

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2013**

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

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**FINANCIAL SECTION**

Audits  
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## Independent Auditor's Report

Board of Trustees  
Snake River School District No. 52

### Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information listed as required supplementary 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining fund financial statements, and schedule of expenditures of federal awards (as required by Office

of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Schools*) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic 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 basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2013, 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* in considering the School's internal control over financial reporting and compliance.

***Quest CPAs, P.C.***

Payette, Idaho  
August 6, 2013

## **BASIC FINANCIAL STATEMENTS**



**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Statement of Net Position

June 30, 2013

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Current Assets	
Cash & Investments	\$3,677,624
Receivables:	
Local Sources	447,330
State Sources	123,295
Federal Sources	1,030,467
Inventory	31,395
Total Current Assets	<u>5,310,111</u>
Noncurrent Assets	
Nondepreciable Capital Assets	20,074
Depreciable Net Capital Assets	<u>17,785,518</u>
Total Noncurrent Assets	<u>17,805,592</u>
<b>Total Assets</b>	<b><u><u>\$23,115,703</u></u></b>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$199,421
Salaries & Benefits Payable	1,328,740
Accrued Interest	126,679
Long-Term Debt, Current	847,857
Total Current Liabilities	<u>2,502,697</u>
Noncurrent Liabilities	
Long-Term Debt, Noncurrent	<u>14,291,429</u>
Total Noncurrent Liabilities	<u>14,291,429</u>
<b>Total Liabilities</b>	<b><u>16,794,126</u></b>
<b>Deferred Inflows of Resources</b>	
Current Deferred Inflows of Resources	
Unspent Grant Allocation	<u>689,610</u>
Total Current Deferred Inflows of Resources	<u>689,610</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>689,610</u></b>
<b>Net Position</b>	
Net Investment in Capital Assets	2,539,627
Restricted:	
Special Programs	902,315
Debt Service	951,823
Capital Projects	432,590
Unrestricted	<u>805,612</u>
<b>Total Net Position</b>	<b><u>5,631,967</u></b>
<b>Total Liabilities and Deferred Inflows of Resources and Net Position</b>	<b><u><u>\$23,115,703</u></u></b>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Statement of Activities  
Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue And Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	
<b>Governmental Activities</b>				
Instructional Programs				
Elementary School	\$2,612,161		\$405,992	(\$2,206,169)
Secondary School	2,989,627	\$14,563	215,469	(2,759,595)
Vocational-Technical	131,248		131,248	0
Special Education	823,396		405,467	(417,929)
Special Education Preschool	103,689		14,817	(88,872)
Interscholastic	137,904			(137,904)
Support Service Programs				
Attendance - Guidance - Health	350,987		22,115	(328,872)
Special Education Support Services	165,648		68,311	(97,337)
Instructional Improvement	383,421		336,015	(47,406)
Educational Media	272,863			(272,863)
Instruction-Related Technology	216,413		106,376	(110,037)
Board of Education	13,331			(13,331)
District Administration	215,838			(215,838)
School Administration	713,963		23,729	(690,234)
Business Operation	73,595			(73,595)
Buildings - Care	565,148	5,340		(559,808)
Maintenance - Student Occupied	458,242			(458,242)
Maintenance - Grounds	141,595			(141,595)
Security	25,876			(25,876)
Pupil-To-School Transportation	673,842			(673,842)
Pupil-Activity Transportation	1,671	29,137		27,466
General Transportation	11,632			(11,632)
Non-Instructional Programs				
Child Nutrition	456,602	122,712	305,979	(27,911)
Capital Assets - Student Occupied	678,514			(678,514)
Capital Assets - Non-Student Occupied	300			(300)
Debt Service - Principal	0			0
Debt Service - Interest	386,188			(386,188)
<b>Total</b>	<u>\$12,603,694</u>	<u>\$171,752</u>	<u>\$2,035,518</u>	<u>\$0</u>
<b>General Revenues</b>				
Local Taxes				1,207,036
Other Local Revenues				118,578
State Revenues				8,218,188
Federal Revenues				9,968
<b>Total</b>				<u>9,553,770</u>
<b>Change in Net Position</b>				(842,654)
<b>Net Position - Beginning</b>				<u>6,474,621</u>
<b>Net Position - Ending</b>				<u>\$5,631,967</u>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Balance Sheet - Governmental Funds

