

**GENESEE SCHOOL DISTRICT #282**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2012**

**GENESEE SCHOOL DISTRICT #282**

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Independent Auditor's Report

Board of Trustees  
Genesee School District #282  
Genesee, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Genesee School District #282, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not recorded a liability for the implicit rate subsidy of the retiree healthcare. Accounting principles generally accepted in the United States of America require that the District record a liability for the excess of the age-adjusted health insurance premium over the blended health insurance premium for retirees which would increase the liabilities, decrease the net assets in the statement of net assets, and increase expenses in the statement of activities. The amount by which this departure would affect the liabilities, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, except for the effects of not providing a liability for the implicit rate subsidy of the retiree healthcare in the governmental activities, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Genesee School District #282, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Genesee School District #282, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report October 10, 2012, on our consideration of Genesee School District #282's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 30 through 31 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. 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.

*Personell Gage, PLLC*

October 10, 2012

## GENESEE SCHOOL DISTRICT NO. 282

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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Our discussion and analysis of the School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012.

#### **FINANCIAL HIGHLIGHTS**

- The District's net assets decreased by \$30,591 as a result of this year's operations after increasing by \$234,095 in 2011.
- The total cost of District operations was up to \$3,333,517 from \$3,248,416 in 2011. Program revenues consisted of charges for services in the amount of \$52,077 and operating grants and contributions of \$354,578.
- The District purchased a school bus during the current fiscal year. The District also disbursed funds for professional fees relating to building improvements, including the initial costs of gym repairs. Total capital additions and depreciation expense during the current year were \$99,778 and \$247,002, respectively.

#### **USING THIS ANNUAL REPORT**

This annual report consists of four distinct series of financial statements: The District-wide financial statements; the fund financial statements; the fiduciary financial statements; and supplementary information.

- The statement of net assets and the statement of activities (on pages 10 and 11) provide information about the activities of the District as a whole and present a long-term view of the District's finances.
- The fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements (on pages 12 to 15) also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.
- The fiduciary funds (on pages 16 to 17) provide information about activities for which the District acts solely as a trustee or agent for the benefit of student groups, individual students, and employees.
- The remaining statements and schedules provide information about individual funds within the District and the results of their operations compared to budget.

***The Statement of Net Assets and the Statement of Activities.*** One of the most important questions asked about the District's finances is: "Is the District as a whole better off or worse off as a result of the year's activities"? The statement of net assets and the statement of activities report information about the District as a whole and about its activities in a way that may help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

## GENESEE SCHOOL DISTRICT NO. 282

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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***The Statement of Net Assets and the Statement of Activities (Continued).*** These two statements report the District's net assets and changes in them. You can think of the District's net assets—the difference between assets and the liabilities—as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base and student enrollment to assess the overall health of the District.

***Fund Financial Statements.*** The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received through the Idaho State Department of Education).

**Governmental Funds**—All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

**Fiduciary Funds**—The District is the fiduciary for its student activity funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets on page 16. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to Financial Statements.** The notes provide additional information that is essential for a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 18-29.

### **THE DISTRICT AS A WHOLE**

Net assets of the District's governmental activities decreased by \$30,591. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—was \$390,956 on June 30, 2012.

Accounts payable and payroll and related liabilities decreased from \$312,190 to \$294,623 primarily due to the decrease in accounts payable, which were higher than normal in the prior year as the result of the Solar Panel Project. The District was current on all accounts payable as of June 30, 2012.

**GENESEE SCHOOL DISTRICT NO. 282**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

<b>Table 1</b>		
<b>Changes in Net Assets</b>		
	<b>2012</b>	<b>2011</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 52,077	\$ 54,796
Operating grants and contributions	354,578	213,814
Capital grants and contributions		259,671
General revenues		
Property taxes, levied for general purposes	1,030,178	958,715
State base support	1,787,932	1,926,987
State and federal funding not restricted to specific programs	39,738	22,091
Interest and investment earnings	2,004	3,070
Other general revenues	36,419	42,897
Total revenues	<u>3,302,926</u>	<u>3,482,511</u>
<b>Program Expenses</b>		
Instruction		
Regular programs	1,413,206	1,384,617
Special programs	206,130	201,677
Interscholastic and school activity	79,026	78,878
Support services		
Pupil support	161,385	146,548
Staff support	151,807	117,537
General administration	145,607	143,087
School administration	193,028	195,234
Business Services	5,443	582
Maintenance and operations	258,391	264,733
Transportation	175,338	178,651
Food services	104,304	99,506
Debt services	192,850	198,854
Unallocated depreciation	247,002	238,512
Total expenses	<u>3,333,517</u>	<u>3,248,416</u>
Change in net assets	<u>\$ (30,591)</u>	<u>\$ 234,095</u>

The District experienced an overall revenue decrease during the year ended June 30, 2012. The decrease, however, was due to the prior year capital grant revenue relating to the Solar Panel Project in the amount of \$259,671. The District experienced a decrease in State Foundation related revenue of \$123,425 from \$1,898,286 in 2011 to \$1,774,861 in 2012. Interest and investment earnings continued to decrease as interest rates continue to drop.

**GENESEE SCHOOL DISTRICT NO. 282**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 2 presents the cost of each of the District's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	<u>Expenses</u>	<u>Net (Cost) Revenue</u>
<b>Instruction</b>		
Regular programs	\$ 1,413,206	\$ (1,179,273)
Special programs	206,130	(146,891)
Interscholastic and school activity	79,026	(52,173)
<b>Support services</b>		
Pupil support	161,385	(157,811)
Staff support	151,807	(151,807)
General administration	145,607	(145,607)
School administration	193,028	(193,028)
Business services	5,443	(5,443)
Maintenance and operations	258,391	(253,397)
Transportation	175,338	(172,900)
Food services	104,304	(28,680)
Debt services	192,850	(192,850)
Unallocated depreciation	247,002	(247,002)
<b>Total</b>	<b>\$ 3,333,517</b>	<b>\$ (2,926,862)</b>

**THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported a combined fund balance of \$829,234, which decreased from last year's total of \$858,008.

**General Fund Budgetary Highlights**

During the fiscal year, the District did not amend their operating budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2012, the District had \$8,870,488 in capital assets, including buildings, computer equipment, and major school equipment.

During the current year, the District purchased a school bus for \$82,005. The District also performed some building improvements, which included water damage repair and initial costs of gym renovations, for the total cost of \$17,773.



