

SNAKE RIVER SCHOOL DISTRICT NO. 52

FINANCIAL STATEMENTS

Year Ended June 30, 2012

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, 2012, 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, 2012 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 7, 2012 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 not presented the management's discussion and analysis information that governmental 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 7, 2012

BASIC FINANCIAL STATEMENTS

SNAKE RIVER SCHOOL DISTRICT NO. 52

Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash & Investments	\$4,726,476
Receivables:	
Local Sources	468,718
State Sources	152,371
Federal Sources	897,204
Inventory	30,968
Total Current Assets	<u>6,275,737</u>
Noncurrent Assets	
Nondepreciable Capital Assets	20,074
Depreciable Net Capital Assets	18,373,877
Total Noncurrent Assets	<u>18,393,951</u>
Total Assets	<u><u>\$24,669,688</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$130,991
Salaries & Benefits Payable	1,262,884
Deferred Revenue	694,070
Accrued Interest	129,979
Long-Term Debt, Current	837,857
Total Current Liabilities	<u>3,055,781</u>
Noncurrent Liabilities	
Long-Term Debt, Noncurrent	15,139,286
Total Noncurrent Liabilities	<u>15,139,286</u>
Total Liabilities	<u><u>18,195,067</u></u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,286,829
Restricted:	
Special Programs	869,913
Debt Service	1,125,490
Capital Projects	878,134
Unrestricted	1,314,255
Total Net Assets	<u>6,474,621</u>
Total Liabilities and Net Assets	<u><u>\$24,669,688</u></u>

SNAKE RIVER SCHOOL DISTRICT NO. 52

Statement of Activities
Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue And Changes in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	
Governmental Activities				Governmental Activities
Instructional Programs				
Elementary School	\$2,401,261		\$353,229	(\$2,048,032)
Secondary School	2,814,153	\$12,501	212,117	(2,589,535)
Vocational-Technical	39,333		39,333	0
Exceptional Child	726,157		297,067	(429,090)
Preschool Exceptional	99,862		15,415	(84,447)
Interscholastic	132,813			(132,813)
Support Service Programs				
Attendance - Guidance - Health	327,422		21,418	(306,004)
Special Services	145,955		56,740	(89,215)
Instructional Improvement	435,361		411,013	(24,348)
Educational Media	257,121			(257,121)
Instruction-Related Technology	249,175		133,478	(115,697)
Board of Education	12,371			(12,371)
District Administration	187,406			(187,406)
School Administration	621,311			(621,311)
Business Operation	72,641			(72,641)
Buildings - Care	552,410	3,990		(548,420)
Maintenance - Student Occupied	364,113			(364,113)
Maintenance - Grounds	62,824			(62,824)
Security	24,378			(24,378)
Pupil-To-School Transportation	674,408			(674,408)
Pupil-Activity Transportation	7,545	32,507	4,254	29,216
General Transportation	11,550			(11,550)
Non-Instructional Programs				
Child Nutrition	453,024	137,598	324,091	8,665
Capital Assets - Student Occupied	481,534			(481,534)
Capital Assets - Non-Student Occupied	0			0
Debt Service - Principal	0			0
Debt Service - Interest	395,994			(395,994)
Total	<u>\$11,550,122</u>	<u>\$186,596</u>	<u>\$1,868,155</u>	<u>\$0</u>
General Revenues				
Local Taxes				1,147,682
Other Local Revenues				86,809
State Revenues				7,816,908
Federal Revenues				8,710
Total				<u>9,060,109</u>
Change in Net Assets				(435,262)
Net Assets - Beginning				<u>6,909,883</u>
Net Assets - Ending				<u>\$6,474,621</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52

