039	2,399,039	2,389,050	20,989	9,989
Business services	484,005	438,577	419,748	64,257	18,829
Technology administration	374,393	374,393	351,653	22,740	22,740
Maintenance and operations	4,740,259	4,791,759	4,798,506	(58,247)	(6,747)
Transportation	1,426,025	1,455,025	1,433,375	(7,350)	21,650
Total expenditures	<u>37,559,895</u>	<u>37,390,482</u>	<u>37,300,018</u>	<u>259,877</u>	<u>90,464</u>
Contingency	<u>1,556,572</u>	<u>1,264,877</u>		<u>1,556,572</u>	<u>1,264,877</u>
Excess (deficiency) of revenues over/under expenditures	<u>(2,107,189)</u>	<u>(1,729,961)</u>	<u>(464,219)</u>	<u>2,061,108</u>	<u>1,683,880</u>
Other financing sources (uses):					
Operating transfers in	105,000	105,000	105,000		
Operating transfers out	(131,331)	(131,331)	(135,374)	4,043	4,043
Total other financing sources (uses)	<u>(26,331)</u>	<u>(26,331)</u>	<u>(30,374)</u>	<u>4,043</u>	<u>4,043</u>
Net change in fund balance	<u>\$ (2,272,766)</u>	<u>\$ (1,895,538)</u>	<u>(494,593)</u>	<u>\$ (1,778,173)</u>	<u>\$ (1,400,945)</u>
Fund balance- Beginning of year			<u>4,033,261</u>		
Fund balance- End of year			<u>\$ 3,538,668</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

Combining and Individual Fund Statements and Schedules

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific funding sources or to finance specific activities as required by law or administrative regulations.

Title I. Restricted federal revenue to be spent on programs to provide special instruction to disadvantaged students.

Title VI-B. Restricted federal revenue to be spent on programs to provide for testing, physical therapy, certificated teachers, teaching assistants, equipment, materials and supplies for special education students.

School Lunch. School nutrition programs, including breakfast, lunch and healthy snacks. Funding is provided by federal nutrition programs and by sales of meals. Program is reported as a special revenue fund due to the large amount of federal financial assistance.

Title VI-B Preschool. Restricted federal funding to be spent on programs for preschool students with disabilities.

Drug Free Schools. Restricted federal funding to be spent on drug education, in-service training for teachers and parents, and classroom materials.

Johnson O'Malley Indian Education. Restricted federal funds to be spent on efforts to assure that American Indian students are functioning at grade level.

Indian Education Grant. Restricted federal funding supporting efforts to strengthen elementary and secondary school programs serving American Indian students.

Title II-ESEA. Restricted federal funding to be spent to achieve class size reduction and to provide professional development for instructional staff.

Carl D. Perkins VoEd Grant. Restricted federal funding to be spent to educate students from economically disadvantaged circumstances, those who are disabled or have limited English proficiency about opportunities in vocational education.

Medicaid Fund. Revenues generated through billings to Medicaid for services provided to eligible special-needs students.

State Drug Free. Designated state revenue to provide drug education, in-service teacher training, and other programs to discourage tobacco and drug use.

State Technology Grant. Designated state funding to provide technology upgrades throughout the District.

SPECIAL REVENUE FUNDS (continued)

State Mini Grants. Small competitive grants awarded at the state level for specific programs.

Other Federal Projects. Small specific-purpose federal grants awarded on a competitive basis.

Expendable Trust Funds. Interest earnings from endowments and contributions from the Lewiston Independent Foundation for Education (L.I.F.E.) to be spent on programs approved by the L.I.F.E. Board of Directors.

Other Local Grants. Small grants awarded by local organizations to fund specific projects.

PRIVATE PURPOSE TRUST FUNDS

The District has established three funds to account for restricted and non-expendable contributions made by donors:

Academic Endowment Fund

Activities Endowment Fund

Restricted Endowment Fund

AGENCY FUNDS

Funds held in individual school accounts for assets held by the District as an agent for various student groups and clubs. These funds are restricted to use by the student organizations and are not available for general District operations.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Combining Balance Sheet
All Special Revenue Funds
June 30, 2010

	Title I	Title VI-B	School Lunch	Title VI-B Preschool	Drug Free Schools	Johnson O'Malley Indian Education	Indian Education Grant	Title II-A ESEA	Carl D. Perkins Voed Grant	Other Special Revenue Funds	Totals
ASSETS											
Cash	\$ 184,141	\$ 298,001		\$ 25,053	\$ 4,044	\$ 0	\$ 15,616	\$ 82,627	\$ 66,424	\$ 247,761	\$ 923,667
Accounts receivable			70,126							0	70,126
Prepaid expenses			679,739			4,957				88,483	773,179
Due from other funds			749,865	25,053	4,044	4,957	15,616	82,627	66,424	336,244	1,766,972
Total assets	<u>184,141</u>	<u>298,001</u>	<u>749,865</u>	<u>25,053</u>	<u>4,044</u>	<u>4,957</u>	<u>15,616</u>	<u>82,627</u>	<u>66,424</u>	<u>336,244</u>	<u>1,766,972</u>
LIABILITIES AND FUND EQUITY											
Liabilities											
Accounts payable	22,439	19,165	16,386	2,107	17	18	166		288	38,046	98,632
Payroll & taxes payable	117,676	143,890	109,239	8,066	382	862	2,264	28,787	10,270	46,238	466,674
Due to other funds	44,026	134,946		14,880	3,645	-	13,186	53,840	55,866	96,067	416,486
Deferred revenue						4,077				71,613	75,690
Total liabilities	<u>184,141</u>	<u>298,001</u>	<u>124,625</u>	<u>25,053</u>	<u>4,044</u>	<u>4,957</u>	<u>15,616</u>	<u>82,627</u>	<u>66,424</u>	<u>251,964</u>	<u>1,057,482</u>
Fund Balance											
Restricted			625,240							84,280	709,520
Total fund Balance			<u>625,240</u>							<u>84,280</u>	<u>709,520</u>
Total liabilities and fund balance	<u>\$ 184,141</u>	<u>\$ 298,001</u>	<u>\$ 749,865</u>	<u>\$ 25,053</u>	<u>\$ 4,044</u>	<u>\$ 4,957</u>	<u>\$ 15,616</u>	<u>\$ 82,627</u>	<u>\$ 66,424</u>	<u>\$ 336,244</u>	<u>\$ 1,766,972</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Special Revenue Funds
For the Year Ended June 30, 2010

