



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

HAYDEN ROSS, PLLC
Certified Public Accountants
Moscow, Idaho

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

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HAYDEN ROSS, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

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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, the business-type 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, 2012, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 1, as of June 30, 2012, 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 13, 2012, 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 nonmajor 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, PLLC

Moscow, Idaho
September 13, 2012

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2012

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, 2012. 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!"

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.

- | | |
|-------------|---|
| Strategy #1 | Design and implement a research-based, aligned, written, taught and assessed curriculum that is rich and rigorous. |
| Strategy #2 | Continuously improve organizational structures to result in improved student learning. |
| Strategy #3 | Focus professional development of research-based practices that lead to high student performance. |
| Strategy #4 | Define criteria that describe high performance of students and staff. Recognize when standards are not met or exceeded. |
| Strategy #5 | Invite, celebrate and honor adaptations that increase student achievement. |
| Strategy #6 | Utilize a data-driven continuous improvement model to focus ongoing work throughout the organization. |
| Strategy #7 | Integrate technology to maximize efficiency and effectiveness in a standards-based accountability system. |

The recently updated strategic plan, with goals articulated through 2013-2014 using a data driven, continuous improvement model, may be viewed on the district website at www.lewistonschools.net/SuperintendentBoard.

Enrollments

Student enrollment over the past ten years has been relatively stable ranging from 5,104 students in February, 2000 to 4,806 in October of 2011.

Financial Highlights

- Property tax revenue received in FY2012 increased 3.8%, or \$460,982 over FY2011
- Federal Jobs Bill funds were used to restore reductions in work days, including salaries and benefits for all staff that had been necessary due to decreased state funding. Jobs Bill funds were exhausted at the end of FY2012.
- State apportionment revenue totaled \$21,394,559 in FY2012, representing an 7.46% decline from \$23,120,137 in FY2011.
- Total expenses in government funds decreased 1.64% from the previous year.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2012

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.

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

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2012

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.

Financial Analysis of the District as a Whole. (from statements on pages 9 and 10)

Table 1 provides a summary of the School District's net assets for 2012 compared to 2011.

Net Assets (In millions)			
Table 1	All Governmental Activities		Total Percentage Change
	2011	2012	
Current Assets	12.9	11.8	-8.06%
Capital Assets	8.5	8.1	-4.87%
Total Assets	21.4	19.9	-6.79%
Total Liabilities	5.5	5.4	-1.69%
Net Assets			
Invested in Capital Assets	8.5	8.1	-4.87%
Restricted	2.2	2.0	-7.21%
Unrestricted	5.2	4.4	-15.17%
Total Net Assets	15.9	14.5	-8.56%

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2012

Table 2 shows the changes in net assets for fiscal year 2012.

Changes in Net Assets from Operating Results
(in millions)

	All Governmental Activities		Total Percentage Change
	2011	2012	
Revenues			
Program Revenues			
Charges for Services	1.6	1.6	0.00%
Grants	5.0	6.2	+23.60%
General Revenues			
Property Taxes	12.1	12.6	+3.80%
Government Funding	22.2	19.6	-12.01%
Other	0.8	0.3	-56.54%
Total Revenues	41.7	40.3	-3.49%
Expenses			
Instructional	26.6	26.0	-2.20%
Other	16.0	15.9	-0.95%
Total Expenses	42.6	41.9	-1.73%
Net Assets			
Increase (Decrease) in Net Assets	-0.9	-1.6	-79.13%
Increase in Deferred Revenue		.05	
Transfer-in from Medical Trust	0.1	.20	+53.0%
Total Change in Net Assets	-0.8	-1.35	-78.00%

Governmental Activities

The statement of activities (page 10) 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
	2011	2012		2011	2012	
Instruction	26.6	26.0	-2.22%	22.9	21.1	-7.64%
Pupil, staff support	3.3	3.1	-5.77%	3.2	3.1	-4.67%
Administration, business	4.1	4.0	-2.55%	4.1	4.0	-2.55%
Maintenance, custodial	4.7	4.5	-2.79%	4.6	4.5	-2.59%
Transportation	1.4	1.6	+12.09%	0.5	0.7	+19.52%
Food Service	1.9	2.1	+5.72%		0.1	
Other	0.6	0.6	0.0%	0.7	0.6	-2.31%
Total	42.6	41.9	-1.73%	36.0	34.1	-5.29%

INDEPENDENT SCHOOL DISTRICT NO. 1

Lewiston, Idaho

Management's Discussion and Analysis

For the Year Ended June 30, 2012

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. In previous years, the risk fund was used to manage the costs of a "mini-max" partial self-insurance plan. This plan was discontinued in fiscal year 2011, and final claims were paid in February 2011. The District intends to use the remaining funds to subsidize the cost of health insurance premiums, and to continue funding the cost of one full-time benefits coordinator position. A fund transfer in the amount of \$230,000 was made from the medical risk fund to the general fund to subsidize insurance premiums.

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.

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 2012 to more accurately reflect actual financial circumstances encountered during the course of the year.

Capital Assets

At the end of fiscal year 2012, the School District had \$8.5 million invested in net capital assets in governmental activities. Table 4 reflects fiscal year 2012 balances compared to fiscal year 2011.

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

	All Governmental Activities		Total Dollar Change
	2011	2012	
Land and Site Improvements	2,468	2,412	(56)
Buildings	4,983	4,777	(206)
Equipment	323	235	(88)
Vehicles and Buses	730	666	(64)
Total Net Capital Assets	8,504	8,090	(414)

Current Issues

During fiscal year 2012, the overall economy of the United States continued to make only modest progress toward recovery from recession.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Management's Discussion and Analysis
For the Year Ended June 30, 2012

State apportionment funding declined from the previous year, and for the second consecutive year, District contracts were reduced by four "furlough" days for most employees. Federal Education Jobs and Medicaid Assistance Act funds were utilized to replace two instructional days in fiscal years 2011 and 2012. The Jobs Bill funding will not be available after September 2012.

The District continues to exercise caution and diligence in choosing investment options for idle funds. All funds are currently divided between two approved local depositories to maximize protection of assets up to the 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 0.3% during the entire fiscal year of 2012.

At the county level, the overall market value of property in the District rose by approximately 1.55% from December 2010 to December 2011. Most residential real estate values remained flat, some declined, and there was some slight upward trend in commercial property values. The value of new construction added to rolls in 2012 increased approximately 3.42% over the prior year.

Enrollments and attendance have declined slightly over the past few years. A new statewide longitudinal data system to track attendance, as well as student assessment data and employee records is now the major determinant of State appropriations. The District has identified and implemented particular strategies to monitor this data closely for accuracy and address errors promptly.

Old facilities continue to require a significant investment of resources to keep them safe and useable for today's students. Replacing the high school facility was identified as the number one priority for the Board of Directors in recent years. Bond levy elections held in October, 2010 and March 2011 requesting approval of a \$52 million bond issuance to finance the construction of a modern 9-12 high school were both unsuccessful. No decision has been made to place a bond levy on the ballot in the coming year. The District has no bonded indebtedness as of June 30, 2012. Interest from investments and the capital projects fund balance supports renovations and capital improvements within the District.

Fiscal year 2012 is the third 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. It is anticipated that the levy will be submitted to voters for renewal in the spring of 2013. 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, Director of Business Services, 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, 2012

ASSETS

Current Assets

Cash and cash equivalents	\$ 237,918
Investments	4,189,755
Interest receivable	9,373
Taxes receivable (net)	5,623,023
Due from other governmental units	1,497,448
Inventory and Prepaid expenses	283,405
Total current assets	<u>11,840,922</u>

Noncurrent Assets

Non depreciated capital assets	1,839,830
Depreciated capital assets	21,432,222
Less: Accumulated depreciation	<u>(15,181,498)</u>
Total noncurrent Assets	<u>8,090,554</u>

Total Assets	<u>19,931,476</u>
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LIABILITIES

Current Liabilities

Accounts payable and other current Liabilities	4,246,079
Insurance claims payable	-
Deferred revenue	78,155
Due to Fiduciary Funds	148,559
Total current liabilities	<u>4,472,793</u>

Noncurrent liabilities

Noncurrent portion of long-term obligations	<u>950,440</u>
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Total Liabilities	<u>5,423,233</u>
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NET ASSETS

