

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2013**

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2013**

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Certified Public Accountant

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## **INDEPENDENT AUDITOR'S REPORT**

Chairman and Board of Trustees  
Bliss Joint School District No. 234  
Bliss, ID 83314

August 30, 2013

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bliss Joint School District No. 234 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District'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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Basis for Qualified Opinion**

Management has not adopted a methodology for reporting other postemployment benefits under the guidelines of GASB 45 in the government-wide statements and, accordingly, has not considered the need to record a liability for such benefits. Accounting principles generally accepted in the United States of America require that an adequate liability be provided for postemployment benefits, which would increase the liabilities and decrease fund balance and change the revenues in the government-wide statements. The amount by which this departure would affect the assets, net position, and expenses of the government-wide statements is not reasonably determinable.

**Qualified Opinion**

In my opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government-wide activities of Bliss Joint School District No. 234, as of June 30, 2013, 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.

**Unmodified Opinions**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Bliss Joint School District No. 234, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 14 to the financial statements, in 2013, the District adopted GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB 62), GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63), and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities (GASB 65) for the fiscal year ending June 30, 2013. My opinion is not modified with respect to these matters.

**Other Matters**

*Required Supplementary Information*

Management has omitted the management's discussion and analysis 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, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 32 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bliss Joint School District No. 234's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are 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, I have also issued my report dated August 30, 2013, on our consideration of the Bliss Joint School District No. 234's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Bliss Joint School District No. 234's internal control over financial reporting and compliance

Sincerely,

*R. Michael Burr*

R. Michael Burr  
Certified Public Accountant

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**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

		<u>Governmental Activities</u>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 81,631	
Investments	635,003	
Net Receivables	137,326	
Inventory	<u>9,486</u>	
 <b><u>TOTAL CURRENT ASSETS</u></b>		 <b>\$ 863,446</b>
 <b><u>NONCURRENT ASSETS</u></b>		
Long-Term Receivables	\$ 8,530	
Non-depreciated Assets	12,000	
Capital Assets (net)	<u>1,492,491</u>	
 <b><u>TOTAL NONCURRENT ASSETS</u></b>		 <b><u>1,513,021</u></b>
 <b><u>TOTAL ASSETS</u></b>		 <b><u>2,376,467</u></b>
 <b><u>LIABILITIES</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 5,222	
Contracts and Benefits Payable	110,786	
Interest Payable	18,917	
Current Portion of Long-Term Debt	<u>62,758</u>	
 <b><u>TOTAL CURRENT LIABILITIES</u></b>		 <b>197,683</b>
 <b><u>NONCURRENT LIABILITIES</u></b>		
Capital Lease Payable (net of current portion)	\$ 27,592	
Bond Payable (net of current portion)	<u>825,000</u>	
 <b><u>TOTAL NONCURRENT LIABILITIES</u></b>		 <b><u>852,592</u></b>
 <b><u>TOTAL LIABILITIES</u></b>		 <b><u>1,050,275</u></b>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Amount on Net Bond Premium	\$ <u>18,606</u>	
 <b><u>TOTAL DEFERRED INFLOWS OF RESOURCES</u></b>		 <b><u>18,606</u></b>
 <b><u>NET POSITION</u></b>		
Invested in Capital Assets, net of related debt	\$ 570,535	
Reserved for Inventory	9,486	
Restricted for:		
Debt Service	23,439	
Capital Projects	27,153	
Federal and State Programs	80,415	
Unrestricted	<u>596,558</u>	
 <b><u>TOTAL NET POSITION</u></b>		 <b><u>\$ 1,307,586</u></b>

See accompanying notes to the basic financial statements

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Primary Government Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<u>Governmental Activities:</u>				
Instruction	\$ 948,624	\$ 950	\$ 272,275	
Support	67,069			
General Administrative	232,425			
Custodial/Maintenance	174,004			
Student Transportation	93,298		57,075	
Non-Instructional - Food Service	69,376	9,337	65,698	
Debt Service - Interest on Debt	39,809		5,768	
<u>Total Governmental Activities</u>	<u>1,624,605</u>	<u>10,287</u>	<u>400,816</u>	<u>\$ 0</u>
 <u>Business-Type Activities</u>				
None	0	0	0	0
<u>Total Business-Type Activities</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Primary Government</u>	<u>\$ 1,624,605</u>	<u>\$ 10,287</u>	<u>\$ 400,816</u>	<u>\$ 0</u>

General Revenue

Property Taxes  
State Formula Support  
Other State Support  
Local Revenue  
Earnings on Investments

Total General Revenue

Changes in Net Position

Net Position - Beginning (restated)

Net Position - Ending

See accompanying notes to the basic financial statements

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (675,399)		\$ (675,399)
(67,069)		(67,069)
(232,425)		(232,425)
(174,004)		(174,004)
(36,223)		(36,223)
5,659		5,659
(34,041)		(34,041)
(1,213,502)		(1,213,502)
0	\$ 0	0
(1,213,502)	0	(1,213,502)
134,969		134,969
1,004,855		1,004,855
62,421		62,421
5,646		5,646
2,871		2,871
1,210,762	0	1,210,762
(2,740)	0	(2,740)
1,310,326	0	1,310,326
\$ 1,307,586	\$ 0	\$ 1,307,586

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**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Debt Service Fund</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents		\$ 27,879	\$ 13,743
Investments	\$ 634,806		
Property Taxes Receivable	2,864		28,613
Due From Other Governments	86,853	6,862	
Interfund Receivables	3,668		138,525
	<u>3,668</u>	<u>6,862</u>	<u>138,525</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 728,191</u></b>	<b><u>\$ 34,741</u></b>	<b><u>\$ 180,881</u></b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 3,930		
Contracts and Benefits Payable	109,035		
Interfund Payables	119,815	\$ 3,668	
	<u>119,815</u>	<u>3,668</u>	<u>0</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>232,780</u></b>	<b><u>3,668</u></b>	<b><u>\$ 0</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows from Property Taxes	543		5,431
	<u>543</u>	<u>0</u>	<u>5,431</u>
<b><u>TOTAL DEFERRED INFLOWS OF RESOURCES</u></b>	<b><u>543</u></b>	<b><u>0</u></b>	<b><u>5,431</u></b>
<b><u>FUND BALANCES</u></b>			
Restricted - Special Revenue Funds		31,073	
Restricted - Debt Service			175,450
Restricted - Capital Projects Fund			
Restricted - State Grant	15,000		
Committed - General Fund	300,000		
Unassigned - General Fund	179,868		
	<u>179,868</u>	<u>31,073</u>	<u>175,450</u>
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>494,868</u></b>	<b><u>31,073</u></b>	<b><u>175,450</u></b>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>	<b><u>\$ 728,191</u></b>	<b><u>\$ 34,741</u></b>	<b><u>\$ 180,881</u></b>

