

SNAKE RIVER SCHOOL DISTRICT NO. 52

FINANCIAL STATEMENTS

Year Ended June 30, 2010

SNAKE RIVER SCHOOL DISTRICT NO. 52

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FINANCIAL SECTION

Independent Auditor's Report

Board of Trustees
Snake River School District No. 52

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Snake River School District No. 52 (the School) as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School'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 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 School as of June 30, 2010 and the respective changes in financial position 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 August 5, 2010 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 budgetary information listed as required supplemental information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be a part of the basic financial statements, is required by the Governmental Accounting

Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and 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.

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements as a whole. The accompanying combining fund financial statements, and the schedule of expenditures of federal awards (as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 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.

Folke CPAs, P.C.

August 5, 2010

BASIC FINANCIAL STATEMENTS

SNAKE RIVER SCHOOL DISTRICT NO. 52

Statement of Net Assets

June 30, 2010

	Governmental Activities
Assets	
Current Assets	
Cash & Investments	\$16,149,252
Receivables:	
Local Sources	536,051
State Sources	765,747
Federal Sources	1,073,792
Inventory	32,206
Total Current Assets	<u>18,557,048</u>
Noncurrent Assets	
Nondepreciable Capital Assets	5,423,528
Depreciable Net Capital Assets	2,497,590
Total Noncurrent Assets	<u>7,921,118</u>
Total Assets	<u><u>\$26,478,166</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$1,859,134
Salaries & Benefits Payable	1,444,358
Deferred Revenue	498,727
Accrued Interest	133,179
Long-Term Debt, Current	200,000
Total Current Liabilities	<u>4,135,398</u>
Noncurrent Liabilities	
Long-Term Debt, Noncurrent	16,800,000
Total Noncurrent Liabilities	<u>16,800,000</u>
Total Liabilities	<u>20,935,398</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	(9,212,061)
Restricted:	
Special Programs	662,672
Debt Service	576,378
Capital Projects	12,343,616
Unrestricted	1,172,163
Total Net Assets	<u>5,542,768</u>
Total Liabilities and Net Assets	<u><u>\$26,478,166</u></u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
Statement of Activities
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue And Changes in Net Assets
		Charges For Services	Operating Grants And Contributions		
Governmental Activities					
Instructional Programs					
Elementary School	\$2,856,197		\$337,797		(\$2,518,400)
Secondary School	3,064,415	\$15,731	43,592		(3,005,092)
Vocational-Technical	39,369	32,984	39,369		32,984
Exceptional Child	899,842		467,948		(431,894)
Preschool Exceptional	138,079		19,670		(118,409)
Gifted & Talented	67,915				(67,915)
Support Service Programs					
Attendance - Guidance - Health	363,289		2,007		(361,282)
Special Services	130,257		36,455		(93,802)
Instructional Improvement	513,551		484,633		(28,918)
Educational Media	297,216				(297,216)
Instruction-Related Technology	192,452		84,245		(108,207)
Board of Education	6,046				(6,046)
District Administration	186,608				(186,608)
School Administration	713,931				(713,931)
Business Operation	74,218				(74,218)
Buildings - Care	687,437	2,300	18		(685,119)
Maintenance - Student Occupied	346,509				(346,509)
Maintenance - Grounds	110,039				(110,039)
Pupil-To-School Transportation	665,628				(665,628)
Pupil-Activity Transportation	3,163	9,992			6,829
General Transportation	5,392				(5,392)
Non-Instructional Programs					
Child Nutrition	538,889	169,456	372,078		2,645
Capital Assets - Student Occupied	483,450				(483,450)
Capital Assets - Non-Student Occupied	148,912				(148,912)
Debt Service - Principal	0				0
Debt Service - Interest	371,462				(371,462)
Total	\$12,904,266	\$230,463	\$1,887,812	\$0	(10,785,991)
General Revenues					
					1,264,480
Local Taxes					387,492
Other Local Revenues					8,232,455
State Revenues					1,220,328
Federal Revenues					<u>11,104,755</u>
Total					
Change in Net Assets					
					318,764
Net Assets - Beginning					
					5,224,004
Net Assets - Ending					
					<u>\$5,542,768</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Balance Sheet - Governmental Funds
 June 30, 2010

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Capital Construction Fund</u>
Assets				
Cash & Investments	\$1,265,777	\$64,212	\$267,577	\$13,463,195
Receivables:				
Local Sources	3,755		308,801	
State Sources	739,246			
Federal Sources				
Due From Other Funds	466,264			
Inventory		32,206		
Total Assets	<u><u>\$2,475,042</u></u>	<u><u>\$96,418</u></u>	<u><u>\$576,378</u></u>	<u><u>\$13,463,195</u></u>
Liabilities				
Accounts Payable	\$57,366	\$3		\$1,770,129
Due To Other Funds				
Salaries & Benefits Payable	1,245,513	38,843		
Deferred Revenue	535,000		\$41,525	
Total Liabilities	<u><u>1,837,879</u></u>	<u><u>38,846</u></u>	<u><u>41,525</u></u>	<u><u>1,770,129</u></u>
Fund Balances				
Restricted:				
Special Programs		25,366		
Debt Service			534,853	
Capital Projects				11,693,066
Nonspendable		32,206		
Unassigned	637,163			
Total Fund Balances	<u><u>637,163</u></u>	<u><u>57,572</u></u>	<u><u>534,853</u></u>	<u><u>11,693,066</u></u>
Total Liabilities and Fund Balances	<u><u>\$2,475,042</u></u>	<u><u>\$96,418</u></u>	<u><u>\$576,378</u></u>	<u><u>\$13,463,195</u></u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Balance Sheet - Governmental Funds
 June 30, 2010

