

GRAND COUNTY SCHOOL DISTRICT

Financial Statements

Year Ended June 30, 2012

GRAND COUNTY SCHOOL DISTRICT

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Year Ended June 30, 2012

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Independent Auditor's Report

Board of Education
Grand County School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand County School District (the District), 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.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grand County School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012 on our consideration of the District'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 management's discussion and analysis, as listed in the table of contents, 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 managements 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 financial statements as a whole.

Aguirre & Company, P.C.

November 30, 2012

Management's Discussion and Analysis

This section of Grand County School District's (the District) financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2012.

Financial Highlights

- The District's assets exceeded liabilities by \$13.7 million at the close of the most recent fiscal year.
- During the year, expenses were \$1.0 million less than the \$17.3 million generated in taxes and other revenues for governmental activities.
- During 2012, the District refunded in advance a portion of its general obligation bonds, resulting in reduced total debt service requirements over the next 16 years of \$0.9 million.
- District student enrollment decreased by 5 students resulting in a total of 1,505 students as of October 1, 2011.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unpaid employee benefits).

The government-wide financial statements can be found on pages 11 and 12 of this report.

- Governmental activities. All of the District's basic services are included here, such as instruction, various supporting services, food services, non K-12 programs, and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, the *debt service fund*, and the *capital projects fund*, each of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the governmental funds is provided in the form of *combining and individual statements and schedules* elsewhere in this report.

The District adopts an annual appropriated budget for its *general fund*. A budgetary comparison statement has been provided for the *general fund* to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 through 17 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18 through 29 of this report.

Additional information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 30 through 37 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$13.7 million at the close of the most recent fiscal year.

GRAND COUNTY SCHOOL DISTRICT'S Net Assets
June 30, 2012 and 2011
(in millions of dollars)

	Governmental activities		Total
	2012	2011	change 2012-2011
Current and other assets	\$ 18.9	\$ 17.6	\$ 1.3
Capital assets	<u>37.5</u>	<u>38.8</u>	<u>(1.3)</u>
Total assets	<u>56.4</u>	<u>56.4</u>	<u>0.0</u>
Current and other liabilities	10.0	9.8	0.2
Long-term liabilities outstanding	<u>32.7</u>	<u>33.9</u>	<u>(1.2)</u>
Total liabilities	<u>42.7</u>	<u>43.7</u>	<u>(1.0)</u>
Net assets:			
Invested in capital assets, net of related debt	7.5	7.5	-
Restricted	4.2	3.9	0.3
Unrestricted	<u>2.0</u>	<u>1.3</u>	<u>0.7</u>
Total net assets	<u>\$ 13.7</u>	<u>\$ 12.7</u>	<u>\$ 1.0</u>

- The largest portion of the District's net assets (\$7.5 million) reflects its investment in capital assets (e.g., land, buildings and improvements, and equipment and buses, net of accumulated depreciation), less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding, net of unspent bond proceeds. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net assets (\$4.2 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for debt service and capital projects. Restricted net assets increased by \$0.3 million during the year ended June 30, 2012. This increase resulted primarily from an increase in the amount restricted for debt service and community recreation.
- The remaining balance of *unrestricted net assets* (\$2.0 million) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

The District's net assets increased by \$1.0 million during the current year from activities. The following discussion and analysis on governmental activities focuses on this increase:

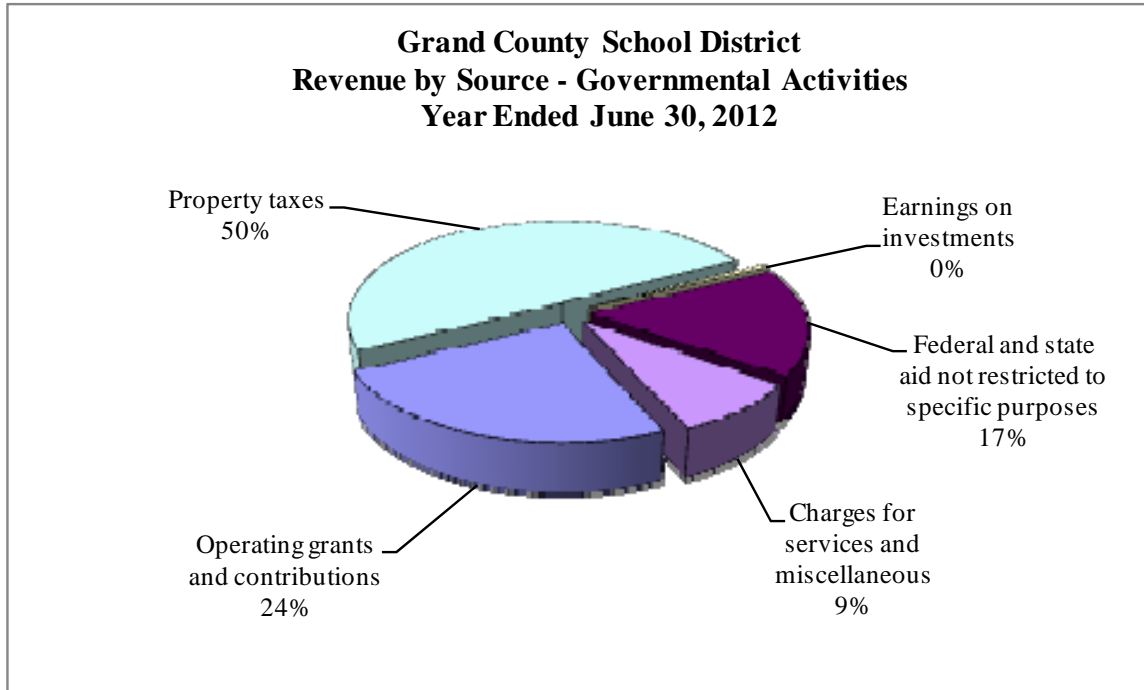
Governmental activities. The key elements of the increase of the District's net assets for the year ended June 30, 2012 are as follows:

GRAND COUNTY SCHOOL DISTRICT'S Changes in Net Assets
Years Ended June 30, 2012 and 2011
(in millions of dollars)

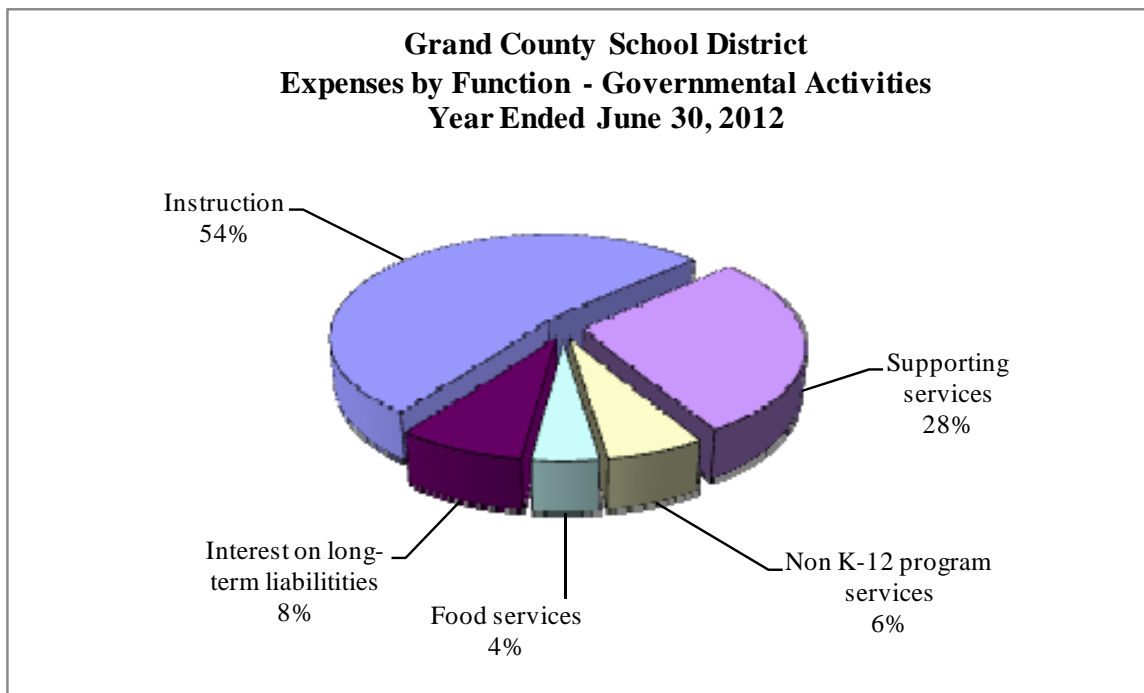
	Governmental activities		Total
	2012	2011	change 2012-2011
Revenues:			
Program revenues:			
Charges for services	\$ 0.7	\$ 0.8	\$ (0.1)
Operating grants and contributions	4.2	4.3	(0.1)
General revenues:			
Property taxes	8.6	8.1	0.5
Federal and state aid not restricted to specific purposes	2.9	3.3	(0.4)
Earnings on investments	0.1	0.1	-
Miscellaneous	0.8	1.0	(0.2)
Total revenues	<u>17.3</u>	<u>17.6</u>	<u>(0.3)</u>
Expenses:			
Instruction	8.7	6.0	2.7
Supporting services:			
Students	0.3	0.3	-
Instructional staff	0.6	0.6	-
General administration	0.3	0.3	-
School administration	0.7	0.7	-
Central	0.5	0.6	(0.1)
Operation and maintenance of facilities	1.5	1.3	0.2
Student transportation	0.7	0.7	-
Non K-12 programs	1.0	0.7	0.3
Food services	0.7	0.6	0.1
Interest on long-term liabilities	1.3	1.7	(0.4)
Total expenses	<u>16.3</u>	<u>13.5</u>	<u>2.8</u>
Increase in net assets	1.0	4.1	(3.1)
Net assets - beginning	<u>12.7</u>	<u>8.6</u>	<u>4.1</u>
Net assets - ending	<u>\$ 13.7</u>	<u>\$ 12.7</u>	<u>\$ 1.0</u>

