

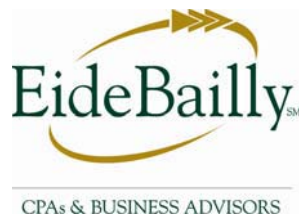
FINANCIAL STATEMENTS
JUNE 30, 2009

CALDWELL SCHOOL DISTRICT NO. 132

CALDWELL SCHOOL DISTRICT NO. 132

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Caldwell School District No. 132
Caldwell, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell School District (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Caldwell School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Caldwell School District, as of June 30, 2009, and the respective changes in financial position and 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 November 05, 2009, on our consideration of the District'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.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
November 05, 2009

CALDWELL SCHOOL DISTRICT NO. 132
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

The discussion and analysis of the Caldwell School District No. 132, (the "District")'s financial performance provides an overall review of the financial activities for the fiscal year. Efforts have been made to provide comparison to prior year data when such data is available.

FINANCIAL HIGHLIGHTS

- The 2006-2011 District Strategic plan identified as a goal that District facilities support optimal learning opportunities for all students. This includes creating equity in all facilities. The District is continuing to focus resources on the repair and upgrade of buildings and the quality of grounds care.
- On October 27, 2007, Caldwell citizens passed a \$30,000,000 General Obligation Bond. The new Van Buren Elementary opened with the 2009-2010 school year and Washington Elementary is expected to open later in the fall. Both elementary buildings are being submitted for consideration as LEED Silver buildings. The remodel of the old Van Buren building into Canyon Springs High School will begin during the 2009-2010 school year.
- The change in the national and state economy was first felt by the District as a drop in enrollment of approximately 200 students. As a result, the District's share of state support revenue was reduced significantly enough that the District qualified for "protection" against revenue falling more than would be generated by a 1% drop in student enrollment. The 2009-2010 budget has been built with the assumption that enrollment will not increase again in the next year.
- The District implemented GASB 45 – Accounting for Post-Employment Benefits in 2008-2009. Implementation of this standard may result in a liability being recorded on the government wide financial statements. The District did not incur a liability in 2008-2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and other required supplementary information.

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

Government-wide Financial Statements (GWFS)

The GWFS (i.e., Statement of Net Assets and Statement of Activities) provide readers with a broad overview of the District's finances. The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. The GWFS report information about the District as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Assets provides information on all of the assets and liabilities of the District, with the difference between the assets and liabilities providing the *net assets*. Increases or decreases in the net assets may indicate whether the financial position of the District is improving or deteriorating.

CALDWELL SCHOOL DISTRICT NO. 132
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

The Statement of Activities shows how the net assets of the District have changed throughout the fiscal year. Changes in the net assets occur as soon as the underlying event occurs.

The statements present an aggregate view of the District's finances. These statements may not represent whether funds are restricted in their use. GWFS contain useful long-term information as well as information for the just-completed fiscal year.

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

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

Fund Financial Statements

Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Fund financial statements focus on individual parts of the District. Fund statements generally report operation in more detail than the government-wide statements. These statements in this annual report focus on the most significant or "major" funds and not on the District as a whole.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. repaying its long-term debt), or to show that it is properly using certain revenues (i.e. capital project funds). The District has two types of funds: Governmental and Fiduciary.

Governmental funds – Governmental funds account for nearly the same functions as the Governmental activities. However, unlike the GWFS, Governmental Funds focus on near-term inflows and outflows as well as the balances left at year-end that are available for funding future basic services.

It is useful to compare information found in the governmental funds with that in the governmental activities. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Fiduciary funds – The District serves as a trustee, or fiduciary, for two scholarship funds and school/student organizations. The assets of these organizations belong to the organization, and are in the District's custody. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the District-wide financial statements because the District **cannot** use these assets to finance its operations.

CALDWELL SCHOOL DISTRICT NO. 132
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Notes - The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Caldwell School District No. 132
Statement of Net Assets
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 21,585,637	\$ 33,315,453
Capital Assets	<u>54,321,697</u>	<u>36,016,914</u>
Total Assets	<u>75,907,334</u>	<u>69,332,367</u>
Current Liabilities	<u>8,012,958</u>	8,014,552
Long-term Liabilities	<u>46,376,643</u>	<u>42,486,262</u>
Total Liabilities	<u>54,389,601</u>	<u>50,500,814</u>
Net Assets		
Invested in capital assets net of related debt	<u>13,339,800</u>	13,427,572
Restricted	<u>3,704,345</u>	2,850,506
Unrestricted	<u>4,473,588</u>	<u>2,553,475</u>
Total Net Assets	<u>\$ 21,517,733</u>	<u>\$ 18,831,553</u>

Net assets may serve as a useful indicator of a district's financial position. Caldwell School District assets exceeded liabilities by \$21,517,733 at the close of the fiscal year. The composition of assets and liabilities has changed due to construction activity.

Restricted net assets represent 17% of the District's net assets. These resources are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets includes \$4.2 million in funds designated by state and federal grants, the remaining unrestricted assets may be used to meet the District's ongoing obligations to students, employees, and creditors.

The District's investments in capital assets (land, buildings, large equipment) net of related general obligation bonds is represents 62% of total assets. The District continues to devote lottery funds and plant facilities levy to the on-going maintenance and upgrade of its buildings. Because of the change and growth in our community, a \$30,000,000 bond was passed in 2007 to replace our oldest buildings and upgrade the remaining buildings. This is having an impact on our investment in capital assets and long-term liabilities.

CALDWELL SCHOOL DISTRICT NO. 132
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Caldwell School District No. 132
Changes in Net Assets from Operating Results
For the year ending June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Charges for Services	\$ 1,847,975	\$ 1,198,950
Operating Grants and Contributions	17,471,104	15,259,399
Capital Grants and Contributions	-	-
General Revenues		
Property taxes, levied for general purposes	1,278,606	1,622,104
Property taxes, levied for debt services	3,518,779	2,984,564
Property taxes, levied for cap improvements	315,043	303,921
State revenue in lieu of taxes	8,835	10,107
Grants and Contributions not restricted		
State Support	25,280,199	24,763,260
Interest and Investment Earnings	431,228	437,690
Miscellaneous	79,095	418,265
Total Revenues	<u>50,230,864</u>	<u>46,998,260</u>
EXPENSES		
Instructional		
Regular Instruction	21,048,762	20,821,385
Other Instruction	5,438,236	5,379,596
Support		
Pupil Support	2,624,277	2,786,268
Staff Support	2,500,684	1,904,282
School Administration	2,921,362	2,409,647
Plant Operations	4,135,651	4,175,967
Transportation	2,862,044	2,924,121
General Support	1,308,747	1,789,772
Food Service Program	2,791,273	2,927,889
Capital Improvements	-	-
Interest and fees on long-term debt	1,913,648	1,121,813
Total Expenses	<u>47,544,684</u>	<u>46,240,740</u>
CHANGE IN NET ASSETS	<u>\$ 2,686,180</u>	<u>\$ 757,520</u>

CALDWELL SCHOOL DISTRICT NO. 132
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Changes in Net Assets – The above table shows the changes in net assets for the fiscal year 2008-2009. The District relies on state support for 50% of its governmental activities. The District had total revenues of \$50,230,864 and total expenditures of \$47,544,684 generating an increase in net assets of \$2,686,180.