	Plant Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash & Investments	\$181,188	\$907,303	\$16,149,252
Receivables:			
Local Sources	179,977	43,518	536,051
State Sources		26,501	765,747
Federal Sources		1,073,792	1,073,792
Due From Other Funds		0	466,264
Inventory		0	32,206
Total Assets	\$361,165	\$2,051,114	\$19,023,312
Liabilities			
Accounts Payable	\$8,595	\$23,041	\$1,859,134
Due To Other Funds		466,264	466,264
Salaries & Benefits Payable		160,002	1,444,358
Deferred Revenue	30,039	498,727	1,105,291
Total Liabilities	38,634	1,148,034	4,875,047
Fund Balances			
Restricted:			
Special Programs		605,100	630,466
Debt Service		0	534,853
Capital Projects	322,531	297,980	12,313,577
Nonspendable		0	32,206
Unassigned		0	637,163
Total Fund Balances	322,531	903,080	14,148,265
Total Liabilities and Fund Balances	\$361,165	\$2,051,114	\$19,023,312

Balance Sheet - Governmental Funds

June 30, 2010

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities**Total Governmental Fund Balances** \$14,148,265

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 7,921,118

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 606,564

Certain liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds. (17,133,179)

Net Assets of Governmental Activities \$5,542,768

SNAKE RIVER SCHOOL DISTRICT NO. 52
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2010

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Capital Construction Fund</u>
Revenues				
Local Taxes	\$528		\$773,136	
Other Local Revenue	200,051	\$169,456		\$96,520
State Revenue	8,292,455			
Federal Revenue	1,220,328	372,078		
Total Revenues	<u>9,713,362</u>	<u>541,534</u>	<u>773,136</u>	<u>96,520</u>
Expenditures				
Instructional Programs				
Elementary School	2,503,866			
Secondary School	3,002,050			
Vocational-Technical				
Exceptional Child	431,894			
Preschool Exceptional	118,409			
Gifted & Talented	67,915			
Support Service Programs				
Attendance - Guidance - Health	361,282			
Special Services	93,802			
Instructional Improvement	28,918			
Educational Media	297,216			
Instruction-Related Technology	78,205			
Board of Education	6,046			
District Administration	186,218			
School Administration	713,931			
Business Operation	74,218			
Buildings - Care	687,419			
Maintenance - Student Occupied	151,675			
Maintenance - Grounds	41,815			
Pupil-To-School Transportation	709,903			
Pupil-Activity Transportation	3,163			
General Transportation	5,392			
Non-Instructional Programs				
Child Nutrition	14,792	524,097		
Capital Assets - Student Occupied				5,403,454
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest			238,283	
Total Expenditures	<u>9,578,129</u>	<u>524,097</u>	<u>238,283</u>	<u>5,403,454</u>
Excess (Deficiency) of Revenues Over Expenditures	135,233	17,437	534,853	(5,306,934)
Other Financing Sources (Uses)				
Proceeds from Bond Issuance				17,000,000
Transfers In	14,045			
Transfers Out	(113,684)			
Total Other Financing Sources (Uses)	<u>(99,639)</u>	<u>0</u>	<u>0</u>	<u>17,000,000</u>
Net Change in Fund Balances	35,594	17,437	534,853	11,693,066
Fund Balances - Beginning	601,569	40,135	0	0
Fund Balances - Ending	<u>\$637,163</u>	<u>\$57,572</u>	<u>\$534,853</u>	<u>\$11,693,066</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2010

	Plant Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Local Taxes	\$457,074	\$0	\$1,230,738
Other Local Revenue	10,912	257,941	734,880
State Revenue		323,011	8,615,466
Federal Revenue		1,075,798	2,668,204
Total Revenues	<u>467,986</u>	<u>1,656,750</u>	<u>13,249,288</u>
Expenditures			
Instructional Programs			
Elementary School	14,534	337,797	2,856,197
Secondary School	18,773	43,592	3,064,415
Vocational-Technical		39,369	39,369
Exceptional Child		467,948	899,842
Preschool Exceptional		19,670	138,079
Gifted & Talented		0	67,915
Support Service Programs			
Attendance - Guidance - Health		2,007	363,289
Special Services		36,455	130,257
Instructional Improvement		484,633	513,551
Educational Media		0	297,216
Instruction-Related Technology	30,002	84,245	192,452
Board of Education		0	6,046
District Administration	390	0	186,608
School Administration		0	713,931
Business Operation		0	74,218
Buildings - Care		18	687,437
Maintenance - Student Occupied	194,834	0	346,509
Maintenance - Grounds	54,492	13,732	110,039
Pupil-To-School Transportation		0	709,903
Pupil-Activity Transportation		0	3,163
General Transportation		0	5,392
Non-Instructional Programs			
Child Nutrition		0	538,889
Capital Assets - Student Occupied		0	5,403,454
Capital Assets - Non-Student Occupied	148,912	0	148,912
Debt Service - Principal		0	0
Debt Service - Interest		0	238,283
Total Expenditures	<u>461,937</u>	<u>1,529,466</u>	<u>17,735,366</u>
Excess (Deficiency) of Revenues Over Expenditures	6,049	127,284	(4,486,078)
Other Financing Sources (Uses)			
Proceeds from Bond Issuance		0	17,000,000
Transfers In	80,182	34,664	128,891
Transfers Out		(15,207)	(128,891)
Total Other Financing Sources (Uses)	<u>80,182</u>	<u>19,457</u>	<u>17,000,000</u>
Net Change in Fund Balances	86,231	146,741	12,513,922
Fund Balances - Beginning	236,300	756,339	1,634,343
Fund Balances - Ending	<u><u>\$322,531</u></u>	<u><u>\$903,080</u></u>	<u><u>\$14,148,265</u></u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2010