## GENESEE SCHOOL DISTRICT NO. 282

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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#### ***Debt***

At year end, the District had long-term debt outstanding in the amount of \$4,440,000 in general obligation bonds. The district also has deferred bond issuance costs of \$82,773 and bond premiums of \$91,314 related to the initial issuance of the general obligation bonds. These two amounts are amortized over the life of the loan with the net annual amortization being charged against interest expense.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The State of Idaho maintained the 1.67% cut to funding of the Maintenance and Operations Salary Based Apportionment budget. Due to legislation passed in 2012 those decreases in funding will be utilized to support other State initiatives.

The District has completed many maintenance and construction projects during the past several years. Maintenance and construction projects for 2012-2013 will include:

- Replacement of Ceiling Tiles and painting of main gym ceiling and walls.
- Repaired water damage of walls in main gym.

The State Department of Education reimburses the district approximately 50% of the transportation costs per year. The district has been looking at internal ways to reduce costs, such as combining routes, and reducing extra-curricular travel when possible.

The School District's average daily attendance has stabilized over the past few years, which has had a relative neutral impact on the State Foundation Program funding for the district. The revenues for the 2012-13 school year are anticipated to be relatively the same as the past year.

The district has restored all years of experience and steps for educational experience on the district salary schedule for certificated staff. The district had no staff reductions for the 2012-2013 school year.

Genesee Schools was chosen as one of the districts to receive the first round of 1:1 devices in 2012. The technology in the district is taking a new look with the planning and preparation for the 1:1 devices. The district has begun implementation of iPads in the elementary classrooms. The district has written grants to support the iPad and 1:1 initiative and will continue to look for future grant opportunities to help cover the costs of bringing additional technology into the district.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Business Office, at 330 West Ash Street, Genesee, Idaho 83832.

**GENESEE SCHOOL DISTRICT #282**

**STATEMENT OF NET ASSETS**  
June 30, 2012

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 12,996
Investments	788,695
Property taxes receivable	317,036
Accounts receivable	43,225
Deferred bond issuance costs, to be amortized within one year	4,556
Total current assets	<u>1,166,508</u>
<b>Noncurrent assets</b>	
Capital assets	8,870,488
Less accumulated depreciation	(2,516,029)
Deferred bond issuance costs, to be amortized after one year	78,217
Total noncurrent assets	<u>6,432,676</u>
Total assets	<u>7,599,184</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	57,246
Payroll and taxes payable	237,377
Accrued interest payable	79,942
Unearned revenue	484
Bond premium, to be amortized within one year	5,026
General obligation bonds, due within one year	135,000
Total current liabilities	<u>515,075</u>
<b>Noncurrent liabilities</b>	
Bond premium, to be amortized after one year	86,288
General obligation bonds, due after one year	4,305,000
Total noncurrent liabilities	<u>4,391,288</u>
Total liabilities	<u>4,906,363</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,914,459
Restricted for:	
Capital projects	34,613
Debt service	352,793
Unrestricted	390,956
Total net assets	<u>\$ 2,692,821</u>

See accompanying notes

GENESEE SCHOOL DISTRICT #282

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Governmental Activities
Instruction				
Regular programs	\$ 1,413,206	\$ 3,500	\$ 230,433	\$ (1,179,273)
Special programs	206,130		59,239	(146,891)
Interscholastic and school activity	79,026		26,853	(52,173)
Support services				
Pupil support	161,385		3,574	(157,811)
Staff support	151,807			(151,807)
General administration	145,607			(145,607)
School administration	193,028			(193,028)
Business services	5,443			(5,443)
Maintenance and operations	258,391		4,994	(253,397)
Transportation	175,338	2,438		(172,900)
Food services	104,304	46,139	29,485	(28,680)
Debt services	192,850			(192,850)
Unallocated depreciation	247,002			(247,002)
Total governmental activities	<u>\$ 3,333,517</u>	<u>\$ 52,077</u>	<u>\$ 354,578</u>	<u>\$ 0</u>
General revenues:				
Property taxes, levied for general purposes				1,030,178
State base support				1,787,932
Other state and federal funding not restricted to specific programs				39,738
Interest and investment earnings				2,004
Other general revenues				36,419
				<u>2,896,271</u>
Change in net assets				(30,591)
Net assets, beginning				<u>2,723,412</u>
Net assets, ending				<u>\$ 2,692,821</u>

**GENESEE SCHOOL DISTRICT #282**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2012

	General	School Lunch	Bond Redemption	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 8,388			\$ 4,091	\$ 517	\$ 12,996
Investments	480,828		\$ 271,142	36,725		788,695
Property taxes receivable	228,235		88,801			317,036
Accounts receivable	33,027				10,198	43,225
Interfund balances		\$ 8,329	389		1,822	10,540
<b>Total assets</b>	<b>\$ 750,478</b>	<b>\$ 8,329</b>	<b>\$ 360,332</b>	<b>\$ 40,816</b>	<b>\$ 12,537</b>	<b>\$ 1,172,492</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 42,424	\$ 1,552		\$ 6,203	\$ 7,067	\$ 57,246
Payroll and taxes payable	230,393	6,777			207	237,377
Interfund balances	5,761				4,779	10,540
Deferred revenue	30,072		\$ 7,539		484	38,095
<b>Total liabilities</b>	<b>308,650</b>	<b>8,329</b>	<b>7,539</b>	<b>6,203</b>	<b>12,537</b>	<b>343,258</b>
<b>FUND BALANCES</b>						
Restricted for capital improvements				34,613		34,613
Restricted for retirement of long-term debt			352,793			352,793
Unassigned, reported in:						
General fund	441,828					441,828
<b>Total fund balances</b>	<b>441,828</b>	<b>0</b>	<b>352,793</b>	<b>34,613</b>	<b>0</b>	<b>829,234</b>
<b>Total liabilities and fund balances</b>	<b>\$ 750,478</b>	<b>\$ 8,329</b>	<b>\$ 360,332</b>	<b>\$ 40,816</b>	<b>\$ 12,537</b>	<b>\$ 1,172,492</b>

See accompanying notes

GENESEE SCHOOL DISTRICT #282

RECONCILIATION OF THE STATEMENT OF NET ASSETS  
TO THE BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2012

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	Total Governmental Funds
<b>Total fund balances - Governmental Funds</b>	<b>\$ 829,234</b>
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:</p>	
Cost of capital assets	8,870,488
Accumulated depreciation	(2,516,029)
<p>Long-term liabilities, including bonds payable and associated charges, are not due and payable in the current period and, therefore, are not reported in the funds.</p>	
	(4,528,483)
<p>Property taxes receivable to be collected this year; but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.</p>	
	<u>37,611</u>
<b>Total net assets - Governmental Activities</b>	<b><u><u>\$ 2,692,821</u></u></b>