Balance Sheet - Governmental Funds

June 30, 2012

	General Fund	Child Nutrition Fund	Debt Service Fund	Capital Construction Fund
Assets				
Cash & Investments	\$2,122,693	\$100,887	\$863,870	\$532,499
Receivables:				
Local Sources	147,574	295	261,620	
State Sources	140,572			
Federal Sources				
Due From Other Funds	105,166			
Inventory		30,968		
Total Assets	<u>\$2,516,005</u>	<u>\$132,150</u>	<u>\$1,125,490</u>	<u>\$532,499</u>
Liabilities				
Accounts Payable	\$101,750	\$25		
Due To Other Funds				
Salaries & Benefits Payable	1,100,000	32,938		
Deferred Revenue	14,822		\$45,710	
Total Liabilities	<u>1,216,572</u>	<u>32,963</u>	<u>45,710</u>	<u>\$0</u>
Fund Balances				
Restricted:				
Special Programs		68,219		
Debt Service			1,079,780	
Capital Projects				532,499
Nonspendable		30,968		
Unassigned	1,299,433			
Total Fund Balances	<u>1,299,433</u>	<u>99,187</u>	<u>1,079,780</u>	<u>532,499</u>
Total Liabilities and Fund Balances	<u>\$2,516,005</u>	<u>\$132,150</u>	<u>\$1,125,490</u>	<u>\$532,499</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52

Balance Sheet - Governmental Funds

June 30, 2012

	Plant Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash & Investments	\$299,861	\$806,666	\$4,726,476
Receivables:			
Local Sources	59,229	0	468,718
State Sources		11,799	152,371
Federal Sources		897,204	897,204
Due From Other Funds		0	105,166
Inventory		0	30,968
Total Assets	<u>\$359,090</u>	<u>\$1,715,669</u>	<u>\$6,380,903</u>
Liabilities			
Accounts Payable	\$13,455	\$15,761	\$130,991
Due To Other Funds		105,166	105,166
Salaries & Benefits Payable		129,946	1,262,884
Deferred Revenue	17,859	694,070	772,461
Total Liabilities	<u>31,314</u>	<u>944,943</u>	<u>2,271,502</u>
Fund Balances			
Restricted:			
Special Programs		770,726	838,945
Debt Service		0	1,079,780
Capital Projects	327,776	0	860,275
Nonspendable		0	30,968
Unassigned		0	1,299,433
Total Fund Balances	<u>327,776</u>	<u>770,726</u>	<u>4,109,401</u>
Total Liabilities and Fund Balances	<u>\$359,090</u>	<u>\$1,715,669</u>	<u>\$6,380,903</u>

Balance Sheet - Governmental Funds

June 30, 2012

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

Total Governmental Fund Balances	\$4,109,401
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,393,951
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Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	78,391
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Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(16,107,122)
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Net Assets of Governmental Activities	<u><u>\$6,474,621</u></u>
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SNAKE RIVER SCHOOL DISTRICT NO. 52
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2012

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Capital Construction Fund</u>
Revenues				
Local Taxes	\$360,314		\$652,564	
Other Local Revenue	190,764	\$137,598		\$1,322
State Revenue	7,938,384		363,524	
Federal Revenue	255,701	324,091		
Total Revenues	<u>8,745,163</u>	<u>461,689</u>	<u>1,016,088</u>	<u>1,322</u>
Expenditures				
Instructional Programs				
Elementary School	2,153,111			
Secondary School	2,720,064			
Vocational-Technical				
Exceptional Child	429,090			
Preschool Exceptional	84,447			
Interscholastic	132,813			
Support Service Programs				
Attendance - Guidance - Health	306,004			
Special Services	89,215			
Instructional Improvement	24,348			
Educational Media	257,121			
Instruction-Related Technology	75,697			
Board of Education	12,371			
District Administration	187,406			
School Administration	621,311			
Business Operation	72,641			
Buildings - Care	552,410			
Maintenance - Student Occupied	155,909			
Maintenance - Grounds	4,303			201,405
Security	24,378			
Pupil-To-School Transportation	585,848			
Pupil-Activity Transportation	3,291			
General Transportation	11,550			
Non-Instructional Programs				
Child Nutrition	11,642	441,382		
Capital Assets - Student Occupied				457,941
Capital Assets - Non-Student Occupied				206
Debt Service - Principal			822,857	
Debt Service - Interest			399,194	
Total Expenditures	<u>8,514,970</u>	<u>441,382</u>	<u>1,222,051</u>	<u>659,552</u>
Excess (Deficiency) of Revenues Over Expenditures	230,193	20,307	(205,963)	(658,230)
Other Financing Sources (Uses)				
Transfers In	356,618			
Transfers Out	(218,909)			
Total Other Financing Sources (Uses)	<u>137,709</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	367,902	20,307	(205,963)	(658,230)
Fund Balances - Beginning	931,531	78,880	1,285,743	1,190,729
Fund Balances - Ending	<u>\$1,299,433</u>	<u>\$99,187</u>	<u>\$1,079,780</u>	<u>\$532,499</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2012