June 30, 2013

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Capital Construction Fund</u>
<b>Assets</b>				
Cash & Investments	\$1,606,338	\$85,103	\$696,491	\$376,442
Receivables:				
Local Sources	141,102		255,332	
State Sources	109,519			
Federal Sources				
Due From Other Funds	225,957			
Inventory		31,395		
<b>Total Assets</b>	<u>\$2,082,916</u>	<u>\$116,498</u>	<u>\$951,823</u>	<u>\$376,442</u>
<b>Liabilities</b>				
Accounts Payable	\$128,732	\$1,631		
Due To Other Funds				
Salaries & Benefits Payable	1,148,572	32,043		
<b>Total Liabilities</b>	<u>1,277,304</u>	<u>33,674</u>	<u>\$0</u>	<u>\$0</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues	21,786		44,526	
Unspent Grant Allocation				
<b>Total Deferred Inflows of Resources</b>	<u>21,786</u>	<u>0</u>	<u>44,526</u>	<u>0</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs		51,429		
Debt Service			907,297	
Capital Projects				376,442
Nonspendable		31,395		
Unassigned	783,826			
<b>Total Fund Balances</b>	<u>783,826</u>	<u>82,824</u>	<u>907,297</u>	<u>376,442</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$2,082,916</u>	<u>\$116,498</u>	<u>\$951,823</u>	<u>\$376,442</u>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Balance Sheet - Governmental Funds

June 30, 2013

	<b>Plant Facilities Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash & Investments	\$32,032	\$881,218	\$3,677,624
Receivables:			
Local Sources	48,690	2,206	447,330
State Sources		13,776	123,295
Federal Sources		1,030,467	1,030,467
Due From Other Funds		0	225,957
Inventory		0	31,395
<b>Total Assets</b>	<u>\$80,722</u>	<u>\$1,927,667</u>	<u>\$5,536,068</u>
 <b>Liabilities</b>			
Accounts Payable	\$26,706	\$42,352	\$199,421
Due To Other Funds		225,957	225,957
Salaries & Benefits Payable		148,125	1,328,740
<b>Total Liabilities</b>	<u>26,706</u>	<u>416,434</u>	<u>1,754,118</u>
 <b>Deferred Inflows of Resources</b>			
Unavailable Tax Revenues	10,744	0	77,056
Unspent Grant Allocation		689,610	689,610
<b>Total Deferred Inflows of Resources</b>	<u>10,744</u>	<u>689,610</u>	<u>766,666</u>
 <b>Fund Balances</b>			
Restricted:			
Special Programs		819,491	870,920
Debt Service		0	907,297
Capital Projects	43,272	2,132	421,846
Nonspendable		0	31,395
Unassigned		0	783,826
<b>Total Fund Balances</b>	<u>43,272</u>	<u>821,623</u>	<u>3,015,284</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$80,722</u>	<u>\$1,927,667</u>	<u>\$5,536,068</u>

## Balance Sheet - Governmental Funds

June 30, 2013

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities**

<b>Total Governmental Fund Balances</b>	\$3,015,284
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,805,592
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Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	77,056
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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.	(15,265,965)
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<b>Net Position of Governmental Activities</b>	<u><u>\$5,631,967</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, 2013

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Capital Construction Fund</u>
<b>Revenues</b>				
Local Taxes	\$374,657		\$701,099	
Other Local Revenue	196,489	\$122,712		\$937
State Revenue	7,864,425		353,763	
Federal Revenue	9,968	305,979		
<b>Total Revenues</b>	<u>8,445,539</u>	<u>428,691</u>	<u>1,054,862</u>	<u>937</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	2,194,951			
Secondary School	2,755,391			
Vocational-Technical				
Special Education	417,929			
Special Education Preschool	88,872			
Interscholastic	137,904			
Support Service Programs				
Attendance - Guidance - Health	328,872			
Special Education Support Services	97,337			
Instructional Improvement	47,406			
Educational Media	272,863			
Instruction-Related Technology	80,015			
Board of Education	13,331			
District Administration	215,082			
School Administration	690,234			
Business Operation	73,595			
Buildings - Care	565,148			
Maintenance - Student Occupied	180,923			
Maintenance - Grounds	4,836			153,007
Security	25,876			
Pupil-To-School Transportation	588,454			
Pupil-Activity Transportation	1,671			
General Transportation	11,632			
Non-Instructional Programs				
Child Nutrition	11,548	445,054		
Capital Assets - Student Occupied				3,987
Capital Assets - Non-Student Occupied				
Debt Service - Principal			837,857	
Debt Service - Interest			389,488	
<b>Total Expenditures</b>	<u>8,803,870</u>	<u>445,054</u>	<u>1,227,345</u>	<u>156,994</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(358,331)	(16,363)	(172,483)	(156,057)
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out	(157,276)			
<b>Total Other Financing Sources (Uses)</b>	<u>(157,276)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(515,607)	(16,363)	(172,483)	(156,057)
<b>Fund Balances - Beginning</b>	1,299,433	99,187	1,079,780	532,499
<b>Fund Balances - Ending</b>	<u>\$783,826</u>	<u>\$82,824</u>	<u>\$907,297</u>	<u>\$376,442</u>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2013