	Title I	Title VI-B	School Lunch	Title VI-B Preschool	Drug Free Schools	Johnson O'Malley Indian Education	Indian Education Grant	Title II-A ESEA	Carl D. Perkins Voted Grant	Other Special Revenue Funds	Total
REVENUE											
Intergovernmental	\$ 1,120,249	\$ 1,397,736	\$ 1,133,486	\$ 61,011	\$ 18,223	\$ 5,667	\$ 15,616	\$ 213,615	\$ 66,424	\$ 333,742	\$ 4,365,769
Earnings on investments			2,718							1,330	4,048
Charges for services			777,348								777,348
Other local										866,016	866,016
Total revenue	<u>1,120,249</u>	<u>1,397,736</u>	<u>1,913,552</u>	<u>61,011</u>	<u>18,223</u>	<u>5,667</u>	<u>15,616</u>	<u>213,615</u>	<u>66,424</u>	<u>1,201,088</u>	<u>6,013,181</u>
EXPENDITURES											
Instruction	1,085,249	1,202,655		60,611	18,223	5,667	15,616	213,615	66,424	1,120,368	3,788,428
Support		160,081		400						102,068	262,549
Food service			1,964,485								1,964,485
Total expenditures	<u>1,085,249</u>	<u>1,362,736</u>	<u>1,964,485</u>	<u>61,011</u>	<u>18,223</u>	<u>5,667</u>	<u>15,616</u>	<u>213,615</u>	<u>66,424</u>	<u>1,222,436</u>	<u>6,015,482</u>
Excess (deficiency) of revenues over/under expenditures	35,000	35,000	(50,933)	-	-	-	-	-	-	(21,348)	(2,281)
Other financing sources (uses):											
Operating transfers in			52,412							-	52,412
Operating transfers out	(35,000)	(35,000)	(35,000)								(105,000)
Total other financing sources (uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>17,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,588)</u>
Net change in fund balances	-	-	(33,521)	-	-	-	-	-	-	(21,348)	(54,869)
Fund balance- Beginning of year	-	-	658,761	-	-	-	-	-	-	105,628	764,389
Fund balance- End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 625,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,280</u>	<u>\$ 709,520</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

TITLE I
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 1,477,628	\$ 1,477,628	\$ 1,120,249	\$ (357,379)	\$ (357,379)
Total revenue	1,477,628	1,477,628	1,120,249	(357,379)	(357,379)
EXPENDITURES					
Instruction	1,442,628	1,442,628	1,085,249	357,379	357,379
Excess (deficiency) of revenues over/under expenditures	35,000	35,000	35,000	0	0
Other financing sources (uses):					
Operating transfers out	(35,000)	(35,000)	(35,000)		
Total other financing sources (uses)	(35,000)	(35,000)	(35,000)		
Net change in fund balance	\$	\$		\$	\$
Fund balance- Beginning of year					
Fund balance- End of year			\$		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

TITLE VI-B
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 1,836,333	\$ 1,836,333	\$ 1,397,736	\$ (438,597)	\$ (438,597)
Total revenue	1,836,333	1,836,333	1,397,736	(438,597)	(438,597)
EXPENDITURES					
Instruction	1,675,333	1,675,333	1,202,655	472,678	472,678
Support	126,000	126,000	160,081	(34,081)	(34,081)
Total expenditures	1,801,333	1,801,333	1,362,736	438,597	438,597
Excess (deficiency) of revenues over/under expenditures	35,000	35,000	35,000		
Other financing sources (uses):					
Operating transfers out	(35,000)	(35,000)	(35,000)		
Total other financing sources (uses)	(35,000)	(35,000)	(35,000)		
Net change in fund balance	\$	\$		\$	\$
Fund balance- Beginning of year					
Fund balance- End of year			\$		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

SCHOOL LUNCH
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variances--	
				Favorable (Unfavorable) Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 797,900	\$ 797,900	\$ 1,133,486	\$ 335,586	\$ 335,586
Earnings on investments	0	0	2,718	2,718	2,718
Charges for services	820,050	820,050	777,348	(42,702)	(42,702)
Total revenue	1,617,950	1,617,950	1,913,552	295,602	295,602
EXPENDITURES					
Food services	1,633,950	1,633,950	1,964,485	(330,535)	(330,535)
Excess (deficiency) of revenues over/under expenditures	(16,000)	(16,000)	(50,933)	(34,933)	(34,933)
Other financing sources (uses):					
Operating transfers in	51,000	51,000	52,412	1,412	1,412
Operating transfers out	(35,000)	(35,000)	(35,000)		
Total other financing sources (uses)	16,000	16,000	17,412	1,412	1,412
Net change in fund balance	\$	\$	(33,521)	\$ (33,521)	\$ (33,521)
Fund balance- Beginning of year			658,761		
Fund balance- End of year			\$ 625,240		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

TITLE VI-B PRESCHOOL
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 72,031	\$ 72,031	61,011	\$ (11,020)	\$ (11,020)
Total revenue	72,031	72,031	61,011	(11,020)	(11,020)
EXPENDITURES					
Instruction	72,031	72,031	60,611	11,420	11,420
Support			400	(400)	(400)
Total expenditures	72,031	72,031	61,011	11,020	11,020
Excess (deficiency) of revenues over/under expenditures	\$	\$		\$	\$
Fund balance- Beginning of year					
Fund balance- End of year			\$		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

TITLE IV-A DRUG FREE SCHOOLS
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 27,415	\$ 27,415	\$ 18,223	\$ (9,192)	\$ (9,192)
Total revenue	27,415	27,415	18,223	(9,192)	(9,192)
EXPENDITURES					
Instruction	27,415	27,415	18,223	9,192	9,192
Excess (deficiency) of revenues over/under expenditures	\$	\$		\$	\$
Fund balance- Beginning of year					
Fund balance- End of year			\$		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

JOHNSON O'MALLEY
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 6,580	\$ 6,580	\$ 5,667	\$ (913)	\$ (913)
Total revenue	<u>6,580</u>	<u>6,580</u>	<u>5,667</u>	<u>(913)</u>	<u>(913)</u>
EXPENDITURES					
Instruction	<u>6,580</u>	<u>6,580</u>	<u>5,667</u>	<u>913</u>	<u>913</u>
Excess (deficiency) of revenues over/under expenditures	<u>\$</u>	<u>\$</u>		<u>\$</u>	<u>\$</u>
Fund balance- Beginning of year					
Fund balance- End of year			<u>\$</u>		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