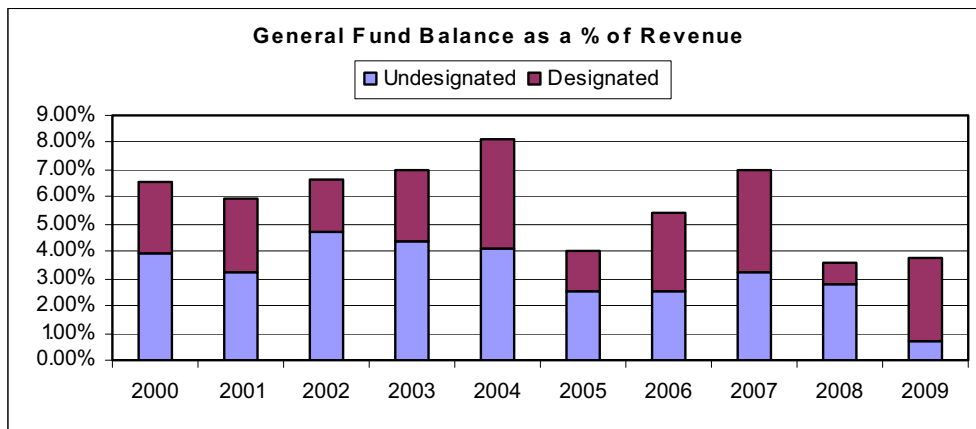
DISTRICT'S FUNDS FINANCIAL ANALYSIS

As noted earlier, the District uses funds to demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide balances of spendable resources to provide data on near-term inflows and outflows.

General Fund. The general fund is the general operating fund for the District. At the end of the current fiscal year, the general fund balance was \$1,297,514, which is up 8% from the ending balance in fiscal year 2008. The restricted portion of the fund balance was \$483,080; these funds are from restricted sources such as special education funds from Medicaid. The decrease in unrestricted fund balance resulted from a decrease in student enrollment that took place after the school year had started and employment contracts were in place.



Expenditures for general District purposes totaled \$34,364,331, a decrease of \$530,360 from the 2007-2008 fiscal year. Instructional services accounts for 61% of the general fund expenditures. General Fund salaries totaled \$21,196,205 while the associated fringe benefits of retirement, social security, unemployment, workers compensation, health, dental, vision and life insurance added \$6,934,418 to arrive at 82% of the District's general fund expenditures.

Capital Projects Fund The capital projects fund is the fund used to pay for capital construction and remodeling throughout the district. At the end of the current fiscal year, the capital projects fund balance was \$7,530,901, down from \$20,250,674. This reflects the District's expenditure of a large portion of its bond proceeds for the construction of new school buildings.

General Fund Budgetary Highlights

The District adopts an original budget in June for the subsequent fiscal year. The difference between the original budget and the final amended budget was a net increase to the current year. There were increases in special services expenditures for students with various special needs. Because of an overall drop in student enrollment by approximately

CALDWELL SCHOOL DISTRICT NO. 132
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

200 students in the 2008-2009 year, the District is qualified to have its state revenue “protected” and calculated as a portion of the prior year’s support. This protection provides the District with the ability to change its operations to reflect the decrease in student enrollment. The 2009-2010 General Fund budget has decreased from 2008-2009 amended budget by \$3,046,540.

Long-Term Debt

At the end of the year, the District had \$46,376,643 in general obligation bonds outstanding. The District issued \$6,250,000 and retired \$2,270,000 in debt during the fiscal year. Information on this issue and the other remaining debt is detailed in the notes of these financial statements.

Economic factors and next year’s budget

The 2009-2010 budget continues to focus on providing a unified and premier education for the community’s children. The District is intent on protecting the interests of students and their learning in classrooms. Increasing requirements for services and reporting information while receiving less funding in difficult economic times is continuing to put a strain on the District, as well as other Idaho school districts. The 2009-2010 budget reflects the changes in operations as a result of the decrease in student enrollment by decreasing the General Fund expenditure budget by \$3,046,540.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors, with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Thompson at the Caldwell School District Office, 1101 Cleveland Blvd., Caldwell, ID 83605, or by phone (208) 455-3300, or e-mail lthompson@caldwellschools.org.

CALDWELL SCHOOL DISTRICT NO. 132
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents - unrestricted	\$ 2,518,373
Investments - unrestricted	14,357,664
Property taxes receivable	2,320,667
State and federal receivables	1,550,650
Other receivables	389,758
Prepays	51,970
Bond issuance costs (net of amortization)	396,555
Capital assets, not depreciated	19,420,122
Capital assets, net of depreciation	<u>34,901,575</u>
 Total assets	 75,907,334
LIABILITIES	
Accounts payable	2,448,802
Accrued payroll	4,761,402
Payable to agency fund	3,562
Deferred revenue	66,739
Due to employees, benefits	1,077
Accrued interest payable	731,376
Long-term liabilities	
Due in one year - general obligation bonds	2,160,000
Due in more than one year - general obligation bonds	<u>44,216,643</u>
 Total liabilities	 <u>54,389,601</u>
NET ASSETS	
Invested in capital assets, net of related debt	13,339,800
Restricted for:	
Special education	483,080
Debt service	3,221,265
Unrestricted	<u>4,473,588</u>
 TOTAL NET ASSETS	 <u><u>\$ 21,517,733</u></u>