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

Net Change in Fund Balances - Total Governmental Funds \$12,513,922

Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays 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 excess of capital outlays over (under) depreciation expense in the current period. 4,964,279

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (26,258)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets. 0

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the (133,179)

Receipt of debt principal is a financing source in the governmental funds, but increases long-term debt in the statement of net assets. (17,000,000)

Change in Net Assets of Governmental Activities \$318,764

SNAKE RIVER SCHOOL DISTRICT NO. 52

Statement of Fiduciary Net Assets

June 30, 2010

	Agency Funds - Student Activity
Assets	
Cash & Investments	\$155,562
Total Assets	<u>\$155,562</u>
Liabilities	
Due to Student Groups	\$155,562
Total Liabilities	<u>155,562</u>
Net Assets	<u>0</u>
Total Net Assets	<u>0</u>
Total Liabilities and Net Assets	<u>\$155,562</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Snake River School District No. 52 (the School) provides public school educational services as authorized by Section 33 of Idaho Code. The School's boundaries for taxing and school enrollment purposes are located within Payette and Washington Counties.

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to school districts. The significant accounting policies of the School are described below.

Basic Financial Statements - Government-Wide Statements – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net assets, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School's net assets may be reported in three parts - invested in capital assets, net of related debt (when related debt exists), restricted net assets, and unrestricted net assets. The School first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net assets resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures/expenses of the funds) for the determination of major funds. Major governmental funds of the School include:

General Fund – The general fund is the School’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

Debt Service Fund – The debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on long term debt.

Capital Projects Funds – Capital projects funds are used to account for the acquisition of major capital assets. Major capital project funds include the plant facilities fund, used to account for the maintenance of facilities and other capital assets, and the capital construction fund, used to account for the facility construction and betterments.

Fiduciary funds of the School include:

Agency Funds – Agency funds are used to account for assets held by the School on behalf of students.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide financial statements are presented on the accrual basis of accounting and are required to follow both governmental accounting standards board pronouncements and financial accounting standards board pronouncements issued before November 30, 1989. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

The School may report deferred revenue on its financial statements. For the fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the revenue is recognized. For both the government-wide and fund financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are reported as deferred revenue.

Cash and Investments – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds in proportion to each fund's respective investment balance. Investments include monies invested in the local government investment pool and are stated at fair value using either quoted market prices or best available estimate. The reported value of the local government investment pool is materially the same as the fair value of its shares.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at cost using the first-in, first-out method.

Capital Assets and Depreciation – Significant capital asset acquisitions with an original cost of \$5,000 or more are recorded at cost if purchased or fair value if contributed. Minor repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method, except for certain transportation vehicles which use the declining balance method.

Compensated Absences and Post-Retirement Benefits – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded. Government accounting standards board statement 45 requires employers to accrue future estimated post-retirement benefits on the employer's government-wide financial statements when such benefits are deemed material to the employer. The future estimated post-retirement benefits are deemed immaterial to the School, and accordingly, are not reflected on the government-wide financial statements.

Net Assets – Net assets is the difference between assets and liabilities. Net assets invested in capital assets - net of related debt, are capital assets net of accumulated depreciation and reduced by any outstanding debt related to the financing of those assets. Restricted net assets are net assets less related debt that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties. All other net assets are reported as unrestricted.

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that are not expected to be converted into cash. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Assigned fund balance classifications are not actively used by the entity. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources.

Property Taxes – The School is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Teacher Contracts – Contracts for teachers' salaries are payable in twelve monthly installments beginning in September. At June 30, the liability for the remaining two months of the current contracts is accrued.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of 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.

Concentrations of Credit Risk – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning concentrations of credit risk.

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

Risk Management – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Nonmonetary Transactions – Items received via food commodities programs are recognized at their stated fair market value.

Subsequent Events – Subsequent events were evaluated through the date of the auditor’s report, which is the date the financial statements were available to be issued.

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

Cash - Deposits	\$15,503,472
Investments - Local Government Investment Pool	<u>801,342</u>
Total	<u><u>\$16,304,814</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$15,503,472 and the bank balances were \$15,575,235. Of the bank balances, \$321,808 was insured, \$14,976,281 was collateralized, and the remainder was uninsured and uncollateralized.

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. Government accounting standards board statement 40 requires government entities to disclose credit quality ratings, concentration of credit risk, and interest rate risk on investment balances. Investments in the local government investment pool and deferred compensation plan (comprised of mutual funds and unrated collectively) are, due to their nature, not required to be rated in terms of credit quality, and are excluded from the other disclosure requirements. These investments include insured or registered investments or investments for which the securities are held by the School or its agent in the School's name. Collateralized securities in the local government investment pool are held in trust by a safekeeping bank.