- The largest net dollar increase in revenues is from property taxes. Property taxes increased by \$0.5 million in 2012 as a result of changes in collections, tax rates, and the values of taxable property within the District. Additionally, the District collected property tax revenue from San Juan County for the students which attend school in the District.
- State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. Certain students receive a weighting greater than one. The state guarantees that if local taxes do not provide money equal to the

WPU, the state will make up the difference with state funding. The value of the WPU increased by 9.3% during the year ended June 30, 2012 (\$2,816 during 2012 as compared to \$2,577 in 2011). This increase is due to the flexible allocation WPU line item being consolidated with the regular WPU line item. However, overall state funding decreased by 2.1%.



- Instruction represents the largest dollar portion of expense of \$8.7 million primarily for teacher salaries and related benefits.



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$8.7 million, \$0.8 million more than the previous year. Included in this year's change in the combined fund balance is a decrease in the fund balance of the capital projects fund of \$0.6 million, primarily due to the expenditure of bond proceeds restricted for capital outlay. Bond principal and interest payments are due July 1 and January 1 of each year; cash with fiscal agent of \$2.1 million at June 30, 2012 was disbursed on July 1, 2012. This year's change also includes an increase in the fund balance of the *general fund* of \$0.5 million. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$10.7 million, an increase of about 1.4% compared to the prior year. Instructional services represent 59.5% of *general fund* expenditures.
- *General fund* salaries totaled \$6.4 million while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added \$3.0 million to arrive at 82.4% of total *general fund* expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories and prepaid expenditures that are not expected to be converted to cash. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the *general fund* and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2012, the District's combined governmental fund balance is \$8.7 million (\$0.1 million in nonspendable, \$6.6 million in restricted, \$0.2 million in assigned, and \$1.8 million in unassigned fund balances).

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$0.1 million in total *general fund* expenditures. During the year, final budgeted revenues increased by \$0.4 million to reflect anticipated increases in state revenue and revenue from other local sources.

Even with these adjustments, actual expenditures were \$0.7 million less than final budgeted amounts. Other variances normally result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Capital Asset and Debt Administration

Capital Assets. The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Capital assets at June 30, 2012 and 2011 are outlined below:

GRAND COUNTY SCHOOL DISTRICT'S Capital Assets
June 30, 2012 and 2011
(net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total
	2012	2011	change 2012-2011
Land	\$ 0.6	\$ 0.6	\$ -
Construction in progress	-	-	-
Buildings and improvements	36.3	37.7	(1.4)
Equipment and buses	0.6	0.5	0.1
Total capital assets	<u>\$ 37.5</u>	<u>\$ 38.8</u>	<u>\$ (1.3)</u>

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

Debt Administration. The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2012 is \$50.3 million. Net general obligation debt at June 30, 2012 is \$32.3 million, resulting in a legal debt margin of \$18.0 million.

GRAND COUNTY SCHOOL DISTRICT'S Outstanding Debt
June 30, 2012 and 2011
(in millions of dollars)

	Governmental activities		Total
	2012	2011	change 2012-2011
Net general obligation bonds	<u>\$ 32.3</u>	<u>\$ 33.4</u>	<u>\$ (1.1)</u>

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2029.