CALDWELL SCHOOL DISTRICT NO. 132
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<i>Governmental activities:</i>					
Instructional					
Regular instruction	\$ 21,048,762	\$ 22,103	\$ 8,082,551	\$ -	\$ (12,944,108)
Special education	4,280,934	1,258,590	3,409,107	-	386,763
Interscholastic	512,716	-	-	-	(512,716)
Other instruction	644,586	-	808,563	-	163,977
Support services					
Pupil support services	2,624,277	-	58,588	-	(2,565,689)
Staff support services	2,500,684	-	-	-	(2,500,684)
General administration	1,308,747	-	-	-	(1,308,747)
School administration	2,399,114	-	-	-	(2,399,114)
Business administration	522,248	-	199,847	-	(322,401)
Plant operations	4,135,651	296,590	-	-	(3,839,061)
Transportation	2,862,044	-	2,310,564	-	(551,480)
Food service program	2,791,273	270,692	2,601,884	-	81,303
Interest and fees on long-term debt	1,913,648	-	-	-	(1,913,648)
Total Governmental Activities	\$ 47,544,684	\$ 1,847,975	\$ 17,471,104	\$ -	(28,225,605)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					1,278,606
Property taxes, levied for debt services					3,518,779
Property taxes, levied for capital improvements (plant facilities)					315,043
State revenue in lieu of taxes					8,835
Grants and contributions not restricted to specific programs:					
State foundation program (general)					25,280,199
Interest and investment earnings:					
General fund					134,915
Other funds					296,313
Miscellaneous					79,095
Total general revenues and special items					<u>30,911,785</u>
Change in net assets					2,686,180
Net assets - beginning					18,831,553
Net assets - ending					<u>\$ 21,517,733</u>

CALDWELL SCHOOL DISTRICT NO. 132
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 2,389,956	\$ -	\$ -	\$ 128,417	\$ 2,518,373
Investments	3,590,525	795,014	-	20,264	4,405,803
Restricted investments	-	-	9,951,861	-	9,951,861
Property taxes receivable	591,751	1,586,054	-	142,862	2,320,667
Other receivables	379,727	-	7,189	2,842	389,758
State and federal receivables	627,838	-	-	922,812	1,550,650
Interfund balances	-	1,144,053	-	1,138,180	2,282,233
Prepaid items	49,157	2,813	-	-	51,970
	<u>\$ 7,628,954</u>	<u>\$ 3,527,934</u>	<u>\$ 9,959,050</u>	<u>\$ 2,355,377</u>	<u>\$ 23,471,315</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 46,505	\$ -	\$ 2,378,169	\$ 24,128	\$ 2,448,802
Accrued payroll	3,919,448	-	-	841,954	4,761,402
Deferred revenue	129,672	306,669	-	95,365	531,706
Interfund balances	2,232,253	-	49,980	-	2,282,233
Payable to agency fund	3,562	-	-	-	3,562
Total liabilities	<u>6,331,440</u>	<u>306,669</u>	<u>2,428,149</u>	<u>961,447</u>	<u>10,027,705</u>
Fund balances					
Reserved for:					
Special education-fund 130	483,080	-	-	-	483,080
Debt service	-	3,221,265	-	-	3,221,265
Unreserved:					
Designated	-	-	7,530,901	1,393,930	8,924,831
Undesignated	814,434	-	-	-	814,434
Total fund balances	<u>1,297,514</u>	<u>3,221,265</u>	<u>7,530,901</u>	<u>1,393,930</u>	<u>13,443,610</u>
Total liabilities and fund balances	<u>\$ 7,628,954</u>	<u>\$ 3,527,934</u>	<u>\$ 9,959,050</u>	<u>\$ 2,355,377</u>	<u>\$ 23,471,315</u>

CALDWELL SCHOOL DISTRICT NO. 132
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS – GOVERNMENTAL FUNDS
JUNE 30, 2009

Fund balance - total governmental funds \$ 13,443,610

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

The cost of capital assets (land, buildings, furniture, equipment and construction in process) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in government funds.

Costs of capital assets	82,045,503	
Depreciation expense to date	<u>(27,723,806)</u>	54,321,697
Elimination of interfund assets and liabilities		
Interfund assets	2,282,233	
Interfund liabilities	<u>(2,282,233)</u>	-

Property taxes receivable, as recorded in the Statement of Net Assets, will be collected in the next fiscal year, but are not available soon enough to pay current year expenditures and therefore are deferred in the Governmental Fund Statements. 464,967

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in treatment of long-term debt and related items.

Balances at June 30, 2009 are:		
Capitalized debt issuance costs	495,265	
Amortization of debt issuance costs to date	(98,710)	
Premium on bonds issued	(1,101,140)	
Amortization of bond premium to date	<u>159,497</u>	(545,088)

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Assets.

Balances at June 30, 2009 are:		
Due to employees, benefits	(1,077)	
Bonds payable	(45,435,000)	
Interest payable	<u>(731,376)</u>	<u>(46,167,453)</u>

Net assets of governmental activities \$ 21,517,733

CALDWELL SCHOOL DISTRICT NO. 132
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local revenue					
Property taxes	\$ 1,276,065	\$ 3,401,776	\$ -	\$ 306,108	\$ 4,983,949
Earnings on investments	127,099	7,772	288,541	7,816	431,228
Other	1,334,785	-	-	943,884	2,278,669
County revenue	-	-	-	33,056	33,056
State revenue	31,609,137	1,359,823	-	1,389,494	34,358,454
Federal revenue	-	-	-	8,017,031	8,017,031
Total revenues	<u>34,347,086</u>	<u>4,769,371</u>	<u>288,541</u>	<u>10,697,389</u>	<u>50,102,387</u>
EXPENDITURES					
Instructional					
Elementary school program	9,303,769	-	-	2,525,225	11,828,994
Secondary school program	6,779,604	-	-	390,807	7,170,411
Alternative school program	789,029	-	-	121,809	910,838
Exceptional child program	2,548,809	-	-	971,416	3,520,225
Preschool exceptional program	266,347	-	-	56,768	323,115
Gifted and talented program	437,594	-	-	-	437,594
Interscholastic program	446,660	-	-	-	446,660
Summer school program	102,704	-	-	170,732	273,436
Detention center program	274,751	-	-	43,194	317,945
Total instructional	<u>20,949,267</u>	<u>-</u>	<u>-</u>	<u>4,279,951</u>	<u>25,229,218</u>
Support services					
Attendance-guidance-health	1,197,593	-	-	384,588	1,582,181
Special services program	930,447	-	-	111,649	1,042,096
Instructional improvement program	213,115	-	-	1,068,694	1,281,809
Educational media program	478,687	-	-	6,745	485,432
Board of education	18,082	-	-	-	18,082
District administration	931,797	-	-	388,041	1,319,838
School administration	2,397,363	-	-	1,751	2,399,114
Business operation program	382,270	4,761	22,750	-	409,781
Central services program	20,495	-	-	343,298	363,793
Instructional technology	362,787	-	-	-	362,787
Administrative technology	32,638	-	-	-	32,638
Buildings-care program (custodial)	2,500,597	-	19,351	69,703	2,589,651
Maintenance-buildings and equipment	471,571	-	-	66,240	537,811
Maintenance-grounds	341,511	-	-	26,068	367,579
Security program	325,986	-	-	24,953	350,939
Pupil to school transportation	2,613,279	-	-	-	2,613,279
Pupil-activity transportation	189,893	-	-	46,013	235,906
District vehicle program	6,953	-	-	1,088	8,041
Total support services	<u>13,415,064</u>	<u>4,761</u>	<u>42,101</u>	<u>2,538,831</u>	<u>16,000,757</u>