GENESEE SCHOOL DISTRICT #282

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2012

	General	School Lunch	Bond Redemption	School Plant Facility Reserve	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
General property taxes	\$ 729,051		\$ 288,492			\$ 1,017,543
State foundation program	1,774,861					1,774,861
Other state revenue	39,738		13,071		\$ 22,955	75,764
Federal revenue	84,178	\$ 29,485			191,107	304,770
Charges for services	27,427	46,139			3,500	77,066
Earnings on investments	1,487		403	\$ 114		2,004
Other revenues	31,083			7,200		38,283
<b>Total revenues</b>	<b>2,687,825</b>	<b>75,624</b>	<b>301,966</b>	<b>7,314</b>	<b>217,562</b>	<b>3,290,291</b>
<b>EXPENDITURES</b>						
Instruction						
Regular programs	1,261,900				151,306	1,413,206
Special programs	145,202				60,928	206,130
Interscholastic and school activity	79,026					79,026
Support services						
Pupil support	157,811				3,574	161,385
Staff support	151,807					151,807
General administration	145,607					145,607
School administration	193,028					193,028
Maintenance and operations	245,294			8,103	4,994	258,391
Transportation	175,338					175,338
Food services		104,304				104,304
Capital outlay						
Debt services			325,622			325,622
<b>Total expenditures</b>	<b>2,560,456</b>	<b>104,304</b>	<b>325,622</b>	<b>107,881</b>	<b>220,802</b>	<b>3,319,065</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>127,369</b>	<b>(28,680)</b>	<b>(23,656)</b>	<b>(100,567)</b>	<b>(3,240)</b>	<b>(28,774)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds		25,489			3,240	83,729
Transfers to other funds	(83,729)					(83,729)
<b>Total other financing sources (uses)</b>	<b>(83,729)</b>	<b>25,489</b>	<b>0</b>	<b>55,000</b>	<b>3,240</b>	<b>0</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>43,640</b>	<b>(3,191)</b>	<b>(23,656)</b>	<b>(45,567)</b>		<b>(28,774)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>398,188</b>	<b>3,191</b>	<b>376,449</b>	<b>80,180</b>		<b>858,008</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 441,828</b>	<b>\$ 0</b>	<b>\$ 352,793</b>	<b>\$ 34,613</b>	<b>\$ 0</b>	<b>\$ 829,234</b>

See accompanying notes

**GENESEE SCHOOL DISTRICT #282**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012**

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	Total Governmental Funds
<b>Net Change in Fund Balances - Total Governmental Funds</b>	<u>\$ (28,774)</u>
 Amounts reported for governmental activities in the statement of activities are different because:	
 Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation:	
Current year capital outlay	99,778
Current year depreciation	<u>(247,002)</u>
 Amounts repaid on long-term debt are reported in the governmental funds as expenditures. However, for governmental activities, the repayment of funds is reflected as a payment of outstanding long-term debt:	
Current year repayment of long-term debt	130,000
Current year interest associated with change in accrued interest	2,302
Current year amortization of bond issuance costs and bond premium	470
 Some revenue will not be collected for several months after the fiscal year ends and they are not considered available revenues in the governmental funds. Instead, they are counted as deferred tax revenues. They are, however, recorded as revenues:	
Current year taxes receivable	37,611
Prior year taxes receivable	<u>(24,976)</u>
<b>Change in Net Assets - Governmental Activities</b>	<u><u>\$ (30,591)</u></u>

GENESEE SCHOOL DISTRICT #282

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2012

	Private-Purpose Trusts			Agency Funds
	Employee Benefit Fund	Student Scholarship Fund	Total	Student Body Funds
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	\$ 3,186	\$ 2,094	\$ 5,280	\$ 1,701
Investments	70,098	44,768	114,864	51,715
Total assets	<u>73,284</u>	<u>46,860</u>	<u>120,144</u>	<u>53,416</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Due to student groups				53,416
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 53,416</u>
<b>NET ASSETS</b>				
Held for benefit of others	<u>73,284</u>	<u>46,860</u>	<u>120,144</u>	
Total net assets	<u>\$ 73,284</u>	<u>\$ 46,860</u>	<u>\$ 120,144</u>	



**GENESEE SCHOOL DISTRICT #282**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS**

For the Year Ended June 30, 2012

	Private-Purpose Trusts		
	Employee Benefit Fund	Student Scholarship Fund	Total
<b>ADDITIONS</b>			
Contributions	\$ 31,464		\$ 31,464
Local revenue		\$ 17,846	17,846
Earnings on investments	118	56	174
Total additions	<u>31,582</u>	<u>17,902</u>	<u>49,484</u>
<b>DEDUCTIONS</b>			
Employee insurance payments	29,488		29,488
Professional and contract services	2,304		2,304
Scholarships		15,900	15,900
Total deductions	<u>31,792</u>	<u>15,900</u>	<u>47,692</u>
Change in net assets	(210)	2,002	1,792
Net assets at beginning of year	<u>73,494</u>	<u>44,858</u>	<u>118,352</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 73,284</u>	<u>\$ 46,860</u>	<u>\$ 120,144</u>

## GENESEE SCHOOL DISTRICT #282

### NOTES TO FINANCIAL STATEMENTS

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity.** Genesee School District #282 is based in Genesee, Idaho, and located within Latah and Nez Perce Counties. The District operates two school facilities: an elementary school for grades Kindergarten through 6th grade and a high school for grades 7 through 12.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval of assets, etc.). The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight, which would result in the District being considered a component unit of that entity.

The District's reporting entity includes the District government and all the student activity funds for which the District exercises oversight responsibility. The District does not exercise oversight responsibilities for any booster organizations or related groups such as Parent-Teacher Organizations.

**Measurement Focus and Basis of Accounting.** The accounting policies of Genesee School District #282 conform to United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District uses the following two bases of accounting in these financial statements:

#### **Economic Resources Measurement Focus and Accrual Basis of Accounting**

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

#### **Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting**

Under this measurement focus, revenues are recognized when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 30 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes, the state foundation program, federal and state grants, and interest are considered to be susceptible to accrual.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Measurement Focus and Basis of Accounting (Continued).*****Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting (Continued)**

The District reports deferred revenue in its fund financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

***Restricted Resources.*** Program expenses are allocated to restricted program revenue first and then to the next highest level of net assets/fund balance restrictions when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB #54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB #54 requires the fund balance amounts to be properly reported within one of the fund balance categories below:

**Nonspendable**

Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

**Restricted**

Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

**Committed**

Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

**Assigned**

Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

**Unassigned**

Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

GENESEE SCHOOL DISTRICT #282

NOTES TO FINANCIAL STATEMENTS

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***District-Wide Financial Statements.*** The statement of net assets and the statement of activities display information about the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements reflect only governmental activities of the District since there are no "business-type activities" within the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District-wide financial statements are reported using the *economic resources measurement focus* and the *modified accrual basis* of accounting.