	Plant Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Local Taxes	\$135,204	\$0	\$1,148,082
Other Local Revenue	3,316	134,708	467,708
State Revenue		196,411	8,498,319
Federal Revenue		906,358	1,486,150
Total Revenues	<u>138,520</u>	<u>1,237,477</u>	<u>11,600,259</u>
Expenditures			
Instructional Programs			
Elementary School	8,865	239,285	2,401,261
Secondary School	15,020	79,069	2,814,153
Vocational-Technical		39,333	39,333
Exceptional Child		297,067	726,157
Preschool Exceptional		15,415	99,862
Interscholastic		0	132,813
Support Service Programs			
Attendance - Guidance - Health		21,418	327,422
Special Services		56,740	145,955
Instructional Improvement		411,013	435,361
Educational Media		0	257,121
Instruction-Related Technology	40,000	133,478	249,175
Board of Education		0	12,371
District Administration		0	187,406
School Administration		0	621,311
Business Operation		0	72,641
Buildings - Care		0	552,410
Maintenance - Student Occupied	223,814	0	379,723
Maintenance - Grounds	58,521	0	264,229
Security		0	24,378
Pupil-To-School Transportation		0	585,848
Pupil-Activity Transportation		4,254	7,545
General Transportation		0	11,550
Non-Instructional Programs			
Child Nutrition		0	453,024
Capital Assets - Student Occupied		0	457,941
Capital Assets - Non-Student Occupied		0	206
Debt Service - Principal		0	822,857
Debt Service - Interest		0	399,194
Total Expenditures	<u>346,220</u>	<u>1,297,072</u>	<u>12,481,247</u>
Excess (Deficiency) of Revenues Over Expenditures	(207,700)	(59,595)	(880,988)
Other Financing Sources (Uses)			
Transfers In	93,065	125,844	575,527
Transfers Out		(356,618)	(575,527)
Total Other Financing Sources (Uses)	<u>93,065</u>	<u>(230,774)</u>	<u>0</u>
Net Change in Fund Balances	(114,635)	(290,369)	(880,988)
Fund Balances - Beginning	442,411	1,061,095	4,990,389
Fund Balances - Ending	<u>\$327,776</u>	<u>\$770,726</u>	<u>\$4,109,401</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2012

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**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 (880,988)

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 105,068

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (485,399)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets. 822,857

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the 3,200

Change in Net Assets of Governmental Activities (\$435,262)

SNAKE RIVER SCHOOL DISTRICT NO. 52

Statement of Fiduciary Net Assets

June 30, 2012

	Agency Funds - Student Activity
Assets	
Cash & Investments	\$130,903
Total Assets	<u>\$130,903</u>
Liabilities	
Due to Student Groups	\$130,903
Total Liabilities	<u>130,903</u>
Net Assets	
Total Net Assets	<u>0</u>
Total Liabilities and Net Assets	<u>\$130,903</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 Bingham County.

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 through 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.

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.

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.

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

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	\$184,059
Investments - Local Government Investment Pool	4,673,320
Total	<u><u>\$4,857,379</u></u>

Deposits – At year end, the carrying amounts of the School's deposits were \$184,059 and the bank balances were \$295,657. Of the bank balances, \$295,657 was insured.