INDIAN EDUCATION FUND
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variances--</u> <u>Favorable (Unfavorable)</u>	
				<u>Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Intergovernmental	\$ 17,106	\$ 17,106	\$ 15,616	\$ (1,490)	\$ (1,490)
Total revenue	17,106	17,106	15,616	(1,490)	(1,490)
EXPENDITURES					
Instruction	17,106	17,106	15,616	1,490	1,490
Excess (deficiency) of revenues over/under expenditures	<u>\$</u>	<u>\$</u>		<u>\$</u>	<u>\$</u>
Fund balance- Beginning of year					
Fund balance- End of year			<u>\$</u>		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

TITLE II-A -ESEA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 247,211	\$ 247,211	\$ 213,615	\$ (33,596)	\$ (33,596)
Total revenue	247,211	247,211	213,615	(33,596)	(33,596)
EXPENDITURES					
Instruction	247,211	247,211	213,615	33,596	33,596
Excess (deficiency) of revenues over/under expenditures	\$	\$		\$	\$
Fund balance- Beginning of year					
Fund balance- End of year			\$		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

CARL D. PERKINS
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variances--	
				Favorable (Unfavorable) Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 68,694	\$ 68,694	\$ 66,424	\$ (2,270)	\$ (2,270)
Total revenue	68,694	68,694	66,424	(2,270)	(2,270)
EXPENDITURES					
Instruction	68,694	68,694	66,424	2,270	2,270
Excess (deficiency) of revenues over/under expenditures	\$	\$		\$	\$
Fund balance- Beginning of year					
Fund balance- End of year			\$		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

OTHER SPECIAL REVENUE FUNDS
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 351,549	\$ 351,549	\$ 333,742	\$ (17,807)	\$ (17,807)
Earnings on Investments	13,550	13,550	1,330	(12,220)	(12,220)
Other local	504,564	504,564	866,016	361,452	361,452
Total revenues	<u>869,663</u>	<u>869,663</u>	<u>1,201,088</u>	<u>331,425</u>	<u>331,425</u>
EXPENDITURES					
Instruction	782,081	767,454	1,120,368	(338,287)	(352,914)
Support	87,582	102,209	102,068	(14,486)	141
Total expenditures	<u>869,663</u>	<u>869,663</u>	<u>1,222,436</u>	<u>(352,773)</u>	<u>(352,773)</u>
Excess (deficiency) of revenues over/under expenditures			(21,348)	(21,348)	(21,348)
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>(21,348)</u>	<u>\$ (21,348)</u>	<u>\$ (21,348)</u>
Fund balance- Beginning of year			<u>105,628</u>		
Fund balance- End of year			<u>\$ 84,280</u>		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Supplemental Schedule - Other Special Revenue Funds
Budget and Actual
For the Year Ended June 30, 2010

	Amended Budgeted Revenue	Actual Revenue	Amended Budgeted Expenditures	Actual Expenditures	Operating Transfers In (Out)	Beginning Fund Balance	Ending Fund Balance
Medicaid Fund	\$ 462,366	\$ 801,584	\$ 462,366	\$ 794,723	\$ -	\$ 71,426	\$ 78,287
State Drug Free	79,484	79,484	79,484	79,484	0	0	0
Technology Grant (State)	138,500	127,134	138,500	127,134	0	0	0
State Mini Grants	0	2,470	0	2,470	0	0	0
Other Federal Projects	60,000	64,828	60,000	64,828	0	0	0
Expendable Trust Funds	22,550	15,382	22,550	30,236	19,574	19,574	4,720
EETT Technology	73,565	59,826	73,565	59,826			
Other Local Grants	33,198	50,360	33,198	63,735		14,628	1,273
	<u>\$ 869,663</u>	<u>\$ 1,201,068</u>	<u>\$ 869,663</u>	<u>\$ 1,222,436</u>	<u>\$ -</u>	<u>\$ 105,628</u>	<u>\$ 84,280</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

BALANCE SHEET
CAPITAL PROJECTS FUND
June 30, 2010

ASSETS

Cash	\$ 33,526
Investments	2,310,210
Interest receivable	40
Due from other funds	
Total Assets	<u>\$ 2,343,776</u>

LIABILITIES AND FUND BALANCE

Accounts payable	64,682
Fund Balance	
Restricted	<u>2,279,094</u>
Total fund balance	<u>2,279,094</u>
Total Liabilities and Fund Balance	<u>\$ 2,343,776</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures and Changes in
Fund Balance -Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Earnings on investments	\$ 112,000	\$ 112,000	\$ 82,554	\$ (29,446)	\$ (29,446)
Other					
Rentals	20,000	20,000	15,803	(4,197)	(4,197)
Other local	20,000	20,000	62,581	42,581	42,581
Total other revenue	40,000	40,000	78,384	38,384	38,384
Total revenue	152,000	152,000	160,938	8,938	8,938
EXPENDITURES					
Capital outlay	595,200	595,200	359,664	235,536	235,536
Excess (deficiency) of revenues over/under expenditures	(443,200)	(443,200)	(198,726)	244,474	244,474
Other financing sources (uses):					
Operating transfers in	80,331	82,962	82,962	2,631	
Net change in fund balance	<u>\$ (362,869)</u>	<u>\$ (360,238)</u>	<u>(115,764)</u>	<u>\$ 247,105</u>	<u>\$ 244,474</u>
Fund balance- Beginning of year			<u>2,394,858</u>		
Fund balance- End of year			<u>\$ 2,279,094</u>		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Combining Statement of Net Assets
Private Purpose Trust Funds
June 30, 2010

	Academic Endowment Fund	Activities Endowment Fund	Restricted Endowment Fund	Total
ASSETS				
Cash	\$ 74,103	\$ 76,884	\$ 45,450	\$ 196,437
Due from Other Funds	<u>107,086</u>	<u> </u>	<u> </u>	<u>\$ 107,086</u>
Total Assets	<u><u>181,189</u></u>	<u><u>76,884</u></u>	<u><u>45,450</u></u>	<u><u>303,523</u></u>
LIABILITIES				
Total Liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET ASSETS				
Reserved for endowments	<u>181,189</u>	<u>76,884</u>	<u>45,450</u>	<u>303,523</u>
Total Net Assets	<u><u>\$ 181,189</u></u>	<u><u>\$ 76,884</u></u>	<u><u>\$ 45,450</u></u>	<u><u>\$ 303,523</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Combining Statement of Net Assets
Agency Funds
June 30, 2010