The statement of activities presents a comparison between direct expenses and program revenues for the different functions of the District's governmental activities. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Program Revenue**

The Statement of Activities reflects all restricted federal and state grants as program revenue, as well as all charges to students for classes, activities, and school lunches. Program expenses are allocated to restricted program revenue first when both restricted and unrestricted net assets are available.

***Fund Financial Statements.*** The Fund financial statements provide information about the District's fund categories. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All remaining funds are aggregated and reported as non-major funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

**Governmental Funds**

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. The District reports the following major governmental funds:

- General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- School Lunch. The federal government provides cash grants and food allotments to school districts to make a school lunch program available. These grants are based upon the number of children eating school lunch. In addition, the District charges students for lunch and breakfast.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Fund Financial Statements (Continued).***

- Bond Redemption. District patrons authorized borrowing under a bond arrangement in 2007 for the purpose of constructing a new gymnasium. The patrons authorized a special tax levy to repay the bond over the 25 years ending in 2031.
- School Plant Facility Reserve. The State of Idaho allows the District to establish a special fund and levy a special property tax to acquire, purchase, and improve school sites, and build school buildings upon a vote of the District patrons.

**Fiduciary Funds**

The District reports two types of fiduciary funds: private purpose trusts and agency funds. Private purpose trusts are reported using the *economic resources measurement focus* and the *accrual basis* of accounting. The District's three private purpose trusts are the Employee Benefit, Student Scholarship, and District Administration Bonus Funds. The agency fund is used to account for monies held on behalf of Student Activity Funds. Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the *accrual basis* of accounting to recognize receivables and payables.

***Use of Estimates.*** Management of the District uses estimates and assumptions in preparing financial statements in accordance with United States generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that management uses.

***Basis of Presentation.***

**Investments**

The District's investments consist of deposits in the Idaho State Treasurer's Local Government Investment Pool (LGIP).

Deposits in the State Treasurer's LGIP are stated at cost, which approximates market. The state treasurer combines deposits from all governmental entities in the state which participate in the pool and purchases the following types of investments:

- Local Certificates of Deposit
- Repurchase Agreements
- U.S. Government Securities

The entities participating in the pool own a percentage of each investment held. This percentage is calculated by dividing the individual entity's deposits by the total deposits held in the pool. The purpose of this is to:

- Increase the overall rate of return.
- Reduce the risk of default.
- Place each entity under the FDIC and SLIC limits of \$250,000.

Investments in time certificates of deposit and savings accounts are authorized by Board policy as permitted by *Idaho Code*, Section 67-1210.

GENESEE SCHOOL DISTRICT #282

NOTES TO FINANCIAL STATEMENTS

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1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Basis of Presentation (Continued).*

**Prepaid Supplies**

The District does not capitalize its supplies inventory at year-end. All supplies are recorded as expenditures in the period in which they were purchased.

**Capital Assets**

Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The District records all capital assets at their original cost. Assets acquired prior to 2003 are recorded at their estimated original cost. Interest is capitalized on capital assets during the construction period.

The District capitalizes equipment with an original unit cost of \$5,000 or more and an expected life of more than five years. The District capitalizes property improvements with an original cost of \$10,000 or more that is expected to extend the property life by 10 years or more. Equipment with an original unit cost of between \$100 and \$5,000 is not capitalized for depreciation purposes, but is recorded for inventory tracking purposes only.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 40 years; transportation equipment – 10 years; general equipment – 5 to 7 years.

**Property Taxes**

The District's property tax is levied by Latah and Nez Perce Counties in November and payable on December 20 and June 20 following the levy date. Taxes are remitted to the District in the month following collection. The taxes are delinquent and a lien is filed the day following the due dates. A tax deed is issued on property three years from the date of delinquency.

**Budgets**

Annual non-appropriated budgets are adopted for all governmental and proprietary funds. Expenditures may not exceed the budget at the individual fund level.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are included in the following year's budgeted expenditures.

**Compensated Absences**

District employees are granted vacation and sick leave days in varying amounts under the terms of District policy. Employees are not compensated for unused sick leave. The estimated amount of compensation for future absences is immaterial to these financial statements and, accordingly, no liability has been recorded.

GENESEE SCHOOL DISTRICT #282

NOTES TO FINANCIAL STATEMENTS

2. LEGAL COMPLIANCE – BUDGETS

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least 14 days prior to the public hearing, the District publishes a proposed budget for public review.
2. A public hearing is set to obtain taxpayers' comments.
3. The final budget is adopted by resolution of the Board at the regular June meeting of the Board of Trustees.
4. Prior to July 15, the final budget is filed with the State Department of Education.
5. During the fiscal year, a revised budget can be prepared and adopted to reflect more accurate revenue and expenditure projections. The Board must hold public hearings and publish the proposed budget prior to adoption. The District did not amend the 2011-12 budget.

Expenditures may not exceed the budget at the individual fund level. The District incurred expenditures in excess of budget in the following funds:

	<u>Budget</u>	<u>Expenditures</u>
Professional Technical	\$ 18,668	\$ 19,705
Title VI-B School-Age	45,657	57,099
Title VI-B Preschool	2,125	3,308
School Lunch	87,000	104,304
School Plant Facility Reserve	103,000	107,881
School Lunch	87,000	104,304

The additional expenditures were incurred due to the availability carryovers in the fund.

**Deficit Fund Balance in Individual Funds.** At fiscal year-end, no funds had a deficit balance.

3. DEPOSITS AND INVESTMENTS

**Deposits.** At June 30, 2012, the carrying amount of the District's deposits was \$12,996 for governmental activities and \$6,981 for fiduciary funds. The bank balance was \$15,684 for governmental activities and \$7,294 for fiduciary funds. All balances were considered covered by Federal Depository Insurance.

GENESEE SCHOOL DISTRICT #282

NOTES TO FINANCIAL STATEMENTS

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3. DEPOSITS AND INVESTMENTS (CONTINUED)

*Investments.* At June 30, 2012, all District investments were held in the Idaho State Treasurer's Local Government Investment Pool. The carrying value of investments approximates market value.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will reduce the value of the District's investments. The District does not have a policy regarding interest rate risk.

*Custodial Risk.* Custodial risk is the risk that, in the event of the failure of the investment custodian, the District will not be able to recover the value of its investments or collateral securities that are in the possession of the custodian. The District owns a percentage of each investment held by the Idaho State Treasurer's Local Government Investment Pool and all investments are held in the name of the pool.

*Credit Risk.* Credit risk is the risk that a borrower will fail to repay principal and interest in a timely manner. The District owns a percentage of each investment held by the Idaho State Treasurer's Local Government Investment Pool and the Pool diversifies investments to minimize credit risk to any individual government. The District's investment in the Idaho State Treasurer's Local Government Investment Pool has not been issued an external credit quality rating.