	<b>Plant Facilities Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Local Taxes	\$132,615	\$0	\$1,208,371
Other Local Revenue	1,221	205,629	526,988
State Revenue		443,908	8,662,096
Federal Revenue		1,048,973	1,364,920
<b>Total Revenues</b>	<u>133,836</u>	<u>1,698,510</u>	<u>11,762,375</u>
<b>Expenditures</b>			
Instructional Programs			
Elementary School	11,218	405,992	2,612,161
Secondary School	18,767	215,469	2,989,627
Vocational-Technical		131,248	131,248
Special Education		405,467	823,396
Special Education Preschool		14,817	103,689
Interscholastic		0	137,904
Support Service Programs			
Attendance - Guidance - Health		22,115	350,987
Special Education Support Services		68,311	165,648
Instructional Improvement		336,015	383,421
Educational Media		0	272,863
Instruction-Related Technology	41,582	106,376	227,973
Board of Education		0	13,331
District Administration	756	0	215,838
School Administration		23,729	713,963
Business Operation		0	73,595
Buildings - Care		0	565,148
Maintenance - Student Occupied	277,319	0	458,242
Maintenance - Grounds	65,696	0	223,539
Security		0	25,876
Pupil-To-School Transportation		0	588,454
Pupil-Activity Transportation		0	1,671
General Transportation		0	11,632
Non-Instructional Programs			
Child Nutrition		0	456,602
Capital Assets - Student Occupied		0	3,987
Capital Assets - Non-Student Occupied		78,352	78,352
Debt Service - Principal		0	837,857
Debt Service - Interest		0	389,488
<b>Total Expenditures</b>	<u>415,338</u>	<u>1,807,891</u>	<u>12,856,492</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(281,502)	(109,381)	(1,094,117)
<b>Other Financing Sources (Uses)</b>			
Transfers In		157,276	157,276
Transfers Out		0	(157,276)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>157,276</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(281,502)	47,895	(1,094,117)
<b>Fund Balances - Beginning</b>	324,774	773,728	4,109,401
<b>Fund Balances - Ending</b>	<u>\$43,272</u>	<u>\$821,623</u>	<u>\$3,015,284</u>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2013

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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** (\$1,094,117)

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. (588,359)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (1,335)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 837,857

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 3,300

**Change in Net Position of Governmental Activities** (\$842,654)



**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Statement of Fiduciary Net Position

June 30, 2013

	<b>Agency Funds - Student Activity</b>
<b>Assets</b>	
Cash & Investments	\$170,741
<b>Total Assets</b>	<u>\$170,741</u>
<b>Liabilities</b>	
Due to Student Groups	\$170,741
<b>Total Liabilities</b>	<u>170,741</u>
<b>Net Position</b>	
<b>Total Net Position</b>	<u>0</u>
<b>Total Liabilities and Net Position</b>	<u>\$170,741</u>

## SNAKE RIVER SCHOOL DISTRICT NO. 52

### Notes to Financial Statements

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

## SNAKE RIVER SCHOOL DISTRICT NO. 52

### Notes to Financial Statements

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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 and fiduciary fund financial statements are presented on the accrual basis of accounting. 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 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 inflows of resources on its financial statements. For the fund financial statements, deferred inflows of resources arise when assets (i.e. receivables) are recorded before the related revenues are available (i.e. before both the "measurable" and

## SNAKE RIVER SCHOOL DISTRICT NO. 52

### Notes to Financial Statements

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"available" criteria for revenue recognition in the current period are met). 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. At yearend, any unspent grant allocations are reported as receivables and offset by deferred inflows of resources in an account called unspent grant allocation.

**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 Position** – Net position is assets plus deferred outflows of resources (when they exist) less liabilities less deferred inflows of resources (when they exist). The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt that are attributable to the acquisition, improvement, or construction of those assets and adjusted for any related deferred outflows or inflows of resources (when they exist). Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources (when they exist) related to those assets. Restricted assets are assets less related debt that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties.

## SNAKE RIVER SCHOOL DISTRICT NO. 52

### Notes to Financial Statements

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**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 then assigned resources before using unassigned 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 20<sup>th</sup> and June 20<sup>th</sup>. 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

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**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	\$810,973
Investments - Local Government Investment Pool	3,037,392
<b>Total</b>	<u><u>\$3,848,365</u></u>

**Deposits** – At year end, the carrying amounts of the School's deposits were \$810,973 and the bank balances were \$916,943. Of the bank balances, \$300,977 was insured, \$458,000 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 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

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**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	\$135,133		\$255,332	\$48,690
Other Local Sources	5,969			2,206
<b>Total</b>	<u>\$141,102</u>		<u>\$255,332</u>	<u>\$50,896</u>
State Sources				
Foundation Program	\$70,252			
Special Programs	39,267	\$13,776		
<b>Total</b>	<u>\$109,519</u>	<u>\$13,776</u>		
Federal Sources				
Special Programs		\$1,030,467		
<b>Total</b>		<u>\$1,030,467</u>		

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Notes to Financial Statements