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

C. RECEIVABLES

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
Local Sources				
Local Taxes			\$308,801	\$179,977
Other Local Sources	\$3,755	\$43,518		
Total	<u>\$3,755</u>	<u>\$43,518</u>	<u>\$308,801</u>	<u>\$179,977</u>
State Sources				
Foundation Program	\$204,246			
Transportation	535,000			
Special Programs		\$26,501		
Total	<u>\$739,246</u>	<u>\$26,501</u>		
Federal Sources				
Special Programs		\$1,073,792		
Total		<u>\$1,073,792</u>		

D. DEFERRED REVENUE

Deferred revenue consists of the following at year end:

<u>Description</u>	<u>Fund Financial Statements</u>	<u>Government Wide Financial Statements</u>
Property Taxes	\$71,564	
Grant Advances	498,727	\$498,727
Transportation Reimbursement	535,000	
Total	<u>\$1,105,291</u>	<u>\$498,727</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

E. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$20,074			\$20,074
Construction in Progress	0	\$5,403,454		5,403,454
Total	<u>20,074</u>	<u>\$5,403,454</u>	<u>\$0</u>	<u>5,423,528</u>
Depreciable Capital Assets				
Buildings	9,721,403	28,771	106,112	9,644,062
Equipment	594,812	63,265		658,077
Transportation	1,577,605	147,776	91,564	1,633,817
Subtotal	<u>11,893,820</u>	<u>239,812</u>	<u>197,676</u>	<u>11,935,956</u>
Accumulated Depreciation				
Buildings	7,333,628	509,667	106,112	7,737,183
Equipment	469,672	65,819		535,491
Transportation	1,153,755	103,501	91,564	1,165,692
Subtotal	<u>8,957,055</u>	<u>678,987</u>	<u>197,676</u>	<u>9,438,366</u>
Total	<u>2,936,765</u>	<u>(439,175)</u>	<u>0</u>	<u>2,497,590</u>
Net Capital Assets	<u><u>\$2,956,839</u></u>	<u><u>\$4,964,279</u></u>	<u><u>\$0</u></u>	<u><u>\$7,921,118</u></u>

Depreciation expense was charged to the following programs:

Transportation	\$103,501
Capital Assets	575,486
Total	<u><u>\$678,987</u></u>

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

F. LONG-TERM DEBT

At year end, the School's bonded debt was as follows:

	<u>Outstanding</u>
2009 - \$5,000,000 - qualified school construction (QSC) bonds for capital improvements due in annual principal installments without interest (bondholders are compensated in the form of federal tax credits) through 2024/25, secured by future taxes, paid through the debt service fund	\$5,000,000
2009 - \$12,000,000 - general obligation bonds for capital improvements due in annual principal installments and semiannual interest payments with interest at 1.39% - 4.50% through 2028/29, secured by future taxes, paid through the debt service fund	12,000,000
Total	<u><u>\$17,000,000</u></u>

Maturities on the bonds are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
6/30/11	\$200,000	\$399,538
6/30/12	822,857	394,737
6/30/13	837,857	384,987
6/30/14	847,857	374,987
6/30/15	857,857	364,143
6/30/16-20	4,479,285	1,612,694
6/30/21-25	4,969,287	1,093,861
6/30/26-29	3,985,000	323,131
Total	<u><u>\$17,000,000</u></u>	<u><u>\$4,948,078</u></u>

Changes in long-term debt are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2009 Q.S.C. Bonds	\$0	\$5,000,000		\$5,000,000	\$200,000
2009 G.O. Bonds	0	12,000,000		12,000,000	0
Total	<u><u>\$0</u></u>	<u><u>\$17,000,000</u></u>	<u><u>\$0</u></u>	<u><u>\$17,000,000</u></u>	<u><u>\$200,000</u></u>

Interest costs during the year amounted to \$371,462 and were charged to expense in the statement of activities.

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

G. RETIREMENT PLAN

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

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

The contribution requirements of employer and employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2010, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. Additionally, PERSI administers the Sick Leave Insurance Reserve Fund which collects salary-based contributions while employed and pays insurance premiums for state and school employees at retirement based on a portion of the accumulated balance of their unused sick leave. State and school employers pre-fund this termination payment with contributions to PERSI during active employment.

The School's contributions required and paid were \$828,816, \$832,483, and \$805,411, for the three years ended June 30, 2010, 2009, and 2008 respectively.

H. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund	
	Nonmajor	Total
	Governmental	
Due To Fund		
General	\$466,264	\$466,264
Total	\$466,264	\$466,264

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General	\$14,045	\$113,684	General support
Plant Facilities	80,182		Capital outlay
Nonmajor Governmental	34,664	15,207	General support
Total	<u>\$128,891</u>	<u>\$128,891</u>	

REQUIRED SUPPLEMENTAL INFORMATION

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Budgetary Comparison Schedule -
 General and Major Special Revenue Funds
 Year Ended June 30, 2010

General Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			Amounts
	Original	Final		Positive
				(Negative)
Revenues				
Local Taxes			\$528	\$528
Other Local Revenue	\$179,300	\$179,300	200,051	20,751
State Revenue	9,491,150	9,491,150	8,292,455	(1,198,695)
Federal Revenue			1,220,328	1,220,328
Total Revenues	9,670,450	9,670,450	9,713,362	42,912
Expenditures				
Instructional Programs				
Elementary School	2,531,227	2,531,227	2,503,866	27,361
Secondary School	3,079,109	3,079,109	3,002,050	77,059
Exceptional Child	418,573	418,573	431,894	(13,321)
Preschool Exceptional	133,880	133,880	118,409	15,471
Gifted & Talented	67,945	67,945	67,915	30
Support Service Programs				
Attendance - Guidance - Health	356,857	356,857	361,282	(4,425)
Special Services	97,064	97,064	93,802	3,262
Instructional Improvement	83,500	83,500	28,918	54,582
Educational Media	287,596	287,596	297,216	(9,620)
Instruction-Related Technology	85,957	85,957	78,205	7,752
Board of Education	10,900	10,900	6,046	4,854
District Administration	221,661	221,661	186,218	35,443
School Administration	758,681	758,681	713,931	44,750
Business Operation	78,127	78,127	74,218	3,909
Buildings - Care	733,587	733,587	687,419	46,168
Maintenance - Student Occupied	157,176	157,176	151,675	5,501
Maintenance - Grounds	685	685	41,815	(41,130)
Pupil-To-School Transportation	819,414	819,414	709,903	109,511
Pupil-Activity Transportation	4,000	4,000	3,163	837
General Transportation	5,000	5,000	5,392	(392)
Non-Instructional Programs				
Child Nutrition	15,604	15,604	14,792	812
Capital Assets - Student Occupied			0	0
Capital Assets - Non-Student Occupied			0	0
Debt Service - Principal			0	0
Debt Service - Interest			0	0
Total Expenditures	9,946,543	9,946,543	9,578,129	368,414 *
Excess (Deficiency) of Revenues				
Over Expenditures	(276,093)	(276,093)	135,233	411,326
Other Financing Sources (Uses)				
Transfers In			14,045	14,045
Transfers Out	(101,411)	(101,411)	(113,684)	(12,273)
Total Other Financing Sources (Uses)	(101,411)	(101,411)	(99,639)	1,772
Net Change in Fund Balances	(377,504)	(377,504)	35,594	413,098
Fund Balances - Beginning	557,500	557,500	601,569	44,069
Fund Balances - Ending	\$179,996	\$179,996	\$637,163	\$457,167

*Total expenditures (over) under appropriations.

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Budgetary Comparison Schedule -
 General and Major Special Revenue Funds
 Year Ended June 30, 2010

Child Nutrition Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			
	Original	Final		Positive
				(Negative)
Revenues				
Other Local Revenue	\$178,000	\$178,000	\$169,456	(\$8,544)
Federal Revenue	317,000	317,000	372,078	55,078
Total Revenues	<u>495,000</u>	<u>495,000</u>	<u>541,534</u>	<u>46,534</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	495,000	495,000	524,097	(29,097)
Total Expenditures	<u>495,000</u>	<u>495,000</u>	<u>524,097</u>	<u>(29,097) *</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	17,437	17,437
Other Financing Sources (Uses)				
Transfers In			0	0
Transfers Out			0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	17,437	17,437
Fund Balances - Beginning	0	0	40,135	40,135
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$57,572</u>	<u>\$57,572</u>

*Total expenditures (over) under appropriations.

SUPPLEMENTARY INFORMATION

SNAKE RIVER SCHOOL DISTRICT NO. 52
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Funds			
	Limited English Proficiency	Idaho Reading Indicator	SREF Grants	Adequate Yearly Progress
Assets				
Cash & Investments	\$8,329	\$33,169		\$41,428
Receivables:				
Local Sources			\$10,501	
State Sources		10,561		
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	<u>\$8,329</u>	<u>\$43,730</u>	<u>\$10,501</u>	<u>\$41,428</u>
Liabilities				
Accounts Payable			\$711	
Due To Other Funds			2,942	
Salaries & Benefits Payable	\$8,329	\$281		
Deferred Revenue				
Total Liabilities	<u>8,329</u>	<u>281</u>	<u>3,653</u>	<u>\$0</u>
Fund Balances				
Restricted:				
Special Programs	0	43,449	6,848	41,428
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>43,449</u>	<u>6,848</u>	<u>41,428</u>
Total Liabilities and Fund Balances	<u>\$8,329</u>	<u>\$43,730</u>	<u>\$10,501</u>	<u>\$41,428</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds			
	ISAT Remediation	LEP Enhancement Grant	Driver Education	Medicaid Support
Assets				
Cash & Investments	\$27,443	\$23,539	\$5,248	\$432,395
Receivables:				
Local Sources				
State Sources			4,125	
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	<u>\$27,443</u>	<u>\$23,539</u>	<u>\$9,373</u>	<u>\$432,395</u>
Liabilities				
Accounts Payable	\$901	\$1,511		
Due To Other Funds				
Salaries & Benefits Payable	8,239		\$6,496	
Deferred Revenue				
Total Liabilities	<u>9,140</u>	<u>1,511</u>	<u>6,496</u>	<u>\$0</u>
Fund Balances				
Restricted:				
Special Programs	18,303	22,028	2,877	432,395
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>18,303</u>	<u>22,028</u>	<u>2,877</u>	<u>432,395</u>
Total Liabilities and Fund Balances	<u>\$27,443</u>	<u>\$23,539</u>	<u>\$9,373</u>	<u>\$432,395</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds			
	School Building Maintenance	Professional Technical	Technology	Substance Abuse
Assets				
Cash & Investments	\$96,475		\$20,562	\$17,210
Receivables:				
Local Sources		\$33,017		
State Sources		11,815		
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	<u>\$96,475</u>	<u>\$44,832</u>	<u>\$20,562</u>	<u>\$17,210</u>
Liabilities				
Accounts Payable		\$1,745		
Due To Other Funds		37,656		
Salaries & Benefits Payable		5,431		
Deferred Revenue				
Total Liabilities	<u>\$0</u>	<u>44,832</u>	<u>\$0</u>	<u>\$0</u>
Fund Balances				
Restricted:				
Special Programs		0	20,562	17,210
Debt Service				
Capital Projects	96,475			
Nonspendable				
Unassigned				
Total Fund Balances	<u>96,475</u>	<u>0</u>	<u>20,562</u>	<u>17,210</u>
Total Liabilities and Fund Balances	<u>\$96,475</u>	<u>\$44,832</u>	<u>\$20,562</u>	<u>\$17,210</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds			
	Title I-A ESEA IBP	Title I-C ESEA EMC	Special Educ. IDEA Part B	Special Educ. IDEA Preschool
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$232,346	\$21,144	\$626,246	\$38,786
Due From Other Funds				
Inventory				
Total Assets	<u>\$232,346</u>	<u>\$21,144</u>	<u>\$626,246</u>	<u>\$38,786</u>
Liabilities				
Accounts Payable	\$7,776		\$10,118	
Due To Other Funds	137,371	\$14,170	204,168	\$5,993
Salaries & Benefits Payable	47,059		75,196	2,751
Deferred Revenue	40,140	6,974	336,764	30,042
Total Liabilities	<u>232,346</u>	<u>21,144</u>	<u>626,246</u>	<u>38,786</u>
Fund Balances				
Restricted:				
Special Programs	0	0	0	0
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$232,346</u>	<u>\$21,144</u>	<u>\$626,246</u>	<u>\$38,786</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2010