See accompanying notes to the basic financial statements

<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 13,575	\$ 26,434	\$ 81,631
197		635,003
13,465		44,942
	7,199	100,914
		142,193
<u>27,237</u>	<u>33,633</u>	<u>1,004,683</u>
\$ 84	\$ 1,208	\$ 5,222
	1,751	110,786
	18,710	142,193
<u>84</u>	<u>21,669</u>	<u>258,201</u>
2,556		8,530
<u>2,556</u>	<u>0</u>	<u>8,530</u>
24,597	11,964	43,037
		175,450
		24,597
		15,000
		300,000
		179,868
<u>24,597</u>	<u>11,964</u>	<u>737,952</u>
<u>\$ 27,237</u>	<u>\$ 33,633</u>	<u>\$ 1,004,683</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Debt Service Fund</u>
<b><u>REVENUES</u></b>			
Property Taxes	\$ 8,192		\$ 85,860
Property Tax Penalty and Interest	96		651
State Foundation Support	1,195,463		
Other State Support/Grants	62,421		5,768
Federal Revenue/Grants		\$ 65,698	
Other Local Revenue	3,981	9,337	
	<u>1,270,153</u>	<u>75,035</u>	<u>92,279</u>
<b><u>EXPENDITURES</u></b>			
Instruction	767,198		
Support	39,485		
General Administrative	230,932		
Custodial/Maintenance	153,273		
Student Transportation	72,381		
Non-Instructional - Food Service	3,005	65,293	
Capital Expenditures	2,403		
Debt Service - Principal			50,000
Debt Service - Interest & Costs			41,731
	<u>1,268,677</u>	<u>65,293</u>	<u>91,731</u>
<b><u>EXCESS REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>1,476</u>	<u>9,742</u>	<u>548</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Earnings on Investments	1,319		
Operating Transfers In (Out)	(38,148)		
	<u>(36,829)</u>	<u>0</u>	<u>0</u>
<b><u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u></b>	<u>(35,353)</u>	<u>9,742</u>	<u>548</u>
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>530,221</u>	<u>21,331</u>	<u>174,902</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ 494,868</u>	<u>\$ 31,073</u>	<u>\$ 175,450</u>

See accompanying notes to the basic financial statements

<u>Capital Projects Fund</u>	<u>Other Governmenta l Funds</u>	<u>Total Governmenta l Funds</u>
\$ 40,393		\$ 134,445
320		1,067
		1,195,463
	\$ 24,168	92,357
	114,574	180,272
	2,615	15,933
<u>40,713</u>	<u>141,357</u>	<u>1,619,537</u>
	128,949	896,147
	27,584	67,069
		230,932
15,921		169,194
		72,381
		68,298
3,650	3,801	9,854
12,046		62,046
2,827		44,558
<u>34,444</u>	<u>160,334</u>	<u>1,620,479</u>
<u>6,269</u>	<u>(18,977)</u>	<u>(942)</u>
1		1,320
<u>12,148</u>	<u>26,000</u>	<u>0</u>
<u>12,149</u>	<u>26,000</u>	<u>1,320</u>
18,418	7,023	378
<u>6,179</u>	<u>4,941</u>	<u>737,574</u>
<u>\$ 24,597</u>	<u>\$ 11,964</u>	<u>\$ 737,952</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2013**

Total Governmental Fund Balances \$ 737,952

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 fund balances, \$12,000 of non-depreciated assets plus \$2,950,090 net of accumulated depreciation of \$1,457,599. \$ 1,504,491

Interest is recorded when paid for funds but is reported when payable in the current period for government wide statements. (18,917)

Bond premiums are financial resources to fund statements but are reported as earned for government-wide reporting. Bond premiums of \$31,014 net of amortization of \$10,857 (18,606)

Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds:

- Bond (875,000)
- Capital Lease (40,350)

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 8,530

Supplies purchased are reported as expenditures for fund reporting but are expensed as used for government-wide statements. 9,486

Net Changes 569,634

Net Position of Governmental Activities \$ 1,307,586

See accompanying notes to the basic financial statements

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Net Change in Fund Balances - Governmental Fund Balances \$ 378

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Governmental 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 amount by which capital outlay exceeded depreciation in the current period.

- Depreciation	\$ (70,921)
- Capital Expenditures	0

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(543)
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Proceeds from bond premiums are listed as other financing sources in the funds but are reported as earned in the Statement of Activities	1,551
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Payments of bond and capital lease principal are considered as an expenditure for the funds statement but as a reduction of liability for the Statement of Activities.	62,046
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In the Statement of Activities, interest is accrued on outstand bonds, whereas in governmental funds, an interest expenditure is reported when due.	<u>4,749</u>
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<u>Net Changes</u>	<u>(3,118)</u>
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<u>Change in Net Position of Governmental Activities</u>	<u>\$ (2,740)</u>
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See accompanying notes to the basic financial statements

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and Cash Equivalents	<u>\$ 27,250</u>
<u>Total Assets</u>	<u><u>\$ 27,250</u></u>
<u>Liabilities</u>	
Due to Student Groups	<u>\$ 27,250</u>
<u>Total Liabilities</u>	<u><u>\$ 27,250</u></u>

See accompanying notes to the basic financial statements

**NOTES TO BASIC  
FINANCIAL STATEMENTS**

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices of Bliss Joint School District No. 234 are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the year ended June 30, 2013.

The District is a public educational agency operating under the laws and regulations of the State of Idaho. The District is governed by an elected Board of Trustees which possesses final decision making authority and is held primarily accountable for those decisions. The Board is responsible for approving the budget, establishing spending limitations, funding any deficits, and borrowing funds and/or issuing bonds to finance school system operations and construction. All operations controlled by the Board are included within these financial statements.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

**B - REPORTING ENTITY**

These financial statements present the District (the primary government) and any component units of the District. As defined by GASB No. 14, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relationships with the District. Based on this definition, the District has no component units.

**C - BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS**

The Statement of Net Position and Statement of Activities display information about the District as a whole. They include all funds of the District except for fiduciary funds with all interfund activities removed. Governmental activities generally are financed through taxes, State foundation funds, grants, and other intergovernmental revenues. The District has no business-type activities that primarily rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect costs are all allocated to the administrative function. The District has no proprietary funds, therefore, there are no activities outside of the governmental funds.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D - BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS**

Fund financial statements of the District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**GOVERNMENTAL FUNDS**

General Fund - The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects

Capital Project Funds - The Capital Project Fund is used to account for resources restricted, committed or assigned for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets with transfers made from the General Fund.

Debt Service Fund - The Debt Service Fund accounts for all financial resources restricted, committed or assigned for the payment of interest and principle on the general long-term debt of the District. Ad valorem taxes are used for the payment of principal and interest on the District's judgment.

**PROPRIETARY FUNDS**

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The District has no enterprise funds.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

FIDUCIARY FUNDS (Not included in government-wide statements)

Agency Funds - Agency funds account for assets held by the District in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The agency fund maintained by the District is the student body account.

E - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item 2. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
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**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

**F - ASSETS, LIABILITIES, AND EQUITY**

**Cash and Investments**

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the District.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods/services type transactions are classified as "due to/from other funds." Short-term interfund loans are reported as "interfund receivable/payable ." Long-term interfund loans (noncurrent portion) are reported as "advances to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 7 for details of interfund transactions, including receivables and payables at year-end. All interfund activity has been eliminated in the government-wide statement of activity.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, grants, and State foundation funding. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories

In the government-wide statements, materials, supplies and food commodities are carried in an inventory account at the lower of cost or market and are subsequently charged to expenditures when consumed. Inventories also include plant maintenance, operating, and instructional supplies. In the fund financial statements, inventory items are recorded as expenditures when purchased.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to bond proceeds to be used for a capital construction project of the District and to state and federal grants. For expenditures that apply to both restricted and unrestricted resources, the District uses restricted funds first.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts and can represent a reservation of fund balances in the governmental fund financial statements. The District does not use encumbrance accounting. Therefore, there is no reservation of fund balance.

Capital Assets

The accounting treatment over capital assets (property, plant, and equipment) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. For fund financial statements, the District has maintained a \$500 limit before an item is recorded as a capital expenditure. The limits for the government-wide statements vary and are shown below.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets are not required to be valued and reported on the District's financial statements and the District has not elected to report them. Therefore, the value of any infrastructure assets purchased prior to July 1, 2003, are not included in these statements.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation based on its capitalization amount. The range of estimated useful lives and capitalization limits by type of asset are as follows:

<u>Description</u>	<u>Life</u>	<u>Capitalization Amount</u>
Aggregate Cost of Library Books	3	\$5,000
Automobiles	5	\$5,000
Office and Light-weight Equipment	5	\$5,000
Heavy Equipment	7	\$10,000
Buildings and Improvements	40	\$15,000
Infrastructure	50	\$50,000

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Liability for Compensated Absences**

Employees are allowed to accrue 5 days personal leave each year. At the end of the year, the employees are paid for all unused personal days. The days are paid at the rate paid to substitutes and is included in their June pay check. Therefore, no liability for compensated absences has been incurred or recorded at year end.

Vacation and sick days are not allowed to be carried over at the District level. Therefore, there is no liability associated with vacation or sick leave days.

**Long-Term Debt**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budget

The Board of Trustees adopts a budget on a basis consistent with the GAAP with minor changes for most funds. The District is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

The following procedures are followed in establishing the budget for the District:

1. At least 28 days prior to its annual meeting, the board of trustees shall have prepared a budget in a form prescribed by the state superintendent of public education, and shall have notified the public of the budget hearing.
2. At the public hearing or a special meeting held no later than 14 days after the public hearing, the board of trustees shall adopt a budget for the ensuing year.
3. The board of trustees shall publish a summary statement of the budget and a complete copy of the budget shall be submitted to the Idaho State Board of Education.
4. The District may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.

Equity Classifications (Net Assets and Fund Balance)

Government-wide Financial Statements

When the District incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Position include the following:

Investment in Capital Assets, Net of Related Debt - The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - Includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed Fund Balance - Includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision making authority, the Board of Trustees.

Assigned Fund Balance - Includes amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned Fund Balance - Includes the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**2 - CASH AND INVESTMENTS**

The District's funds are required to be deposited and invested under the terms of Idaho Code Sections 33-701 and 67-1210. Under Idaho Code, the District, at its own discretion, may invest funds in time deposits and certificates of deposits provided by the depository bank at interest rates approximating United States treasury bill rates.

The classifications of risk associated with cash and investments are concentration of credit risk, interest rate risk, credit risk, and custodial credit risk. These are defined as:

Concentration of Credit Risk - The risk of loss attributed to the magnitude of a government's investment in a single issuer.

Interest Rate Risk - The exposure to an unfavorable change in interest rates.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**2 - CASH AND INVESTMENTS (Continued)**

Custodial Credit Risk - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The District does not have formal investment policies to limit the concentration of credit risk or the interest rate risk.

At June 30, 2013, the District had a carrying value of cash deposits of \$108,880 and a bank balance of \$114,499. Of the total bank balance, all was insured through the Federal Depository Insurance Corporation (FDIC). Based on the above definitions, the District is subject to \$0 of concentration of credit risk.

Idaho Code authorizes the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The carrying value of investments owned at year end was \$635,003 (Idaho State Local Government Investment Pool) which approximates market value. The Idaho State Local Government Investment Pool has no credit rating.

Investments by the City in the State Treasury Pool are specifically excluded from reporting for custodial credit risk and concentration of credit risk by GASB 40.

**NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES**

The District's property tax is levied each October on the value listed as of the prior January 1 for all property located in the District. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2012, upon which the 2012 levy was based was \$69,026,128.

The tax rates assessed, per \$100 of valuation, for the year ended June 30, 2013, and maximum levy rates limited by Idaho Code Section 33-802 are as follows:

<u>Type</u>	<u>Rate</u>	<u>Maximum Rate</u>
General	0.0000	Not Allowed
Tort	0.0123	No Limit
Debt Service	0.1231	Voter Approved
Plant Facility	0.0579	Voter Approved

At June 30, 2013, the components of taxes receivable are as follows:

<u>Property Tax year</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Plant Facilities</u>	<u>Total</u>
2012	\$ 2,690	\$ 26,485	\$ 12,571	\$ 41,746
2011	132	1,407	661	2,200
2010	42	721	233	996
<u>Total</u>	<u>\$ 2,864</u>	<u>\$ 28,613</u>	<u>\$ 13,465</u>	<u>\$ 44,942</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES (Continued)**

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the June 30, 2013, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by August 31, 2013, are deferred inflows of resources (deferred revenue). The components of deferred inflows of resources are as follows:

Fund	Amount
General Fund	\$ 543
Debt Service	5,431
Plant Facilities	2,556
<u>Total</u>	\$ 8,530

For government-wide statements, an allowance for uncollectable taxes is calculated. However, historical information shows that the uncollectable amount is immaterial to these statements and no allowance will be recorded until it becomes a material amount. Also, the above deferred amounts are not included in the government-wide statements.

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives support from the State of Idaho through the School Foundation Program. All federal grants received by the District are passed through the State Department of Education. Amounts due from federal and state governments at June 30, 2013, are as follows:

Source - Description	General Fund	Special Revenue	Total
State - Foundation	\$ 86,853		\$ 86,853
State - Other State Support		\$ 1,351	1,351
Federal Grants		6,862	6,862
State - Professional Technical		5,848	5,848
<u>Total</u>	\$ 86,853	\$ 14,061	\$ 100,914

**NOTE 5 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 5 - RISK MANAGEMENT (Continued)**

The District controls risk of loss by having adequate insurance coverage. The type and coverage amount is listed below:

Workers Compensation Insurance	Limited by State Law
General Liability	\$ 5,000,000
Building	4,950,000
Auto	3,000,000
Criminal Acts	300,000
Educators Legal Liability	2,000,000
Abuse and Molestation Coverage	2,000,000
Equipment Breakdown	50,000,000

The District believes that the above coverage is proper to protect the District from any losses.