**D. 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
<b>Total</b>	<u>20,074</u>	<u>\$0</u>	<u>\$0</u>	<u>20,074</u>
Depreciable Capital Assets				
Buildings	26,212,060	81,944		26,294,004
Equipment	623,365	11,560		634,925
Transportation	1,593,514	78,052		1,671,566
Subtotal	<u>28,428,939</u>	<u>171,556</u>	<u>0</u>	<u>28,600,495</u>
Accumulated Depreciation				
Buildings	8,366,405	657,350		9,023,755
Equipment	514,683	17,177		531,860
Transportation	1,173,974	85,388		1,259,362
Subtotal	<u>10,055,062</u>	<u>759,915</u>	<u>0</u>	<u>10,814,977</u>
<b>Total</b>	<u>18,373,877</u>	<u>(588,359)</u>	<u>0</u>	<u>17,785,518</u>
<b>Net Capital Assets</b>	<u>\$18,393,951</u>	<u>(\$588,359)</u>	<u>\$0</u>	<u>\$17,805,592</u>

Depreciation expense was charged to the following programs:

Capital Assets - Student Occupied	\$674,527
Pupil-To-School Transportation	85,388
<b>Total</b>	<u>\$759,915</u>



**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Notes to Financial Statements

**E. LONG-TERM DEBT**

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

	<u><b>Outstanding</b></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	\$4,114,286
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	<u>11,025,000</u>
<b>Total</b>	<u><u>\$15,139,286</u></u>

Maturities on the bonds are estimated as follows:

<u><b>Year Ended</b></u>	<u><b>Principal</b></u>	<u><b>Interest</b></u>
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	892,857	324,163
6/30/19-23	4,739,285	1,329,680
6/30/24-28	4,995,716	664,480
6/30/29	<u>1,055,000</u>	<u>21,100</u>
<b>Total</b>	<u><u>\$15,139,286</u></u>	<u><u>\$3,768,816</u></u>

Changes in long-term debt are as follows:

<u><b>Description</b></u>	<u><b>Beginning Balance</b></u>	<u><b>Increases</b></u>	<u><b>Decreases</b></u>	<u><b>Ending Balance</b></u>	<u><b>Due Within One Year</b></u>
2009 Q.S.C. Bonds	\$4,457,143		\$342,857	\$4,114,286	\$342,857
2009 G.O. Bonds	11,520,000		495,000	11,025,000	505,000
<b>Total</b>	<u><u>\$15,977,143</u></u>	<u><u>\$0</u></u>	<u><u>\$837,857</u></u>	<u><u>\$15,139,286</u></u>	<u><u>\$847,857</u></u>

Interest and related costs during the year amounted to \$386,188 and were charged to the debt service – interest program.

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Notes to Financial Statements

**F. 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](http://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, 2013, 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 \$769,658, \$717,808, and \$755,940, for the three years ended June 30, 2013, 2012, and 2011 respectively.

**G. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at year end consist of the following:

	<u>Due From Fund</u>	
	<u>Nonmajor</u>	<u>Total</u>
<u>Due To Fund</u>		
General	\$225,957	\$225,957
<b>Total</b>	<u>\$225,957</u>	<u>\$225,957</u>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Notes to Financial Statements

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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		\$157,276	Support; depreciation allowance
Nonmajor Governmental	\$157,276		Support; depreciation allowance
<b>Total</b>	<u>\$157,276</u>	<u>\$157,276</u>	

**REQUIRED SUPPLEMENTARY INFORMATION**

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Budgetary Comparison Schedule -  
General and Major Special Revenue Funds  
Year Ended June 30, 2013