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
EXPENDITURES					
Food service program	-	-	-	2,757,215	2,757,215
Capital outlay	-	-	19,216,213	738,729	19,954,942
Debt service program					
Principal	-	2,270,000	-	-	2,270,000
Interest	-	1,975,031	-	-	1,975,031
Bond issuance costs	-	-	-	-	-
Total debt service program	-	4,245,031	-	-	4,245,031
Total expenditures	34,364,331	4,249,792	19,258,314	10,314,726	68,187,163
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,245)	519,579	(18,969,773)	382,663	(18,084,776)
OTHER FINANCING SOURCES (USES)					
Payments to refunded bond escrow agent	-	-	-	-	-
Bonds premiums	-	-	-	-	-
Bonds issued	-	-	6,250,000	-	6,250,000
Net transfers	115,559	-	-	(115,559)	-
Total other financing sources (uses)	115,559	-	6,250,000	(115,559)	6,250,000
NET CHANGE IN FUND BALANCES	98,314	519,579	(12,719,773)	267,104	(11,834,776)
FUND BALANCE, BEGINNING OF YEAR	1,199,200	2,701,686	20,250,674	1,126,826	25,278,386
FUND BALANCE, END OF YEAR	\$ 1,297,514	\$ 3,221,265	\$ 7,530,901	\$ 1,393,930	\$ 13,443,610

CALDWELL SCHOOL DISTRICT NO. 132
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds		\$(11,834,776)
<p>Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation during the fiscal year:</p>		
Depreciation expense	(1,399,785)	
Capital outlays	<u>19,947,416</u>	18,547,631
<p>In the statement of activities, the gain (loss) on the sale of equipment is reported, whereas in the governmental funds, the proceeds from sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the equipment sold.</p>		
		(242,848)
<p>Because some property taxes will not be collected for several months after the District's fiscal year end they are not considered available revenues in the governmental funds, but are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.</p>		
		128,478
<p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.</p>		
		(6,250,000)
<p>Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
		2,270,000
<p>Premium paid on bond issue is a revenue in the governmental funds, but the premium is deferred and amortized over the life of the bond in the Statement of Activities.</p>		
		89,619
<p>Costs associated with bond issue are expenses in the governmental funds, but the costs are capitalized and amortized over the life of the bond in the Statement of Net Assets.</p>		
		(82,618)
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, thus requiring the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		53,159
<p>In the Statement of Activities, early retirement is measured by the amounts <i>earned</i> during the year. In governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid).</p>		
		7,535
Change in net assets of governmental activities		<u><u>\$ 2,686,180</u></u>

CALDWELL SCHOOL DISTRICT NO. 132
STATEMENT OF NET ASSETS – FIDUCIARY FUNDS
JUNE 30, 2009

	<u>AGENCY FUNDS</u>
ASSETS	
Cash	\$ 162,219
Receivable from general fund	3,562
Accounts receivable	48
Investments	<u>110,049</u>
Total assets	<u><u>\$ 275,878</u></u>
 LIABILITIES	
Due to student groups	<u>\$ 275,878</u>
Total liabilities	<u><u>\$ 275,878</u></u>

CALDWELL SCHOOL DISTRICT NO. 132
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Caldwell School District No. 132 (the District) is governed by an elected five-member Board of Trustees. The District is the primary government exercising financial accountability for public education within its boundaries.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units and to state laws applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below:

Financial Reporting Entity

The District follows GASB Statement Nos. 14 and 39 in determining the reporting entity and component units. The financial reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds, and agencies of the primary government whose budgets are controlled or whose boards are appointed by the District's Board of Trustees. Control or dependence on the District was determined on the basis of appointment authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District and legal standing.

The District contributes to the multi-employer Public Employee Retirement System of Idaho (PERSI). PERSI is administered by the State of Idaho. A ten-year history is provided in PERSI's annual report.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The general fund, capital projects fund and debt service fund are considered major funds while the remaining governmental funds are considered non-major. Governmental funds include:

General fund – the primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Special revenue funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

NOTES TO FINANCIAL STATEMENTS

Debt service funds – account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital project fund – accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Fiduciary Funds

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Agency funds are used to account for assets that the government holds for others in an agency capacity. These agency funds are as follows:

School activity fund – accounts for assets held by the District as an agent for the individual schools and school organizations.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District’s taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District’s general revenues. Program revenues include charges to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions is not allocated to those functions but is reported separately in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

NOTES TO FINANCIAL STATEMENTS

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual, defined as measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are susceptible to accrual.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are accrued at June 30.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Cash and Cash Equivalents

The District pools cash of all funds into common bank accounts. The accounting records of each fund reflect its interest in the pooled cash. Any deficiencies in cash of individual funds represent liabilities to other funds for cash borrowed. Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Idaho law and national banks having their principal offices in Idaho.

NOTES TO FINANCIAL STATEMENTS

Investments

Investments are stated at fair value, as determined by quoted market prices, except for any certificates of deposit, which are non-participating contracts, and are therefore carried at amortized cost. Interest earned is allocated on a basis of average investment balance. Idaho Code provides authorization for the investment of funds as well as to what constitutes an allowable investment. The District policy allows for investment of idle funds consistent with the Idaho State Code 67-1210 and 67-1210A.

The Code limits investments to the following general types:

Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.

Time deposit accounts, tax anticipation and interest-bearing notes.

Bonds, treasury bills, debentures, or other similar obligations of the United States Government and United States Government Agencies.

Repurchase agreements secured by the above.

Investments in the Joint Powers Investment Pool and repurchase agreements are valued at fair value.

The Joint Powers Investment Pool (the "Pool") was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Pool is managed by the State of Idaho Treasurer's office. The funds of the Pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

An annual audit of Joint Powers Investment Pool is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool.

Short-term Interfund Receivables and Payables

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

Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

NOTES TO FINANCIAL STATEMENTS

Use of Estimates

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

Property Taxes

Property tax revenues are recognized when received or, if received within the sixty day period subsequent to year-end, they are accrued on the government fund financial statements. The District's property taxes, levied on the Thursday prior to the second Monday in September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Other property taxes are due December 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion that meets the revenue recognition criteria is recognized as revenue on the fund financial statements.