**NOTE 6 - CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended June 30, 2013, was as follows:

	<u>Primary Government - Governmental Activities</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Not being depreciated:				
Land	\$ 12,000			\$ 12,000
Subtotal	<u>12,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>12,000</u>
Other capital assets:				
Buildings and Improvements	2,267,418			2,267,418
Library	322,745			322,745
Heavy Equipment and Busses	293,997			293,997
Equipment	65,930			65,930
Subtotal	<u>2,950,090</u>	<u>0</u>	<u>0</u>	<u>2,950,090</u>
Less accumulated depreciation for:				
Buildings and Improvements	(783,966)	(45,612)		(829,578)
Library	(320,915)	(1,821)		(322,736)
Heavy Equipment and Busses	(225,495)	(20,917)		(246,412)
Equipment	(56,302)	(2,571)		(58,873)
Subtotal	<u>(1,386,678)</u>	<u>(70,921)</u>	<u>0</u>	<u>(1,457,599)</u>
Net Other Capital Assets	<u>1,563,412</u>	<u>(70,921)</u>	<u>0</u>	<u>1,492,491</u>
Net Capital Assets	<u>\$ 1,575,412</u>	<u>\$ (70,921)</u>	<u>\$ 0</u>	<u>\$ 1,504,491</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 6 - CAPITAL ASSET ACTIVITY (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 47,766
Maintenance	1,160
Transportation	20,917
Non-Instructional	<u>1,078</u>
Total	<u>\$ 70,921</u>

**NOTE 7 - INTERFUND TRANSACTIONS**

Interfund transfers and due to/from for the District for the year ended June 30, 2013, are summarized below:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
Transfers:			
To cover current expenditures	Capital Projects	General Fund	\$ 26,000
To cover past over expenditures	Special Revenue	General Fund	\$ 12,148
Due To/From:			
To cover past over expenditures	General Fund	Debt Service	\$ 119,815
To cover past over expenditures	Food Service	General Fund	\$ 3,668
To cover past over expenditures	Special Revenue	Debt Service	\$ 18,710

**NOTE 8 - CONTINGENCIES**

The District is not aware of any pending or threatened litigation which would adversely affect the District. The District has received several federal/state grants for specific purposes that were subject to review and audit of compliance conditions of the programs. Some of these programs require unobligated amounts at September 30, 2013, to be returned. Since this amount is not capable of being measured at year end, no accrual has been recorded. The reports on internal accounting controls and compliance elements are contained on pages 51 to 52. This audit found no elements of non-compliance with the terms and conditions of the individual programs audited.

**NOTE 9 - 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.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 9 - RETIREMENT PLAN (Continued)**

Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

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

The actuarially determined contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 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. The District's employer contributions required and paid were \$91,194, \$89,511, and \$102,706 for the three years ended June 30, 2013, 2012, and 2011, respectively.

**NOTE 10 - DEBT**

The following is a summary of the District's long-term debt obligations and transactions for the year ended June 30, 2013:

	Outstanding Amount Beginning	Issued	Retired	Outstanding Amount Ending
Capital Lease - Thomas School Bus	\$ 52,396		\$ 12,046	40,350
Bond Issue - Series 2005	925,000		50,000	875,000
<u>Total</u>	<u>\$ 977,396</u>	<u>\$ 0</u>	<u>\$ 62,046</u>	<u>\$ 915,350</u>

The annual requirements to amortize the capital lease at 5.25% interest at June 30, 2013, is as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 12,758	\$ 2,115	\$ 14,873
2015	13,428	1,445	14,873
2016	14,164	777	14,941
	<u>\$ 40,350</u>	<u>\$ 4,337</u>	<u>\$ 44,687</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 10 - DEBT (Continued)**

Bond premium is being amortized over the life of the bond. Original amount of premium was \$31,014 with \$10,857 amortized to date. Current amount amortized was \$1,551.

The annual requirements to amortize the bond issue at 4.36% as of June 30, 2013, is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 50,000	\$ 39,763	\$ 89,763
2015	55,000	37,637	92,637
2016	55,000	35,300	90,300
2017	55,000	32,963	87,963
2018	60,000	30,360	90,360
2019	65,000	27,500	92,500
2020	65,000	24,412	89,412
2021	70,000	21,325	91,325
2022	75,000	18,000	93,000
2023	75,000	14,625	89,625
2024	80,000	11,250	91,250
2025	85,000	7,650	92,650
2026	85,000	3,825	88,825
<u>Total</u>	<u>\$ 875,000</u>	<u>\$ 304,610</u>	<u>\$ 1,179,610</u>

**NOTE 11 - REQUIRED DISCLOSURE - DEFICIT FUND BALANCES**

The following nonmajor funds had deficit fund balances at June 30, 2013:

Title I-A Local Program	\$ (2,258)
Title I-C Migrant	(1,680)
Driver's Education	(1,589)
Title II Improving Teacher Quality	(700)
State Professional Technology	(854)
REAP Program	(6,866)

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS**

The Bliss Joint School District No. 234 has not implemented Governmental Accounting Standards Board (GASB) Statement 45. Statement 45 is an accounting and financial reporting provision requiring government employers to measure and report the liabilities associated with other postemployment benefits (OPEB) other than pensions. Reported OPEBs may include postretirement medical, dental, pharmacy, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan. Typically an actuary (or actuaries) with both pension and health experience must perform the calculations following generally accepted actuarial methods. GASB 45 was instigated by the Governmental Accounting Standards Board (GASB) in July, 2004, because of the growing concern over the potential magnitude of government employer obligations for postemployment benefits.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

*Plan Description*

The District participates in a postretirement health insurance program administered by Public Employee Retirement System of Idaho (PERSI). 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.

*Funding Policy*

Payment to the Fund is done monthly and is based on a percentage of salary. The percentage is determined by PERSI and reported and paid by the District on a monthly basis.

*Annual OPEB Cost and Net OPEB Obligation*

Any OPEB costs is due to the increase in annual premiums of current employees due to the retired employees being placed in the same pool for the determination of current year premiums. Due to the high cost of obtaining actuarial prepared information and the small benefit it would provide, the District has determined that the implementation of GASB 45 is not cost effective for the District. Therefore, the District has not reported the OPEB cost or the net OPEB obligation in the general fund. The amount by which this departure would affect the assets, fund balances, and revenues of the general fund is not reasonably determinable.

**NOTE 13 - COMMITTED FUNDS**

On April 9, 2013, the Board committed \$300,000 of the General Fund's fund balance to be used for future projects. The funds must be used as intended or the Board must pass a motion to remove the commitment on the funds.