During 2012, the District issued general obligation refunding bonds to advance refund a portion of its outstanding general obligation bonds. The advance refundings will reduce total debt service payments over the next 16 years by \$0.9 million, resulting in an economic gain of \$0.8 million.

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

Enrollment

The District anticipates student enrollment to remain relatively constant. The following enrollment information is based on the annual October 1 counts:

**GRAND COUNTY SCHOOL DISTRICT'S Enrollment
October 1 Count**

<u>School Year</u>	<u>Enrollment</u>	<u>Change</u>
2012-13	1,466	-2.6%
2011-12	1,505	-0.3%
2010-11	1,510	-1.0%
2009-10	1,526	1.9%
2008-09	1,498	0.8%
2007-08	1,486	-0.9%
2006-07	1,500	2.0%
2005-06	1,470	3.7%
2004-05	1,418	-3.8%
2003-04	1,474	1.3%

Moab Community School, a Utah public charter school within the District’s boundaries, began the 2004-05 school year; the charter school’s student enrollment has varied between 32 to 105 students since it started.

Requests for Information

This financial report is designed to provide a general overview of Grand County School District’s finances for all those with an interest the District’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the office of the business administrator at Grand County School District, 264 South 400 East, Moab, Utah 84532.

BASIC FINANCIAL STATEMENTS

GRAND COUNTY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2012

	Governmental Activities
Assets:	
Cash and investments	\$ 7,318,366
Cash with fiscal agent	2,097,431
Receivables:	
Property taxes	8,458,809
Other local	35,359
State of Utah	68,789
Federal government	389,663
Inventories and prepaid expenses	104,409
Bond issuance costs, nets of accumulated amortization	355,119
Capital assets:	
Land and construction in progress	658,222
Buildings and other capital assets, net of accumulated depreciation	36,885,062
Total assets	56,371,229
Liabilities:	
Accounts and contracts payable	60,002
Accrued interest	597,376
Accrued salaries and benefits	1,280,286
Unearned revenue:	
Property taxes	7,835,320
State of Utah	209,308
Long-term liabilities:	
Portion due or payable within one year	1,615,016
Portion due or payable after one year	31,088,923
Total liabilities	42,686,231
Net Assets:	
Invested in capital assets, net of related debt	7,497,520
Restricted for:	
Debt service	1,775,336
Capital projects	1,744,709
Community recreation	524,159
Food services	89,940
Other purposes	62,844
Unrestricted	1,990,490
Total net assets	\$ 13,684,998

The notes to the basic financial statements are an integral part of this statement.

GRAND COUNTY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2012

Activities / Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instruction	\$ 8,741,812	\$ 493,891	\$ 2,693,080	\$ (5,554,841)
Supporting services:				
Students	264,294	-	95,277	(169,017)
Instructional staff	558,796	-	151,387	(407,409)
General administration	300,728	-	444	(300,284)
School administration	746,301	-	18,656	(727,645)
Central	507,861	-	-	(507,861)
Operation and maintenance of facilities	1,518,022	-	1,592	(1,516,430)
Student transportation	694,443	8,530	220,947	(464,966)
Non K-12 programs	951,691	4,266	506,510	(440,915)
Food services	701,373	167,158	466,061	(68,154)
Interest on long-term liabilities	1,312,886	-	-	(1,312,886)
Total school district	<u>\$ 16,298,207</u>	<u>\$ 673,845</u>	<u>\$ 4,153,954</u>	<u>(11,470,408)</u>
 General revenues:				
Property taxes levied for:				
Basic state supported program for K-12 instruction				2,194,348
School board leeway program for class size reduction				555,828
School board leeway program for improvement of reading skills				168,266
Student transportation				415,147
Tort liability				16,551
Community recreation				642,719
Debt service of general obligation bonds				3,129,463
Capital outlay for buildings and other capital needs				754,437
Ten percent additional basic program for capital assets, textbooks, and supplies				717,197
Total property taxes				<u>8,593,956</u>
Federal and state aid not restricted to specific purposes				2,943,246
Earnings on investments				53,088
Miscellaneous				831,575
Total general revenues				<u>12,421,865</u>
Change in net assets				951,457
Net assets - beginning				<u>12,733,541</u>
Net assets - ending				<u>\$ 13,684,998</u>

The notes to the basic financial statements are an integral part of this statement.