Under State law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Canyon County bills and collects property taxes for the District.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no allowance for uncollectible taxes.

Inventories

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Such inventory items are charged to expenditures at the time of purchase (purchase method).

Capital Assets

The District's policy is to capitalize capital assets in excess of \$5,000. Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful lives are management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings	20-25 years
Improvements other than buildings	5-30 years
Vehicles	8-10 years
Furniture and equipment	5-20 years

The cost of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives are not capitalized.

NOTES TO FINANCIAL STATEMENTS

The District does not possess any material amounts of infrastructure capital assets (e.g. roads, bridges, parking lots, sewer). Amounts expended for such items prior to June 30, 2002 were considered part of the cost of the buildings or other immovable property. In the future, if such items are built or constructed, and appear to be material in cost compared to all capital assets, they will be capitalized and depreciated over their estimated useful lives.

Long-Term Liabilities

For government-wide reporting, the costs associated with the bonds are recognized over the lives of the bonds. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Prior Year Defeased Debt

On August 7, 2007, the District issued general obligation bond, series 2007 in the amount of \$1,125,000 for the purpose of advance refunding a portion of the 2002 bonds. The series 2002 bonds reserve the right for the District to redeem the bonds maturing on or after July 30, 2017. The new bond proceeds were placed in an irrevocable trust to provide for future debt service payments on the defeased bond. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2009, \$2,885,000 of defeased bonds are still outstanding.

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

- Imposed by law through constitutional provisions or enabling legislation.

Fund Balances of Fund Financial Statements

Reserved fund balance indicates that portion of fund equity, which has been segregated for specific purposes. Designated fund balance indicates that portion of fund equity for which District management has made tentative plans or intentions for the use of the funds, which may be subject to change.

Undesignated fund balance indicates that portion of fund equity, which is available for budgeting in future periods.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursement, are reported as transfers.

Deferred Revenue

The District reports deferred revenues on its statement of net assets and fund balance sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. On the government funds financial statements property taxes that are delinquent are recorded as deferred revenue since they are not available for within 60 days of the fiscal year end, however in the government-wide financial statements all property taxes are recognized in the year they are measurable.

Compensated Absences

All full time employees earn personal and sick leave in amounts varying with tenure and classification. Upon retirement, termination or death, unused personal leave is paid to employees or their beneficiaries. No reimbursement or accrual is made for unused sick leave.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

1. The employees' right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

Grants and Other Intergovernmental Revenues

Federal and state reimbursement-type grants are recorded as intergovernmental revenues when the related expenditures/expenses are incurred and, in the governmental funds, when the revenues meet the availability criterion. For programs that are supported by multiple funding sources, federal and state grant monies are applied to expenditures first.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2009, the District’s cash and cash equivalents consisted of the following:

	Governmental Funds	Agency Funds
	<u> </u>	<u> </u>
Insured or collateralized	\$ 2,898,568	\$ 201,793
Uninsured	-	-
Bank deposit balance	<u>\$ 2,898,568</u>	<u>\$ 201,793</u>
 Carrying amount	 <u>\$ 2,518,373</u>	 <u>\$ 162,219</u>

NOTE 3 – INVESTMENTS

	Government Funds	Agency Funds
	<u> </u>	<u> </u>
Investments		
State Treasurer's investment pool		
Cost	<u>\$ 14,349,054</u>	<u>\$ 109,983</u>
 Fair value	 <u>\$ 14,357,664</u>	 <u>\$ 110,049</u>

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

For purposes of efficient cash flow management and the management of temporary investments, the District utilizes the Investment Pool for its cash.

Custodial Credit Risk

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

The District minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be identified as to the Caldwell School District ownership and be held in the District’s name.

NOTES TO FINANCIAL STATEMENTS

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody’s, Standard & Poor’s, and Fitch’s. The investments of the District as of June 30, 2009, are invested in the LGIP which as a rating of AA Af. The District does have a policy concerning credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. At June 30, 2009, the District is not subject to interest rate risk as all investments are held in the LGIP, which has short maturities. The District does have a policy concerning interest rate risk.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when 5% of the total entities investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District has no policy limiting on the amount it may invest in any one issuer.

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

As of June 30, 2009, the following funds have outstanding interfund receivable or payable balances:

	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	General Fund	Total
Receivable balance	\$ 1,144,053	\$ -	\$ 1,138,180	\$ -	\$ 2,282,233
Payable balance	\$ -	\$ 49,980	\$ -	\$ 2,232,253	\$ 2,282,233

The following operating transfers occurred in the fiscal year:

Other Governmental Fund	
Transfers out	\$ (115,559)
General Fund	
Transfers in	115,559
	<u>\$ -</u>

The net transfer amount was to assist the food service funds in related payroll expenses.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – DUE FROM OTHER AGENCIES AND UNITS OF GOVERNMENT

Amounts due from other agencies and units of government were as follows as of June 30, 2009:

Federal Agencies	\$ 878,183
State Agencies	672,467
Total	<u>\$ 1,550,650</u>

NOTE 6 – DEFERRED REVENUES

Revenues are deferred in accordance with the modified accrual basis of accounting for the fund financial statements. The following deferred revenues are measurable but do not represent available expendable resources for the fund financial statements for the fiscal year ended June 30, 2009:

	Debt Service Fund	Other Governmental Fund	General Fund
	<u> </u>	<u> </u>	<u> </u>
Deferred revenues (including delinquent taxes)	\$ 306,669	\$ 28,626	\$ 129,672
Grants	-	66,739	-
	<u>\$ 306,669</u>	<u>\$ 95,365</u>	<u>\$ 129,672</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – CAPITAL ASSETS

A summary of activity in the capital assets is as follows:

	Balance, July 1, 2008	Additions	Deletions	Transfers	Balance, June 30, 2009
Governmental Activities					
Capital assets, not depreciated					
Land	\$ 1,167,564	\$ -	\$ -	\$ -	\$ 1,167,564
Construction in progress	4,284,499	17,318,143	-	(3,350,084)	18,252,558
Total capital assets, not depreciated	5,452,063	17,318,143	-	(3,350,084)	19,420,122
Capital assets, depreciated					
Land improvements	1,793,994	201,947	-	-	1,995,941
Buildings	38,064,076	-	-	-	38,064,076
Building improvements	7,573,805	2,292,340	(814,246)	3,311,889	12,363,788
Equipment	10,121,424	134,986	(93,028)	38,195	10,201,577
Total capital assets, depreciated	57,553,299	2,629,273	(907,274)	3,350,084	62,625,382
Less accumulated depreciation					
Land improvements	(956,978)	(104,255)	-	-	(1,061,233)
Buildings	(13,188,630)	(605,683)	-	-	(13,794,313)
Building improvements	(3,494,030)	(545,761)	571,398	-	(3,468,393)
Equipment	(9,348,810)	(144,086)	93,028	-	(9,399,868)
Total accumulated depreciation	(26,988,448)	(1,399,785)	664,426	-	(27,723,807)
Total capital assets, net	\$36,016,914	\$ 18,547,631	\$ (242,848)	\$ -	\$ 54,321,697

NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to the functions/programs of the District as follows:

Governmental activities:	
Regular school	\$ 1,195,291
Activity school programs	62,489
Staff support services	18,869
General administration	19,615
Business administration	26,570
Operations service	38,074
Transportation	4,818
Food services program	34,059
Total depreciation expense- Governmental activities	<u>\$ 1,399,785</u>

NOTE 8 - RETIREMENT HEALTHCARE PLAN

Plan Description. Caldwell School District No. 132’s Post-Retirement Healthcare Plan is a single employer defined benefit healthcare plan administered by Regence Blue Shield of Idaho, Delta Dental, Willamette Dental and Vision Service Plan. Regence Blue Shield provides medical and prescription drug insurance benefits to eligible retirees and their eligible dependents. Delta Dental and Willamette Dental provides dental insurance benefits to eligible retirees and their eligible dependents. Vision Service Plan provides vision insurance benefits to eligible retirees and their eligible dependents. A retiree who retires with the Public Employee Retirement System of Idaho (PERSI) is eligible to keep the District’s health insurance as a retiree until age 65, or until the retiree is eligible for coverage under Medicare. Retirement eligibility is determined based on a minimum of reaching age 55 and at least 5 years of membership service with a PERSI employer. The retiree is on the same medical plan as the District’s active employees.

Funding Policy. The contribution requirement of plan members is established by the District’s Insurance Committee in conjunction with our insurance provider. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2009 the District contributed approximately \$3.3 million to the plan for current premiums or approximately 72.7 percent of total premiums. Plan members receiving benefits contributed approximately \$1.25 million or 27.3 percent of the total premiums. Retirees are required to pay 100% of the premiums for both the retiree and the dependent coverage. Monthly contribution rates in effect for retirees under age 65 at the start of the 2009 fiscal year were as follows:

	Under 65
Medical with Vision	
Retiree Only	\$350.10
Retiree + Spouse	\$668.90
Retiree + Child	\$484.90
Retiree + Children	\$556.90
Retiree + Family	\$784.90

NOTES TO FINANCIAL STATEMENTS

Dental	Delta Dental Plan	Willamette Dental Plan
Retiree Only	\$ 30.30	\$26.21
Retiree + 1	\$ 60.60	\$56.55
Retiree + 2 or more	\$110.20	\$97.80

Annual OPEB Cost and Net OPEB Obligation. The District’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize an unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to Caldwell School Districts No. 132’s Post Retirement Healthcare Plan:

Annual required contribution (ARC)	\$ 265,437
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expenditure)	<u>265,437</u>
Contributions made	<u>(267,875)</u>
Decrease in net OPEB obligation	(2,438)
Net OPEB obligation – beginning of year	-
Net OPEB obligation – end of year	<u><u>\$ (2,438)</u></u>

Three year disclosure of the District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is not necessary as fiscal year 2009 is the year of implementation for GASB Statement 45.

Funded Status and Funding Progress. As of July 1, 2009, the actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) for benefits was \$2,452,379. The District’s plan is considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plan is unfunded, the AAL and UAAL are equal. The covered payroll (annual payroll of active employees covered by the plan) was \$25,944,182 and the ratio of the UAAL to the covered payroll was 9.5 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress will be presented in the future when multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits is available.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTES TO FINANCIAL STATEMENTS

In the July 1, 2008 actuarial valuation, the Projected Unit Credit (PUC) actuarial cost method is used. The actuarial assumptions included a 4.25 percent discount rate assuming the District will fund the retirement benefit on a pay-as-you-go basis. The valuation assumes that the probability of initial enrollment upon retirement of medical/vision and dental is 45% and 44.7%, respectively. For spouses, it is assumed to be 30% for each plan.

An annual medical healthcare cost trend rate of 9.4 percent, initially, decreasing gradually until reaching an ultimate rate of 5 percent in 2014 is used. For dental, the trend rate used initially is 0.7 percent. The rates increase to 8 percent in year two, and gradually decrease until 2015, reaching a rate of 5 percent. It was assumed salary increases will be 2.5 percent per annum. The UAAL is being amortized as a level percentage of projected payrolls over a twenty five year time period.

NOTE 9 –LONG-TERM DEBT

A summary of activity in the long-term debt is as follows:

	Balance at July 1, 2008	Debt Issued	Debt Retired	Balance at June 30, 2009	Due Within One Year
<u>Governmental activities</u>					
General obligation	\$41,455,000	\$ 6,250,000	\$ (2,270,000)	\$ 45,435,000	\$ 2,160,000
Bond premium	1,031,262	-	(89,619)	941,643	-
	<u>\$42,486,262</u>	<u>\$ 6,250,000</u>	<u>\$ (2,359,619)</u>	<u>\$ 46,376,643</u>	<u>\$ 2,160,000</u>

Due to employees, benefits represent amounts not to be paid from expendable and available resources are as follows:

Early retirement incentive program	<u>\$ 1,077</u>
------------------------------------	-----------------

NOTE 10 – GENERAL OBLIGATION BONDS PAYABLE

General obligation bonds payable as of June 30, 2009 consist of the following:

NOTES TO FINANCIAL STATEMENTS

\$14,515,000 2001 general obligation refunding bonds due in annual installments of \$1,095,000 to \$2,000,000 through July 30, 2015; interest from 4.0% to 5.25%. The bonds are not subject to redemption prior to their stated maturities. \$ 10,440,000

\$11,000,000 2002 general obligation bonds due in annual installments of \$315,000 to \$1,585,000 through July 30, 2019; interest from 3.375% to 5.25%, including unamortized bond premium of \$4,719. The District has the option to redeem the bonds at the price of par, plus accrued interest, if any, to the date of redemption on the bonds maturing on or after July 30, 2013. The bonds maturing through 2012 are not subject to redemption prior to maturity. 5,585,000

\$1,125,000 2007 general obligation refunding bonds due one final installment of \$125,000 on August 15, 2009; interest at 4.50%, including unamortized bond premium of \$469. The refunding bonds are not subject to optional redemption prior to maturity. 125,000