**NOTE 14 – RESTATEMENT OF PRIOR YEAR NET POSITION**

The District adopted GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB 62), GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB 63), and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities (GASB 65) for the fiscal year ending June 30, 2013.

Implementation of GASB 62 did not have any financial reporting impact on the District for fiscal year ended June 30, 2013. Implementation of GASB 63 required the reclassification of Net Assets to Net Position and it also required reclassification of deferred outflows and deferred inflows into new categories called Deferred Outflows of Resources and Deferred Inflows of Resources.

Implementation of GASB 65 recognizes cost of issuance of bonds as an expense, therefore the adoption of this statement resulted in an increase to the cost of issuance expense and a decrease to the unamortized bond issuance costs and unamortized underwriters discount fee for fiscal year ended June 30, 2012. The prior year restatement for fiscal year ended June 30, 2012 decreased both the net position and unamortized issuance costs (bond issuance costs + underwriters discount fee) by \$19,086.

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 14 – RESTATEMENT OF PRIOR YEAR NET POSITION (Continued)**

As a result of implementing GASB 65, revenues previously recorded as deferred revenue in governmental funds until both measurable and available are reported as deferred inflows of resources until such time the revenue becomes available.

**REQUIRED SUPPLEMENTAL  
INFORMATION SECTION**

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Budgetary Fund Balance - Beginning</u>	\$ 529,423	\$ 529,423	\$ 530,221	\$ 798
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Property Taxes	8,253	8,253	8,192	(61)
Property Tax Penalty and Interest			96	96
Earnings on Investments	4,000	4,000	1,319	(2,681)
Other Local Revenue	7,000	7,000	3,981	(3,019)
<u>Total Local Revenue</u>	<u>19,253</u>	<u>19,253</u>	<u>13,588</u>	<u>(5,665)</u>
<u>State Revenue</u>				
Base Support Program	963,783	963,783	1,004,855	41,072
Transportation Support	46,473	46,473	57,075	10,602
Benefit Apportionment	129,429	129,429	133,533	4,104
Other State Support	56,218	56,218	62,421	6,203
<u>Total State Revenue</u>	<u>1,195,903</u>	<u>1,195,903</u>	<u>1,257,884</u>	<u>61,981</u>
<u>Federal Revenue</u>				
Indirect Federal Revenue	0	0	0	0
<u>Total Federal Revenue</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Transfers From Other Funds</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Amounts Available for Appropriations</u>	<u>1,744,579</u>	<u>1,744,579</u>	<u>1,801,693</u>	<u>57,114</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Instructional</u>				
<u>Elementary School Program</u>				
Salaries	254,015	254,015	273,240	(19,225)
Benefits	93,587	93,587	91,010	2,577
Purchased Services	200	200	200	0
Supplies	5,119	5,119	3,889	1,230
<u>Total Elementary School Program</u>	<u>352,921</u>	<u>352,921</u>	<u>368,339</u>	<u>(15,418)</u>

Continued

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Secondary School Program</u>				
Salaries	\$ 252,145	\$ 252,145	\$ 265,300	\$ (13,155)
Benefits	78,395	78,395	80,176	(1,781)
Purchased Services	3,200	3,200	400	2,800
Supplies	1,076	1,076	2,116	(1,040)
	<u>334,816</u>	<u>334,816</u>	<u>347,992</u>	<u>(13,176)</u>
<u>Exceptional Child Program</u>				
Salaries	22,875	22,875	22,875	0
Benefits	9,069	9,069	8,808	261
Purchased Services	0	0	0	0
Supplies	100	100	625	(525)
	<u>32,044</u>	<u>32,044</u>	<u>32,308</u>	<u>(264)</u>
<u>Interscholastic</u>				
Salaries	17,000	17,000	13,682	3,318
Benefits	2,723	2,723	1,750	973
Purchased Services	1,512	1,512	1,602	(90)
Supplies	5,150	5,150	640	4,510
Capital Expenditures	0	0	910	(910)
	<u>26,385</u>	<u>26,385</u>	<u>18,584</u>	<u>7,801</u>
<u>School Activity</u>				
Supplies			885	(885)
	<u>0</u>	<u>0</u>	<u>885</u>	<u>(885)</u>
	<u>746,166</u>	<u>746,166</u>	<u>768,108</u>	<u>(21,942)</u>
<u>Support</u>				
<u>Guidance</u>				
Salaries	16,240	16,240	16,240	0
Benefits	7,571	7,571	3,472	4,099
Purchased Services	770	770	770	0
Supplies	0	0	0	0
	<u>24,581</u>	<u>24,581</u>	<u>20,482</u>	<u>4,099</u>

Continued

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Special Services</u>				
Purchased Services	\$ 8,100	\$ 8,100	\$ 11,892	\$ (3,792)
<u>Total Special Services</u>	<u>8,100</u>	<u>8,100</u>	<u>11,892</u>	<u>(3,792)</u>
<u>Educational Media Program</u>				
Salaries	4,918	4,918	4,689	229
Benefits	2,809	2,809	2,397	412
Purchased Services	250	250	0	250
Supplies	500	500	25	475
<u>Total Educational Media Program</u>	<u>8,477</u>	<u>8,477</u>	<u>7,111</u>	<u>1,366</u>
<u>Instructional Technology Program</u>				
Salaries	5,000	5,000	0	5,000
Benefits	1,371	1,371	0	1,371
Purchased Services	17,129	17,129	0	17,129
Supplies	2,500	2,500	0	2,500
<u>Total Instructional Technology Program</u>	<u>26,000</u>	<u>26,000</u>	<u>0</u>	<u>26,000</u>
<u>Total Support</u>	<u>67,158</u>	<u>67,158</u>	<u>39,485</u>	<u>27,673</u>
<u>General Administrative</u>				
<u>Board of Education</u>				
Benefits			1,175	(1,175)
Purchased Services	9,485	9,485	10,499	
Supplies	500	500	336	
Insurance	6,200	6,200	5,102	1,098
<u>Total Board of Education</u>	<u>16,185</u>	<u>16,185</u>	<u>17,112</u>	<u>(77)</u>
<u>District Administration</u>				
Salaries	95,226	95,226	95,226	0
Benefits	27,400	27,400	30,624	(3,224)
Purchased Services	1,320	1,320	1,486	(166)
Supplies	100	100	0	100
Capital Expenditures			0	0
<u>Total District Administration</u>	<u>124,046</u>	<u>124,046</u>	<u>127,336</u>	<u>(3,290)</u>