Invested in capital assets, net of related debt	8,090,554
Restricted for capital projects	2,009,508
Unrestricted	<u>4,408,180</u>
Total Net Assets	<u><u>\$ 14,508,242</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Activities
For the Year Ended June 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for	Operating Grants	Capital Grants &	Governmental	Activities
	Expenses	Services	and Contributions	Contributions		
FUNCTIONS/PROGRAMS						
Governmental activities:						
Preschool - 12 Instruction	\$ 25,989,442	\$ 860,616	\$ 4,004,154		\$	(21,124,672)
Support Services:						
Pupil support	1,828,553		60,826			(1,767,727)
Staff Support	1,260,403					(1,260,403)
General Administration	872,190					(872,190)
School Administration	2,291,053					(2,291,053)
Business Services	401,427					(401,427)
Technology	439,043					(439,043)
Maintenance/Custodial	4,517,954					(4,517,954)
Transportation	1,622,605		949,923			(672,682)
Food Services	2,058,142	729,526	1,225,903			(102,713)
Capital Outlay	144,842					(144,842)
Depreciation, unallocated	504,515					(504,515)
Total School District	<u>\$ 41,930,169</u>	<u>\$ 1,590,142</u>	<u>\$ 6,240,806</u>		<u>\$</u>	<u>(34,099,221)</u>
General Revenues						
Taxes						
Property taxes levied for general purposes						
						12,543,554
Property taxes levied for liability insurance						
						33,747
Federal and State Aid not restricted to specific purposes						
						19,565,156
Other						
						241,482
Interest and investment earnings						
						79,558
Total General Revenues						32,463,497
Change in deferred revenues						
						47,334
Transfer-in from Medical Trust						
						230,000
Change in net assets						(1,358,390)
Net assets - beginning						15,866,632
Net assets - ending						<u>\$ 14,508,242</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 15,150	\$ 23,677	\$	\$ 38,827
Accounts receivable	447,936		1,048,876	1,496,812
Taxes receivable (net)	5,623,023			5,623,023
Interest receivable		9,373		9,373
Due from other funds			629,057	629,057
Investments	1,674,896	2,039,586		3,714,482
Prepaid supplies	208,805		61,755	270,560
Total assets	<u>7,969,810</u>	<u>2,072,636</u>	<u>1,739,688</u>	<u>11,782,134</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	431,851	63,128	68,503	563,482
Payroll and taxes payable	3,242,823		437,357	3,680,180
Deferred revenue	585,084		78,155	663,239
Due to other funds	156,786		620,830	777,616
Total liabilities	<u>4,416,544</u>	<u>63,128</u>	<u>1,204,845</u>	<u>5,684,517</u>
Fund Balances				
Nonspendable	208,805		61,755	270,560
Restricted	1,056,564	2,009,508	473,088	3,539,160
Unassigned	2,287,897			2,287,897
Total fund balances	<u>3,553,266</u>	<u>2,009,508</u>	<u>534,843</u>	<u>6,097,617</u>
Total liabilities and fund balance	<u>\$ 7,969,810</u>	<u>\$ 2,072,636</u>	<u>\$ 1,739,688</u>	<u>\$ 11,782,134</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2012**

Total fund balance - Governmental funds	\$ 6,097,617
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:	23,169,809
Accumulated Depreciation	<u>(15,111,612)</u>
	8,058,197
Property taxes receivable, not expected to be paid within sixty days are deferred in the funds	585,084
Net assets of internal service funds included in district-wide Statement of Net Assets	717,784
Long term liabilities not recorded in funds	
Compensated Absences	(299,118)
Other Post Employment Benefits	<u>(651,322)</u>
Total net assets - governmental activities	<u>\$ 14,508,242</u>

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, 2012

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property tax	\$ 12,577,301	\$	\$	\$ 12,577,301
State apportionment	21,394,559			21,394,559
Intergovernmental	510,708		3,900,695	4,411,403
Charges for services	18,821	11,050	729,526	759,397
Earnings on investments	16,490	61,346	1,722	79,558
Other	196,586	15,025	860,616	1,072,227
Total revenue	<u>34,714,465</u>	<u>87,421</u>	<u>5,492,559</u>	<u>40,294,445</u>
EXPENDITURES				
Instruction	22,156,451		3,493,446	25,649,897
Support:				
Pupil	1,753,945		60,826	1,814,771
Staff	1,251,584			1,251,584
General administration	866,757			866,757
School administration	2,271,668			2,271,668
Business service	398,495			398,495
Technology administration	450,399			450,399
Maintenance and operations	4,518,405			4,518,405
Transportation	1,454,464			1,454,464
Food service			2,058,142	2,058,142
Capital outlay		350,997		350,997
Total expenditures	<u>35,122,168</u>	<u>350,997</u>	<u>5,612,414</u>	<u>41,085,579</u>
Excess (deficiency) of revenues over/under expenditures	<u>(407,703)</u>	<u>(263,576)</u>	<u>(119,855)</u>	<u>(791,134)</u>
Other financing sources (uses);				
Operating transfers in	305,962	87,841	53,634	447,437
Operating transfers out	<u>(141,475)</u>		<u>(75,962)</u>	<u>(217,437)</u>
Total other financing sources (uses)	<u>164,487</u>	<u>87,841</u>	<u>(22,328)</u>	<u>230,000</u>
Net change in fund balances	(243,216)	(175,735)	(142,183)	(561,134)
Fund balance- Beginning of year	<u>3,796,482</u>	<u>2,185,243</u>	<u>677,026</u>	<u>6,658,751</u>
Fund balance- End of year	<u>\$ 3,553,266</u>	<u>\$ 2,009,508</u>	<u>\$ 534,843</u>	<u>\$ 6,097,617</u>

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, 2012

Net change in fund balances - total governmental funds		\$ (561,134)
Differences between Statement of Activities and Fund Statements		
Capital outlays recorded in funds as expenditures		
Capital Outlays:	263,634	
Depreciation expense	<u>(664,161)</u>	(400,527)
Expense for Other Post Employment Benefits not recorded in funds		(172,573)
Adjustment for change in deferred revenues		47,334
Change in compensated absences, not recorded in funds		(6,565)
Net income (loss) of internal service funds not reflected in governmental funds are included in Statement of Activities		<u>(264,925)</u>
Change in net assets of governmental activities		<u><u>\$ (1,358,390)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Net Assets
All Proprietary Funds
June 30, 2012

	Internal Service Funds		
	Medical Insurance Risk Fund	Print shop	Total
ASSETS			
Current Assets			
Cash	\$ 127,897	\$ 71,194	\$ 199,091
Accounts receivable	614	22	636
Investments	475,273		475,273
Prepaid supplies		12,845	12,845
Total current assets	<u>603,784</u>	<u>84,061</u>	<u>687,845</u>
Noncurrent Assets			
Furniture and equipment (net)		32,356	32,356
TOTAL ASSETS	<u>603,784</u>	<u>116,417</u>	<u>720,201</u>
LIABILITIES			
Accounts payable	\$	\$ 2,089	\$ 2,089
Payroll and taxes payable		328	328
TOTAL LIABILITIES		<u>2,417</u>	<u>2,417</u>
NET ASSETS			
Reserved for benefit payments	603,784		603,784
Invested in capital assets		32,356	32,356
Unrestricted		81,644	81,644
TOTAL NET ASSETS	<u>\$ 603,784</u>	<u>\$ 114,000</u>	<u>\$ 717,784</u>

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, 2012

	Internal Service Funds		
	Medical Insurance		
	Risk Fund	Print shop	Total
OPERATING REVENUES			
Other local revenue	25	127,416	127,441
Total Operating Revenues	<u>25</u>	<u>127,416</u>	<u>127,441</u>
OPERATING EXPENSES			
Support services	60,588	117,398	177,986
Total Operating Expenses	<u>60,588</u>	<u>117,398</u>	<u>177,986</u>
Operating Income (Loss)	(60,563)	10,018	(50,545)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	15,620		15,620
Other financing sources (uses)			
Transfers out	<u>(230,000)</u>		<u>(230,000)</u>
Change in net assets	(274,943)	10,018	(264,925)
Total net assets - beginning	<u>878,727</u>	<u>103,982</u>	<u>982,709</u>
Total net assets - ending	<u><u>\$ 603,784</u></u>	<u><u>\$ 114,000</u></u>	<u><u>\$ 717,784</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Cash Flows - All Proprietary Funds
For the Year Ended June 30, 2012

	Internal Service Funds		
	Medical Insurance Risk Fund	Print shop	Total
Cash Flows From Operating Activities			
Cash received from user charges	\$ 25	\$ 127,432	\$ 127,457
Cash payments to suppliers for goods and services	(9,123)	(56,333)	(65,456)
Cash payment to employees for services	(50,695)	(50,171)	(100,866)
Cash payments for insurance related expenses	(770)		(770)
Net cash provided by (used in) operating activities	<u>(60,563)</u>	<u>20,928</u>	<u>(39,635)</u>
Cash Flows From Investing Activities			
Interest on investments	16,031		16,031
Net cash provided by (used in) investing activities	<u>16,031</u>		<u>16,031</u>
Cash Flows from Financing Activities			
Transfer to general fund	(230,000)		(230,000)
Net cash provided by (used in) financing activities	<u>(230,000)</u>		<u>(230,000)</u>
Net increase (decrease) in cash and cash equivalents	<u>(274,532)</u>	<u>20,928</u>	<u>(253,604)</u>
Cash-beginning of year	727,702	50,266	777,968
Cash-end of year	<u>\$ 453,170</u>	<u>\$ 71,194</u>	<u>\$ 524,364</u>
Reconciliation of operating income to net cash provided (used in) by operating activities			
Operating Income (Loss)	\$ (274,943)	\$ 10,018	\$ (264,925)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation expense		13,552	13,552
Interest income	(15,620)		(15,620)
Changes in assets and liabilities			
Due from other funds	150,000	17	150,017
Interfund transfer	80,000		80,000
Accounts payable	0	(1,852)	(1,852)
Inventory		(645)	(645)
Salary and benefits payable		(162)	(162)
Net Cash Provided by (used in) operating activities	<u>\$ (60,563)</u>	<u>\$ 20,928</u>	<u>\$ (39,635)</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Statement of Fiduciary Net Assets-Fiduciary Funds and Component Units
June 30, 2012