GRAND COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 2,936,307	\$ 1,583,749	\$ 2,131,949	\$ 666,361	\$ 7,318,366
Cash with fiscal agent	-	2,097,431	-	-	2,097,431
Receivables:					
Property taxes	5,592,515	2,351,872	497,954	16,468	8,458,809
Other local	32,296	-	-	3,063	35,359
State of Utah	-	-	-	68,789	68,789
Federal government	357,486	-	-	32,177	389,663
Inventories and prepaid expenditures	64,821	-	2,530	37,058	104,409
Total assets	<u>\$ 8,983,425</u>	<u>\$ 6,033,052</u>	<u>\$ 2,632,433</u>	<u>\$ 823,916</u>	<u>\$ 18,472,826</u>
Liabilities and fund balances:					
Liabilities:					
Accounts and contracts payable	\$ 49,956	\$ -	\$ 5,736	\$ 4,310	\$ 60,002
Accrued salaries and benefits	1,280,286	-	-	-	1,280,286
Deferred revenue:					
Property taxes	5,488,300	2,271,476	478,624	-	8,238,400
State of Utah	209,308	-	-	-	209,308
Total liabilities	<u>7,027,850</u>	<u>2,271,476</u>	<u>484,360</u>	<u>4,310</u>	<u>9,787,996</u>
Fund balances:					
Nonspendable:					
Inventories and prepaid expenditures	64,821	-	2,530	37,058	104,409
Restricted for:					
Debt service	-	3,761,576	-	-	3,761,576
Capital projects	-	-	2,145,543	-	2,145,543
Community recreation	-	-	-	524,159	524,159
Food services	-	-	-	52,882	52,882
Other purposes	62,844	-	-	-	62,844
Assigned to:					
Students	-	-	-	205,507	205,507
Unassigned:	1,827,910	-	-	-	1,827,910
Total fund balances	<u>1,955,575</u>	<u>3,761,576</u>	<u>2,148,073</u>	<u>819,606</u>	<u>8,684,830</u>
Total liabilities and fund balances	<u>\$ 8,983,425</u>	<u>\$ 6,033,052</u>	<u>\$ 2,632,433</u>	<u>\$ 823,916</u>	<u>\$ 18,472,826</u>

The notes to the basic financial statements are an integral part of this statement.

GRAND COUNTY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Total fund balances for governmental funds \$ 8,684,830

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds (see Note 4). Those assets consist of:

Land and construction in progress	\$ 658,222	
Buildings and improvements, net of \$7,009,238 accumulated depreciation	36,326,672	
Equipment and buses, net of \$1,266,948 accumulated depreciation	558,390	37,543,284

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	403,080
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Bond issuance costs are reported as expenditures in the governmental funds. These costs are reported net of \$155,658 of accumulated amortization on the statement of net assets.	355,119
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is:	(597,376)
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Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets (see Note 7). Balances at year-end are:

General obligation bonds payable	(35,460,000)	
Bond premium, net of \$355,125 of accumulated amortization	(693,049)	
Deferred amounts on refunding, net of \$184,716 of accumulated amortization	3,825,384	
Accrued sick leave	(93,979)	
Early retirement obligation	(282,295)	(32,703,939)

Total net assets of governmental activities	\$ 13,684,998
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The notes to the basic financial statements are an integral part of this statement.