	Lewiston High School	Jenifer Junior High School	Sacajawea Junior High School	Elementary Schools	Tammany Alternative Center	Total
ASSETS						
Cash	\$ 118,120	\$ 150,838	\$ 106,915	\$ 77,867	\$ 7,213	\$ 460,953
Investments	71,740					71,740
Total assets	<u>189,860</u>	<u>150,838</u>	<u>106,915</u>	<u>77,867</u>	<u>7,213</u>	<u>532,693</u>
LIABILITIES						
Liabilities:						
Due to student groups	189,860	150,838	106,915	77,867	7,213	532,693
Total liabilities	<u>\$ 189,860</u>	<u>\$ 150,838</u>	<u>\$ 106,915</u>	<u>\$ 77,867</u>	<u>\$ 7,213</u>	<u>\$ 532,693</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Combining Statement of Changes in Fiduciary Net Assets
All Private Purpose Trust Funds
For the Year Ended June 30, 2010

	Academic Endowment Fund	Extra- curricular Activities Fund	Restricted Endowment Fund	Total
REVENUES				
Private Donations	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Excess of revenues over expenses	-	-	-	-
Net Assets- Beginning of year	181,189	76,884	45,450	303,523
Net Assets- End of year	<u>\$ 181,189</u>	<u>\$ 76,884</u>	<u>\$ 45,450</u>	<u>\$ 303,523</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

SCHOOL DISTRICT ACTIVITY FUNDS
Supplemental Schedule
Statement of Receipts, Disbursements, and Transfers- Agency Funds
For the Year Ended June 30, 2010

	<u>Balance</u> <u>7/1/2009</u>	<u>Cash</u> <u>Receipts &</u> <u>Trans in</u>	<u>Cash</u> <u>Disb &</u> <u>Trans Out</u>	<u>Balance</u> <u>6/30/2010</u>
SCHOOL DISTRICT ACTIVITY FUNDS				
Lewiston High School	\$ 217,951	\$ 689,789	\$ 717,880	\$ 189,860
Jenifer Jr. High School	141,606	107,454	98,222	150,838
Sacajawea Jr. High School	97,908	82,587	73,580	106,915
Camelot Elementary School	10,069	20,101	20,065	10,105
Centennial Elementary School	18,863	29,641	24,662	23,842
McGhee Elementary School	8,242	12,425	11,213	9,454
McSorley Elementary School	15,966	14,426	20,137	10,255
Orchards Elementary School	3,226	10,887	10,830	3,283
Webster Elementary School	11,596	19,764	21,154	10,206
Whitman Elementary School	8,305	24,120	21,703	10,722
Tammany Alternative Center	6,967	8,024	7,778	7,213
	<u>\$ 540,699</u>	<u>\$ 1,019,218</u>	<u>\$ 1,027,224</u>	<u>\$ 532,693</u>
Total Activity Funds	<u>\$ 540,699</u>	<u>\$ 1,019,218</u>	<u>\$ 1,027,224</u>	<u>\$ 532,693</u>

SINGLE AUDIT SECTION

**Independent School District No. 1
Lewiston, Idaho**

**Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2010**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Agriculture		
Pass-through program from State Superintendent of Public Instruction		
School lunch program	10.555	\$ 715,392
Food Distribution (non-cash)	10.555	132,546
School Breakfast	10.553	147,133
Special Milk	10.556	7,905
Summer Food	10.559	96,417
Child Nutrition Discretionary Grant	10.582	34,093
Total Department of Agriculture		<u>\$ 1,133,486</u>
Department of Education		
Pass-through program from State Superintendent of Public Instruction:		
State Foundation Stabilization Fund ARRA	84.394A	3,062,701
Title I	84.010	697,976
Title I ARRA	84.389	422,273
Title VI-B	84.027	563,229
Title VI-B ARRA	84.391	834,507
Carl Perkins Vocational Education	84.048	66,424
Title VI-B Preschool	84.173	26,683
Title VI-B Preschool ARRA	84.392	34,328
Drug Free Schools	84.186	18,223
Education of Homeless Children	84.196	38,621
Title II-D EETT	84.367	59,826
Title IIA Improving Teacher Quality	84.367	213,615
Team Nutrition	84.323	245
Response to Intervention	84.323	6,000
Title II-D ESEA Technology		30,882
		<u>6,075,533</u>
Direct programs:		
Indian Education: Grants to LEAs	84.060A	<u>15,616</u>
Total Department of Education		<u>\$ 6,091,149</u>
Health and Welfare		
Temporary Assistance to Needy Families	93.558	<u>\$ 70,755</u>
Department of the Interior		
Pass-through program from State Superintendent of Public Instruction:		
Indian Education Assistance to Schools	15.130	<u>\$ 5,667</u>
Total expenditures of federal awards		<u><u>\$ 7,301,057</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all expenditures of federal awards programs of the Independent School District No. 1. 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 of accounting.

HAYDEN & ROSS, P.A.

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 THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees
Independent School District No. 1
Lewiston, Idaho 83501

Compliance

We have audited Independent School District No. 1's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Independent School District No. 1's major federal programs for the year ended June 30, 2010. Independent School District No. 1'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 Independent School District No. 1's management. Our responsibility is to express an opinion on the Independent School District No. 1'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 Independent School District No. 1'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 Independent School District No. 1's compliance with those requirements.

In our opinion, the Independent School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

Management of Independent School District No. 1 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 Independent School District No. 1's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 1'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 control 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.

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

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

Hayden & Ross, P.A.

Moscow, Idaho
September 17, 2010

HAYDEN & ROSS, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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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
Independent School District No. 1
Lewiston, Idaho 83501

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 1 as of and for the year ended June 30, 2010, which collectively comprise the Independent School District No. 1's basic financial statements and have issued our report thereon dated September 17, 2010. 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 Independent School District No. 1'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 Independent School District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Independent School District No. 1'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 deficiency* is a deficiency, or combination of control 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 was not designed to identify all deficiencies in internal control that might be deficiencies, 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 Independent School District No. 1'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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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, P.A.

Moscow, Idaho
September 17, 2010

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Independent School District No. 1.
2. No reportable conditions were disclosed during the audit of the financial statements of Independent School District No. 1 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*.
3. No instances of noncompliance material to the financial statements of Independent School District No. 1 were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs of the Independent School District No.1.
5. The auditor's report on compliance for the major federal award programs for Independent School District No. 1 expresses an unqualified opinion.
6. Audit findings relative to the major federal awards programs for Independent School District No. 1 are reported in Part C of this Schedule.
7. The programs tested as major programs were the Title VI-B Cluster (CFDA #'s 84.027, 84.173, 84.391, 84.392), the Title I Cluster (CFDA #'s 84.010, 84.389), and the State Fiscal Stabilization fund (CFDA # 84.394 and 84.397).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Independent School District No. 1 was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

HAYDEN & ROSS, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Independent School District No.1
Lewiston, Idaho 83501

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 1, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Independent School District No. 1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether those 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 evaluation the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 1 taken as a whole. The financial information of the activity and agency funds of the Lewiston High School are presented for purposes of additional analysis and are not a required part of those financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and, in our opinion, is fairly presented in all material respects in relation to those financial statements taken as a whole.