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 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	\$137,300		\$261,620	\$59,229
Other Local Sources	10,274	\$295		
Total	<u>\$147,574</u>	<u>\$295</u>	<u>\$261,620</u>	<u>\$59,229</u>
State Sources				
Foundation Program	\$101,306			
Special Programs	39,266	\$11,799		
Total	<u>\$140,572</u>	<u>\$11,799</u>		
Federal Sources				
Special Programs		\$897,204		
Total		<u>\$897,204</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	\$78,391	
Grant Advances	694,070	\$694,070
Total	<u>\$772,461</u>	<u>\$694,070</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	15,923,939	\$644,059	\$16,567,998	0
Total	<u>15,944,013</u>	<u>644,059</u>	<u>16,567,998</u>	<u>20,074</u>
Depreciable Capital Assets				
Buildings	9,644,062	16,567,998		26,212,060
Equipment	667,498	15,610	59,743	623,365
Transportation	1,687,448		93,934	1,593,514
Subtotal	<u>11,999,008</u>	<u>16,583,608</u>	<u>153,677</u>	<u>28,428,939</u>
Accumulated Depreciation				
Buildings	7,908,520	457,885		8,366,405
Equipment	566,270	8,156	59,743	514,683
Transportation	1,179,348	88,560	93,934	1,173,974
Subtotal	<u>9,654,138</u>	<u>554,601</u>	<u>153,677</u>	<u>10,055,062</u>
Total	<u>2,344,870</u>	<u>16,029,007</u>	<u>0</u>	<u>18,373,877</u>
Net Capital Assets	<u><u>\$18,288,883</u></u>	<u><u>\$16,673,066</u></u>	<u><u>\$16,567,998</u></u>	<u><u>\$18,393,951</u></u>

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	\$466,041
Pupil-To-School Transportation	88,560
Total	<u><u>\$554,601</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	\$4,457,143
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	11,520,000
Total	<u><u>\$15,977,143</u></u>

Maturities on the bonds are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
6/30/13	837,857	384,987
6/30/14	847,857	374,987
6/30/15	857,857	364,143
6/30/16	867,857	351,788
6/30/17	882,857	338,475
6/30/18-22	4,639,285	1,435,206
6/30/23-27	4,973,573	820,617
6/30/28-29	2,070,000	83,600
Total	<u><u>\$15,977,143</u></u>	<u><u>\$4,153,803</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	\$4,800,000		\$342,857	\$4,457,143	\$342,857
2009 G.O. Bonds	12,000,000		480,000	11,520,000	495,000
Total	<u><u>\$16,800,000</u></u>	<u><u>\$0</u></u>	<u><u>\$822,857</u></u>	<u><u>\$15,977,143</u></u>	<u><u>\$837,857</u></u>

Interest and related costs during the year amounted to \$395,994 and were charged to the debt service – interest program.

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

The actuarially determined contribution requirements of the School and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2012, the required contribution rate as a percentage of covered 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 for state and school employees while employed and pays insurance premiums 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 during active employment. The School's employer contributions required and paid were \$717,808, \$755,940, and \$828,816, for the three years ended June 30, 2012, 2011, and 2010 respectively.

H. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

	Due From Fund	
	Nonmajor	
	Governmental	Total
Due To Fund		
General	\$105,166	\$105,166
Total	\$105,166	\$105,166

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.

SNAKE RIVER SCHOOL DISTRICT NO. 52

Notes to Financial Statements

Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General	\$356,618	\$218,909	General support, capital outlay
Plant Facilities	93,065		Capital outlay
Nonmajor Governmental	125,844	356,618	General support, capital outlay
Total	<u>\$575,527</u>	<u>\$575,527</u>	