Continued

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>School Administration</u>				
Salaries	\$ 17,336	\$ 17,336	\$ 13,724	\$ 3,612
Benefits	8,384	8,384	6,619	1,765
Purchased Services	4,700	4,700	4,409	291
Supplies	3,700	3,700	3,914	(214)
<u>Total School Administration</u>	<u>34,120</u>	<u>34,120</u>	<u>28,666</u>	<u>5,454</u>
<u>Business Operations</u>				
Salaries	43,080	43,080	43,080	0
Benefits	13,485	13,485	13,413	72
Purchased Services	2,000	2,000	905	1,095
Supplies	3,000	3,000	420	2,580
Capital Expenditure	0	0	1,493	(1,493)
<u>Total Business Operations</u>	<u>61,565</u>	<u>61,565</u>	<u>59,311</u>	<u>2,254</u>
<u>Total General Administrative</u>	<u>235,916</u>	<u>235,916</u>	<u>232,425</u>	<u>4,341</u>
<u>Custodial / Maintenance</u>				
<u>Custodians</u>				
Salaries	32,154	32,154	32,630	(476)
Benefits	12,584	12,584	15,390	(2,806)
Purchased Services	66,960	66,960	58,771	8,189
Supplies	8,000	8,000	4,204	3,796
Liability Insurance	7,400	7,400	7,765	(365)
<u>Total Custodians</u>	<u>127,098</u>	<u>127,098</u>	<u>118,760</u>	<u>8,338</u>
<u>Non-student Maintenance</u>				
Salaries	13,046	13,046	7,031	6,015
Benefits	5,838	5,838	1,336	4,502
Supplies	1,000	1,000		1,000
<u>Total Non-student Maintenance</u>	<u>19,884</u>	<u>19,884</u>	<u>8,367</u>	<u>11,517</u>

Continued

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Maintenance</u>				
Salaries	\$ 6,200	\$ 6,200	\$ 19,727	\$ (13,527)
Benefits	1,496	1,496	5,945	(4,449)
Purchased Services			62	(62)
Supplies	400	400	412	(12)
	<u>8,096</u>	<u>8,096</u>	<u>26,146</u>	<u>(18,050)</u>
<u>Total Non-student Maintenance</u>				
	<u>155,078</u>	<u>155,078</u>	<u>153,273</u>	<u>19,855</u>
<u>Student Transportation</u>				
<u>School Transportation</u>				
Salaries	29,962	29,962	29,604	358
Benefits	13,908	13,908	15,172	(1,264)
Purchased Services	10,600	10,600	8,775	1,825
Supplies	14,750	14,750	16,182	(1,432)
Insurance	470	470		470
	<u>69,690</u>	<u>69,690</u>	<u>69,733</u>	<u>(43)</u>
<u>Total School Transportation</u>				
<u>Activity Transportation</u>				
Salaries	0	0	2,103	(2,103)
Benefits	0	0	545	(545)
	<u>0</u>	<u>0</u>	<u>2,648</u>	<u>(2,648)</u>
<u>Total Activity Transportation</u>				
<u>Total Transportation</u>	<u>69,690</u>	<u>69,690</u>	<u>72,381</u>	<u>(2,691)</u>
<u>Non-Instructional</u>				
Benefits	0	0	3,005	11,375
	<u>0</u>	<u>0</u>	<u>3,005</u>	<u>11,375</u>
<u>Total Non-Instructional</u>				
<u>Interfund Transfers</u>	<u>16,148</u>	<u>16,148</u>	<u>38,148</u>	<u>(22,000)</u>
<u>Total Charges to Appropriations</u>	<u>1,290,156</u>	<u>1,290,156</u>	<u>1,306,825</u>	<u>(16,669)</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 454,423</u>	<u>\$ 454,423</u>	<u>\$ 494,868</u>	<u>\$ 40,445</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOOD SERVICE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Budgetary Fund Balance - Beginning</u>	\$ 7,000	\$ 7,000	\$ 21,331	\$ 14,331
<u>Resources (Inflows)</u>				
<u>Local Revenue</u>				
Children Meal Sales	3,000	3,000	5,692	2,692
Adult Meal Sales	4,000	4,000	3,042	(958)
Other Local Revenue	0	0	603	603
Interfund Transfer	3,148	3,148	0	(3,148)
<u>Total Local Revenue</u>	<u>10,148</u>	<u>10,148</u>	<u>9,337</u>	<u>(811)</u>
<u>Federal Revenue</u>				
Child Nutrition Reimbursement	59,000	59,000	65,698	6,698
<u>Total Federal Revenue</u>	<u>59,000</u>	<u>59,000</u>	<u>65,698</u>	<u>6,698</u>
<u>Amounts Available for Appropriations</u>	<u>76,148</u>	<u>76,148</u>	<u>96,366</u>	<u>20,218</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Non-Instructional</u>				
Salaries	17,000	17,000	12,519	4,481
Benefits	9,200	9,200	7,302	1,898
Purchased Services	42,000	42,000	544	41,456
Supplies	800	800	44,928	(44,128)
Capital Expenditures	0	0	0	0
<u>Total Non-Instructional</u>	<u>69,000</u>	<u>69,000</u>	<u>65,293</u>	<u>3,707</u>
<u>Total Charges to Appropriations</u>	<u>69,000</u>	<u>69,000</u>	<u>65,293</u>	<u>3,707</u>
<u>Ending Budgetary Fund Balance</u>	<u>\$ 7,148</u>	<u>\$ 7,148</u>	<u>\$ 31,073</u>	<u>\$ 23,925</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2013**

**NOTE 1 - RECONCILIATION OF BUDGET TO GAAP**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with accounting principles generally accepted in the United States of America follows:

	<u>General Fund</u>	<u>Food Service</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 1,801,693	\$ 96,366
<u>Differences - Budget to GAAP</u>		
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(530,221)	(21,331)
Earnings from investments are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(1,319)</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,270,153</u>	<u>\$ 75,035</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,306,825	\$ 65,293
<u>Differences - Budget to GAAP</u>		
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting	<u>(38,148)</u>	<u>0</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,268,677</u>	<u>\$ 65,293</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2013**

**NOTE 2 - REQUIRED FUND DISCLOSURE**

The following funds had excess actual expenditures over budgeted expenditures:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
Food Service	\$ 69,000	\$ 71,884	\$ 2,884
General Fund	1,290,156	1,306,825	16,669

**NOTE 3 - BUDGETING PROCEDURES**

The Board of Trustees adopts a budget on a basis consistent with the GAAP with minor changes for most funds. The District is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

The following procedures are followed in establishing the budget for the District:

1. At least 28 days prior to its annual meeting, the board of trustees shall have prepared a budget in a form prescribed by the state superintendent of public education, and shall have notified the public of the budget hearing.
2. At the public hearing or a special meeting held no later than 14 days after the public hearing, the board of trustees shall adopt a budget for the ensuing year.
3. The board of trustees shall publish a summary statement of the budget and a complete copy of the budget shall be submitted to the Idaho State Board of Education.
4. The District may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.