<b>General Fund</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Final Budget</b>
	<b>(GAAP Basis)</b>			
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Variance</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Local Taxes	\$381,500	\$381,500	\$374,657	(\$6,843)
Other Local Revenue	137,130	137,130	196,489	59,359
State Revenue	7,883,491	7,883,491	7,864,425	(19,066)
Federal Revenue	8,000	8,000	9,968	1,968
<b>Total Revenues</b>	<b>8,410,121</b>	<b>8,410,121</b>	<b>8,445,539</b>	<b>35,418</b>
<b>Expenditures</b>				
<b>Instructional Programs</b>				
Elementary School	2,266,204	2,266,204	2,194,951	71,253
Secondary School	2,930,007	2,930,007	2,755,391	174,616
Special Education	472,835	472,835	417,929	54,906
Special Education Preschool	89,047	89,047	88,872	175
Interscholastic	141,649	141,649	137,904	3,745
<b>Support Service Programs</b>				
Attendance - Guidance - Health	318,479	318,479	328,872	(10,393)
Special Education Support Services	98,060	98,060	97,337	723
Instructional Improvement	30,650	30,650	47,406	(16,756)
Educational Media	295,129	295,129	272,863	22,266
Instruction-Related Technology	86,786	86,786	80,015	6,771
Board of Education	12,900	12,900	13,331	(431)
District Administration	231,731	231,731	215,082	16,649
School Administration	690,176	690,176	690,234	(58)
Business Operation	80,034	80,034	73,595	6,439
Buildings - Care	657,941	657,941	565,148	92,793
Maintenance - Student Occupied	173,677	173,677	180,923	(7,246)
Maintenance - Grounds	6,950	6,950	4,836	2,114
Security	27,000	27,000	25,876	1,124
Pupil-To-School Transportation	633,799	633,799	588,454	45,345
Pupil-Activity Transportation	31,250	31,250	1,671	29,579
General Transportation	15,000	15,000	11,632	3,368
<b>Non-Instructional Programs</b>				
Child Nutrition	12,946	12,946	11,548	1,398
Capital Assets - Student Occupied	343,382	343,382	0	343,382
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
<b>Total Expenditures</b>	<b>9,645,632</b>	<b>9,645,632</b>	<b>8,803,870</b>	<b>841,762 *</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(1,235,511)</b>	<b>(1,235,511)</b>	<b>(358,331)</b>	<b>877,180</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	246,260	246,260	0	(246,260)
Transfers Out	(165,276)	(165,276)	(157,276)	8,000 *
<b>Total Other Financing Sources (Uses)</b>	<b>80,984</b>	<b>80,984</b>	<b>(157,276)</b>	<b>(238,260)</b>
<b>Net Change in Fund Balances</b>	<b>(1,154,527)</b>	<b>(1,154,527)</b>	<b>(515,607)</b>	<b>638,920</b>
<b>Fund Balances - Beginning</b>	<b>1,154,527</b>	<b>1,154,527</b>	<b>1,299,433</b>	<b>144,906</b>
<b>Fund Balances - Ending</b>	<b>\$0</b>	<b>\$0</b>	<b>\$783,826</b>	<b>\$783,826</b>

\*Total expenditures (over) under appropriations are: \$849,762

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Budgetary Comparison Schedule -  
General and Major Special Revenue Funds  
Year Ended June 30, 2013

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
<b>Child Nutrition Fund</b>				
<b>Revenues</b>				
Other Local Revenue	\$155,756	\$155,756	\$122,712	(\$33,044)
Federal Revenue	285,000	285,000	305,979	20,979
<b>Total Revenues</b>	<u>440,756</u>	<u>440,756</u>	<u>428,691</u>	<u>(12,065)</u>
<b>Expenditures</b>				
Non-Instructional Programs				
Child Nutrition	470,756	470,756	445,054	25,702
<b>Total Expenditures</b>	<u>470,756</u>	<u>470,756</u>	<u>445,054</u>	<u>25,702</u> *
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	(30,000)	(30,000)	(16,363)	13,637
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(30,000)	(30,000)	(16,363)	13,637
<b>Fund Balances - Beginning</b>	30,000	30,000	99,187	69,187
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$82,824</u>	<u>\$82,824</u>
				<u>\$25,702</u>

\*Total expenditures (over) under appropriations are:

**SUPPLEMENTARY INFORMATION**

**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	<b>Special Revenue Funds</b>			
	<b>Pay for Performance</b>	<b>Limited English Proficiency</b>	<b>Idaho Reading Indicator</b>	<b>SREF Grants</b>
<b>Assets</b>				
Cash & Investments		\$16,118	\$8,029	\$18,404
Receivables:				
Local Sources				
State Sources				
Federal Sources				
Due From Other Funds				
Inventory				
<b>Total Assets</b>	\$0	\$16,118	\$8,029	\$18,404
<b>Liabilities</b>				
Accounts Payable			\$194	\$4,834
Due To Other Funds				
Salaries & Benefits Payable		\$9,599	7,835	
<b>Total Liabilities</b>	\$0	9,599	8,029	4,834
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				
Unspent Grant Allocation				
<b>Total Deferred Inflows of Resources</b>	0	0	0	0
<b>Fund Balances</b>				
Restricted:				
Special Programs		6,519		13,570
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
<b>Total Fund Balances</b>	0	6,519	0	13,570
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	\$0	\$16,118	\$8,029	\$18,404