*Concentration of Credit Risk.* The District has no policy on the amount they may invest in any one issuer.

4. ACCOUNTS RECEIVABLE

Details of accounts receivable at June 30, 2012 are as follows:

State of Idaho -- Foundation program	\$ 33,027
State of Idaho -- State grant funds	5,911
State of Idaho -- Federal grant funds	1,320
U.S. Government -- Federal grant funds	2,967
	<u>\$ 43,225</u>

5. PROPERTY TAXES

Details of property tax revenue at June 30, 2012 are as follows:

	Governmental Funds
Latah County, taxes, penalties and interest	\$ 732,374
Nez Perce County, taxes, penalties and interest	214,434
Agriculture property taxes	57,693
Other	13,042
	<u>\$1,017,543</u>



**GENESEE SCHOOL DISTRICT #282**

**NOTES TO FINANCIAL STATEMENTS**

**6. CAPITAL ASSETS**

A summary of changes in capital assets follows:

	6/30/2011	Additions	Deletions	6/30/2012
Capital Assets				
Construction in Progress		\$ 6,203		\$ 6,203
Land	\$ 6,319			6,319
Structures and Improvements	8,128,372	11,570		8,139,942
Equipment	195,484			195,484
Transportation	492,782	82,005	\$ (52,247)	522,540
	\$ 8,822,957	\$ 99,778	\$ (52,247)	8,870,488
Accumulated Depreciation				
Structures and Improvements	\$ (1,803,376)	\$ (199,615)		(2,002,991)
Equipment	(166,327)	(8,757)		(175,084)
Transportation	(351,571)	(38,630)	\$ 52,247	(337,954)
	\$ (2,321,274)	\$ (247,002)	\$ 52,247	(2,516,029)
Capital Assets, net				\$ 6,354,459

Depreciation expense for governmental activities has not been allocated to any of the District's individual functions. Rather, the District has included all depreciation related to governmental funds as a single line item on the Statement of Activities. The total depreciation charged during the current year was \$247,002.

**7. GENERAL LONG-TERM DEBT**

**Bonds Payable.** The District approved the issuance of General Obligation Bonds, Series 2007 in March, 2007 to finance the construction of a new gymnasium.

Future payments under bonds payable as of June 30, 2012 are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>
2013	135,000	188,991
2014	150,000	182,936
2015	155,000	176,454
2016	165,000	169,448
2017	170,000	161,910
2018-2022	965,000	685,687
2023-2027	1,205,000	442,688
2028-2032	1,495,000	157,047
	\$ 4,440,000	\$ 2,165,161

GENESEE SCHOOL DISTRICT #282

NOTES TO FINANCIAL STATEMENTS

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7. GENERAL LONG-TERM DEBT (CONTINUED)

*Bonds Payable (Continued).*

Interest expense of \$192,850 has been reported as a separate function on the statement of activities. There is no interest expense included in other function expenses.

**Changes in General Long-term Debt Account Group.** A summary of changes in general long-term debt follows:

	Balance <u>7/1/11</u>	<u>Additions</u>	<u>Repayment</u>	Balance <u>6/30/12</u>
General Obligation Bonds, Series 2007	\$ 4,570,000		\$ 130,000	\$ 4,440,000

8. DEFINED BENEFIT PENSION PLAN

All employees of the District who work over 20 hours a week for at least 5 months of the year participate in the Public Employees Retirement System of Idaho (PERSI). PERSI is a cost-sharing, multiple-employer public retirement system created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state and school district employees, the legislature provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the Plan are available from PERSI upon request.

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 year of credited service, the annual service retirement allowance is 2.0 percent of the average monthly salary for the highest consecutive 42 months.

For the year ended June 30, 2012, the required contribution rates, as determined by PERSI, were 10.39 percent (10.39 percent in 2011 and 10.39 percent in 2010) for the District and 6.23 percent (6.23 percent in 2011 and 6.23 percent in 2010) for employees. The District also pays 1.16 percent of eligible wages to the fund for future medical benefits to be provided. The District contributions required and paid were \$196,993, \$198,769, and \$197,064 for the 3 years ended June 30, 2012, 2011, and 2010, respectively.

## GENESEE SCHOOL DISTRICT #282

### NOTES TO FINANCIAL STATEMENTS

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#### 9. RISK MANAGEMENT

The District purchases commercial insurance to cover the risks of property loss and legal liability. A general summary of the insurance coverage in effect at June 30, 2012, is as follows:

- Property - \$14,791,475 in scheduled buildings and contents. Replacement cost coverage with a \$2,500 deductible per occurrence.
- General Liability - \$2,000,000 limit per occurrence and \$5,000,000 in aggregate and a \$0 deductible.
- Equipment Breakdown - \$100,000,000 limit per occurrence with a \$2,500 deductible.
- Crime - \$300,000 limit per occurrence with a \$1,000 deductible.
- Abuse and Molestation - \$2,000,000 limit per occurrence and in aggregate with a \$0 deductible.
- Educator's Legal Liability - \$2,000,000 limit per occurrence and in aggregate with a \$0 deductible.
- Automobiles - \$3,000,000 limit per occurrence and \$250,000 uninsured motorist per occurrence; with \$0 deductible.

#### 10. TRANSFERS TO/FROM OTHER FUNDS

The State Department of Education requires that the District pay for the costs of school lunch personnel's Social Security and retirement expense from general fund revenues as a condition of participation in the National School Lunch Program. The amount paid from the general fund for the school lunch fund for the year ended June 30, 2012, amounted to \$25,489.

*Idaho Code*, Section 33-901, requires that any amount paid by the State of Idaho to a school district for depreciation of school facilities shall be deposited in the plant facilities funds. Accordingly, the School District has transferred State foundation funds paid for depreciation of school buses in the amount of \$55,000 to the plant facilities fund.

#### 11. FUND BALANCE RESERVES AND DESIGNATIONS

**Restricted Net Assets.** Restricted net assets on the District-wide statements represent amounts whose use is restricted by creditors, grantors, laws and regulations of other governments, or through enabling legislation. Net assets restricted for capital projects are restricted by *Idaho Code* for selected facilities repairs and improvements and school bus purchases. Net assets restricted for building maintenance are restricted by *Idaho Code* for maintenance on student occupied buildings. Net assets restricted for debt service are restricted by *Idaho Code* for debt service on outstanding bonds. Net assets restricted for federal grant programs are restricted by the granting agency for specific educational programs. These net assets are reflected as restricted since they are not available for general education expenditures.

**Restricted Fund Balances.** The fund balances of certain individual funds are restricted for particular purposes by the *Idaho Code* or by the granting agency. These fund balances are reflected as a restricted portion of fund balance in the fund financial statements since the funds are not available for general education expenditures.