REQUIRED SUPPLEMENTAL INFORMATION

SNAKE RIVER SCHOOL DISTRICT NO. 52

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2012

General Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			
	Original	Final	Amounts	Variance
				Positive
				(Negative)
Revenues				
Local Taxes	\$375,000	\$375,000	\$360,314	(\$14,686)
Other Local Revenue	124,300	124,300	190,764	66,464
State Revenue	7,878,455	7,878,455	7,938,384	59,929
Federal Revenue	8,000	8,000	255,701	247,701
Total Revenues	8,385,755	8,385,755	8,745,163	359,408
Expenditures				
Instructional Programs				
Elementary School	2,108,134	2,108,134	2,153,111	(44,977)
Secondary School	2,701,243	2,701,243	2,720,064	(18,821)
Exceptional Child	441,982	441,982	429,090	12,892
Preschool Exceptional	85,584	85,584	84,447	1,137
Interscholastic	138,558	138,558	132,813	5,745
Support Service Programs				
Attendance - Guidance - Health	304,375	304,375	306,004	(1,629)
Special Services	93,824	93,824	89,215	4,609
Instructional Improvement	39,724	39,724	24,348	15,376
Educational Media	265,156	265,156	257,121	8,035
Instruction-Related Technology	89,506	89,506	75,697	13,809
Board of Education	10,030	10,030	12,371	(2,341)
District Administration	204,674	204,674	187,406	17,268
School Administration	689,284	689,284	621,311	67,973
Business Operation	76,771	76,771	72,641	4,130
Buildings - Care	637,376	637,376	552,410	84,966
Maintenance - Student Occupied	155,326	155,326	155,909	(583)
Maintenance - Grounds	6,854	6,854	4,303	2,551
Security	24,000	24,000	24,378	(378)
Pupil-To-School Transportation	619,670	619,670	585,848	33,822
Pupil-Activity Transportation	28,403	28,403	3,291	25,112
General Transportation	5,000	5,000	11,550	(6,550)
Non-Instructional Programs				
Child Nutrition	12,900	12,900	11,642	1,258
Capital Assets - Student Occupied	365,629	365,629	0	365,629
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	9,104,003	9,104,003	8,514,970	589,033 *
Excess (Deficiency) of Revenues				
Over Expenditures	(718,248)	(718,248)	230,193	948,441
Other Financing Sources (Uses)				
Transfers In	356,618	356,618	356,618	0
Transfers Out	(129,000)	(129,000)	(218,909)	(89,909)
Total Other Financing Sources (Uses)	227,618	227,618	137,709	(89,909)
Net Change in Fund Balances	(490,630)	(490,630)	367,902	858,532
Fund Balances - Beginning	490,630	490,630	931,531	440,901
Fund Balances - Ending	\$0	\$0	\$1,299,433	\$1,299,433

*Total expenditures (over) under appropriations.

SNAKE RIVER SCHOOL DISTRICT NO. 52

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended June 30, 2012

Child Nutrition Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Other Local Revenue	\$167,100	\$167,100	\$137,598	(\$29,502)
Federal Revenue	300,000	300,000	324,091	24,091
Total Revenues	<u>467,100</u>	<u>467,100</u>	<u>461,689</u>	<u>(5,411)</u>
Expenditures				
Non-Instructional Programs				
Child Nutrition	467,100	467,100	441,382	25,718
Total Expenditures	<u>467,100</u>	<u>467,100</u>	<u>441,382</u>	<u>25,718</u> *
Excess (Deficiency) of Revenues				
Over Expenditures	0	0	20,307	20,307
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	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	20,307	20,307
Fund Balances - Beginning	0	0	78,880	78,880
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$99,187</u>	<u>\$99,187</u>

*Total expenditures (over) under appropriations.

SUPPLEMENTARY INFORMATION

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Funds			
	Limited English Proficiency	Idaho Reading Indicator	SREF Grants	Adequate Yearly Progress
Assets				
Cash & Investments	\$10,470	\$9,096	\$8,931	
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	<u>\$10,470</u>	<u>\$9,096</u>	<u>\$8,931</u>	<u>\$0</u>
Liabilities				
Accounts Payable			\$1,712	
Due To Other Funds				
Salaries & Benefits Payable	\$10,470	\$7,616		
Deferred Revenue				
Total Liabilities	<u>10,470</u>	<u>7,616</u>	<u>1,712</u>	<u>\$0</u>
Fund Balances				
Restricted:				
Special Programs	0	1,480	7,219	0
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>0</u>	<u>1,480</u>	<u>7,219</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$10,470</u>	<u>\$9,096</u>	<u>\$8,931</u>	<u>\$0</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Funds			
	ISAT Remediation	LEP Enhancement Grant	Driver Education	Medicaid Support
Assets				
Cash & Investments	\$69,622		\$12,255	\$680,020
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	<u>\$69,622</u>	<u>\$0</u>	<u>\$12,255</u>	<u>\$680,020</u>
Liabilities				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable	\$6,973		\$1,377	\$2,192
Deferred Revenue				
Total Liabilities	<u>6,973</u>	<u>\$0</u>	<u>1,377</u>	<u>2,192</u>
Fund Balances				
Restricted:				
Special Programs	62,649	0	10,878	677,828
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	<u>62,649</u>	<u>0</u>	<u>10,878</u>	<u>677,828</u>
Total Liabilities and Fund Balances	<u>\$69,622</u>	<u>\$0</u>	<u>\$12,255</u>	<u>\$680,020</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Funds			
	School Building Maintenance	Professional Technical	Technology	Substance Abuse
Assets				
Cash & Investments			\$10,796	
Receivables:				
Local Sources				
State Sources		\$11,799		
Federal Sources				
Due From Other Funds				
Inventory				
Total Assets	\$0	\$11,799	\$10,796	\$0
Liabilities				
Accounts Payable		\$8,449	\$124	
Due To Other Funds		3,350		
Salaries & Benefits Payable				
Deferred Revenue				
Total Liabilities	\$0	11,799	124	\$0
Fund Balances				
Restricted:				
Special Programs	0	0	10,672	0
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
Total Fund Balances	0	0	10,672	0
Total Liabilities and Fund Balances	\$0	\$11,799	\$10,796	\$0