**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	<b>Special Revenue Funds</b>			
	<b>ISAT Remediation</b>	<b>Driver Education</b>	<b>Medicaid Support</b>	<b>School Building Maintenance</b>
<b>Assets</b>				
Cash & Investments	\$32,782	\$9,541	\$734,648	
Receivables:				
Local Sources				
State Sources		2,490		
Federal Sources				
Due From Other Funds				
Inventory				
<b>Total Assets</b>	<u>\$32,782</u>	<u>\$12,031</u>	<u>\$734,648</u>	<u>\$0</u>
<b>Liabilities</b>				
Accounts Payable		\$336		
Due To Other Funds				
Salaries & Benefits Payable	\$7,110		\$7,441	
<b>Total Liabilities</b>	<u>7,110</u>	<u>336</u>	<u>7,441</u>	<u>\$0</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				
Unspent Grant Allocation				
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs	25,672	11,695	727,207	
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
<b>Total Fund Balances</b>	<u>25,672</u>	<u>11,695</u>	<u>727,207</u>	<u>0</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$32,782</u>	<u>\$12,031</u>	<u>\$734,648</u>	<u>\$0</u>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds			
	Professional Technical	Technology	Title I-A ESEA IBP	Title I-C ESEA EMC
<b>Assets</b>				
Cash & Investments		\$61,696		
Receivables:				
Local Sources				
State Sources	11,286			
Federal Sources			\$148,088	\$26,724
Due From Other Funds				
Inventory				
<b>Total Assets</b>	\$11,286	\$61,696	\$148,088	\$26,724
<b>Liabilities</b>				
Accounts Payable	\$10,120	\$26,868		
Due To Other Funds	1,166		\$42,247	\$2,517
Salaries & Benefits Payable			27,119	2,177
<b>Total Liabilities</b>	11,286	26,868	69,366	4,694
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				
Unspent Grant Allocation			78,722	22,030
<b>Total Deferred Inflows of Resources</b>	0	0	78,722	22,030
<b>Fund Balances</b>				
Restricted:				
Special Programs		34,828		
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
<b>Total Fund Balances</b>	0	34,828	0	0
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	\$11,286	\$61,696	\$148,088	\$26,724

**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	<b>Special Revenue Funds</b>			
	<b>Special Educ. IDEA Part B</b>	<b>Special Educ. IDEA Preschool</b>	<b>Perkins III Professional Technical Act</b>	<b>Title III ESEA LILEP&amp;I</b>
<b>Assets</b>				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$422,191	\$26,259	\$20,239	\$34,394
Due From Other Funds				
Inventory				
<b>Total Assets</b>	<u>\$422,191</u>	<u>\$26,259</u>	<u>\$20,239</u>	<u>\$34,394</u>
<b>Liabilities</b>				
Accounts Payable				
Due To Other Funds	\$79,304	\$5,824	\$20,239	\$1,310
Salaries & Benefits Payable	50,452	2,063		1,233
<b>Total Liabilities</b>	<u>129,756</u>	<u>7,887</u>	<u>20,239</u>	<u>2,543</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				
Unspent Grant Allocation	292,435	18,372		31,851
<b>Total Deferred Inflows of Resources</b>	<u>292,435</u>	<u>18,372</u>	<u>0</u>	<u>31,851</u>
<b>Fund Balances</b>				
Restricted:				
Special Programs				
Debt Service				
Capital Projects				
Nonspendable				
Unassigned				
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$422,191</u>	<u>\$26,259</u>	<u>\$20,239</u>	<u>\$34,394</u>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	<b>Special Revenue Funds</b>	
	<b>Title II-A Improving Teacher Quality</b>	<b>Title I School Improvement</b>
<b>Assets</b>		
Cash & Investments		
Receivables:		
Local Sources		
State Sources		
Federal Sources	\$32,083	\$320,489
Due From Other Funds		
Inventory		
<b>Total Assets</b>	<b>\$32,083</b>	<b>\$320,489</b>
<b>Liabilities</b>		
Accounts Payable		
Due To Other Funds	\$18,174	\$55,102
Salaries & Benefits Payable	11,294	21,802
<b>Total Liabilities</b>	<b>29,468</b>	<b>76,904</b>
<b>Deferred Inflows of Resources</b>		
Unavailable Tax Revenues		
Unspent Grant Allocation	2,615	243,585
<b>Total Deferred Inflows of Resources</b>	<b>2,615</b>	<b>243,585</b>
<b>Fund Balances</b>		
Restricted:		
Special Programs		
Debt Service		
Capital Projects		
Nonspendable		
Unassigned		
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$32,083</b>	<b>\$320,489</b>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2013

	<u>Capital Projects</u>	
	<u>Bus Depreciation</u>	<u>Total</u>
<b>Assets</b>		
Cash & Investments		\$881,218
Receivables:		
Local Sources	\$2,206	2,206
State Sources		13,776
Federal Sources		1,030,467
Due From Other Funds		0
Inventory		0
<b>Total Assets</b>	<u>\$2,206</u>	<u>\$1,927,667</u>
<b>Liabilities</b>		
Accounts Payable		\$42,352
Due To Other Funds	\$74	225,957
Salaries & Benefits Payable		148,125
<b>Total Liabilities</b>	<u>74</u>	<u>416,434</u>
<b>Deferred Inflows of Resources</b>		
Unavailable Tax Revenues		0
Unspent Grant Allocation		689,610
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>689,610</u>
<b>Fund Balances</b>		
Restricted:		
Special Programs		819,491
Debt Service		0
Capital Projects	2,132	2,132
Nonspendable		0
Unassigned		0
<b>Total Fund Balances</b>	<u>2,132</u>	<u>821,623</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$2,206</u>	<u>\$1,927,667</u>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2013