**GENESEE SCHOOL DISTRICT #282**

**NOTES TO FINANCIAL STATEMENTS**

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**11. FUND BALANCE RESERVES AND DESIGNATIONS (CONTINUED)**

**Assigned Fund Balances.** The forest reserve fund balance is restricted by State Code for capital improvements. However, if the Board of Trustees decides that these funds are not currently needed for capital improvements, then the funds may be expended for general educational purposes. This fund balance is reflected as an assigned portion of fund balance in the fund financial statements since the Board of Trustees has some discretion in using the funds for general educational expenditures.

**12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

United States generally accepted accounting principles require disclosure, as part of the combined statement overview, of certain information concerning individual funds, including:

**Individual Fund Interfund Receivable and Payable Balances.** Such balances at June 30, 2012, were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General		\$ 5,761
Driver Education	\$ 476	
Professional Technical		4,717
Title I-A Improving Basic Programs		62
Title VI-B School Age	1,346	
School Lunch	8,329	
Bond Redemption	389	

The District uses a pooled cash arrangement whereby all receipts are deposited to the general fund on the behalf of all District funds. Expenditures are paid out of this pooled account and charged to all District funds. The excess (deficiency) of receipts over expenditures is recorded as a short-term interfund receivable (payable).

**13. CONTINGENT LIABILITIES**

The District participates in a number of state and federally assisted grant programs, mainly Title I, Title VI-B, Carl Perkins Vocational Education, and the National School Lunch Program. These programs can be subject to financial and compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**14. OTHER POST-EMPLOYMENT BENEFITS**

The District does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, retired employees can remain on the District insurance policy after retirement if the retired employee pays the monthly cost. This arrangement is referred to as an "implicit subsidy" since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. The estimated amount of this implicit subsidy is considered material to these financial statements, however the District has no plans to currently fund this liability and has not recorded the liability in the government wide financial statements. The implicit subsidy for retired employees is paid each year on a pay as you go basis.

**GENESEE SCHOOL DISTRICT #282**

**BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND  
For the Year Ended June 30, 2012**

	Budgeted Amounts Original & Final	Actual Amounts Budgetary Basis	Variance With Final Budget
<b>REVENUES</b>			
General property taxes	\$ 719,417	\$ 729,051	\$ 9,634
State foundation program	1,634,636	1,774,861	140,225
Other state revenue	38,000	39,738	1,738
Federal revenue	79,636	84,178	4,542
Charges for services	23,800	27,427	3,627
Earnings on investments	900	1,487	587
Other revenues	6,000	31,083	25,083
<b>Total revenues</b>	<u>2,502,389</u>	<u>2,687,825</u>	<u>185,436</u>
<b>EXPENDITURES</b>			
Payroll	1,635,590	1,660,578	(24,988)
Payroll burden and employee benefits	532,046	539,122	(7,076)
Purchased services	238,825	203,159	35,666
Supplies and materials	102,250	137,823	(35,573)
Capital outlay	18,000		18,000
Insurance	20,668	19,774	894
Contingency budget	130,869		130,869
<b>Total expenditures</b>	<u>2,678,248</u>	<u>2,560,456</u>	<u>117,792</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(175,859)</u>	<u>127,369</u>	<u>303,228</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	25,000		(25,000)
Transfers to other funds	(70,000)	(83,729)	(13,729)
<b>Total other financing     sources (uses)</b>	<u>(45,000)</u>	<u>(83,729)</u>	<u>(38,729)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(220,859)	43,640	264,499
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>297,201</u>	<u>398,188</u>	<u>100,987</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 76,342</u>	<u>\$ 441,828</u>	<u>\$ 365,486</u>

**GENESEE SCHOOL DISTRICT #282**

BUDGETARY COMPARISON SCHEDULE -  
SCHOOL LUNCH  
For the Year Ended June 30, 2012

	Budgeted Amounts <u>Original &amp; Final</u>	Actual Amounts Budgetary <u>Basis</u>	Variance With <u>Final Budget</u>
<b>REVENUES</b>			
Federal revenue	\$ 24,000	\$ 29,485	\$ 5,485
Charges for services	45,000	46,139	1,139
Total revenues	<u>69,000</u>	<u>75,624</u>	<u>6,624</u>
<b>EXPENDITURES</b>			
Payroll	33,700	35,812	(2,112)
Payroll burden and employee benefits	15,900	18,375	(2,475)
Purchased services	700	479	221
Supplies and materials	35,500	49,638	(14,138)
Total expenditures	<u>87,000</u>	<u>104,304</u>	<u>(17,304)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(18,000)</u>	<u>(28,680)</u>	<u>(10,680)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	15,000	25,489	10,489
Total other financing sources (uses)	<u>15,000</u>	<u>25,489</u>	<u>10,489</u>
<b>NET CHANGE IN FUND BALANCES</b>	(3,000)	(3,191)	(191)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>3,000</u>	<u>3,191</u>	<u>191</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



Independent Auditor's Report - Government Auditing Standards

Board of Trustees  
Genesee School District #282  
Genesee, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Genesee School District #282, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Genesee School District #282 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Genesee School District #282's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as described below, we identified certain deficiencies in internal control over financial reporting, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#1 - *Government Auditing Standards* require that the independent auditor identify all non-attest services performed for a governmental audit client and evaluate whether such services impair the independent auditor's independence. The non-attest service performed by the independent auditors was the compilation of the year-end financial statements. This service is permitted under *Government Auditing Standards*.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Genesee School District #282'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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

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

*Princeton Group, PLLC*

October 10, 2012

**GENESEE SCHOOL DISTRICT #282**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
For the Year Ended June 30, 2012

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**SIGNIFICANT DEFICIENCY**

**Finding #1**

*Criteria:* *Government Auditing Standards* require that we identify all non-attest services that we, as independent auditors, perform for an audit client and evaluate whether such services impair the independent auditor's independence.

*Condition:* The non-attest service performed by the independent auditors was the compilation of the year-end financial statements.

*Effect:* The independent auditor has compiled the financial statements subject to management review and approval. Safeguards outlined in *Government Auditing Standards* have been complied with.

*Response:* The District's management and Board of Trustees believe that contracting the independent auditor to compile the year-end financial statements is the most cost effective alternative. This service is allowed under the *Government Auditing Standards*.

*Recommendation:* We concur with the District's response.



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Independent Auditor's Report – Supplementary Information

Board of Trustees  
Genesee School District #282  
Genesee, Idaho

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Genesee School District #282, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 26, 2012/October 10, 2012. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based upon 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Genesee School District #282's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Presnell Gage, PLLC*

October 10, 2012

## GOVERNMENTAL FUNDS

**General Fund** – The General Fund is also often referred to as the M & O (Maintenance and Operations) Fund. The District uses this fund to account for the basic educational programs of the District. In general, these programs are operated with a great deal of local input and control.