	Private Purpose Trusts	Agency Funds	Component Unit Lewiston Independent Foundation for Education, Inc.
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 154,964	\$ 595,720	\$ 31,574
Short Term Investments			37,147
Accounts receivable			558
Due from other funds	148,559		
Total Current Assets	<u>303,523</u>	<u>595,720</u>	<u>69,279</u>
Long-Term Investments			497,041
Total Assets	<u><u>\$ 303,523</u></u>	<u><u>\$ 595,720</u></u>	<u><u>\$ 566,320</u></u>
LIABILITIES			
Accounts payable	\$		\$ 13,866
Due to student groups		\$ 595,720	
Total Liabilities		<u><u>\$ 595,720</u></u>	<u>13,866</u>
NET ASSETS			
Unrestricted			147,668
Restricted			404,786
Reserved for endowments	303,523		
Total Net Assets	<u><u>\$ 303,523</u></u>		<u><u>\$ 552,454</u></u>

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, 2012

	Private Purpose Trusts	Component Unit Lewiston Independent Foundation for Education, Inc.
ADDITIONS		
Unrestricted donations	\$ -	\$ 46,018
Restricted donations		14,525
Fund raising revenues (net)		7,209
Net investment income		27,399
		<hr/>
Total additions		95,151
		<hr/>
DEDUCTIONS		
Secretary wages and benefits		13,866
Impact Grant Program		10,436
Insurance		1,229
Program supplies		26,808
Scholarships		12,600
Office supplies		997
Teacher of the Year		1,000
Restricted program expenses		1,000
		<hr/>
		67,936
		<hr/>
Change in Net Assets		27,215
Net Assets-beginning	303,523	525,239
	<hr/>	<hr/>
Net Assets-ending	\$ 303,523	\$ 552,454
	<hr/>	<hr/>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012

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 was originally established to account the activities related to partial self insurance of medical benefits. The district has elected to minimize risk by offering employees a more traditional form of health insurance benefits, and the residual balances in the medical risk fund are used to subsidize premiums and pay plan expenses.
- 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, 2012

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, 2012

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 2012-2013 budget was adopted at its regular board meeting held June 11, 2012.
4. Prior to July 15, the final budget is filed with the State Department of Education.
5. In June 2012, 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 fund statements since they do not constitute expenditures or liabilities.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012

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, 2012. Current tax collections for the year were 96.95% of the tax levy as of August 31, 2012.

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, 2012

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 14.61% of the District's net market value in 2012 (14.82% in 2011). 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 13, 2012, the date the financial statements were available to be issued.

NOTE 2 - PROPERTY TAX

The market value for the District as of September, 2011, upon which the Fiscal Year 2012 levy was based, was \$2,357,662,452.

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, 2012, was \$12,496,538 and a total of \$12,443,235 in payments was received for taxes, penalties, and interest owed from tax years 2007 through 2011.

In the Governmental Funds Statements, property taxes levied but not yet collected for fiscal year 2011 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, 2012	\$5,623,023
Less: Taxes estimated to be collected by the County Treasurer by August 31, 2012	<u>5,037,939</u>
Deferred revenue	<u>\$585,084</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - ACCOUNTS RECEIVABLE

Details of accounts receivable in the Funds Statements for all governmental funds at June 30, 2012, are as follows:

State apportionment funds	\$ 286,247
Grant reimbursements	1,048,876
Interest receivable	9,373
Other	161,689
Total	<u>\$1,506,185</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. The District currently does not have a formal policy regarding custodial risk for deposits. At June 30, 2012, the carrying amount of the District's deposits (including student activity funds) was \$833,638. The bank balance total of \$1,098,572 is in local depository accounts insured by the FDIC up to the limit of \$250,000 per institution. Total deposits fully insured equal \$687,926, and the remaining \$410,646 is deposited in fully collateralized public funds accounts.

Investments

The District's investment policy was adopted by the Board of Directors and provides the Director of Business Services 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 \$3,714,482.

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, 2012, are as follows:

	Category	General	Med Trust	SPFR	Total
Zions	1	\$1,674,169		\$712,289	\$2,386,458
LGIP pool	1	727	148,732	9,345	158,804
DBF pool	1		326,541	1,317,952	1,644,493
Total		\$1,674,896	\$475,273	\$2,039,586	\$4,189,755

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 § 67-1210 et seq. as allowable investments for government agencies. As of June 30, 2012, the LGIP investment portfolio consisted of 30.23% U.S. Treasuries, 29.33% Government Agency Notes, and the remainder in Repurchase Agreements, Corporate Bonds and Commercial Paper. As of June 30, 2012, the weighted average maturity of the LGIP portfolio was 85 days, and the yield to maturity was 0.2179%. 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, 2012, 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 \$34,638 as of June 30, 2012.

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, 2011:

	<u>Book Value</u>	<u>Market Value</u>	<u>Investment Maturities</u>	
			<u>Less than 1 year</u>	<u>1-8 Years</u>
External Investment Pool				
LGIP fund	\$158,804	\$158,804	\$158,804	
Diversified Bond Fund	\$1,644,493	\$1,644,493	\$263,119	\$1,381,374

NOTE 5 - NON-CURRENT LIABILITIES

Compensated Absences

At June 30, 2012, the District is obligated to employees, other than instructors, for vacation time earned but not yet used in the amount of \$299,118 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. Employees are allowed to carry forward from year to year, a maximum number of days equal to one-half their annual number of days earned. Excess days not taken by one's anniversary date each year are lost. Generally speaking, unused vacation days are not paid in cash unless the employee terminates employment with the district.

During the year ended June 30, 2012, the following changes occurred to noncurrent liabilities:

Non Current Liability	7/1/2011	Additions	Reductions	6/30/2012
Compensated absences	\$292,553	\$280,392	\$273,827	\$299,118

Other Post-Employment Benefits

Fiscal year 2012 is the fourth 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

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 - NON-CURRENT LIABILITIES (continued)

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, 2012. 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, 2011	\$85,668
Actuarial Accrued Liability (AAL)	\$1,996,734
Actuarial Value of Assets	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$1,996,734
Amortization factor	25.0
Amortization of the UAAL	\$79,869
Annual Required Contribution for FY2009	\$153,088
Annual Required Contribution for FY2010	\$153,088
Annual Required Contribution for FY2011	\$172,573
Annual Required Contribution for FY2012	\$172,573

NOTE 6 - CONTINGENT LIABILITIES

Grant programs

The District participates in a number of state and federally assisted grant programs, mainly Title I, IDEA Part B grants, and the National Child Nutrition 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.

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance 7/1/2011	Additions	Deletions	Balance 6/30/2012
Capital Assets not being depreciated				
Land	1,839,830			1,839,830
Total non depreciated assets	1,839,830	0	0	1,839,830
Capital Assets being depreciated				
Site improvements	1,673,390	2,413		1,675,803
Buildings	13,351,802	152,221		13,504,023
Infrastructure	453,827			453,827
Equipment	2,376,567	13,725	(27,921)	2,362,371
School buses	2,388,560	85,275	(43,580)	2,430,255
Vehicles	905,927	10,000	(12,227)	903,700
Printshop equipment	102,243			102,243
Total depreciated assets	21,252,316	263,634	(83,728)	21,432,222
Less: Accumulated Depreciation				
Site improvements	(1,045,484)	(57,878)		(1,103,362)
Buildings	(8,552,461)	(335,446)		(8,887,907)
Infrastructure	(269,760)	(23,008)		(292,768)
Equipment	(2,099,384)	(88,183)	27,921	(2,159,646)
School buses	(1,789,418)	(121,188)	43,580	(1,867,026)
Vehicles	(774,671)	(38,458)	12,227	(800,902)
Print shop equipment	(56,335)	(13,552)		(69,887)
Total accumulated depreciation	(14,049,988)	(677,713)	83,728	(15,181,498)

Depreciation expense of \$664,161 in governmental functions was charged as follows:

Transportation Services	\$ 159,646
Unallocated	\$ 504,515

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

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

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, 2011, 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, plus 1.26% for the unused sick leave benefit (as described in Section 33-1228 Idaho Code), for a total employer contribution of 11.65%. The Independent School District No. 1 employer and employee contributions required and paid were \$4,523,689, \$4,355,297, and \$4,280,028, for the three years ended June 30, 2010, 2011, and 2012, 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. This requirement is changing as of July 1, 2012, after which a specific fund dedicated to bus depreciation and bus purchases must be established. Other deposits into the SPFR Fund are restricted by Idaho Code 33-1019(3) to be used exclusively for the maintenance and repair of school buildings, or any serious or imminent safety hazard on the property of said school buildings. Further, the statute requires unexpended moneys in a school district's school building maintenance allocation to be carried over from year to year, and to remain allocated for the purposes specified. At June 30, 2012, such restricted assets totaled \$2,009,508.

INTERFUND RECEIVABLES AND PAYABLES

Loans between funds represent temporary cash advances from various funds to finance operating cash deficits of other funds. Individual fund inter-fund receivable and payable balances at June 30, 2012, were:

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 9- OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

Title	Interfund Receivable	Interfund Payable
General fund cash	\$	\$156,786
Title I-A		104,773
IDEA Part B		163,265
IDEA Part B Preschool		36,032
Carl Perkins Vocational Ed		44,274
Indian education grant		5,331
Johnson O'Malley Indian Education	8,091	
Title II-A - Teacher quality		102,314
Teaching American History grant		80,834
Child Nutrition	552,385	
Capital Projects fund		
Medical Trust		
Private Purpose Trust Funds	148,559	
Other special funds	68,581	84,007
	\$777,616	\$777,616

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 Child Nutrition fund from the General Fund pursuant to Idaho Code 33-1015 for the payment of federal social security payroll taxes. In FY 2012, transfers were also made from the Title I, Child Nutrition Program, the TESLA Science program, and the Teaching American History Grant (special funds) to the General Fund to reimburse indirect costs, at the approved restricted indirect cost rate of 3.4% for FY2012.