Hayden & Ross, P.A.

Moscow, Idaho
September 17, 2010

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

LEWISTON HIGH SCHOOL

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2010

ASSETS		
	Cash and cash equivalents	\$ 118,120
	Investments	<u>71,740</u>
Total assets		<u><u>189,860</u></u>
LIABILITIES		
	Due to student groups	<u>189,860</u>
Total liabilities		<u><u>\$ 189,860</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID
LEWISTON HIGH SCHOOL
STATEMENT OF CASH RECEIPTS, DISBURSMENTS AND TRANSFERS
For the Year Ended June 30, 2010

Activity Fund	Balance 7/1/2009	Cash Receipts	Cash Disbursements	Transfers In	Tranfers Out	Balance 6/30/2010
Annual	\$8,956	\$40,380	\$42,824	\$0	\$6	\$6,506
Art Honor Society	90	0	0	0	0	90
Athletic Director/Century Club	2,826	12,758	957	0	14,628	0
Athletics	2,210	14,756	28,399	11,433	0	0
Athletic/Special	0	5,168	0	0	5,168	0
Auto Mechanics	2,074	7,017	6,583	0	0	2,508
Band	943	30,788	37,161	5,430	0	0
Baseball	0	4,871	16,945	12,074	0	0
Basketball Boys	0	12,377	15,040	2,663	0	0
Basketball Girls	0	18,957	19,112	228	0	73
Bengal Lair	803	0	90	0	0	713
Bengal's Purr	3,686	8,690	6,374	0	5,317	685
Boys' Soccer	0	3,618	4,146	0	0	(528)
BPA	631	35,372	37,080	1,133	0	56
Cheerleaders	575	0	0	0	0	575
Class of 2008	0	0	0	0	149	(149)
Class of 2009	149	2,808	5,751	2,015	0	(779)
Class of 2010	1,526	4,751	3,345	0	0	2,932
Class of 2011	585	754	104	0	0	1,235
Concessions	4,082	31,313	19,278	0	13,448	2,669
Crochet Club	217	1,918	2,136	1	0	0
Cross Country	0	1,301	4,181	2,880	0	0
Debate Club	425	0	0	0	0	425
DECA Store	2,206	30,058	30,652	0	15	1,597
DECA A	1,453	23,333	22,635	90	0	2,241
DECA B	2,501	27,107	28,769	0	0	840
District II Music	4,373	8,910	7,914	0	348	5,021
Drama	6,542	5,294	6,313	500	0	6,023
Faculty Fund	1,084	2,482	2,621	0	3	943
FCCLA	94	268	192	0	0	170
Football	2,456	24,465	27,034	112	0	0
French Club	143	32	125	0	0	50
Fundraising B-Basketball	297	3,422	2,500	0	0	1,219
Fundraising G-Basketball	525	13,194	15,105	2,336	0	950
Fundraising Football	763	30,151	10,316	0	9,695	10,903
Fundraising B-Golf	497	7,260	16,191	9,245	0	811
Fundraising G-Golf	155	870	300	475	0	1,200
Fundraising B-Soccer	1,740	2,377	0	0	0	4,117
Fundraising G-Soccer	6,883	2,913	1,824	0	2,336	5,637
Fundraising Softball	587	0	51	0	0	536
Fundraising Volleyball	3,683	603	0	0	0	4,286
Fundraising Wrestling	0	2,120	1,516	0	0	604
German Club	68	955	0	0	0	1,023
Girls Soccer	0	228	154	0	0	75
Gold Voices	1,001	2,133	2,176	1,000	0	1,958
Golden Guard	0	0	0	0	0	0
Golf	0	1,000	8,167	7,167	0	0
Homecoming	1,393	2,767	1,400	0	0	2,759
HOSA	254	1,496	1,478	0	0	272
ICA	1,331	6,073	6,832	0	54	518
Industrial Club	27	510	100	0	0	437
Investment Holding	80,244	623	0	0	14,000	66,867
Jazz Band	4,268	1,735	2,084	0	230	3,689
Junior Achievement	2,753	142	0	0	0	2,896
LHS Indian Club	61	0	0	0	0	61
Library	398	670	811	0	22	236
Literary Club	65	0	0	0	0	65
Locks	0	0	0	0	0	0
Lost Books	5,833	5,313	462	0	8,242	2,442
Loyalty/Guardian Angels	83	0	0	0	0	83
Machinists Club	4,946	2,053	2,385	0	0	4,614

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID
LEWISTON HIGH SCHOOL
STATEMENT OF CASH RECEIPTS, DISBURSMENTS AND TRANSFERS
For the Year Ended June 30, 2010

Activity Fund	Balance 7/1/2009	Cash Receipts	Cash Disbursements	Transfers In	Tranfers Out	Balance 6/30/2010
National Honor Society	239	202	0	0	0	441
Natural Helpers	200	0	0	0	0	200
Other Activities	8,077	29,196	29,117	0	4,946	3,210
Other Income	2,880	1,000	0	0	0	3,880
Photography	2,076	3,316	2,881	0	0	2,511
Pictures	11,454	716	0	0	0	12,170
Press Club	10	0	5,974	6,000	0	35
Purple & Gold	4,836	1,169	1,157	0	0	4,847
Sales Tax	197	14,868	15,064	270	0	270
S.A.V.E.	199	0	58	0	0	142
Scholarships	150	6,400	5,000	0	0	1,550
Science Club	299	0	0	0	0	299
Senior Girls Club	231	0	0	0	0	231
Smart Club	608	523	763	0	0	367
Soccer Boys	(0)	1,928	5,868	3,940		0
Soccer Girls	(0)	1,865	2,742	878		(0)
Softball	0	478	7,340	6,862		0
Spanish Club	218	0	0	0	0	218
Special Accounts	7,853	508	2,416	0	4,000	1,945
Student Activities	5,011	41,122	17,875	0	25,941	2,317
Tennis	(0)	348	5,085	4,736		(0)
Track	0	8,950	13,972	5,022		0
Unclaimed Property	524	0	0	0	0	524
Video Production	2,084	2,275	3,467	230	0	1,123
Vocal Music	2,317	3,215	5,027	920		1,425
Volleyball	(0)	4,209	11,419	7,211		(0)
Wrestling	(0)	10,796	24,495	13,699	0	(0)
	<u>\$217,951</u>	<u>\$581,240</u>	<u>\$609,331</u>	<u>\$108,549</u>	<u>\$108,549</u>	<u>\$189,860</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho**

LEWISTON HIGH SCHOOL

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2010**

NOTE 1 – REPORTING ENTITY

The Fiduciary Funds of Lewiston High School (the Fund) are agency funds of Independent School District No. 1 (the District). These funds account for assets held by the District in a trustee capacity or as an agency for the student body.