	Special Revenue Funds			
	Perkins III Professional Technical Act	Title III ESEA LILEP&I	Title II-A Improving Teacher Quality	Title IV-A ESEA S&DFS/C
Assets				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$23,241	\$35,703	\$68,721	\$4,135
Due From Other Funds				
Inventory				
Total Assets	<u>\$23,241</u>	<u>\$35,703</u>	<u>\$68,721</u>	<u>\$4,135</u>
Liabilities				
Accounts Payable	\$179			
Due To Other Funds	23,062	\$16,820	\$5,706	\$1,226
Salaries & Benefits Payable				
Deferred Revenue		18,883	63,015	2,909
Total Liabilities	<u>23,241</u>	<u>35,703</u>	<u>68,721</u>	<u>4,135</u>
Fund Balances				
Restricted:				
Special Programs	0	0	0	0
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$23,241</u>	<u>\$35,703</u>	<u>\$68,721</u>	<u>\$4,135</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>
	<u>21st Century</u>	<u>Lottery</u>
Assets		
Cash & Investments		\$201,505
Receivables:		
Local Sources		
State Sources		
Federal Sources	\$23,470	
Due From Other Funds		
Inventory		
Total Assets	<u>\$23,470</u>	<u>\$201,505</u>
Liabilities		
Accounts Payable	\$100	
Due To Other Funds	17,150	
Salaries & Benefits Payable	6,220	
Deferred Revenue		
Total Liabilities	<u>23,470</u>	<u>\$0</u>
Fund Balances		
Restricted:		
Special Programs	0	
Debt Service		
Capital Projects		201,505
Nonspendable		
Unassigned		
Total Fund Balances	<u>0</u>	<u>201,505</u>
Total Liabilities and Fund Balances	<u>\$23,470</u>	<u>\$201,505</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2010

	Total
Assets	
Cash & Investments	\$907,303
Receivables:	
Local Sources	43,518
State Sources	26,501
Federal Sources	1,073,792
Due From Other Funds	0
Inventory	0
Total Assets	\$2,051,114
Liabilities	
Accounts Payable	\$23,041
Due To Other Funds	466,264
Salaries & Benefits Payable	160,002
Deferred Revenue	498,727
Total Liabilities	1,148,034
Fund Balances	
Restricted:	
Special Programs	605,100
Debt Service	0
Capital Projects	297,980
Nonspendable	0
Unassigned	0
Total Fund Balances	903,080
Total Liabilities and Fund Balances	\$2,051,114

SNAKE RIVER SCHOOL DISTRICT NO. 52
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2010

	Special Revenue Funds			
	Limited English Proficiency	Idaho Reading Indicator	SREF Grants	Adequate Yearly Progress
Revenues				
Local Taxes				
Other Local Revenue			\$10,501	
State Revenue	\$54,981	\$15,544		
Federal Revenue				
Total Revenues	<u>54,981</u>	<u>15,544</u>	<u>10,501</u>	<u>\$0</u>
Expenditures				
Instructional Programs				
Elementary School	54,981		5,915	
Secondary School			4,122	
Vocational-Technical				
Exceptional Child				
Preschool Exceptional				
Gifted & Talented				
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement		2,221		19,029
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>54,981</u>	<u>2,221</u>	<u>10,037</u>	<u>19,029</u>
Excess (Deficiency) of Revenues Over Expenditures	0	13,323	464	(19,029)
Other Financing Sources (Uses)				
Proceeds from Bond Issuance				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	13,323	464	(19,029)
Fund Balances - Beginning	0	30,126	6,384	60,457
Fund Balances - Ending	<u>\$0</u>	<u>\$43,449</u>	<u>\$6,848</u>	<u>\$41,428</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2010

	Special Revenue Funds			
	ISAT Remediation	LEP Enhancement Grant	Driver Education	Medicaid Support
Revenues				
Local Taxes				
Other Local Revenue			\$15,731	\$177,239
State Revenue	\$33,690	\$50,000	13,420	
Federal Revenue				
Total Revenues	<u>33,690</u>	<u>50,000</u>	<u>29,151</u>	<u>177,239</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School			27,906	
Vocational-Technical				
Exceptional Child				4,434
Preschool Exceptional				
Gifted & Talented				
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement	80,989	41,736		
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>80,989</u>	<u>41,736</u>	<u>27,906</u>	<u>4,434</u>
Excess (Deficiency) of Revenues Over Expenditures	(47,299)	8,264	1,245	172,805
Other Financing Sources (Uses)				
Proceeds from Bond Issuance				
Transfers In	21,000			
Transfers Out				
Total Other Financing Sources (Uses)	<u>21,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(26,299)	8,264	1,245	172,805
Fund Balances - Beginning	44,602	13,764	1,632	259,590
Fund Balances - Ending	<u>\$18,303</u>	<u>\$22,028</u>	<u>\$2,877</u>	<u>\$432,395</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2010