Schedule of Interfund Transfers

To Capital Projects from General Fund	\$87,841
To General Fund from Special Funds	75,962
To General Fund from Medical Risk Fund	230,000
To Child Nutrition Fund from General Fund	53,634

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 9- OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

EXPENDITURES OVER BUDGET

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

Title I-A	\$10,003
Title II Teacher Quality	61,749
Title IV-A Drug Free Schools	1,819
Teaching American History	17,998
Child Nutrition	151,201
Other Special Funds	67,627

In Federal Grant Funds, the over-expenditures arose due to the availability of carry-over funds from prior years that were not quantifiable at budget time, and also from unexpected funding that became available after the budget process. 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 sponsors an Early Retirement Incentive Program. Under this program, 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, 2012, the District was obligated to make payments totaling \$149,279 on behalf of retiring employees. One payment will be made in September 2012. The State of Idaho's Early Retirement Incentive Program was discontinued by the legislature.

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 August 17, 2012 (the date the financial statements were available to be issued), and found none. On June 17, 2011, Mr. David M. Estes filed suit in the District Court, Nez Perce County, Idaho, against Lewiston Independent School District No. 1, et al. This complaint seeks "Declaratory Judgment and Writ of Mandate" as to the correct date on which a properly elected member of the school district Board of Directors should take the oath of office. The complainant does not seek monetary damages in this matter, and the resources that will be expended in staff time and legal fees are not expected to be material to the financial statements. The District Court has ruled in the School District's favor, and the case is currently under appeal as of the date of this report.

In a second matter, a former student has filed a Notice of Tort Claim concerning injuries sustained in physical education class in the fall of 2009. The District does not intend to respond to the tort claim, which is equivalent to denial of the claim. No lawsuit has been filed

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 11 - LOSS CONTINGENCY (continued)

as of the date of this report, and it is unknown whether the claimant will do so. The District is represented by counsel retained by its professional liability carrier. It is the opinion of counsel that the facts of the matter do not give rise to an accrual for a loss contingency.

The final legal matter concerns the termination of an employee in the spring of 2012. The employee did file a grievance for wrongful discharge, and subsequently appealed the denial to the highest level allowed in District policy and Idaho Code § 33-517, which is a formal grievance panel. The panel did uphold the termination and it is unknown as of the date of this report whether the former employee will file suit in the District Court. It is the opinion of the District's general counsel that the likelihood of suit is minimal, given the facts of the case. No accrual is made for a loss contingency in this matter based on the advice of counsel.

NOTE 12 - GASB Statement No. 54 – FUND BALANCE DEFINITIONS

The GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, to address issues related to how fund balance was being reported. The resulting standards are intended to promote consistent reporting and make financial statements easier for users to understand. GASB Statement No. 54, implemented by the District in fiscal year 2010, defines the different types of fund balance that a governmental entity must use for financial reporting purposes as follows:

1. Nonspendable, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the school district Board of Directors,
4. Assigned fund balance classification is intended to be used by the government for specific purposes but do not meet criteria to be classified as restricted or committed, and
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

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, 2012

			Variances--		
			Favorable (Unfavorable)		
	Original	Amended	Original	Amended	
	Budget	Budget	to Actual	to Actual	
REVENUES					
Property tax	\$ 12,694,384	\$ 12,469,384	\$ 12,577,301	\$ (117,083)	\$ 107,917
State apportionment	21,069,773	21,391,580	21,394,559	324,786	2,979
Intergovernmental		510,708	510,708	510,708	0
Charges for services	30,000	30,000	18,821	(11,179)	(11,179)
Earnings on investments	35,000	23,000	16,490	(18,510)	(6,510)
Other	166,000	135,608	196,586	30,586	60,978
Total revenue	<u>33,995,157</u>	<u>34,560,280</u>	<u>34,714,465</u>	<u>719,308</u>	<u>154,185</u>
EXPENDITURES					
Instruction	22,011,046	22,401,243	22,156,451	(145,405)	244,792
Support:					
Pupil	1,698,224	1,725,639	1,753,945	(55,721)	(28,306)
Staff	1,120,227	1,255,438	1,251,584	(131,357)	3,854
General administration	907,309	907,309	866,757	40,552	40,552
School administration	2,258,546	2,289,616	2,271,668	(13,122)	17,948
Business services	415,170	415,170	398,495	16,675	16,675
Technology administration	449,361	449,361	450,399	(1,038)	(1,038)
Maintenance and operations	4,222,894	4,524,408	4,518,405	(295,511)	6,003
Transportation	1,331,798	1,477,293	1,454,464	(122,666)	22,829
Total expenditures	<u>34,414,575</u>	<u>35,445,477</u>	<u>35,122,168</u>	<u>(707,593)</u>	<u>323,309</u>
Contingency	<u>1,202,853</u>	<u>1,202,853</u>		<u>1,202,853</u>	<u>1,202,853</u>
Excess (deficiency) of revenues over/under expenditures	<u>(1,622,271)</u>	<u>(2,088,050)</u>	<u>(407,703)</u>	<u>(1,214,568)</u>	<u>(1,680,347)</u>
Other financing sources (uses):					
Operating transfers in	305,000	305,000	305,962	(962)	(962)
Operating transfers out	(131,331)	(139,841)	(141,475)	10,144	1,634
Total other financing sources (uses)	<u>173,669</u>	<u>165,159</u>	<u>164,487</u>	<u>9,182</u>	<u>672</u>
Net change in fund balance	<u>\$ (1,448,602)</u>	<u>\$ (1,922,891)</u>	<u>(243,216)</u>	<u>\$ (1,205,386)</u>	<u>\$ (1,679,675)</u>
Fund balance- Beginning of year			<u>3,796,482</u>		
Fund balance- End of year			<u>\$ 3,553,266</u>		

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-A Basic. Restricted federal revenue to be spent on programs to provide special instruction to economically disadvantaged students.

IDEA Part 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.

IDEA Part B Preschool. Restricted federal funding to be spent on programs for preschool students with disabilities.

Carl D. Perkins VoEd Grant. Restricted federal funding to be spent to recruit and retain male student participation in vocational health occupations education, as well as an Advanced Learning Partnership with Lewis-Clark State College vocational programs.

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

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

Title II- Teacher Quality. Restricted federal funding to be spent to provide professional development for instructional staff to improve quality of teaching and student achievement.

Drug Free Schools. Restricted federal funding to be spent on drug education, in-service training for teachers and parents, and participation in Idaho Drug Free Youth activities.

Teaching American History. Restricted federal funding to provide professional development to increase proficiency of instruction in the subject area and improve student learning.

Child Nutrition. School nutrition programs, including breakfast, lunch and healthy snacks during the academic year, as well as a Summer Food Program. Funding is provided by the U. S. Department of Agriculture and by sales of meals. Program is reported as a special revenue fund due to the large amount of federal financial assistance.

SPECIAL REVENUE FUNDS (continued)

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

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, 2012

	Title I-A Basic	IDEA Part B	IDEA Part B	Carl D. Perkins Voed	Indian Education	Johnson O'Malley Indian Education	Title II-A Teacher Quality	Drug Free Schools	Teaching American History	Child Nutrition	Other Special Revenue Funds	Totals
ASSETS												
Accounts receivable	\$ 227,751	\$ 293,875	\$ 42,260	\$ 51,462	\$ 5,331	\$	\$ 123,676	\$	\$ 93,131	\$ 41,670	\$ 169,720	\$ 1,048,876
Prepaid expenses										61,755	0	61,755
Due from other funds										552,385	68,581	629,057
Total assets	<u>227,751</u>	<u>293,875</u>	<u>42,260</u>	<u>51,462</u>	<u>5,331</u>	<u>8,091</u>	<u>123,676</u>		<u>93,131</u>	<u>655,810</u>	<u>238,301</u>	<u>1,739,688</u>
LIABILITIES AND FUND EQUITY												
Accounts payable	2,260	255	444				438			26,047	26,762	68,503
Payroll & taxes payable	120,718	130,355	5,784	7,188			20,924		12,297	97,884	54,504	437,357
Due to other funds	104,773	163,265	36,032	44,274	5,331		102,314		80,834		84,007	620,830
Deferred revenue						8,091					70,064	78,155
Total liabilities	<u>227,751</u>	<u>293,875</u>	<u>42,260</u>	<u>51,462</u>	<u>5,331</u>	<u>8,091</u>	<u>123,676</u>		<u>93,131</u>	<u>123,931</u>	<u>235,337</u>	<u>1,204,845</u>
Fund Balance												
Restricted										531,879	2,964	534,843
Total fund Balance										<u>531,879</u>	<u>2,964</u>	<u>534,843</u>
Total liabilities and fund balance	<u>\$ 227,751</u>	<u>\$ 293,875</u>	<u>\$ 42,260</u>	<u>\$ 51,462</u>	<u>\$ 5,331</u>	<u>\$ 8,091</u>	<u>\$ 123,676</u>	<u>\$ -</u>	<u>\$ 93,131</u>	<u>\$ 655,810</u>	<u>\$ 238,301</u>	<u>\$ 1,739,688</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, 2012