The General Fund primarily receives funding from the State of Idaho through the Educational Foundation program and through local general property taxes. The District is authorized to levy a tax upon property within the District boundaries for liability insurance. The District is authorized to levy an additional amount if approved by a majority of voters in a supplemental levy election.

Other sources of funds that are restricted are accounted for in the Special Revenue and Capital Projects funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources, or to finance specific activities as required by law or administrative regulations. Although there is local input and control over the use of these proceeds, the party who provides the proceeds also has some type of external restriction on the use of the proceeds.

### LOCAL SPECIAL PROJECTS

**Forest Reserve** – The U.S. Forest Service pays a percentage of timber sales from federal forests to the County where the federal forest is located. In the State of Idaho, 30 percent of this amount is allocated to the public schools based upon their average daily attendance. These proceeds are restricted for the purchase of school sites, construction, or remodeling of school buildings. When, within the discretion of the trustees of the District, the proceeds are not needed for the foregoing items, they may be expended for current expenses. These proceeds may be accumulated for future projects.

**Driver Education** - The State of Idaho will reimburse the District for expenses up to \$125 per student who completes the driver education class at the District. In addition, the District charges students a \$250 fee to enroll in the class. The General Fund of the District pays expenses in excess of the above proceeds; however, the goal of the District is to make it a self-sufficient fund.

**Professional Technical** - The State of Idaho will reimburse the District for expenses incurred in operating certain vocational education programs. The State establishes a maximum reimbursement at the beginning of each school year based upon courses offered and numbers of students involved. The General Fund of the District pays expenses in excess of the above proceeds.

### FEDERALLY FUNDED PROJECTS

**Title I** – The federal government provides Title I grants to improve the education of children who are at risk of not meeting academic standards and who reside in areas with high concentrations of children from low income families. The program is administered by the State of Idaho, and funds are allocated to the District based upon average daily attendance and modified based upon student counts from low income families. The District uses the grant primarily to provide additional classroom aides. The general fund of the District pays expenses in excess of the grant. In general, unused grant proceeds may be carried over to the following school year.

**Title VI-B School-Age** – The federal government provides Title VI-B IDEA grants to provide special education to school-age children with disabilities. The program is administered by the State of Idaho, and funds are allocated to the District based upon a child count of eligible students as of December 1 of the prior year. Supplemental awards are also available. The District must meet nonsupplanting tests and maintenance of effort tests. These tests are to ensure that the District continues to provide the basic education curriculum and that the federal dollars provide additional educational opportunities. The general fund of the District pays expenses in excess of the grant. In general, unused grant proceeds may be carried over to the following school year.

**Title VI-B Preschool** – The federal government provides Title VI-B IDEA Preschool grants to provide special education to children with disabilities between the ages of 3 and 5. The program is administered by the State of Idaho, and funds are allocated to the District based upon a child count of eligible students as of December 1 of the prior year. Supplemental awards are also available. The District must meet nonsupplanting tests and maintenance of effort tests. These tests are to ensure that the District continues to provide the basic education curriculum and that the federal dollars provide additional educational opportunities. The general fund of the District pays expenses in excess of the grant. In general, unused grant proceeds may be carried over to the following school year.

**Title VI-B Rural Ed Initiative** – Districts with an average daily attendance less than 600 students are eligible for grants under the Rural and Low-Income School Program. The federal government awards grants on a noncompetitive formula basis. The District may use program funds for: teacher recruitment and retention; teacher professional development; educational technology; parental involvement activities; activities authorized under Safe and Drug-Free Schools and Communities; activities authorized under Title I; and activities authorized under Language Instruction for Limited English Proficient and Immigrant Students. The general fund of the District pays expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year.

**Title II-A Improving Teacher Quality** – The federal government provides Title II-A ESEA grants to provide assistance to classroom teachers. The District uses the funds generally for two purposes. The District provides additional professional education for teachers in the core academic subjects by paying the costs for teachers to attend specific workshops designed to enhance their skills in teaching math and science classes. The program is administered through the State of Idaho, and funds are allocated based upon student enrollment. The general fund of the District pays expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year. The District can also use the grant to pay for an additional teaching position in the elementary grades. The goal of the program is to reduce the student-to-teacher ratio to 18 students per class. The program is administered through the State of Idaho, and funds are allocated based upon census poverty data (80 percent) and student enrollment (20 percent). The general fund of the District pays expenses in excess of the grant. Unused grant proceeds may be carried over to the following school year.

**School Lunch** – The federal government provides cash grants and food allotments to school districts to make a school lunch program available. These grants are based upon the number of children eating school lunch and breakfast. In addition, the District charges students for lunch and breakfast. Lunch and breakfast are served free or at a reduced price to children from households with income below certain levels. Meals must meet certain dietary and nutrition requirements. The general fund pays Social Security taxes and retirement benefits as a "matching contribution" to the program. The general fund of the District pays expenses in excess of the revenue generated. Excess revenue may be carried over to the following school year.

## DEBT SERVICE

**Bond Redemption** – In March, 2007 the District issued general obligation bonds to finance the construction and equipping of additional school facilities and remodel the current locker rooms. The bond proceeds were also used to retire a prior plant facility limited obligation note. The authorization included a special tax levy to repay the bond issued. The bond redemption fund receives all the proceeds of the special tax levy and makes the payments of bond principal and interest.

## CAPITAL PROJECTS

**School Plant Facility Reserve Fund** – The District has established a School Plant Facility Reserve Fund. The fund may be used to acquire, purchase, and improve school sites, build school buildings, and purchase school busses.

The Trustees of the District can request an election to approve a property tax levy of up to .4 percent of assessed market value in addition to the authorized general fund tax levies.

- The plant facility levy requires 55 percent voter approval if the total levy (including any previously approved levies) is less than .2 percent of the assessed value.
- The plant facility levy requires 60 percent voter approval if the total levy (including any previously approved levies) is between .2 percent and .3 percent of the assessed value.
- The plant facility levy requires 66 2/3 percent voter approval if the total levy (including any previously approved levies) is between .3 percent and .4 percent of the assessed value.