**SUPPLEMENTAL INFORMATION SECTION**

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	<u>Driver's Education</u>	<u>State Professional Technical</u>	<u>Basic Technology Grant</u>	<u>Title I-A Local Program</u>
<u>ASSETS</u>				
Cash			\$ 24,378	
Due From Other Governments	\$ 55	\$ 5,848	1,296	
<u>TOTAL ASSETS</u>	<u>\$ 55</u>	<u>\$ 5,848</u>	<u>\$ 25,674</u>	<u>\$ 0</u>
<u>LIABILITIES</u>				
Accounts Payable		\$ 3	\$ 771	
Interfund Payable	\$ 1,644	6,699		2,021
Contracts and Benefits Payable			143	237
<u>TOTAL LIABILITIES</u>	<u>1,644</u>	<u>6,702</u>	<u>914</u>	<u>2,258</u>
<u>FUND BALANCES</u>				
Unreserved	(1,589)	(854)	24,760	(2,258)
<u>TOTAL FUND BALANCES</u>	<u>(1,589)</u>	<u>(854)</u>	<u>24,760</u>	<u>(2,258)</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 55</u>	<u>\$ 5,848</u>	<u>\$ 25,674</u>	<u>\$ 0</u>

Continued

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	<u>Title I-C Migrant</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>	<u>Title II Innovative Education</u>
<b><u>ASSETS</u></b>				
Cash		\$ 664	\$ 1,116	\$ 276
Due From Other Governments				
	<u>0</u>	<u>664</u>	<u>1,116</u>	<u>276</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 664</u></b>	<b><u>\$ 1,116</u></b>	<b><u>\$ 276</u></b>
<b><u>LIABILITIES</u></b>				
Accounts Payable		\$ 38	\$ 396	
Interfund Payable	\$ 1,494			
Contracts and Benefits Payable	<u>186</u>	<u>471</u>		
	<u>1,680</u>	<u>509</u>	<u>396</u>	<u>\$ 0</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>1,680</u></b>	<b><u>509</u></b>	<b><u>396</u></b>	<b><u>\$ 0</u></b>
<b><u>FUND BALANCES</u></b>				
Unreserved	<u>(1,680)</u>	<u>155</u>	<u>720</u>	<u>276</u>
	<u>(1,680)</u>	<u>155</u>	<u>720</u>	<u>276</u>
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>(1,680)</u></b>	<b><u>155</u></b>	<b><u>720</u></b>	<b><u>276</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 664</u></b>	<b><u>\$ 1,116</u></b>	<b><u>\$ 276</u></b>

Continued

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	<u>REAP Grant</u>	<u>Improving Teacher Quality</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash			\$ 26,434
Due From Other Governments			7,199
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 33,633</u></b>
<b><u>LIABILITIES</u></b>			
Accounts Payable			\$ 1,208
Interfund Payable	\$ 6,247	\$ 605	18,710
Contracts and Benefits Payable	619	95	1,751
<b><u>TOTAL LIABILITIES</u></b>	<b><u>6,866</u></b>	<b><u>700</u></b>	<b><u>21,669</u></b>
<b><u>FUND BALANCES</u></b>			
Unreserved	(6,866)	(700)	11,964
<b><u>TOTAL FUND BALANCES</u></b>	<b><u>(6,866)</u></b>	<b><u>(700)</u></b>	<b><u>11,964</u></b>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 33,633</u></b>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Driver's Education</u>	<u>State Professional Technical</u>	<u>Basic Technology Grant</u>	<u>Title I-A Local Program</u>
<u>REVENUES</u>				
Local	\$ 950	\$ 1,665		
State	1,000	19,494	\$ 3,674	
Federal				\$ 20,646
	<u>1,950</u>	<u>21,159</u>	<u>3,674</u>	<u>20,646</u>
<u>TOTAL REVENUES</u>				
 <u>EXPENDITURES</u>				
Instructional	2,872	16,900	7,165	21,154
Support			17,981	
Administrative				
Non-Instructional - Food Service				
Capital Expenditures		1,416	1,475	904
	<u>2,872</u>	<u>18,316</u>	<u>26,621</u>	<u>22,058</u>
<u>TOTAL EXPENDITURES</u>				
 <u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>				
	<u>(922)</u>	<u>2,843</u>	<u>(22,947)</u>	<u>(1,412)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Interfund Transfers			26,000	
	<u>0</u>	<u>0</u>	<u>26,000</u>	<u>0</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>				
 <u>NET CHANGE IN FUND BALANCE</u>				
	(922)	2,843	3,053	(1,412)
 <u>FUND BALANCE - BEGINNING</u>				
	(667)	(3,697)	21,707	(846)
 <u>FUND BALANCE - ENDING</u>				
	<u>\$ (1,589)</u>	<u>\$ (854)</u>	<u>\$ 24,760</u>	<u>\$ (2,258)</u>

Continued

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Title I-C Migrant</u>	<u>Title VI-B School Age</u>	<u>Title VI-B Preschool</u>	<u>Title II Innovative Education</u>
<u>REVENUES</u>				
Local				
State				
Federal	\$ 35,291	\$ 41,158		
<u>TOTAL REVENUES</u>	<u>35,291</u>	<u>41,158</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>EXPENDITURES</u>				
Instructional	26,949	37,357	395	
Support				
Administrative				
Non-Instructional - Food Service				
Capital Expenditures		6		
<u>TOTAL EXPENDITURES</u>	<u>26,949</u>	<u>37,363</u>	<u>395</u>	<u>0</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	<u>8,342</u>	<u>3,795</u>	<u>(395)</u>	<u>0</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund Transfers				
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET CHANGE IN FUND BALANCE</u>	8,342	3,795	(395)	0
<u>FUND BALANCE - BEGINNING</u>	<u>(10,022)</u>	<u>(3,640)</u>	<u>1,115</u>	<u>276</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ (1,680)</u>	<u>\$ 155</u>	<u>\$ 720</u>	<u>\$ 276</u>

Continued

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>REAP Grant</u>	<u>Improving Teacher Quality</u>	<u>Total</u>
<u>REVENUES</u>			
Local			\$ 2,615
State			24,168
Federal	\$ 7,855	\$ 9,624	114,574
	<u>7,855</u>	<u>9,624</u>	<u>141,357</u>
<u>TOTAL REVENUES</u>			
 <u>EXPENDITURES</u>			
Instructional	16,157		128,949
Support		9,603	27,584
Administrative			0
Non-Instructional - Food Service			0
Capital Expenditures			3,801
	<u>16,157</u>	<u>9,603</u>	<u>160,334</u>
<u>TOTAL EXPENDITURES</u>			
 <u>EXCESS (DEFICIENCY) OF</u>			
<u>REVENUE OVER EXPENDITURES</u>			
	<u>(8,302)</u>	<u>21</u>	<u>(18,977)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>			
Interfund Transfers			26,000
	<u>0</u>	<u>0</u>	<u>26,000</u>
<u>TOTAL OTHER FINANCING</u>			
<u>SOURCES (USES)</u>			
<u>NET CHANGE IN FUND BALANCE</u>	(8,302)	21	7,023
<u>FUND BALANCE - BEGINNING</u>	<u>1,436</u>	<u>(721)</u>	<u>4,941</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ (6,866)</u>	<u>\$ (700)</u>	<u>\$ 11,964</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2013**