	Title I-A Basic	IDEA Part B	IDEA Part B Preschool	Carl D. Perkins Voed	Indian Education	Johnson O'Malley Indian Education	Title II-A Teacher Quality	Drug Free Schools	Teaching American History	Child Nutrition	Other Special Revenue Funds	Total
REVENUE												
Intergovernmental	\$ 1,023,415	\$ 947,830	\$ 47,018	\$ 51,462	\$ 14,142	\$ 1,194	\$ 241,289	\$ 1,819	\$ 160,916	\$ 1,225,903	\$ 185,707	\$ 3,900,695
Earnings on investments										1,058	664	1,722
Charges for services										729,526		729,526
Other local											860,616	860,616
Total revenue	<u>1,023,415</u>	<u>947,830</u>	<u>47,018</u>	<u>51,462</u>	<u>14,142</u>	<u>1,194</u>	<u>241,289</u>	<u>1,819</u>	<u>160,916</u>	<u>1,956,487</u>	<u>1,046,987</u>	<u>5,492,559</u>
EXPENDITURES												
Instruction	991,505	887,004	47,018	51,462	14,142	1,194	241,289	1,819	158,865		1,099,148	3,493,446
Support		60,826										60,826
Food service												2,058,142
Total expenditures	<u>991,505</u>	<u>947,830</u>	<u>47,018</u>	<u>51,462</u>	<u>14,142</u>	<u>1,194</u>	<u>241,289</u>	<u>1,819</u>	<u>158,865</u>	<u>2,058,142</u>	<u>1,099,148</u>	<u>5,612,414</u>
Excess (deficiency) of revenues over/under expenditures	31,910	-	-	-	-	-	-	-	2,051	(101,655)	(52,161)	(119,855)
Other financing sources (uses):												
Operating transfers in										53,634	-	53,634
Operating transfers out	(31,910)								(2,051)	(38,061)	(3,940)	(75,962)
Total other financing sources (uses)	<u>(31,910)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,051)</u>	<u>15,573</u>	<u>(3,940)</u>	<u>(22,328)</u>
Net change in fund balances	-	-	-	-	-	-	-	-	-	(86,082)	(56,101)	(142,183)
Fund balance- Beginning of year	-	-	-	-	-	-	-	-	-	617,961	59,065	677,026
Fund balance- End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,879</u>	<u>\$ 2,964</u>	<u>\$ 534,843</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

TITLE I-A Basic
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 1,013,412	\$ 1,013,412	\$ 1,023,415	\$ 10,003	\$ 10,003
Total revenue	1,013,412	1,013,412	1,023,415	10,003	10,003
EXPENDITURES					
Instruction	978,412	978,412	991,505	(13,093)	(13,093)
Excess (deficiency) of revenues over/under expenditures	35,000	35,000	31,910	(3,090)	(3,090)
Other financing sources (uses):					
Operating transfers out	(35,000)	(35,000)	(31,910)	3,090	3,090
Total other financing sources (uses)	(35,000)	(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

IDEA Part B
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 1,026,265	\$ 1,026,265	\$ 947,830	\$ (78,435)	\$ (78,435)
Total revenue	1,026,265	1,026,265	947,830	(78,435)	(78,435)
 EXPENDITURES					
Instruction	955,809	955,809	887,004	68,805	68,805
Support	70,456	70,456	60,826	9,630	9,630
Total expenditures	1,026,265	1,026,265	947,830	78,435	78,435
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

IDEA Part B Preschool
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 49,354	\$ 49,354	\$ 47,018	\$ (2,336)	\$ (2,336)
Total revenue	49,354	49,354	47,018	(2,336)	(2,336)
EXPENDITURES					
Instruction	49,354	49,354	47,018	2,336	2,336
Total expenditures	49,354	49,354	47,018	2,336	2,336
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, 2012

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 57,640	\$ 57,640	\$ 51,462	\$ (6,178)	\$ (6,178)
Total revenue	57,640	57,640	51,462	(6,178)	(6,178)
EXPENDITURES					
Instruction	57,640	57,640	51,462	6,178	6,178
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, 2012

	Original Budget	Amended Budget	Actual	Variances--	
				Favorable (Unfavorable) Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 17,106	\$ 17,106	\$ 14,142	\$ (2,964)	\$ (2,964)
Total revenue	17,106	17,106	14,142	(2,964)	(2,964)
EXPENDITURES					
Instruction	17,106	17,106	14,142	2,964	2,964
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, 2012

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 6,580	\$ 6,580	\$ 1,194	\$ (5,386)	\$ (5,386)
Total revenue	<u>6,580</u>	<u>6,580</u>	<u>1,194</u>	<u>(5,386)</u>	<u>(5,386)</u>
EXPENDITURES					
Instruction	<u>6,580</u>	<u>6,580</u>	<u>1,194</u>	<u>5,386</u>	<u>5,386</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

TITLE II-A - Teacher Quality
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variances--	
				Favorable (Unfavorable) Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 179,540	\$ 179,540	\$ 241,289	\$ 61,749	\$ 61,749
Total revenue	179,540	179,540	241,289	61,749	61,749
EXPENDITURES					
Instruction	179,540	179,540	241,289	(61,749)	(61,749)
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, 2012

	Original Budget	Amended Budget	Actual	Variances--	
				Favorable (Unfavorable) Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 1,819	\$ 1,819	\$ 1,819
Total revenue	-	-	1,819	1,819	1,819
EXPENDITURES					
Instruction	-	-	1,819	(1,819)	(1,819)
Excess (deficiency) of revenues over/under expenditures	\$	\$		\$	\$
Fund balance- Beginning of year					
Fund balance- End of year			\$		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Teaching American History
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 142,918	\$ 142,918	\$ 160,916	\$ 17,998	\$ 17,998
Total revenue	142,918	142,918	160,916	17,998	17,998
EXPENDITURES					
Instruction	140,418	140,418	158,865	(18,447)	(18,447)
Excess (deficiency) of revenues over/under expenditures	2,500	2,500	2,051	(449)	(449)
Other financing sources (uses):					
Operating transfers out	(2,500)	(2,500)	(2,051)	449	449
Total other financing sources (uses)	(2,500)	(2,500)	(2,051)	449	449
Net change in fund balance	\$	\$		\$	\$
Fund balance- Beginning of year					
Fund balance- End of year			\$		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

CHILD NUTRITION
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variances--	
				<u>Favorable (Unfavorable) Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Intergovernmental	\$ 900,000	\$ 900,000	\$ 1,225,903	\$ 325,903	\$ 325,903
Earnings on investments	0	0	1,058	1,058	1,058
Charges for services	820,050	820,050	729,526	(90,524)	(90,524)
Total revenue	<u>1,720,050</u>	<u>1,720,050</u>	<u>1,956,487</u>	<u>236,437</u>	<u>236,437</u>
EXPENDITURES					
Food services	<u>1,906,941</u>	<u>1,906,941</u>	<u>2,058,142</u>	<u>(151,201)</u>	<u>(151,201)</u>
Excess (deficiency) of revenues over/under expenditures	(186,891)	(186,891)	(101,655)	85,236	85,236
Other financing sources (uses):					
Operating transfers in	51,000	52,000	53,634	2,634	1,634
Operating transfers out	<u>(35,000)</u>	<u>(35,000)</u>	<u>(38,061)</u>	<u>(3,865)</u>	<u>(3,865)</u>
Total other financing sources (uses)	16,000	17,000	15,573	(1,231)	(2,231)
Net change in fund balance	<u>\$ (170,891)</u>	<u>\$ (169,891)</u>	<u>(86,082)</u>	<u>\$ 84,005</u>	<u>\$ 83,005</u>
Fund balance- Beginning of year			<u>617,961</u>		
Fund balance- End of year			<u>\$ 531,879</u>		

**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, 2012**

	Original Budget	Amended Budget	Actual	Variances-- Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
REVENUES					
Intergovernmental	\$ 222,937	\$ 225,437	\$ 217,333	\$ (5,604)	\$ (8,104)
Earnings on Investments	12,382	12,382	9,601	(2,781)	(2,781)
Other local	830,017	840,017	851,368	21,351	11,351
Total revenues	<u>1,065,336</u>	<u>1,077,836</u>	<u>1,078,302</u>	<u>12,966</u>	<u>466</u>
EXPENDITURES					
Instruction	1,062,836	1,075,336	1,130,463	(67,627)	(55,127)
Support				-	-
Total expenditures	<u>1,062,836</u>	<u>1,075,336</u>	<u>1,130,463</u>	<u>(67,627)</u>	<u>(55,127)</u>
Excess (deficiency) of revenues over/under expenditures	<u>2,500</u>	<u>2,500</u>	<u>(52,161)</u>	<u>(54,661)</u>	<u>(54,661)</u>
Other financing sources (uses):					
Operating transfers out	<u>(2,500)</u>	<u>(2,500)</u>	<u>(3,940)</u>	<u>1,440</u>	<u>1,440</u>
Total other financing sources (uses)			<u>(3,940)</u>	<u>1,440</u>	<u>1,440</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(56,101)</u>	<u>\$ (53,221)</u>	<u>\$ (53,221)</u>
Fund balance- Beginning of year			<u>59,065</u>		
Fund balance- End of year			<u>\$ 2,964</u>		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Supplemental Schedule - Other Special Revenue Funds
Budget and Actual
For the Year Ended June 30, 2012

	Amended Budgeted Revenue	Actual Revenue	Amended Budgeted Expenditures	Actual Expenditures	Operating Transfers In (Out)	Beginning Fund Balance	Ending Fund Balance
Fund							
232	\$ 40,017	\$ 16,840	\$ 40,017	\$ 16,840	\$	\$ 1,273	\$ 1,273
Other Local Grants							
233	800,000	834,528	800,000	888,555		54,027	0
Medicaid Fund							
236	12,382	9,601	12,382	11,675		3,765	1,691
Expendable Trust Funds							
241	0	311	0	311		0	0
State Mini Grants							
274	222,937	185,707	225,437	181,767	(3,940)	0	0
Other Federal Projects							
	<u>\$ 1,075,336</u>	<u>\$ 1,046,987</u>	<u>\$ 1,077,836</u>	<u>\$ 1,099,148</u>	<u>\$ (3,940)</u>	<u>\$ 59,065</u>	<u>\$ 2,964</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