**GENESEE SCHOOL DISTRICT #282**

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
June 30, 2012

	General	Forest Reserve	Driver Education	Professional Technical	Title I			Title VI-B School-Age	Title VI-B Preschool
					Improving Basic Programs				
<b>ASSETS</b>									
Cash	\$ 8,388								
Investments	480,828								
Property taxes receivable	228,235			\$ 5,911	\$ 1,320		\$ 1,346		
Accounts receivable	33,027		\$ 476						
Interfund balances									
<b>Total assets</b>	<b>\$ 750,478</b>	<b>\$ 0</b>	<b>\$ 476</b>	<b>\$ 5,911</b>	<b>\$ 1,320</b>		<b>\$ 1,346</b>	<b>\$ 0</b>	
<b>LIABILITIES</b>									
Accounts payable	\$ 42,424		\$ 476	\$ 987	\$ 1,258		\$ 1,346		
Payroll and taxes payable	230,393			207					
Interfund balances	5,761			4,717	62				
Deferred revenue	30,072								
<b>Total liabilities</b>	<b>\$ 308,650</b>	<b>\$ 0</b>	<b>\$ 476</b>	<b>\$ 5,911</b>	<b>\$ 1,320</b>		<b>\$ 1,346</b>	<b>\$ 0</b>	
<b>FUND BALANCES</b>									
Restricted for capital improvements	441,828								
Restricted for retirement of long-term debt	441,828	0	0	0	0		0	0	
Unassigned									
General fund									
<b>Total fund balances</b>	<b>\$ 750,478</b>	<b>\$ 0</b>	<b>\$ 476</b>	<b>\$ 5,911</b>	<b>\$ 1,320</b>		<b>\$ 1,346</b>	<b>\$ 0</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 750,478</b>	<b>\$ 0</b>	<b>\$ 476</b>	<b>\$ 5,911</b>	<b>\$ 1,320</b>		<b>\$ 1,346</b>	<b>\$ 0</b>	

**GENESEE SCHOOL DISTRICT #282**

**COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS**

June 30, 2012

	Title VI-B Rural Ed Initiative	Title II-A Improving Teacher Quality	School Lunch	Bond Redemption	School Plant Facility Reserve	Combined
<b>ASSETS</b>						
Cash	\$ 33	\$ 484			\$ 4,091	\$ 12,996
Investments				\$ 271,142	36,725	788,695
Property taxes receivable				88,801		317,036
Accounts receivable	2,967					43,225
Due from other funds			\$ 8,329	389		10,540
<b>Total assets</b>	<b>\$ 3,000</b>	<b>\$ 484</b>	<b>\$ 8,329</b>	<b>\$ 360,332</b>	<b>\$ 40,816</b>	<b>\$ 1,172,492</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 3,000		\$ 1,552		\$ 6,203	\$ 57,246
Payroll and taxes payable			6,777			237,377
Due to other funds				\$ 7,539		10,540
Deferred revenue		\$ 484				38,095
<b>Total liabilities</b>	<b>3,000</b>	<b>484</b>	<b>8,329</b>	<b>7,539</b>	<b>\$ 6,203</b>	<b>343,258</b>
<b>FUND BALANCES</b>						
Restricted for capital improvements					34,613	34,613
Restricted for retirement of long-term debt				352,793		352,793
Unassigned						
General fund						
<b>Total fund balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>352,793</b>	<b>34,613</b>	<b>441,828</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,000</b>	<b>\$ 484</b>	<b>\$ 8,329</b>	<b>\$ 360,332</b>	<b>\$ 40,816</b>	<b>\$ 1,172,492</b>



COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2012

	General	Forest Reserve	Driver Education	Professional Technical	Title I Improving Basic Programs	Title V-B School-Age	Title VI-B Preschool
<b>REVENUES</b>							
General property taxes	\$ 729,051						
State foundation program	1,774,861						
Other state revenue	39,738		\$ 3,250	\$ 19,705			
Federal revenue	84,178	\$ 4,994			\$ 69,286	\$ 55,742	\$ 2,976
Charges for services	27,427		3,500				
Earnings on investments	1,487						
Other revenues	31,083						
Total revenues	<u>2,687,825</u>	<u>4,994</u>	<u>6,750</u>	<u>19,705</u>	<u>69,286</u>	<u>55,742</u>	<u>2,976</u>
<b>EXPENDITURES</b>							
Instruction							
Regular programs	1,261,900		8,301	19,705	69,286		3,308
Special programs	145,202						
Interscholastic and school activity	79,026						
Support services							
Pupil support	157,811						
Staff support	151,807						
General administration	145,607						
School administration	193,028						
Maintenance and operations	245,294	4,994					
Transportation	175,338						
Food services							
Capital outlay							
Debt services							
Total expenditures	<u>2,560,456</u>	<u>4,994</u>	<u>8,301</u>	<u>19,705</u>	<u>69,286</u>	<u>57,099</u>	<u>3,308</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>127,369</u>	<u>0</u>	<u>(1,551)</u>	<u>0</u>	<u>0</u>	<u>(1,357)</u>	<u>(332)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers from other funds	(83,729)		1,551			1,357	332
Transfers to other funds	(83,729)	0	1,551	0	0	1,357	332
Total other financing sources (uses)							
<b>NET CHANGE IN FUND BALANCES</b>	<u>43,640</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>398,188</u>						
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 441,828</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GENESEE SCHOOL DISTRICT #282

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2012

	Title VI-B Rural Ed Initiative	Title II-A Improving Teacher Quality	School Lunch	Bond Redemption	School Plant Facility Reserve	Combined
<b>REVENUES</b>						
General property taxes				\$ 288,492		\$ 1,017,543
Slate foundation program						1,774,861
Other state revenue	\$ 42,315	\$ 15,794	\$ 29,485	13,071		75,764
Federal revenue			46,139			304,770
Charges for services				403	\$ 114	77,066
Earnings on investments					7,200	2,004
Other revenues						38,283
Total revenues	42,315	15,794	75,624	301,966	7,314	3,290,291
<b>EXPENDITURES</b>						
Instruction						
Regular programs	38,220	15,794				1,413,206
Special programs	521					206,130
Interscholastic and school activity						79,026
Support services						
Pupil support	3,574					161,385
Staff support						151,807
General administration						145,607
School administration						193,028
Maintenance and operations					8,103	258,391
Transportation						175,338
Food services			104,304			104,304
Capital outlay					99,778	99,778
Debt services				325,622		325,622
Total expenditures	42,315	15,794	104,304	325,622	107,881	3,319,065
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	0	0	(28,680)	(23,656)	(100,567)	(28,774)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds			25,489		55,000	83,729
Transfers to other funds						(83,729)
Total other financing sources (uses)	0	0	25,489	0	55,000	0
<b>NET CHANGE IN FUND BALANCES</b>	0	0	(3,191)	(23,656)	(45,567)	(28,774)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>			3,191	376,449	80,180	858,008
<b>FUND BALANCES AT END OF YEAR</b>	\$ 0	\$ 0	\$ 0	\$ 352,793	\$ 34,613	\$ 829,234