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2012

	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	\$122,477	\$7,882	\$415,625	\$22,179
Due From Other Funds				
Inventory				
Total Assets	<u>\$122,477</u>	<u>\$7,882</u>	<u>\$415,625</u>	<u>\$22,179</u>
Liabilities				
Accounts Payable				
Due To Other Funds	\$17,880	\$2,901	\$31,621	\$1,301
Salaries & Benefits Payable	25,542	2,704	47,056	1,932
Deferred Revenue	79,055	2,277	336,948	18,946
Total Liabilities	<u>122,477</u>	<u>7,882</u>	<u>415,625</u>	<u>22,179</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>\$122,477</u>	<u>\$7,882</u>	<u>\$415,625</u>	<u>\$22,179</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Funds			
	Perkins III Professional Technical Act	Title III ESEA LILEP&I	Title II-A Improving Teacher Quality	Title II-D Technology
Assets				
Cash & Investments				\$5,476
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$20,017	\$42,130	\$56,389	
Due From Other Funds				
Inventory				
Total Assets	<u>\$20,017</u>	<u>\$42,130</u>	<u>\$56,389</u>	<u>\$5,476</u>
Liabilities				
Accounts Payable				\$5,476
Due To Other Funds	\$14,854	\$6,212	\$10,498	
Salaries & Benefits Payable	5,163	1,222	6,978	
Deferred Revenue		34,696	38,913	
Total Liabilities	<u>20,017</u>	<u>42,130</u>	<u>56,389</u>	<u>\$5,476</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>\$20,017</u>	<u>\$42,130</u>	<u>\$56,389</u>	<u>\$5,476</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
	<u>Title I School Improvement</u>	<u>Lottery</u>	
Assets			
Cash & Investments			\$806,666
Receivables:			
Local Sources			0
State Sources			11,799
Federal Sources	\$210,505		897,204
Due From Other Funds			0
Inventory			0
Total Assets	<u>\$210,505</u>	<u>\$0</u>	<u>\$1,715,669</u>
Liabilities			
Accounts Payable			\$15,761
Due To Other Funds	\$16,549		105,166
Salaries & Benefits Payable	10,721		129,946
Deferred Revenue	183,235		694,070
Total Liabilities	<u>210,505</u>	<u>\$0</u>	<u>944,943</u>
Fund Balances			
Restricted:			
Special Programs			770,726
Debt Service			0
Capital Projects	0	0	0
Nonspendable			0
Unassigned			0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>770,726</u>
Total Liabilities and Fund Balances	<u>\$210,505</u>	<u>\$0</u>	<u>\$1,715,669</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2012