NOTE 2 – BASIS OF PRESENTATION

The Agency Fund is used to account for assets held at the Lewiston High School as an agency for the student body. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The receipts raised by each student group are used to support the specific activities of the group and are not available for general use by the District.

NOTE 3 – BASIS OF ACCOUNTING

The Fund follows the cash basis of accounting which approximates the modified accrual basis of accounting in all material respects.

HAYDEN & ROSS, P.A.

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
Independent School District No. 1
Lewiston, Idaho 83501

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 1, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Independent School District No. 1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether those 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 evaluation the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 1 taken as a whole. The financial information of the activity and agency funds of the Jenifer Junior High School are presented for purposes of additional analysis and are not a required part of those financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and, in our opinion, is fairly presented in all material respects in relation to those financial statements taken as a whole.

Hayden & Ross, P.A.

Moscow, Idaho
September 17, 2010

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

JENIFER JUNIOR HIGH SCHOOL

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2010

ASSETS

Cash and cash equivalents	<u>\$ 150,838</u>
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Total assets	<u>150,838</u>
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LIABILITIES

Due to student groups	<u>150,838</u>
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Total liabilities	<u>\$ 150,838</u>
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INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID

JENIFER JUNIOR HIGH SCHOOL

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND TRANSFERS
For The Year Ending June 30, 2010

Activity Fund	Balance 7/1/2009	Cash Receipts	Cash Disbursements	Transfers In	Tranfers Out	Balance 6/30/2010
Activities	\$55,066	\$16,575	\$5,552	\$2,012	\$5,234	\$62,867
Annual	390	7,812	9,286	1,084	0	(0)
Art Club	243	0	0	0	0	243
Books, Equipment Damage	0	7,814	9,977	0	0	(2,163)
Box Tops-Schulz	187	1,312	1,312	0	0	187
Boys BB	10,120	0	0	0	0	10,120
Brick Fund	1,019	3,631	1,268	0	0	3,382
Cheer Fundraiser	1,787	0	0	0	0	1,787
Cheerleaders	0	2,330	2,503	0	0	(173)
Chorus	0	4,321	5,294	973	0	(0)
Chorus Fundraiser	166	0	0	0	0	166
Class Accounts	0	0	0	0	0	0
2016	2,027					2,027
2014	108	1,257	1,743	0	1,541	(1,919)
2015	0	350	0	1,541	0	1,891
Concessions	0	398	64	0	0	334
Cybersurfari Team	0	9,204	7,192	0	2,012	0
Drama	170	0	0	0	0	170
Drill Team	0	800	1,894	924	0	(170)
E Team Account	0	0	0	0	0	0
Eighth Adv	0	0	305	305	0	0
Explor-Elect Act	0	0	186	186	0	0
Extend. Learning	19	0	0	0	0	19
Faculty	1,438	390	364	0	0	1,464
Football	961	3,184	3,800	0	200	146
Fundraiser	18,863	5,850	5,887	0	0	18,826
Girls BB	11,626	9,271	11,940	0	0	8,957
Home Econ	429	3,772	1,212	0	0	2,989
Idaho Sales Tax	0	2,376	2,992	200	0	(415)
Interest CD	11,371	4,374	4,374	0	0	11,371
Jazz Band	833	296	0	0	0	1,129
Jazz Choir	34	0	150	0	0	(116)
JEDA (Jen Educ Drug Free)	384	0	0	0	0	384
K Mart Program	0	0	0	0	200	(200)
Library	63	0	0	0	0	63
Locks	0	99	0	0	0	99
Milk Vending Machine	151	0	0	0	0	151
Music	0	0	0	0	0	0
Music Fundraiser	6,339	989	861	0	0	6,467
N Team Activity	573	0	169	169	0	573
Ninth Team Account	0	0	136	136	0	0
Noon Activity	0	787	563	0	0	224
North Team Store	562	332	385	53	0	562
NSF Checks	0	0	0	0	0	0
Over & Short	0	0	0	0	0	0
Pep Club	0	0	0	0	0	0
POP Club	3,106					3,106
Positive Peer Influence	0	0	0	0	0	0
Recycle	0					0
Red Wave	0	1,064	994	0	0	70
S Team Account	535	10	10	0	0	535
Sales	0	0	547	475	0	(72)
Schweitzer Donation	72	2,233	1,935	0	0	370
Seventh Advisory	0	0	35	35	0	0
Smart Lab	98	66	0	0	0	164
Special Fund	0	0	61	61	0	0
Sports	3	961	1,634	670	0	0
Student Council	0	667	900	233	0	0
Student Recognition	0	0	265	265	0	0
Teacher of the Year-Burr	31	0	0	0	0	31
Teacher of the Year-Caldwell	6	0	0	0	0	6
Teacher of the Year-Gratz	0	0	0	0	0	0
Teacher of the Year-Renzelman	1	0	0	0	0	1

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID

JENIFER JUNIOR HIGH SCHOOL

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND TRANSFERS
For The Year Ending June 30, 2010

Activity Fund	Balance 7/1/2009	Cash Receipts	Cash Disbursements	Transfers In	Tranfers Out	Balance 6/30/2010
Track	0	0	0	0	0	0
Vending Machines	3,013	0	0	0	0	3,013
Volleyball	7,180	3,599	1,383	0	0	9,396
West Team Account	0	92	43	0	0	49
West Team Recognition	1,214	1,223	1,292	0	0	1,145
Wrestling	1,421	693	528	0	0	1,586
	<u>\$141,606</u>	<u>\$98,131</u>	<u>\$89,035</u>	<u>\$9,323</u>	<u>\$9,187</u>	<u>\$150,838</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho**

JENIFER JUNIOR HIGH SCHOOL

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2010**

NOTE 1 – REPORTING ENTITY

The Fiduciary Funds of Jenifer Junior High School (the Fund) are agency funds of Independent School District No. 1 (the District). These funds account for assets held by the District in a trustee capacity or as an agency for the student body.