	<b>Special Revenue Funds</b>			
	<b>Pay for Performance</b>	<b>Limited English Proficiency</b>	<b>Idaho Reading Indicator</b>	<b>SREF Grants</b>
<b>Revenues</b>				
Local Taxes				
Other Local Revenue				\$36,653
State Revenue	\$252,805	\$40,342	\$10,329	
Federal Revenue				
<b>Total Revenues</b>	<u>252,805</u>	<u>40,342</u>	<u>10,329</u>	<u>\$36,653</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	123,025	63,823		21,062
Secondary School	68,631			8,600
Vocational-Technical				
Special Education	25,965			
Special Education Preschool				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health	11,455			
Special Education Support Services				
Instructional Improvement			28,809	640
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration	23,729			
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				
<b>Total Expenditures</b>	<u>252,805</u>	<u>63,823</u>	<u>28,809</u>	<u>30,302</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	(23,481)	(18,480)	6,351
<b>Other Financing Sources (Uses)</b>				
Transfers In		30,000	17,000	
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>30,000</u>	<u>17,000</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	6,519	(1,480)	6,351
<b>Fund Balances - Beginning</b>	<u>0</u>	<u>0</u>	<u>1,480</u>	<u>7,219</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$6,519</u>	<u>\$0</u>	<u>\$13,570</u>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
 Combining Statement of Revenues, Expenditures, and Changes in  
 Fund Balances - Nonmajor Governmental Funds  
 Year Ended June 30, 2013

	<u>Special Revenue Funds</u>			
	<u>ISAT Remediation</u>	<u>Driver Education</u>	<u>Medicaid Support</u>	<u>School Building Maintenance</u>
<b>Revenues</b>				
Local Taxes				
Other Local Revenue		\$14,563	\$117,433	
State Revenue	\$30,349	11,705		
Federal Revenue				
<b>Total Revenues</b>	<u>30,349</u>	<u>26,268</u>	<u>117,433</u>	<u>\$0</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School				
Secondary School		25,451		
Vocational-Technical				
Special Education			68,054	
Special Education Preschool				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instructional Improvement	67,326			
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				
<b>Total Expenditures</b>	<u>67,326</u>	<u>25,451</u>	<u>68,054</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(36,977)	817	49,379	0
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(36,977)	817	49,379	0
<b>Fund Balances - Beginning</b>	<u>62,649</u>	<u>10,878</u>	<u>677,828</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<u>\$25,672</u>	<u>\$11,695</u>	<u>\$727,207</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, 2013

	<b>Special Revenue Funds</b>			
	<b>Professional Technical</b>	<b>Technology</b>	<b>Title I-A ESEA IBP</b>	<b>Title I-C ESEA EMC</b>
<b>Revenues</b>				
Local Taxes				
Other Local Revenue		\$34,774		
State Revenue	\$37,620	60,758		
Federal Revenue			\$252,625	\$10,660
<b>Total Revenues</b>	<u>37,620</u>	<u>95,532</u>	<u>252,625</u>	<u>10,660</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School			171,153	
Secondary School			3,086	
Vocational-Technical	37,620			
Special Education				
Special Education Preschool				
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				10,660
Special Education Support Services				
Instructional Improvement			78,386	
Educational Media				
Instruction-Related Technology		106,376		
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				
<b>Total Expenditures</b>	<u>37,620</u>	<u>106,376</u>	<u>252,625</u>	<u>10,660</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	(10,844)	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In		35,000		
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>35,000</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	24,156	0	0
<b>Fund Balances - Beginning</b>	<u>0</u>	<u>10,672</u>	<u>0</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$34,828</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, 2013

	<b>Special Revenue Funds</b>			
	<b>Special Educ. IDEA Part B</b>	<b>Special Educ. IDEA Preschool</b>	<b>Perkins III Professional Technical Act</b>	<b>Title III ESEA LILEP&amp;I</b>
<b>Revenues</b>				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$376,224	\$18,352	\$20,239	\$23,919
<b>Total Revenues</b>	<u>376,224</u>	<u>18,352</u>	<u>20,239</u>	<u>23,919</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School				23,919
Secondary School				
Vocational-Technical				
Special Education	311,448			
Special Education Preschool		14,817		
Interscholastic				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services	64,776	3,535		
Instructional Improvement			20,239	
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				
<b>Total Expenditures</b>	<u>376,224</u>	<u>18,352</u>	<u>20,239</u>	<u>23,919</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
<b>Fund Balances - Beginning</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<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, 2013

	<b>Special Revenue Funds</b>	
	<b>Title II-A Improving Teacher Quality</b>	<b>Title I School Improvement</b>
<b>Revenues</b>		
Local Taxes		
Other Local Revenue		
State Revenue		
Federal Revenue	\$97,844	\$249,110
<b>Total Revenues</b>	97,844	249,110
<b>Expenditures</b>		
Instructional Programs		
Elementary School	3,010	
Secondary School	1,206	108,495
Vocational-Technical	93,628	
Special Education		
Special Education Preschool		
Interscholastic		
Support Service Programs		
Attendance - Guidance - Health		
Special Education Support Services		
Instructional Improvement		140,615
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		
<b>Total Expenditures</b>	97,844	249,110
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0
<b>Other Financing Sources (Uses)</b>		
Transfers In		
Transfers Out		
<b>Total Other Financing Sources (Uses)</b>	0	0
<b>Net Change in Fund Balances</b>	0	0
<b>Fund Balances - Beginning</b>	0	0
<b>Fund Balances - Ending</b>	\$0	\$0