	Special Revenue Funds			
	School Building Maintenance	Professional Technical	Technology	Substance Abuse
Revenues				
Local Taxes				
Other Local Revenue		\$32,984	\$21,486	
State Revenue		59,370	64,879	\$31,127
Federal Revenue				
Total Revenues	\$0	92,354	86,365	31,127
Expenditures				
Instructional Programs				
Elementary School				
Secondary School				
Vocational-Technical		39,369		
Exceptional Child				
Preschool Exceptional				
Gifted & Talented				
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement		66,631		23,547
Educational Media				
Instruction-Related Technology			84,245	
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care		18		
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	0	106,018	84,245	23,547
Excess (Deficiency) of Revenues Over Expenditures	0	(13,664)	2,120	7,580
Other Financing Sources (Uses)				
Proceeds from Bond Issuance				
Transfers In		13,664		
Transfers Out				
Total Other Financing Sources (Uses)	0	13,664	0	0
Net Change in Fund Balances	0	0	2,120	7,580
Fund Balances - Beginning	96,475	0	18,442	9,630
Fund Balances - Ending	\$96,475	\$0	\$20,562	\$17,210

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2010

	Special Revenue Funds			
	Title I-A ESEA IBP	Title I-C ESEA EMC	Special Educ. IDEA Part B	Special Educ. IDEA Preschool
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$326,508	\$2,007	\$499,969	\$19,670
Total Revenues	<u>326,508</u>	<u>2,007</u>	<u>499,969</u>	<u>19,670</u>
Expenditures				
Instructional Programs				
Elementary School	259,094			
Secondary School	6,196			
Vocational-Technical				
Exceptional Child			463,514	
Preschool Exceptional				19,670
Gifted & Talented				
Support Service Programs				
Attendance - Guidance - Health		2,007		
Special Services			36,455	
Instructional Improvement	61,218			
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>326,508</u>	<u>2,007</u>	<u>499,969</u>	<u>19,670</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Proceeds from Bond Issuance				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2010

	Special Revenue Funds			
	Perkins III Professional Technical Act	Title III ESEA LILEP&I	Title II-A Improving Teacher Quality	Title IV-A ESEA S&DFS/C
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$23,241	\$16,716	\$86,861	\$7,531
Total Revenues	<u>23,241</u>	<u>16,716</u>	<u>86,861</u>	<u>7,531</u>
Expenditures				
Instructional Programs				
Elementary School		16,716	1,091	
Secondary School			5,368	
Vocational-Technical				
Exceptional Child				
Preschool Exceptional				
Gifted & Talented				
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement	22,079		80,402	7,531
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Service - Principal				
Debt Service - Interest				
Total Expenditures	<u>22,079</u>	<u>16,716</u>	<u>86,861</u>	<u>7,531</u>
Excess (Deficiency) of Revenues Over Expenditures	1,162	0	0	0
Other Financing Sources (Uses)				
Proceeds from Bond Issuance				
Transfers In				
Transfers Out	(1,162)			
Total Other Financing Sources (Uses)	<u>(1,162)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
Fund Balances - Beginning	0	0	0	0
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>
	<u>21st Century</u>	<u>Lottery</u>
Revenues		
Local Taxes		
Other Local Revenue		
State Revenue		
Federal Revenue	\$93,295	
Total Revenues	<u>93,295</u>	<u>\$0</u>
Expenditures		
Instructional Programs		
Elementary School		
Secondary School		
Vocational-Technical		
Exceptional Child		
Preschool Exceptional		
Gifted & Talented		
Support Service Programs		
Attendance - Guidance - Health		
Special Services		
Instructional Improvement	79,250	
Educational Media		
Instruction-Related Technology		
Board of Education		
District Administration		
School Administration		
Business Operation		
Buildings - Care		
Maintenance - Student Occupied		
Maintenance - Grounds		13,732
Pupil-To-School Transportation		
Pupil-Activity Transportation		
General Transportation		
Non-Instructional Programs		
Child Nutrition		
Capital Assets - Student Occupied		
Capital Assets - Non-Student Occupied		
Debt Service - Principal		
Debt Service - Interest		
Total Expenditures	<u>79,250</u>	<u>13,732</u>
Excess (Deficiency) of Revenues		
Over Expenditures	14,045	(13,732)
Other Financing Sources (Uses)		
Proceeds from Bond Issuance		
Transfers In		
Transfers Out	(14,045)	
Total Other Financing Sources (Uses)	<u>(14,045)</u>	<u>0</u>
Net Change in Fund Balances	0	(13,732)
Fund Balances - Beginning	0	215,237
Fund Balances - Ending	<u>\$0</u>	<u>\$201,505</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2010