NOTE 2 – BASIS OF PRESENTATION

The Agency Fund is used to account for assets held at the Jenifer Junior High School as an agency for the student body. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The receipts raised by each student group are used to support the specific activities of the group and are not available for general use by the District.

NOTE 3 – BASIS OF ACCOUNTING

The Fund follows the cash basis of accounting which approximates the modified accrual basis of accounting in all material respects.

HAYDEN & ROSS, P.A.

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
Independent School District No.1
Lewiston, Idaho 83501

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 1, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Independent School District No. 1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether those 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 evaluation the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 1 taken as a whole. The financial information of the activity and agency funds of the Sacajawea Junior High School are presented for purposes of additional analysis and are not a required part of those financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and, in our opinion, is fairly presented in all material respects in relation to those financial statements taken as a whole.

Hayden & Ross, P.A.

Moscow, Idaho
September 17, 2010

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

SACAJAWEA JUNIOR HIGH SCHOOL

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2010

ASSETS	
Cash and cash equivalents	<u>\$ 106,915</u>
Total assets	<u>106,915</u>
LIABILITIES	
Due to student groups	<u>106,915</u>
Total liabilities	<u>\$ 106,915</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID

SACAJAWEA JUNIOR HIGH SCHOOL

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND TRANSFERS
For The Year Ending June 30, 2010

Activity Fund	Balance 7/1/2009	Cash Receipts	Cash Disbursements	Transfers In	Tranfers Out	Balance 6/30/2010
Activities	\$85,433	\$14,616	\$11,458	\$9,293	\$552	\$97,333
Annual	730	10,245	9,673	0	0	1,302
Art	0	0	0	0	0	0
Assignment Book	0	4,214	4,651	437	0	(0)
Avista Grant	0	0	0	0	0	0
Beta	0	0	0	0	0	0
Basketball-Boys	0	3,458	2,279	0	1,178	0
Basketball-Girls	0	3,533	1,963	0	1,570	0
Café Kids	0	0	0	0	0	0
Cheerleading	1,832	4,806	8,421	0	0	(1,783)
Choir	0	0	0	0	0	0
Class Accounts	0	0	0	0	0	0
2013	732	361	591	0	502	0
2014	368	364	0	0	0	732
2015	0	394	0	0	0	394
Clubs-Prime Time	0	0	0	0	0	0
Colors Club	0	0	0	0	0	0
Concessions	0	9,380	6,654	0	2,725	0
Cultures Club	0	0	0	0	0	0
Damage Deposits	0	629	629	0	0	0
Dance Team	0	0	0	0	0	0
Drama	3,131	907	1,187	0	0	2,851
Faculty	323	1,722	1,710	0	0	336
Football	0	4,262	4,102	0	161	(0)
Interest-CD	0	594	0	0	594	0
Interest	0	225	0	0	225	0
Jazz Band	1,096	0	0	0	0	1,096
Library	19	1,340	687	0	0	672
Locks (Sac)	0	0	0	0	0	0
Music	(43)	0	0	44	0	1
Music-Albertson's Grant	0	0	0	0	0	0
NSF Checks	0	128	199	71	0	0
Orchestra	0	0	0	0	0	0
Other Activity	208	0	79	0	0	129
Over and Short	0	13	0	0	13	0
Pep	0	0	0	0	0	0
Pictures	0	0	0	0	0	0
Principal's Fund	41	0	0	0	0	41
PTSA	0	0	0	0	0	0
Rentals	0	0	0	0	0	0
Sales	0	0	0	0	0	0
School Store	1,018	1,137	1,137	0	0	1,018
Science-Brandt	2,601	0	322	0	0	2,279
Season Passes	0	864	20	0	844	0
Student Council	360	442	350	0	0	452
Student Recognition	0	0	0	0	0	0
Tax-Idaho Sales	0	3,733	3,733	0	0	0
Teacher of the Year-Ferr	59	500	500	0	0	59
Teen and Young Living	(0)	1,597	1,593	0	0	4
Track	0	0	0	0	0	0
Volleyball	0	2,397	1,304	0	1,093	0
Wrestling	(0)	881	493	0	388	0
	<u>\$97,908</u>	<u>\$72,743</u>	<u>\$63,736</u>	<u>\$9,844</u>	<u>\$9,844</u>	<u>\$106,915</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho**

SACAJAWEA JUNIOR HIGH SCHOOL

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2010**

NOTE 1 – REPORTING ENTITY

The Fiduciary Funds of Sacajawea Junior High School (the Fund) are agency funds of Independent School District No. 1 (the District). These funds account for assets held by the District in a trustee capacity or as an agency for the student body.

NOTE 2 – BASIS OF PRESENTATION

The Agency Fund is used to account for assets held at the Sacajawea Junior High School as an agency for the student body. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The receipts raised by each student group are used to support the specific activities of the group and are not available for general use by the District.

NOTE 3 – BASIS OF ACCOUNTING

The Fund follows the cash basis of accounting which approximates the modified accrual basis of accounting in all material respects.

HAYDEN & ROSS, P.A.

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
Independent School District No.1
Lewiston, Idaho 83501

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 1, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Independent School District No. 1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether those 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 evaluation the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 1 taken as a whole. The financial information of the activity and agency funds of the Elementary Schools are presented for purposes of additional analysis and are not a required part of those financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and, in our opinion, is fairly presented in all material respects in relation to those financial statements taken as a whole.

Hayden & Ross, P.A.