BALANCE SHEET
CAPITAL PROJECTS FUND
June 30, 2012

ASSETS

Cash	\$ 23,677
Investments	2,039,586
Interest receivable	9,373
Due from other funds	
Total Assets	<u>\$ 2,072,636</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 63,128
Fund Balance	
Restricted	<u>2,009,508</u>
 Total fund balance	 <u>2,009,508</u>
Total Liabilities and Fund Balance	 <u><u>\$ 2,072,636</u></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, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variances-- Favorable (Unfavorable) Original to Actual</u>	<u>Amended to Actual</u>
REVENUES					
Earnings on investments	\$ 30,000	\$ 30,000	\$ 61,346	\$ 31,346	\$ 31,346
Other					
Rentals	10,000	10,000	11,050	1,050	1,050
Other local	40,000	40,000	15,025	(24,975)	(24,975)
Total other revenue	40,000	40,000	26,075	(23,925)	(23,925)
Total revenue	70,000	70,000	87,421	7,421	7,421
EXPENDITURES					
Capital outlay	353,000	353,000	350,997	2,003	2,003
Excess (deficiency) of revenues over/under expenditures	(283,000)	(283,000)	(263,576)	19,424	19,424
Other financing sources (uses):					
Operating transfers in	80,331	80,331	87,841	7,510	7,510
Net change in fund balance	<u>\$ (202,669)</u>	<u>\$ (202,669)</u>	<u>(175,735)</u>	<u>\$ 26,934</u>	<u>\$ 26,934</u>
Fund balance- Beginning of year			<u>2,185,243</u>		
Fund balance- End of year			<u>\$ 2,009,508</u>		

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

Combining Statement of Net Assets
Private Purpose Trust Funds
June 30, 2012

	Academic Endowment Fund	Activities Endowment Fund	Restricted Endowment Fund	Total
ASSETS				
Cash	\$ 32,630	\$ 76,884	\$ 45,450	\$ 154,964
Due from Other Funds	<u>148,559</u>	<u> </u>	<u> </u>	<u>\$ 148,559</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, 2012

	Lewiston High School	Jenifer Junior High School	Sacajawea Junior High School	Elementary Schools	Tammany Alternative Center	Total
ASSETS						
Cash	\$ 198,471	\$ 160,513	\$ 131,960	\$ 100,798	\$ 3,978	\$ 595,720
Total assets	<u>198,471</u>	<u>160,513</u>	<u>131,960</u>	<u>100,798</u>	<u>3,978</u>	<u>595,720</u>
LIABILITIES						
Liabilities:						
Due to student groups	198,471	160,513	131,960	100,798	3,978	595,720
Total liabilities	<u>\$ 198,471</u>	<u>\$ 160,513</u>	<u>\$ 131,960</u>	<u>\$ 100,798</u>	<u>\$ 3,978</u>	<u>\$ 595,720</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, 2012

	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, 2012

	Balance 7/1/2011	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Balance 6/30/2012
SCHOOL DISTRICT ACTIVITY FUNDS				
Lewiston High School	\$ 179,146	\$ 749,472	\$ 730,147	\$ 198,471
Jenifer Jr. High School	156,962	139,460	135,909	160,513
Sacajawea Jr. High School	133,578	124,101	125,719	131,960
Camelot Elementary School	16,062	22,156	21,040	17,178
Centennial Elementary School	31,245	25,847	23,470	33,622
McGhee Elementary School	8,767	13,747	13,163	9,351
McSorley Elementary School	13,350	19,505	22,817	10,038
Orchards Elementary School	4,783	10,117	9,814	5,086
Webster Elementary School	13,885	14,093	13,864	14,114
Whitman Elementary School	9,875	11,531	9,997	11,409
Tammany Alternative Center	5,151	7,902	9,075	3,978
	<hr/>	<hr/>	<hr/>	<hr/>
Total Activity Funds	<u><u>\$ 572,804</u></u>	<u><u>\$ 1,137,931</u></u>	<u><u>\$ 1,115,015</u></u>	<u><u>\$ 595,720</u></u>

SINGLE AUDIT SECTION

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

**Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2012**

	<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	\$ 769,689
Food Distribution (non-cash)	10.555	143,648
School Breakfast	10.553	165,265
Special Milk	10.556	8,493
Summer Food	10.559	106,861
Child Nutrition Discretionary Grant	10.582	31,947
Total Department of Agriculture		<u>1,225,903</u>
Department of Education		
Pass-through program from State Superintendent of Public Instruction:		
Education Job Bill	84.410	510,708
Title I-A Basic	84.010	1,023,415
IDEA Part B	84.027	947,830
Carl Perkins Vocational Education	84.048	51,462
IDEA Part B Preschool	84.173	47,018
Drug Free Schools	84.186	1,820
Title II-A Teacher Quality	84.367	241,289
Title II-B Science	84.366	182,344
Statewide Data Systems	84.372	3,363
Subtotal		<u>3,009,249</u>
Direct programs:		
Indian Education: Grants to LEAs	84.060A	14,142
Teaching American History	84.215X	160,916
Total Department of Education		<u>175,058</u>
Health and Welfare		
Temporary Assistance to Needy Families	93.558	68,606
Department of the Interior		
Pass-through program from State Superintendent of Public Instruction:		
Indian Education Assistance to Schools (Johnson O'Malley)	15.130	1,194
Total expenditures of federal awards		<u><u>\$ 4,480,010</u></u>

STUDENT ACTIVITY ACCOUNTS SECTION

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Independent School District No. 1 under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Independent School District No. 1, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Independent School District No. 1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, Cost Principles for Educational Institutions, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, Independent School District No. 1 provided federal awards to one (1) sub recipient as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Sub Recipient</u>
84.366	Title II-B	\$38,415

FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2012, the organization had no food commodities in inventory.

HAYDEN ROSS, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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 the compliance of the Independent School District No. 1 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2012. The 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 the 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 the 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 requirements referred to above that are applicable to its major federal program for the year ended June 30, 2012.

Internal Control over Compliance

Management of the 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the 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 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, PLLC

Moscow, Idaho
September 13, 2012

HAYDEN ROSS, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

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

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, business-type 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, 2012, which collectively comprise the Independent School District No. 1's basic financial statements and have issued our report thereon dated September 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Independent School District No. 1 is responsible for establishing and maintaining effective 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 weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the 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 that are required to be reported under *Government Auditing Standards*.

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

Hayden Ross, PLLC

Moscow, Idaho
September 13, 2012

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Financial Statements

Type of auditor's report issued – unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial

statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued – unqualified

on compliance for major programs

Any audit finding disclosed that are required

to be reported in accordance with Section

510(a) of OMB Circular A-133? ☐ yes ☒ no

Identification of major program:
Reporting Requirements and Communication Considerations

CFDA Number(s)	Name of Federal Program or Cluster
84.027 and 84.173	Special Education Cluster
84.010	Title I, Part A Cluster
84.410	Education Jobs Fund

Dollar threshold used to distinguish between
Type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

HAYDEN ROSS, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2012, 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 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.

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, PLLC

Moscow, Idaho
September 13, 2012

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

LEWISTON HIGH SCHOOL
Statement of Fiduciary Net Assets
June 30, 2012

ASSETS	
Cash and cash equivalents	<u>\$ 198,471</u>
Total assets	<u>198,471</u>
LIABILITIES	
Due to student groups	<u>198,471</u>
Total liabilities	<u>\$ 198,471</u>

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID

LEWISTON HIGH SCHOOL
Statement of Receipts, Disbursements, and Transfers
For the Year Ended June 30, 2012