	Total
Revenues	
Local Taxes	\$0
Other Local Revenue	257,941
State Revenue	323,011
Federal Revenue	1,075,798
Total Revenues	1,656,750
Expenditures	
Instructional Programs	
Elementary School	337,797
Secondary School	43,592
Vocational-Technical	39,369
Exceptional Child	467,948
Preschool Exceptional	19,670
Gifted & Talented	0
Support Service Programs	
Attendance - Guidance - Health	2,007
Special Services	36,455
Instructional Improvement	484,633
Educational Media	0
Instruction-Related Technology	84,245
Board of Education	0
District Administration	0
School Administration	0
Business Operation	0
Buildings - Care	18
Maintenance - Student Occupied	0
Maintenance - Grounds	13,732
Pupil-To-School Transportation	0
Pupil-Activity Transportation	0
General Transportation	0
Non-Instructional Programs	
Child Nutrition	0
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	0
Debt Service - Principal	0
Debt Service - Interest	0
Total Expenditures	1,529,466
Excess (Deficiency) of Revenues	
Over Expenditures	127,284
Other Financing Sources (Uses)	
Proceeds from Bond Issuance	0
Transfers In	34,664
Transfers Out	(15,207)
Total Other Financing Sources (Uses)	19,457
Net Change in Fund Balances	146,741
Fund Balances - Beginning	756,339
Fund Balances - Ending	\$903,080

SNAKE RIVER SCHOOL DISTRICT NO. 52
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Dept of Agriculture			
<i>Passed Through Idaho Dept of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	10.553	\$20,041
ARRA - National School Lunch Program	10.555	10.555	352,037
Total Child Nutrition Cluster			<u>372,078</u>
Total US Dept of Agriculture			<u>372,078</u>
US Dept of Education			
<i>Direct Program:</i>			
Impact Aid Cluster:			
Impact Aid	84.041		7,235
Total Impact Aid Cluster			<u>7,235</u>
<i>Passed Through Idaho Dept of Education:</i>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	84.010	221,018
ARRA - Title I Grants to Local Educational Agencies	84.389	84.389	105,490
Total Title I, Part A Cluster			<u>326,508</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	84.027	292,825
Special Education - Preschool Grants	84.173	84.173	19,381
ARRA - Special Education - Grants to States	84.391	84.391	207,144
ARRA - Special Education - Preschool Grants	84.392	84.392	289
Total Special Education Cluster			<u>519,639</u>
State Fiscal Stabilization Fund Cluster:			
ARRA - State Fiscal Stabilization Fund - Education State Grants	84.394	84.394	1,213,093
Total State Fiscal Stabilization Fund Cluster			<u>1,213,093</u>
Migrant Education - State Grant Program	84.011	84.011	2,007
Career & Technical Education - Basic Grants to States	84.048	84.048	23,241
Safe & Drug-Free Schools & Communities - State Grants	84.186	84.186	7,531
Twenty-First Century Community Learning Centers	84.287	84.287	93,295
English Language Acquisition Grants	84.365	84.365	16,716
Improving Teacher Quality State Grants	84.367	84.367	86,861
Total US Dept of Education			<u>2,296,126</u>
Total Expenditures of Federal Awards			<u>\$2,668,204</u>

NOTES:

Basis of Presentation - This schedule includes the federal grant activity of the School and is presented on the modified accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Nonmonetary Assistance - Included in the National School Lunch Program award is USDA food commodities stated at a fair market value of \$47,239.

OTHER REPORTS AND SCHEDULES

**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***

Board of Trustees
Snake River School District No. 52

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Snake River School District No. 52 (the School) as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School'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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as B-1 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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*.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, those charged with governance, others within the entity, 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.

Folke CPAs, P.C.

August 5, 2010

**Report on Compliance With Requirements Applicable to
Each Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133**

Board of Trustees
Snake River School District No. 52

Compliance

We have audited the compliance of Snake River School District No. 52 (the School) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The School'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 School's management. Our responsibility is to express an opinion on the School'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 School'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 School's compliance with those requirements.

In our opinion, the School 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, 2010.

Internal Control Over Compliance

Management of the School 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 School'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 and to test and report on internal control over

compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in 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 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 over compliance 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 management, those charged with governance, others within the entity, 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.

Folke CPAs, P.C.

August 5, 2010

SNAKE RIVER SCHOOL DISTRICT NO. 52

Schedule of Findings and Questioned Costs Year Ended June 30, 2010

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the School.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*. The deficiency is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the School were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133. Due to additional monitoring and other oversight by the board, management, and others, the significant deficiency relating to segregation of duties does not extend to, or include, major federal programs.
5. The auditor's report on compliance for the major federal award programs for the School expresses an unqualified opinion on all major federal programs.
6. Audit findings, if any, that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in part C. of this schedule.
7. The programs tested as major programs include:
 - a. Child Nutrition Cluster – CFDA #10.553, 10.555, 10.559
 - b. Title 1, Part A Cluster – CFDA #84.010, 84.389
 - c. Special Education Cluster – CFDA #84.027, 84.173, 84.391, 84.392
 - d. State Fiscal Stabilization Fund Cluster – CFDA #84.394
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. The Organization did not qualify as a low-risk auditee.

SNAKE RIVER SCHOOL DISTRICT NO. 52

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Significant Deficiency

1. *Segregation of Duties*

Condition – Although the School has implemented various checks and balances in internal control to the degree possible given available staff, it does not have a complete segregation of duties over assets.

Criteria – Inherent in an ideal internal control structure is a complete segregation of duties over assets.

Cause – This situation is due to staffing limitations common to an entity this size.

Effect – The lack of a complete segregation of duties may increase the risk that a loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation and Response – It is requested that the School take note that this situation exists. Management has taken steps to improve in this area insofar as is possible with an entity this size. However, substantial changes cannot be expected until the benefits are deemed to outweigh the costs of hiring additional staff.

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

None.