**SNAKE RIVER SCHOOL DISTRICT NO. 52**  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2013

	<u>Capital Projects</u>	
	<u>Bus Depreciation</u>	<u>Total</u>
<b>Revenues</b>		
Local Taxes		\$0
Other Local Revenue	\$2,206	205,629
State Revenue		443,908
Federal Revenue		1,048,973
<b>Total Revenues</b>	<u>2,206</u>	<u>1,698,510</u>
<b>Expenditures</b>		
Instructional Programs		
Elementary School		405,992
Secondary School		215,469
Vocational-Technical		131,248
Special Education		405,467
Special Education Preschool		14,817
Interscholastic		0
Support Service Programs		0
Attendance - Guidance - Health		22,115
Special Education Support Services		68,311
Instructional Improvement		336,015
Educational Media		0
Instruction-Related Technology		106,376
Board of Education		0
District Administration		0
School Administration		23,729
Business Operation		0
Buildings - Care		0
Maintenance - Student Occupied		0
Maintenance - Grounds		0
Security		0
Pupil-To-School Transportation		0
Pupil-Activity Transportation		0
General Transportation		0
Non-Instructional Programs		0
Child Nutrition		0
Capital Assets - Student Occupied		0
Capital Assets - Non-Student Occupied	78,352	78,352
Debt Service - Principal		0
Debt Service - Interest		0
<b>Total Expenditures</b>	<u>78,352</u>	<u>1,807,891</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(76,146)	(109,381)
<b>Other Financing Sources (Uses)</b>		
Transfers In	75,276	157,276
Transfers Out		0
<b>Total Other Financing Sources (Uses)</b>	<u>75,276</u>	<u>157,276</u>
<b>Net Change in Fund Balances</b>	(870)	47,895
<b>Fund Balances - Beginning</b>	<u>3,002</u>	<u>773,728</u>
<b>Fund Balances - Ending</b>	<u>\$2,132</u>	<u>\$821,623</u>

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>US Dept of Agriculture</b>			
<i>Passed Through Idaho Dept of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	10.553	\$38,556
National School Lunch Program	10.555	10.555	267,423
Total Child Nutrition Cluster			<u>305,979</u>
<b>Total US Dept of Agriculture</b>			<u>305,979</u>
<b>US Dept of Education</b>			
<i>Direct Program:</i>			
Impact Aid Cluster:			
Impact Aid	84.041	84.041	9,968
Total Impact Aid Cluster			<u>9,968</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	242,872
Total Title I, Part A Cluster			<u>242,872</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	84.027	376,224
Special Education - Preschool Grants	84.173	84.173	18,352
Total Special Education Cluster			<u>394,576</u>
School Improvement Grants Cluster:			
School Improvement Grants	84.377	84.377	9,753
ARRA - School Improvement Grants	84.388	84.388	249,110
Total School Improvement Grants Cluster			<u>258,863</u>
Migrant Education - State Grant Program	84.011	84.011	10,660
Career & Technical Education - Basic Grants to States	84.048	84.048	20,239
English Language Acquisition State Grants	84.365	84.365	23,919
Improving Teacher Quality State Grants	84.367	84.367	97,844
<b>Total US Dept of Education</b>			<u>1,058,941</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$1,364,920</u>

**NOTES:**

**A. Basis of Presentation** - The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the School under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

**B. Summary of Significant Accounting Policies** - Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**C. Nonmonetary Assistance** - Included in the National School Lunch Program award is USDA food commodities stated at a fair market value of \$43,117.

**OTHER REPORTS AND SCHEDULES**



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**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Statements Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Snake River School District No. 52

We have audited, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 6, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

*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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain

deficiency in internal control, described in the accompanying schedule of findings and questioned costs as B-1 that we consider to be a significant deficiency.

### **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*.

### **School's Response to Finding**

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Quest CPAs, P.C.***

Payette, Idaho  
August 6, 2013

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## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Board of Trustees  
Snake River School District No. 52

### **Report on Compliance for Each Major Federal Program**

We have audited Snake River School District No. 52 (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, 2013. 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.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.



## **Opinion on Each Major Federal Program**

In our opinion, the School complied, in all material respects, with the types of 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, 2013.

## **Report on Internal Control Over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, 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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

***Quest CPAs, P.C.***

Payette, Idaho  
August 6, 2013

**SNAKE RIVER SCHOOL DISTRICT NO. 52**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

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**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 disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the School, which would be required to be reported in accordance *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal programs disclosed during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by 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. Special Education Cluster – CFDA #84.027, 84.173
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, 2013

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**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.