Moscow, Idaho
September 17, 2010

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

ELEMENTARY SCHOOLS

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2010

ASSETS

Cash and cash equivalents	
Camelot Elementary School	\$ 10,105
Centennial Elementary School	23,842
McGhee Elementary School	9,454
McSorley Elementary School	10,255
Orchards Elementary School	3,283
Webster Elementary School	10,206
Whitman Elementary School	10,722
	<hr/>

Total assets	<hr/> <u>77,867</u>
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LIABILITIES

Due to student groups	
Camelot Elementary School	10,105
Centennial Elementary School	23,842
McGhee Elementary School	9,454
McSorley Elementary School	10,255
Orchards Elementary School	3,283
Webster Elementary School	10,206
Whitman Elementary School	10,722
	<hr/>

Total liabilities	<hr/> <u>\$ 77,867</u>
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INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID
ELEMENTARY SCHOOL FINANCIAL REPORTS
For the Year Ended June 30, 2010

SCHOOL	BALANCE 7/1/2009	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE 6/30/2010
CAMELOT				
Activity Account	\$ 7,643	\$ 3,631	\$ 3,882	\$ 7,392
Library Account	575	5,480	5,876	179
Pop Account	52	178	230	0
Knowledge Bowl	59	311	323	47
4th Grade	616	9,394	8,883	1,127
6th Grade	568	463	400	631
Student Council	556	644	471	729
Total	<u>\$ 10,069</u>	<u>\$ 20,101</u>	<u>\$ 20,065</u>	<u>\$ 10,105</u>
CENTENNIAL				
Activity Account	\$ 14,221	\$ 15,120	\$ 10,517	\$ 18,824
Library	513	3,926	3,798	641
Hell's Canyon	1,104	6,808	6,448	1,464
6th Grade	2,129	318	1,087	1,360
Camp Whitman	456	0	0	456
Pop Account	46	0	0	46
Yearbook	394	3,469	2,812	1,051
Total	<u>\$ 18,863</u>	<u>\$ 29,641</u>	<u>\$ 24,662</u>	<u>\$ 23,842</u>
MCGHEE				
Activity Account	\$ 3,849	\$ 5,608	\$ 4,732	\$ 4,725
Pop Account	526	136	22	640
Library	120	785	117	788
4th Grade	1,963	4,784	4,749	1,998
Water	0	0	0	0
6th Grade	1,397	200	700	897
Choir	86	200	223	63
Fong T-Shirts	301	712	670	343
Total	<u>\$ 8,242</u>	<u>\$ 12,425</u>	<u>\$ 11,213</u>	<u>\$ 9,454</u>
MCSORLEY				
School Account	\$ 1,644	\$ 2,355	\$ 2,306	\$ 1,693
Classroom	14,201	12,020	17,753	8,468
Pop Account	116	51	73	94
ISD	5	0	5	0
Total	<u>\$ 15,966</u>	<u>\$ 14,426</u>	<u>\$ 20,137</u>	<u>\$ 10,255</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID
ELEMENTARY SCHOOL FINANCIAL REPORTS
For the Year Ended June 30, 2010

SCHOOL	BALANCE 7/1/2009	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE 6/30/2010
ORCHARDS				
Activity	\$ 2,228	\$ 2,479	\$ 3,136	\$ 1,571
4th River Trip	66	6,441	6,140	367
Pop	147	78	0	225
Taxes	363	294	400	257
Library	156	1,077	588	645
Camp Whitman	202	518	526	194
Student Council	64	0	40	24
Total	<u>\$ 3,226</u>	<u>\$ 10,887</u>	<u>\$ 10,830</u>	<u>\$ 3,283</u>
WEBSTER				
Activity	\$ 8,601	\$ 4,807	\$ 7,005	\$ 6,403
Camp Whitman	29	3,636	3,257	408
Computer	1,290	1,160	752	1,698
Library	139	100	239	0
Chorus	0	0	0	0
Teichmer/Einhaus	1,051	10,061	9,415	1,697
Fuchs/Storm	486		486	
Total	<u>\$ 11,596</u>	<u>\$ 19,764</u>	<u>\$ 21,154</u>	<u>\$ 10,206</u>
WHITMAN				
Activity	\$ 3,173	\$ 10,571	\$ 9,809	\$ 3,935
Pop Account	223	301	357	167
Library	17	0	0	17
Hells Canyon Trip	2,082	5,161	4,611	2,632
Rendezvous	736	4,896	4,481	1,151
Student Council	2,074	3,191	2,445	2,820
Total	<u>\$ 8,305</u>	<u>\$ 24,120</u>	<u>\$ 21,703</u>	<u>\$ 10,722</u>
Grand Total	<u>\$ 76,267</u>	<u>\$ 131,364</u>	<u>\$ 129,764</u>	<u>\$ 77,867</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho**

**ACTIVITY FUNDS
ELEMENTARY SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2010**

NOTE 1 – REPORTING ENTITY

The Activity Funds (the Funds) of the Elementary Schools are agency funds of Independent School District No. 1 (the District). These funds account for assets held by the District in a trustee capacity.

NOTE 2 – BASIS OF PRESENTATION

The Agency Fund is used to account for assets held at each elementary school as an agency for the student body. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The receipts raised by each group are used to support the specific activities of the group and are not available for general use by the District.

NOTE 3 – BASIS OF ACCOUNTING

The Fund follows the cash basis of accounting which approximates the modified accrual basis of accounting in all material respects.

HAYDEN & ROSS, P.A.

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
Independent School District No.1
Lewiston, Idaho 83501

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 1, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Independent School District No. 1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether those 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 evaluation the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 1 taken as a whole. The financial information of the activity and agency funds of the Tammany Alternative Center are presented for purposes of additional analysis and are not a required part of those financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and, in our opinion, is fairly presented in all material respects in relation to those financial statements taken as a whole.

Hayden & Ross, P.A.

Moscow, Idaho
September 17, 2010

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

TAMMANY ALTERNATIVE CENTER

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2010

ASSETS

Cash and cash equivalents	<u>\$ 7,213</u>
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Total assets	<u><u>7,213</u></u>
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LIABILITIES

Due to student groups	<u>7,213</u>
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Total liabilities	<u><u>\$ 7,213</u></u>
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INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID

Tammany Alternative Center
Statement of Cash Receipts, Disbursements and Transfers
For the Year Ended June 30, 2010

	<u>BALANCE</u> <u>7/1/2009</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>6/30/2010</u>
Tammany				
Activity Account	\$ 7,091	\$ 5,653	\$ 6,552	\$ 6,192
FCCLA	(124)	1,471	1,226	121
Construction	0	900		900
	<u>\$ 6,967</u>	<u>\$ 8,024</u>	<u>\$ 7,778</u>	<u>\$ 7,213</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho**

TAMMANY ALTERNATIVE CENTER

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2010**

NOTE 1 – REPORTING ENTITY

The Fiduciary Funds of Tammany Alternative Center (the Fund) are agency funds of Independent School District No. 1 (the District). These funds account for assets held by the District in a trustee capacity or as an agency for the student body.

NOTE 2 – BASIS OF PRESENTATION

The Agency Fund is used to account for assets held at the Tammany Alternative Center as an agency for the student body. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The receipts raised by each student group are used to support the specific activities of the group and are not available for general use by the District.

NOTE 3 – BASIS OF ACCOUNTING

The Fund follows the cash basis of accounting which approximates the modified accrual basis of accounting in all material respects.