Activity Fund	Balance 7/1/2011	Cash Receipts	Cash Disbursements	Transfers In	Transfers Out	Balance 6/30/2012
Annual	\$ 9,848	\$ 40,385	\$ 39,342	\$ 55	\$ -	\$ 10,946
Art Honor Society	90	-	-	-	-	90
Athletic Director/Century Club	-	9,635	6,849	-	2,786	-
Athletics	(18,976)	87,438	86,816	18,354	-	-
Athletic/Special	-	15,646	5,770	-	9,876	-
Auto Mechanics	3,372	7,540	5,771	-	697	4,444
Band	589	10,058	10,738	880	-	789
Baseball	-	3,027	7,927	4,900	-	-
Basketball Boys	436	11,237	6,933	-	4,740	-
Basketball Girls	-	17,682	13,104	-	4,578	-
Bengal Lair	713	-	-	-	-	713
Bengal's Purr	704	6,556	5,110	-	1,982	168
BPA	25	14,075	12,523	-	-	1,577
Cheerleaders	2,270	25,948	22,844	1,000	-	6,374
Class of 2009	-	-	(61)	-	61	-
Class of 2010	-	-	-	-	-	-
Class of 2011	15	-	-	-	15	-
Class of 2012	2,893	3,243	6,896	760	-	-
Class of 2013	703	4,530	2,094	6	-	3,145
Class of 2014	-	668	(13)	61	-	742
Concessions	2,366	28,924	18,653	-	10,500	2,137
Crochet Club	-	1,800	1,800	-	-	-
Cross Country	-	874	1,900	1,026	-	-
Debate Club	425	-	-	-	-	425
DECA Nationals	-	27,300	30,289	2,989	-	-
DECA Store	2,748	27,438	25,954	-	2,550	1,682
DECA A	1,716	8,740	8,837	-	503	1,116
DECA B	520	4,245	2,820	65	-	2,010
District II Music	6,706	6,353	5,790	424	-	7,693
Drama	5,027	5,741	5,828	-	-	4,940
Drill Team	-	-	(60)	-	60	-
Due to Student Body	-	-	-	-	-	-
Faculty Fund	-	3,718	3,270	-	-	448
FCCLA	3,855	2,654	1,299	231	-	5,441
Football	-	18,423	15,872	-	2,551	-
French Club	50	-	-	-	-	50
Fundraising-Baseball	-	3,460	-	-	-	3,460
Fundraising B-Basketball	-	9,168	6,543	-	290	2,335
Fundraising G-Basketball	93	14,985	13,898	-	-	1,180
Fundraising Football	12,477	14,113	28,564	2,799	-	825
Fundraising B-Golf	1,712	10,335	8,923	-	237	2,887
Fundraising G-Golf	-	2,980	2,923	527	-	584
Fundraising B-Soccer	1,463	1,547	250	-	-	2,760
Fundraising G-Soccer	947	4,194	2,319	-	982	1,840
Fundraising Softball	2,802	1,307	-	-	-	4,109
Fundraising Tennis	-	2,436	1,693	-	-	743
Fundraising Track	-	-	2,241	2,301	-	60
Fundraising Volleyball	4,744	4,659	1,664	-	430	7,309
Fundraising Wrestling	200	20,385	17,140	-	-	3,445
German Club	32	475	337	-	-	170
Gold Voices	1,358	2,220	1,683	1,000	-	2,895
Golden Guard	-	-	-	-	-	-
Golf	-	200	3,037	2,837	-	-
Homecoming	4,956	4,196	4,979	-	2,000	2,173
HOSA	-	1,263	1,274	11	-	-
ICA	347	3,709	1,706	-	-	2,350
Industrial Club	559	198	-	-	-	757

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID

LEWISTON HIGH SCHOOL
Statement of Receipts, Disbursements, and Transfers
For the Year Ended June 30, 2012

Activity Fund	Balance 7/1/2011	Cash Receipts	Cash Disbursements	Transfers In	Transfers Out	Balance 6/30/2012
Interest Earned/CD	-	-	-	-	-	-
Investment Holding	67,289	220	-	-	13,750	53,759
Jazz Band	3,928	2,139	1,262	-	-	4,805
Junior Achievement	3,037	142	-	-	-	3,179
Junior Statesman	-	-	-	-	-	-
KLHS	-	-	-	-	-	-
L Club	-	-	-	-	-	-
LHS Indian Club	61	-	-	-	61	-
Library	177	1,171	293	-	55	1,000
Literary Club	65	-	-	-	-	65
Lost Books	1,956	2,075	19	-	2,100	1,912
Loyalty/Guardian Angels	83	-	-	-	83	-
Machinists Club	6,940	6,628	5,325	-	400	7,843
National Honor Society	571	113	-	-	-	684
Natural Helpers	200	-	-	-	200	-
Other Activities	2,933	28,683	33,346	2,061	-	331
Other Income	3,880	3,000	1,973	-	-	4,907
Photography	2,488	2,160	3,129	-	-	1,519
Pictures	6,170	-	-	-	3,000	3,170
Press Club	-	1,557	3,928	2,372	-	1
Purple & Gold	4,737	-	110	-	-	4,627
Rodeo Club	-	123	-	-	-	123
Sales Tax	728	14,987	15,247	12	-	480
S.A.V.E.	142	39	167	-	-	14
Scholarships	1,675	1,885	309	-	-	3,251
Science Club	299	-	89	-	-	210
Senior Girls Club	231	-	-	-	231	-
Skills USA	800	20,600	20,301	1,222	-	2,321
Smart Club	253	343	208	-	386	2
Soccer Boys	-	2,584	2,679	95	-	-
Soccer Girls	-	2,243	6,757	4,514	-	-
Softball	-	50	2,996	2,946	-	-
Spanish Club	218	-	-	-	-	218
Special Accounts	6,775	6,932	8,797	-	11	4,899
Student Activities	1,457	37,053	13,597	-	23,383	1,530
Student Insurance	-	-	-	-	-	-
Tennis	-	-	5,087	5,087	-	-
Track	-	8,659	20,275	11,616	-	-
Unclaimed Property	524	-	-	-	524	-
Video Production	1,752	958	733	-	-	1,977
Vocal Music	1,992	6,831	8,687	696	-	832
Volleyball	-	4,803	5,417	614	-	-
Wrestling	-	8,764	26,325	17,561	-	-
TOTALS	\$ 179,146	\$ 660,450	\$ 641,125	\$ 89,022	\$ 89,022	\$ 198,471

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

LEWISTON HIGH SCHOOL

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2012, 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 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.

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, PLLC

Moscow, Idaho
September 13, 2012

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

JENIFER JUNIOR HIGH SCHOOL
Statement of Fiduciary Net Assets
June 30, 2012

ASSETS

Cash and cash equivalents	<u>\$ 160,513</u>
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Total assets	<u><u>160,513</u></u>
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LIABILITIES

Due to student groups	<u>160,513</u>
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Total liabilities	<u><u>\$ 160,513</u></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, 2012

Activity Fund	Balance 7/1/2011	Cash Receipts	Cash Disbursements	Transfers In	Tranfers Out	Balance 6/30/2012
Activities	\$ 57,693	\$ 16,990	\$ 10,728	\$ 1,358	\$ 3,632	\$ 61,681
Annual	-	8,344	9,310	966	-	-
Art Club	243	-	-	-	-	243
Band Fundraiser	2,842	8,195	7,041	-	-	3,996
Books, Equipment Damage	-	868	868	-	-	-
Box Tops-Schulz	187	13	-	-	-	200
Boys BB	15,076	5,751	6,145	-	-	14,682
Brick Fund	1,019	-	-	-	-	1,019
Cheer Fundraiser	939	987	411	-	-	1,515
Cheerleaders	-	4,992	4,817	-	-	175
Chorus	-	-	-	-	-	-
Chorus Fundraiser	166	-	-	-	-	166
Class Accounts						
2016	44	350	-	1,594	-	1,988
2017	-	400	368	-	-	32
2015	2,061	1,074	1,541	-	1,594	(0)
Concessions	-	8,493	7,135	-	1,358	-
Cybersurfari Team	-	-	-	-	-	-
Drama	-	1,056	1,274	218	-	-
Drill Team	-	-	-	-	-	-
E Team Account	-	-	402	402	-	-
Eighth Adv	-	-	34	34	-	-
Explor-Elect Act	-	-	-	-	-	-
Extend. Learning	71	-	-	-	-	71
Faculty	277	2,631	2,929	100	-	79
Football	1,545	11,928	17,154	3,682	-	1
Fundraiser	21,473	13,705	6,793	-	8,445	19,940
Girls BB	17,409	5,937	6,623	-	-	16,723
FCCLA	13	-	-	-	-	13
Honor Flight	-	5,156	5,156	-	-	-
Idaho Sales Tax	-	4,212	4,212	-	-	-
Interest CD	11,902	200	-	-	-	12,102
Jazz Band	474	-	438	-	-	36
Jazz Choir	34	-	-	-	-	34
STARS	184	506	168	-	-	522
K Mart Program	-	-	-	-	-	-
Library	249	361	-	-	-	610
Locks	-	6	6	-	-	-
Music	-	-	-	-	-	-
N Team Activity	955	1,339	1,329	-	-	965
Ninth Team Account	-	-	-	-	-	-
Noon Activity	-	-	146	146	-	-
North Team Store	754	97	280	-	-	571
NSF Checks	-	2,632	3,175	543	-	-
Over & Short	-	39	52	13	-	-
Pep Club	-	-	-	-	-	-
Burro Pride	1,950	-	123	-	-	1,827
Positive Peer Influence	-	-	-	-	-	-
Recycle	-	-	-	-	-	-
Red Wave	-	-	-	-	-	-
S Team Account	497	1,351	1,440	-	-	408
Sales	-	-	-	-	-	-
Schweitzer Donation	-	100	259	159	-	-
Science Dept.	687	1,067	440	-	-	1,314
Seventh Advisory	-	-	43	43	-	-
Smart Lab	-	103	-	-	-	103
Special Fund	-	-	212	212	-	-
Sports	-	623	4,034	3,411	-	-
Student Council	-	104	686	582	-	-
Student Recognition	-	18	785	767	-	-
Teacher of the Year-Burr	31	-	-	-	-	31
Teacher of the Year-Caldwell	6	-	-	-	-	6
Teacher of the Year-Falkenstein	250	-	244	-	-	6

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID

JENIFER JUNIOR HIGH SCHOOL
Statement of Cash Receipts, Disbursements and Transfers
For The Year Ending June 30, 2012

Activity Fund	Balance 7/1/2011	Cash Receipts	Cash Disbursements	Transfers In	Tranfers Out	Balance 6/30/2012
Teacher of the Year-Gratz	-	-	-	-	-	-
Teacher of the Year-Beckman	1	250	249	711	-	713
Track	-	1,800	2,511	-	-	(711)
Vending Machines	3,013	4,034	4,034	-	100	2,913
Volleyball	12,342	6,538	4,215	-	-	14,665
West Team Account	-	-	322	322	-	-
West Team Recognition	826	866	1,254	-	-	438
Wrestling	1,748	1,081	1,394	-	-	1,435
	<u>\$ 156,962</u>	<u>\$ 124,197</u>	<u>\$ 120,780</u>	<u>\$ 15,263</u>	<u>\$ 15,129</u>	<u>\$ 160,513</u>

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

JENIFER JUNIOR HIGH SCHOOL

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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, PLLC

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, the business-type 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, 2012, 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 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.