\$8,775,000 2007B general obligation bonds due in annual installments of \$250,000 to \$2,155,000 through September 15, 2027; interest from 4.125% to 4.250%, including unamortized bond premium of \$84,096. The bonds maturing on and after September 15, 2018 are subject to redemption at the option of the District, in whole or in part on any date, on and after September 15, 2017. 8,775,000

\$14,260,000 2008A general obligation bonds due in annual installments of \$85,000 to \$2,065,000 through September 15, 2026; interest from 3.60% to 5.00%, including unamortized bond premium of \$852,358. The bonds maturing in years 2010 through 2017, inclusive, are not subject to redemption prior to their stated maturities. The Bonds maturing on or after September 15, 2018 are subject to redemption, in whole or in part on March 15, 2018 and any date thereafter, at the option of the District. 14,260,000

\$6,250,000 2008B general obligation bonds due in annual installments of \$100,000 to \$765,000 through September 15, 2027; interest from 3.50% to 5.00%. The bonds maturing in years 2010 through 2017, inclusive, are not subject to redemption prior to their stated maturities. The bonds maturing on or after September 15, 2018 are subject to redemption, in whole or in part, on March 15, 2018 and any date thereafter, at the option of the District. 6,250,000

Total \$ 45,435,000

NOTES TO FINANCIAL STATEMENTS

The annual requirements to pay principal and interest on outstanding general obligation bonds payable are as follows as of June 30, 2009:

June 30,	General Obligation Bond Principal	Interest	Total
2010	\$ 2,160,000	\$ 2,499,334	\$ 4,659,334
2011	1,890,000	2,540,319	4,430,319
2012	1,960,000	2,448,807	4,408,807
2013	2,040,000	2,370,388	4,410,388
2014	2,130,000	2,201,294	4,331,294
2015-2019	12,020,000	12,822,209	24,842,209
2020-2024	12,455,000	12,206,126	24,661,126
2025-2028	10,780,000	2,956,125	13,736,125
	<u>\$ 45,435,000</u>	<u>\$ 40,044,602</u>	<u>\$ 85,479,602</u>

Total interest cost incurred during 2009 was \$1,989,379.

The general obligation bonded debt of the District is limited by State law to 5% of the market value for assessment purposes, less the aggregate outstanding indebtedness. Thus the debt limit and additional debt-incurring capacity of the District is calculated as follows:

Market value for assessment purposes	\$1,832,741,071
Multiplied by 5%	x 5%
Debt limit	<u>91,637,054</u>
Less outstanding indebtedness	45,435,000
Additional debt-incurring capacity	<u>\$ 46,202,054</u>

NOTE 11 – PENSION PLAN

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

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

NOTES TO FINANCIAL STATEMENTS

The actuarially determined contribution requirements of the *Sample Agency* and its employees are established and may be amended by the PERSI Board of Trustees. For the fiscal year ended June 30, 2009 the required contribution rate as a percentage of covered payroll was 6.23% for general members. The employer rate as a percentage of covered payroll was 10.39% for general members.

The District's contributions required and paid were \$2,564,660, \$2,544,686, and \$2,353,230 for the three fiscal years ended June 30, 2009, 2008, and 2007, respectively.

NOTE 12 – EARLY RETIREMENT INCENTIVE PROGRAM

The District has an Early Retirement Incentive Program (the Program) available to all staff in the District who has at least twenty years of service, attains age 55, and is not eligible for disability benefits or full PERSI benefits. The Program, implemented by the Board and subject to annual renewal, provides for payments to early retirees for up to a three year period following retirement. The amount of benefits paid is based on age and salary at the date of retirement. Participation in the Program is subject to the approval of the District.

The District funds the Program from current operating funds. During the year ended June 30, 2009, the District paid Program benefits totaling \$8,612.

NOTE 13 – OTHER COMMITMENTS

The District has the following commitments at June 30, 2009:

Contract with AAI, Inc. for the removal of asbestos from Wilson Elementary. Original contract amount is \$45,814 of which \$30,814 remains to be expended.

Contract with McKinstry Essention, Inc. for the construction of new elementary schools. Original contract amount is \$23,265,000 of which \$5,063,458 remains to be expended. The remaining commitment will be paid with bond proceeds received in 2008 and 2009.

NOTE 14 – OTHER REQUIRED INDIVIDUAL FUNDS DISCLOSURES

Deficit Fund Balances

Deficit fund balances are reported at June 30, 2009 in the following funds:

Exceptional Child
Drivers Education
Professional Technology
LEP Limited English Proficiency
Companion Tutors
Food Service

CALDWELL SCHOOL DISTRICT NO. 132

REQUIRED SUPPLEMENTARY INFORMATION

CALDWELL SCHOOL DISTRICT NO. 132
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL – GENERAL FUND
JUNE 30, 2009

	General Fund			Variance - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Local revenue				
Property taxes	\$ 1,047,466	\$ 1,343,069	\$ 1,276,065	\$ (67,004)
Earnings on investments	195,000	180,000	127,099	(52,901)
Other	765,054	808,379	1,334,785	526,406
State revenue	31,092,354	31,398,367	31,609,137	210,770
Total revenues	<u>33,099,874</u>	<u>33,729,815</u>	<u>34,347,086</u>	<u>617,271</u>
Expenditures				
Instructional				
Elementary school program	9,490,136	9,344,310	9,303,769	40,541
Secondary school program	6,688,037	6,829,411	6,779,604	49,807
Alternative school program	707,177	792,394	789,029	3,365
Exceptional child program	2,357,184	2,615,218	2,548,809	66,409
Preschool exceptional program	253,252	263,633	266,347	(2,714)
Gifted and talented program	400,122	421,229	437,594	(16,365)
Interscholastic program	449,958	434,063	446,660	(12,597)
Summer school program	50,024	78,723	102,704	(23,981)
Detention center program	268,423	288,491	274,751	13,740
Total instructional	<u>20,664,313</u>	<u>21,067,472</u>	<u>20,949,267</u>	<u>118,205</u>
Support services				
Attendance-guidance-health	1,270,302	1,202,048	1,197,593	4,455
Special services program	905,615	940,548	930,447	10,101
Instructional improvement program	167,770	210,939	213,115	(2,176)
Educational media program	486,889	486,153	478,687	7,466
Board of education program	18,925	20,152	18,082	2,070
District administration	858,728	945,365	931,797	13,568
School administration	2,364,472	2,426,100	2,397,363	28,737
Business operation program	370,420	382,021	382,270	(249)
Central service program	31,272	46,405	20,495	25,910
Instructional technology	281,033	382,965	362,787	20,178
Administrative technology	171,590	32,638	32,638	-
Buildings-care program (custodial)	2,481,409	2,691,527	2,500,597	190,930
Maintenance-buildings and equipment	442,992	493,482	471,571	21,911
Maintenance-grounds	356,444	360,233	341,511	18,722
Security program	275,425	335,653	325,986	9,667
Pupil to school transportation	2,735,505	2,632,832	2,613,279	19,553
Pupil-activity transportation	151,755	166,725	189,893	(23,168)
District vehicle program	7,700	8,213	6,953	1,260
Total support services	<u>13,378,246</u>	<u>13,763,999</u>	<u>13,415,064</u>	<u>348,935</u>
Total expenditures	<u>34,042,559</u>	<u>34,831,471</u>	<u>34,364,331</u>	<u>467,140</u>