	<u>Capital Construction Fund</u>	<u>Plant Facilities Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 2,434	\$ 11,141	\$ 13,575
Investments	197		197
Property Taxes Receivable		13,465	13,465
<u>TOTAL ASSETS</u>	<u>\$ 2,631</u>	<u>\$ 24,606</u>	<u>\$ 27,237</u>
 <u>LIABILITIES</u>			
Accounts Payable		\$ 84	\$ 84
Interfund Payable			0
<u>TOTAL LIABILITIES</u>	<u>\$ 0</u>	<u>84</u>	<u>84</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows From Property Taxes		2,556	2,556
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>0</u>	<u>2,556</u>	<u>2,556</u>
 <u>FUND BALANCES</u>			
Restricted	2,631	21,966	24,597
<u>TOTAL FUND BALANCES</u>	<u>2,631</u>	<u>21,966</u>	<u>24,597</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>	<u>\$ 2,631</u>	<u>\$ 24,606</u>	<u>\$ 27,237</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Capital Construction Fund</u>	<u>Plant Facilities Fund</u>	<u>Total</u>
<u>REVENUES</u>			
Property Taxes		\$ 40,393	\$ 40,393
Property Tax Penalty and Interest		320	320
Other State Support/Grants			0
Local Revenue			0
Federal Revenue			0
Earnings on Investments		1	1
<u>TOTAL REVENUES</u>	<u>\$ 0</u>	<u>40,714</u>	<u>40,714</u>
 <u>EXPENDITURES</u>			
Purchased Services		6,577	6,577
Supplies		9,344	9,344
Capital Expenditures		3,650	3,650
Debt Service - Principal		12,046	12,046
Debt Service - Interest		2,827	2,827
<u>TOTAL EXPENDITURES</u>	<u>0</u>	<u>34,444</u>	<u>34,444</u>
 <u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	 <u>0</u>	 <u>6,270</u>	 <u>6,270</u>
 <u>OTHER FINANCING SOURCES (USES)</u>			
Interfund Transfers		12,148	12,148
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>12,148</u>	<u>12,148</u>
 <u>NET CHANGE IN FUND BALANCE</u>	 0	 18,418	 18,418
 <u>FUND BALANCE - BEGINNING</u>	 2,631	 3,548	 6,179
<u>FUND BALANCE - ENDING</u>	<u>\$ 2,631</u>	<u>\$ 21,966</u>	<u>\$ 24,597</u>

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**SCHEDULE OF CHANGE IN NET ASSETS - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Student Group</u>	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers In (Out)</u>	<u>Ending Balance</u>
Student Body	\$ 3,393.68	\$ 1,446.28	\$ 1,905.16	\$ 475.03	\$ 3,409.83
Attendance	55.24			(55.24)	0.00
Mona Maag Scholarship	1,379.38	1,100.00		500.00	2,979.38
Amy Young Memorial	989.65				989.65
SB Class Trip	0.00	7,055.87	5,714.59	2,503.97	3,845.25
Class of 2013	1,557.34		31.08	(1,526.26)	0.00
Class of 2014	907.43	271.66	25.90	(1,153.19)	0.00
Class of 2015	349.91		58.86	(291.05)	0.00
Class of 2016	0.00	240.40	34.93	(205.47)	0.00
Box Tops	439.27	289.30			728.57
Annual	(324.60)	1,224.60	703.04		196.96
Assembly	715.60	1,095.76	592.15		1,219.21
IDLA	175.00	375.00	500.00		50.00
Athletics	526.53	9,985.65	9,897.10	(315.73)	299.35
Drama	263.47			(263.47)	0.00
B.P.A.	109.57			(109.57)	0.00
Future Farmers of America	1,406.40	610.00	218.00		1,798.40
Floriculture	20.68			(20.68)	0.00
Greenhouse	3,006.12	1,002.00	1,546.35	20.68	2,482.45
Shop	236.22	120.00			356.22
Business Exploration	138.34			(138.34)	0.00
Music	176.06	388.88	259.81		305.13
Science	52.84	744.21	682.01		115.04
Library	63.15	1,356.70	1,383.63		36.22
Cheerleading	72.43				72.43
Sunshine Club	67.13	200.00	24.37		242.76
Book Damage	952.00				952.00
Driver's Education	950.00		950.00		0.00
Technology Damage	46.75			(46.75)	0.00
Girls Basketball	0.00	440.00	440.00		0.00
Girls Soccer	215.62				215.62
Boys Basketball	60.00		32.00		28.00
Track	26.99				26.99
Weights	4.27			(4.27)	(0.00)
Wood Shop	2,100.60				2,100.60
History Revitalization Proj.	82.06				82.06
Idaho Lottery	539.00				539.00
Ski Club	0.00	1,179.10	932.66		246.44
Bear Factory - Home Ec	122.95	1,694.65	140.24	492.00	2,169.36
Bear Factory - Ag	2,291.20	1,261.00	2,159.11		1,393.09
Bear Factory - Business	155.97		180.00	138.34	114.31
Danny Lopez Senior Project	0.00	1,175.03	919.63		255.40
<b>Total</b>	<b><u>\$ 23,324.25</u></b>	<b><u>\$ 33,256.09</u></b>	<b><u>\$ 29,330.62</u></b>	<b><u>\$ (0.00)</u></b>	<b><u>\$ 27,249.72</u></b>

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## **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**

Chairman and Board of Trustees  
Bliss Joint School District No. 234  
Bliss, ID 83314

August 30, 2013

I 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 Bliss Joint School District No. 234, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Bliss Joint School District No. 234's basic financial statements and have issued my report thereon dated August 30, 2013.

### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Bliss Joint School District No. 234's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bliss Joint School District No. 234's internal control. Accordingly, I do not express an opinion on the effectiveness of Bliss Joint School District No. 234's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

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 a 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. I consider the deficiency described in the accompanying schedule of findings and responses to be material a weakness, 2013-1.

Independent Auditor's 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*  
Page Two

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. I consider none of the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bliss Joint School District No. 234's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Bliss Joint School District No. 234's Response to Findings

Bliss Joint School District No. 234's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Bliss Joint School District No. 234's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I 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.

Sincerely,

*R. Michael Burr*

R. Michael Burr  
Certified Public Accountant

**BLISS JOINT SCHOOL DISTRICT NO. 234**  
**BLISS, IDAHO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**JUNE 30, 2013**

**FINDING 2013-1: Lack of Segregation of Duties**

Description of Condition

Most accounting functions are performed by only one person. These functions include, but are not limited to, check writing, posting, reconciling and report preparation.

Effect of Condition

This condition could result in inaccurate financial reporting, undetected errors, and misappropriation of funds.

Recommendation

We recommend that additional personnel be hired or reassigned to assist in the accounting functions so that one person does not have complete control over the financial information.

District's Response

Lack of funding allows the District to only employ one clerk. We must rely on honesty and occasional spot checks.