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, PLLC

Moscow, Idaho
September 13, 2012

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

SACAJAWEA JUNIOR HIGH SCHOOL
Statement of Fiduciary Net Assets
June 30, 2012

ASSETS

Cash and cash equivalents	<u>\$ 131,960</u>
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Total assets	<u><u>131,960</u></u>
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LIABILITIES

Due to student groups	<u>131,960</u>
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Total liabilities	<u><u>\$ 131,960</u></u>
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INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID

SACAJAWEA JUNIOR HIGH SCHOOL
Statement of Cash Receipts, Disbursements and Transfers
For The Year Ending June 30, 2012

Activity Fund	Balance 7/1/2011	Cash Receipts	Cash Disbursements	Transfers In	Tranfers Out	Balance 6/30/2012
Activities	\$ 113,822	\$ 19,446	\$ 18,591	\$ 16,232	\$ 10,638	\$ 120,271
Annual	1,447	10,699	11,951	-	-	195
Art	-	-	-	-	-	-
Assignment Book	-	5,386	5,092	-	294	-
Basketball-Boys	-	3,729	555	-	3,174	-
Basketball-Girls	-	3,830	488	-	3,342	-
Cheerleading	6,661	6,037	11,397	-	-	1,301
Choir	-	-	-	-	-	-
Class Accounts						
2015	854	382	719	-	517	-
2016	378	388	-	-	-	766
2017	-	434	-	-	-	434
Concessions	-	10,228	5,918	-	4,310	-
Damage Deposits	-	710	710	-	-	-
Dance Team	-	-	-	-	-	-
Drama	2,976	735	2,053	-	-	1,658
Faculty	286	1,338	1,180	-	-	444
Football	-	3,994	9,257	5,263	-	-
Interest-CD	-	269	-	-	269	-
Interest	-	126	-	-	126	-
Jazz Band	1,096	-	-	-	-	1,096
Library	462	987	925	-	-	524
Locks (Sac)	-	-	-	-	-	-
Music	360	-	-	-	-	360
NSF Checks	-	43	119	76	-	-
Other Activity	(80)	52	88	-	-	(116)
Over and Short	-	49	-	-	49	-
Pay to Participate	920	12,631	12,821	-	-	730
Pep	-	-	-	-	-	-
Pictures	-	-	-	-	-	-
Principal's Fund	41	-	-	-	-	41
PTSA	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Sales	-	-	-	-	-	-
School Store	1,415	988	1,816	-	-	587
Science-Brandt	2,049	-	122	-	-	1,927
Season Passes	-	817	-	-	817	-
Student Council	463	491	450	-	-	504
Student Recognition	-	-	-	-	-	-
Tax-Idaho Sales	-	4,026	4,026	-	-	-
Teacher of the Year-Ferr	59	-	-	-	-	59
Teen and Young Living	369	5,134	4,323	-	-	1,180
Track	-	-	5,299	5,299	-	-
Volleyball	0	3,488	798	-	2,690	-
Wrestling	-	793	150	1	645	(1)
	<u>\$ 133,578</u>	<u>\$ 97,230</u>	<u>\$ 98,848</u>	<u>\$ 26,871</u>	<u>\$ 26,871</u>	<u>\$ 131,960</u>

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

SACAJAWEA JUNIOR HIGH SCHOOL

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2012, 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 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.

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, PLLC

Moscow, Idaho
September 13, 2012

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

**ELEMENTARY SCHOOLS
Statement of Fiduciary Net Assets
June 30, 2012**

ASSETS

Cash and cash equivalents	
Camelot Elementary School	\$ 17,178
Centennial Elementary School	33,622
McGhee Elementary School	9,351
McSorley Elementary School	10,038
Orchards Elementary School	5,086
Webster Elementary School	14,114
Whitman Elementary School	11,409
	<hr/>

Total assets	<hr/> <hr/> 100,798
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LIABILITIES

Due to student groups	
Camelot Elementary School	\$ 17,178
Centennial Elementary School	33,622
McGhee Elementary School	9,351
McSorley Elementary School	10,038
Orchards Elementary School	5,086
Webster Elementary School	14,114
Whitman Elementary School	11,409
	<hr/>

Total liabilities	<hr/> <hr/> \$ 100,798
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INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID

ELEMENTARY SCHOOLS
Statement of Cash Receipts, Disbursements and Transfers
For the Year Ended June 30, 2012

SCHOOL	Balance 7/1/2011	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Balance 6/30/2012
CAMELOT				
Activity Account	\$ 8,990	\$ 6,915	\$ 6,070	\$ 9,835
Library Account	246	7,268	6,566	948
Pop Account	1,066	287	241	1,112
Knowledge Bowl	-	-	-	-
Grade 4	2,658	6,369	6,864	2,163
Grade 6	631	-	-	631
Student Council	2,471	1,317	1,299	2,489
TOTAL	\$ 16,062	\$ 22,156	\$ 21,040	\$ 17,178
CENTENNIAL				
Activity Account	\$ 21,895	\$ 8,276	\$ 6,424	\$ 23,747
Library Account	887	7	25	869
Hell's Canyon	2,849	12,880	11,493	4,236
6th Grade	4,115	1,894	2,663	3,346
Camp Whitman	456	-	-	456
Pop Account	46	-	12	34
Yearbook	997	2,790	2,853	934
TOTAL	\$ 31,245	\$ 25,847	\$ 23,470	\$ 33,622
MCGHEE				
Activity Account	\$ 4,835	\$ 6,203	\$ 4,733	\$ 6,305
Pop Account	711	86	110	687
Library Account	976	980	1,270	686
4th Grade	1,084	5,214	5,334	964
Water Account	-	-	-	-
6th Grade	847	-	737	110
Choir	39	170	162	47
Fong - T-Shirts	275	1,094	817	552
TOTAL	\$ 8,767	\$ 13,747	\$ 13,163	\$ 9,351
MCSORLEY				
Activity	\$ 784	\$ 33	\$ 247	\$ 570
Classroom	12,442	19,447	22,570	9,319
Pop Account	124	25	-	149
ISD	-	-	-	-
TOTAL	\$ 13,350	\$ 19,505	\$ 22,817	\$ 10,038

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, ID

ELEMENTARY SCHOOLS
Statement of Cash Receipts, Disbursements and Transfers
For the Year Ended June 30, 2012

SCHOOL	Balance 7/1/2011	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Balance 6/30/2012
ORCHARDS				
Activity Account	\$ 3,035	\$ 2,234	\$ 2,638	\$ 2,631
Pop Account	263	37	-	300
Taxes	72	242	141	173
Library Account	628	727	681	674
Camp Wittman	127	1,307	717	717
Student Council	10	1,337	1,126	221
4th River Trip	648	4,233	4,511	370
TOTAL	\$ 4,783	\$ 10,117	\$ 9,814	\$ 5,086
WEBSTER				
Activity Account	\$ 6,634	\$ 2,230	\$ 2,222	\$ 6,642
Camp	865	400	1,489	(224)
Computer Account	3,643	2,295	1,382	4,556
Camp Martin/KR	463	913	-	1,376
River Trip	2,280	8,255	8,771	1,764
TOTAL	\$ 13,885	\$ 14,093	\$ 13,864	\$ 14,114
WHITMAN				
Activity Account	\$ 5,005	\$ 5,513	\$ 3,945	\$ 6,573
Pop Account	137	310	294	153
Library Account	-	5,708	4,874	834
Hell's Canyon	3,324	-	884	2,440
Student Council	1,409	-	-	1,409
TOTAL	\$ 9,875	\$ 11,531	\$ 9,997	\$ 11,409
GRAND TOTAL	\$ 97,967	\$ 116,996	\$ 114,165	\$ 100,798

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

**ACTIVITY FUNDS
ELEMENTARY SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

SINCE 1938

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2012, 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 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.

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, PLLC

Moscow, Idaho
September 13, 2012

INDEPENDENT SCHOOL DISTRICT NO. 1
Lewiston, Idaho

TAMMANY ALTERNATIVE CENTER
Statement of Fiduciary Net Assets
June 30, 2012

ASSETS

Cash and cash equivalents	<u>\$ 3,978</u>
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Total assets	<u><u>3,978</u></u>
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LIABILITIES

Due to student groups	<u>3,978</u>
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Total liabilities	<u><u>\$ 3,978</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, 2012

<u>Activity Fund</u>	<u>Balance 7/1/2011</u>	<u>Cash Receipts & Transfers In</u>	<u>Cash Disbursements & Transfers Out</u>	<u>Balance 6/30/2012</u>
Activity Account	\$ 4,532	\$ 6,050	\$ 7,362	\$ 3,220
FCCLA	153	1,314	980	487
Construction	<u>466</u>	<u>538</u>	<u>733</u>	<u>271</u>
	<u>\$ 5,151</u>	<u>\$ 7,902</u>	<u>\$ 9,075</u>	<u>\$ 3,978</u>

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

TAMMANY ALTERNATIVE CENTER

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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.