CALDWELL SCHOOL DISTRICT NO. 132
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL – GENERAL FUND
JUNE 30, 2009

	General Fund			Variance - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Deficiency of revenues under expenditures	(942,685)	(1,101,656)	(17,245)	1,084,411
Other financing sources				
Use of beginning fund balance	915,109	1,296,282	-	(1,296,282)
Net transfers	125,695	115,827	115,559	(268)
	<u>1,040,804</u>	<u>1,412,109</u>	<u>115,559</u>	<u>(1,296,550)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ 98,119</u>	<u>\$ 310,453</u>	98,314	<u>\$ (212,139)</u>
Fund balance, beginning of year			<u>1,199,200</u>	
Fund balance, end of year			<u>\$ 1,297,514</u>	

CALDWELL SCHOOL DISTRICT NO. 132
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

Basis of Budgeting

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The District annually prepares a budget by estimating the probable amount of money necessary for all purposes for which an appropriation is to be made (including interest and principal due on the bonded debt) and by itemizing and classifying the proposed expenditures by department, fund or service as nearly as may be practicable. To support such proposed expenditures, the District prepares an estimate of the total revenue anticipated during the ensuing fiscal year for which a budget is being prepared and classifies such receipts by source as nearly as may be possible and practicable.
2. The proposed budget is published in the local newspaper.
3. A public hearing is conducted to obtain citizen comments.
4. The budget is formally adopted through approval by the board of trustees and published in the local newspaper.
5. The District may, after school starts and actual enrollment figures are known, amend the budget using the same procedure that was used in adopting the original budget. A budget may be amended downward in any instance. However, amendment to a greater amount than adopted can only happen if the District receives additional revenues in that fiscal year as a result of an increase in non-property tax related receipts. Once the change is justified, the process for formal adoption is as described above. The original budget was amended for the fiscal year ended June 30, 2009.
6. Formal budgetary integration is employed as a management control device during the year for all funds. Legal budgetary control is established based upon total revenues and expenditures.
7. Budget for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The level of control (level at which expenditures may not exceed budget) is the fund.
8. All annual appropriations lapse at fiscal year end.

CALDWELL SCHOOL DISTRICT NO. 132

SINGLE AUDIT



CPAs & BUSINESS ADVISORS

**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
Caldwell School District No. 132
Caldwell, Idaho

Compliance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell School District No. 132, (the "District"), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 05, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
November 05, 2009



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

To the Board of Trustees
Caldwell School District No. 132
Caldwell, Idaho

Compliance

We have audited the compliance of the Caldwell School District (the “District”) 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 each of its major federal programs for the year ended June 30, 2009. The District’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 District’s management. Our responsibility is to express an opinion on the District’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 District’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 of the District’s compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District’s internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
November 05, 2009

CALDWELL SCHOOL DISTRICT NO. 132
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

Federal Grantor/Pass- Through Grantor/ Program Title	Federal Grant Number	Federal CFDA Number	Expenditures
<u>DEPARTMENT OF EDUCATION</u>			
Passed through State Superintendent of Public Instructions:			
Title I Local Program	S010A080012	84.010	\$ 2,772,561
Title I-A Migrant Programs	S011A080012	84.011	129,263
Title IV Safe & Drug-Free Schools	Q186A080013	84.186	58,588
Title IV Drug-Free Schools 21st Century Education of Homeless Children	S287C070012	84.287	280,749
Title II Carl Perkins	S196A080013	84.196	12,000
Title VI Innovative Programs	V048A070012	84.048	156,534
Title VI-B IDEA Special Education	S298A070052	84.298	2,333
Title VI-B IDEA Preschool	H027A080088	84.027	1,095,532
Title I-B Reading Even Start	H173A080030	84.173	56,978
Title I-B Reading	S213C080013	84.213C	114,423
English Language Acquisition Grants	S357A070013	84.357	219,539
Title II-A Improving Teacher Quality	T365A080012	84.365	217,772
Title I School Improvement	S367A080011	84.367	454,853
Education Technology	S377A080013	84.377	248,000
	N/A	84.318	6,223
Total department of education			<u>5,825,348</u>
<u>DEPARTMENT OF JUSTICE</u>			
Passed through State Superintendent of Public Instructions:			
Byrne Justice	N/A	16.735	3,656
Total department of justice			<u>3,656</u>
<u>DEPARTMENT OF AGRICULTURE</u>			
Passed through State Superintendent of Public Instructions:			
Commodities	N/A	10.550	208,275
School Breakfast Program	2009IN109947	10.553	470,464
School Lunch Program	2009IN109947	10.555	1,478,997
Summer Food Program	2009IN109947	10.559	30,291
Total department of agriculture			<u>2,188,027</u>
Total federal financial awards			<u>\$ 8,017,031</u>

CALDWELL SCHOOL DISTRICT NO. 132
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the District. The reporting entity is defined in Note 1 to the District's basic financial statements.

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting as described in Note 1 to the District's basic financial statements.

NOTE 2 - MAJOR PROGRAMS

The following programs have been identified as major programs for the year ended June 30, 2009:

<u>Program</u>	<u>CFDA Number</u>
National School Lunch Program	10.555
Food Distribution	10.550
School Breakfast	10.553
Summer Food Service	10.559

The following programs have been clustered for the determination of Type A or Type B programs for the year ended June 30, 2009:

- Title I Local programs and Title I Delinquent
- Food Distribution, School Breakfast, National School Lunch, Summer Food Service

**CALDWELL SCHOOL DISTRICT NO. 132
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2009**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified No

Significant Deficiencies None noted

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified No

Significant Deficiencies None noted

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) No

Identification of major programs:

<u>CFDA number</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program
10.550	Food Distribution
10.553	School Breakfast
10.559	Summer Food Service

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

Auditee qualified as low-risk auditee? Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None