	Special Revenue Funds			
	Limited English Proficiency	Idaho Reading Indicator	SREF Grants	Adequate Yearly Progress
Revenues				
Local Taxes				
Other Local Revenue			\$9,710	
State Revenue	\$42,138	\$14,060		
Federal Revenue				
Total Revenues	<u>42,138</u>	<u>14,060</u>	<u>9,710</u>	<u>\$0</u>
Expenditures				
Instructional Programs				
Elementary School	60,138		7,735	
Secondary School			2,398	
Vocational-Technical				
Exceptional Child				
Preschool Exceptional				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement		50,983		
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
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>60,138</u>	<u>50,983</u>	<u>10,133</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(18,000)	(36,923)	(423)	0
Other Financing Sources (Uses)				
Transfers In	18,000			
Transfers Out				(41,428)
Total Other Financing Sources (Uses)	<u>18,000</u>	<u>0</u>	<u>0</u>	<u>(41,428)</u>
Net Change in Fund Balances	0	(36,923)	(423)	(41,428)
Fund Balances - Beginning	<u>0</u>	<u>38,403</u>	<u>7,642</u>	<u>41,428</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$1,480</u>	<u>\$7,219</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, 2012

	Special Revenue Funds			
	ISAT Remediation	LEP Enhancement Grant	Driver Education	Medicaid Support
Revenues				
Local Taxes				
Other Local Revenue			\$12,501	\$105,647
State Revenue	\$29,638		10,625	
Federal Revenue				
Total Revenues	<u>29,638</u>	<u>\$0</u>	<u>23,126</u>	<u>105,647</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School			22,455	
Vocational-Technical				
Exceptional Child				9,750
Preschool Exceptional				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement	44,876	4,877		
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
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>44,876</u>	<u>4,877</u>	<u>22,455</u>	<u>9,750</u>
Excess (Deficiency) of Revenues Over Expenditures	(15,238)	(4,877)	671	95,897
Other Financing Sources (Uses)				
Transfers In	45,000			
Transfers Out				
Total Other Financing Sources (Uses)	<u>45,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	29,762	(4,877)	671	95,897
Fund Balances - Beginning	<u>32,887</u>	<u>4,877</u>	<u>10,207</u>	<u>581,931</u>
Fund Balances - Ending	<u>\$62,649</u>	<u>\$0</u>	<u>\$10,878</u>	<u>\$677,828</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended June 30, 2012

	Special Revenue Funds			
	School Building Maintenance	Professional Technical	Technology	Substance Abuse
Revenues				
Local Taxes				
Other Local Revenue		\$6,850		
State Revenue		44,330	\$55,620	
Federal Revenue				
Total Revenues	<u>\$0</u>	<u>51,180</u>	<u>55,620</u>	<u>\$0</u>
Expenditures				
Instructional Programs				
Elementary School				
Secondary School				
Vocational-Technical		39,333		
Exceptional Child				
Preschool Exceptional				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement		14,691		
Educational Media				
Instruction-Related Technology			133,478	
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
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>0</u>	<u>54,024</u>	<u>133,478</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(2,844)	(77,858)	0
Other Financing Sources (Uses)				
Transfers In		2,844	60,000	
Transfers Out	(96,475)			(17,210)
Total Other Financing Sources (Uses)	<u>(96,475)</u>	<u>2,844</u>	<u>60,000</u>	<u>(17,210)</u>
Net Change in Fund Balances	(96,475)	0	(17,858)	(17,210)
Fund Balances - Beginning	96,475	0	28,530	17,210
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$10,672</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, 2012

	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	\$195,266	\$21,881	\$344,057	\$15,790
Total Revenues	<u>195,266</u>	<u>21,881</u>	<u>344,057</u>	<u>15,790</u>
Expenditures				
Instructional Programs				
Elementary School	146,143	463		
Secondary School	2,332			
Vocational-Technical				
Exceptional Child			287,317	
Preschool Exceptional				15,415
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health		21,418		
Special Services			56,740	
Instructional Improvement	46,791			375
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
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>195,266</u>	<u>21,881</u>	<u>344,057</u>	<u>15,790</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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, 2012

	<u>Special Revenue Funds</u>			
	<u>Perkins III Professional Technical Act</u>	<u>Title III ESEA LILEP&I</u>	<u>Title II-A Improving Teacher Quality</u>	<u>Title II-D Technology</u>
Revenues				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$20,017	\$24,806	\$97,926	\$10,825
Total Revenues	<u>20,017</u>	<u>24,806</u>	<u>97,926</u>	<u>10,825</u>
Expenditures				
Instructional Programs				
Elementary School		24,806		
Secondary School				
Vocational-Technical				
Exceptional Child				
Preschool Exceptional				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Services				
Instructional Improvement	20,017		97,926	10,825
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
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>20,017</u>	<u>24,806</u>	<u>97,926</u>	<u>10,825</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
	<u>Title I School Improvement</u>	<u>Lottery</u>	
Revenues			
Local Taxes			\$0
Other Local Revenue			134,708
State Revenue			196,411
Federal Revenue	\$175,790		906,358
Total Revenues	<u>175,790</u>	<u>\$0</u>	<u>1,237,477</u>
Expenditures			
Instructional Programs			
Elementary School			239,285
Secondary School	51,884		79,069
Vocational-Technical			39,333
Exceptional Child			297,067
Preschool Exceptional			15,415
Interscholastic			0
Support Service Programs			0
Attendance - Guidance - Health			21,418
Special Services			56,740
Instructional Improvement	119,652		411,013
Educational Media			0
Instruction-Related Technology			133,478
Board of Education			0
District Administration			0
School Administration			0
Business Operation			0
Buildings - Care			0
Maintenance - Student Occupied			0
Maintenance - Grounds			0
Security			0
Pupil-To-School Transportation			0
Pupil-Activity Transportation	4,254		4,254
General Transportation			0
Non-Instructional Programs			0
Child Nutrition			0
Capital Assets - Student Occupied			0
Capital Assets - Non-Student Occupied			0
Debt Service - Principal			0
Debt Service - Interest			0
Total Expenditures	<u>175,790</u>	<u>0</u>	<u>1,297,072</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(59,595)
Other Financing Sources (Uses)			
Transfers In			125,844
Transfers Out		(201,505)	(356,618)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(201,505)</u>	<u>(230,774)</u>
Net Change in Fund Balances	0	(201,505)	(290,369)
Fund Balances - Beginning	<u>0</u>	<u>201,505</u>	<u>1,061,095</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$770,726</u>

SNAKE RIVER SCHOOL DISTRICT NO. 52

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

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	\$35,949
ARRA - National School Lunch Program	10.555	10.555	288,142
Total Child Nutrition Cluster			<u>324,091</u>
Total US Dept of Agriculture			<u>324,091</u>
US Dept of Education			
<i>Direct Program:</i>			
Impact Aid Cluster:			
Impact Aid	84.041	84.041	8,710
Total Impact Aid Cluster			<u>8,710</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	195,266
Total Title I, Part A Cluster			<u>195,266</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	84.027	344,057
Special Education - Preschool Grants	84.173	84.173	15,790
Total Special Education Cluster			<u>359,847</u>
School Improvement Grants Cluster:			
ARRA - School Improvement Grants	84.388	84.388	175,790
Total School Improvement Grants Cluster			<u>175,790</u>
Migrant Education - State Grant Program	84.011	84.011	21,881
Career & Technical Education - Basic Grants to States	84.048	84.048	20,017
English Language Acquisition Grants	84.365	84.365	24,806
Improving Teacher Quality State Grants	84.367	84.367	97,926
ARRA - Education Technology State Grants	84.386	84.386	10,825
Education Jobs Fund	84.410	84.410	246,991
Total US Dept of Education			<u>1,162,059</u>
Total Expenditures of Federal Awards			<u>\$1,486,150</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 \$40,392.

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, 2012, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School is responsible for establishing and maintaining effective 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 7, 2012

**Independent Auditor’s Report on Compliance With Requirements
That Could Have a Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Trustees
Snake River School District No. 52

Compliance

We have audited Snake River School District No. 52’s (the School’s) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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 7, 2012

SNAKE RIVER SCHOOL DISTRICT NO. 52

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

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 Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133. 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
 - b. Special Education Cluster – CFDA #84.027, 84.173
 - c. Education Jobs Fund – CFDA #84.410
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. The School did qualify as a low-risk auditee.

SNAKE RIVER SCHOOL DISTRICT NO. 52

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

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.