GRAND COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Revenues:					
Local sources:					
Property taxes	\$ 4,153,494	\$ 3,209,994	\$ 745,146	\$ 656,335	\$ 8,764,969
Earnings on investments	16,222	16,613	17,274	2,979	53,088
Other local revenue	963,368	-	55,836	782,314	1,801,518
State sources	5,252,583	-	-	293,774	5,546,357
Federal sources	872,046	-	-	678,797	1,550,843
Total revenues	<u>11,257,713</u>	<u>3,226,607</u>	<u>818,256</u>	<u>2,414,199</u>	<u>17,716,775</u>
Expenditures:					
Current:					
Instruction	6,382,242	-	-	444,278	6,826,520
Supporting services:					
Student	264,294	-	-	-	264,294
Instructional staff	558,796	-	-	-	558,796
General administration	284,555	-	-	-	284,555
School administration	701,579	-	-	-	701,579
Central	507,861	-	-	-	507,861
Operation and maintenance of facilities	1,388,237	-	-	-	1,388,237
Student transportation	640,130	-	-	-	640,130
Non K-12 programs	-	-	-	951,691	951,691
Food services	-	-	-	629,015	629,015
Capital outlay	-	-	1,380,200	-	1,380,200
Debt service:					
Principal retirement	-	1,210,000	19,874	-	1,229,874
Interest and other charges	-	1,699,694	91	-	1,699,785
Total expenditures	<u>10,727,694</u>	<u>2,909,694</u>	<u>1,400,165</u>	<u>2,024,984</u>	<u>17,062,537</u>
Excess (deficiency) of revenues over (under) expenditures	<u>530,019</u>	<u>316,913</u>	<u>(581,909)</u>	<u>389,215</u>	<u>654,238</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	9,018	-	9,018
Refunding bonds issued	-	19,610,000	-	-	19,610,000
Premium on refunding bonds issued	-	466,403	-	-	466,403
Payment to refunded bond escrow agent	-	(19,930,623)	-	-	(19,930,623)
Total other financing sources (uses)	<u>-</u>	<u>145,780</u>	<u>9,018</u>	<u>-</u>	<u>154,798</u>
Net change in fund balances	530,019	462,693	(572,891)	389,215	809,036
Fund balances - beginning	<u>1,425,556</u>	<u>3,298,883</u>	<u>2,720,964</u>	<u>430,391</u>	<u>7,875,794</u>
Fund balances - ending	<u>\$ 1,955,575</u>	<u>\$ 3,761,576</u>	<u>\$ 2,148,073</u>	<u>\$ 819,606</u>	<u>\$ 8,684,830</u>

The notes to the basic financial statements are an integral part of this statement.

GRAND COUNTY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2012

Net change in fund balances-total governmental funds \$ 809,036

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, assets with an initial, individual cost of more than \$5,000 for land, equipment and buses and \$50,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 255,527	
Proceeds from sale of capital assets	(9,018)	
Loss on sale of capital assets	(296,098)	
Depreciation expense	<u>(1,200,919)</u>	(1,250,508)

The governmental funds report debt proceeds as financing sources, while repayment of principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Refunding bonds issued	(19,610,000)	
Premiums on refunding bonds issued	(466,403)	
Payment to refunded bond escrow agent	19,930,623	
Bond issuance costs	260,779	
Principal repayment of general obligation bonds	1,210,000	
Principal repayment of capital lease obligation	19,874	
Amortization of bond-related accounts	(106,010)	
Interest expense	<u>232,130</u>	1,470,993

Property taxes that are collected several months after the District's fiscal year end are not considered available revenues in the governmental funds and are, instead, counted as deferred revenues at year end. They are, however, recorded as revenues in the statement of activities. Delinquent property taxes receivable decreased this year. (171,013)

In the statement of activities, certain operating expenses - employee benefits to be paid in future periods - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, accrued sick leave decreased by \$5,335 and the early retirement liability decreased by \$87,614. 92,949

Change in net assets of governmental activities \$ 951,457

The notes to the basic financial statements are an integral part of this statement.

GRAND COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Property taxes	\$ 3,957,120	\$ 4,049,232	\$ 4,153,494	\$ 104,262
Earnings on investments	5,665	14,488	16,222	1,734
Other local revenue	759,076	927,554	963,368	35,814
State sources	5,199,688	5,308,852	5,252,583	(56,269)
Federal sources	931,513	989,216	872,046	(117,170)
Total revenues	<u>10,853,062</u>	<u>11,289,342</u>	<u>11,257,713</u>	<u>(31,629)</u>
Expenditures:				
Current:				
Instruction	7,182,092	7,026,318	6,382,242	644,076
Supporting services:				
Students	259,055	272,873	264,294	8,579
Instructional staff	585,056	589,778	558,796	30,982
General administration	308,142	295,792	284,555	11,237
School administration	708,708	710,708	701,579	9,129
Central	379,922	538,922	507,861	31,061
Operation and maintenance of facilities	1,339,818	1,356,588	1,388,237	(31,649)
Student transportation	587,325	660,404	640,130	20,274
Total expenditures	<u>11,350,118</u>	<u>11,451,383</u>	<u>10,727,694</u>	<u>723,689</u>
Excess (deficiency) of revenues over (under) expenditures	(497,056)	(162,041)	530,019	692,060
Other financing sources (uses):				
Transfers in	600,000	-	-	-
Transfers out	(77,131)	-	-	-
Total other financing sources (uses)	<u>522,869</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	25,813	(162,041)	530,019	692,060
Fund balances - beginning	<u>1,425,556</u>	<u>1,425,556</u>	<u>1,425,556</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,451,369</u>	<u>\$ 1,263,515</u>	<u>\$ 1,955,575</u>	<u>\$ 692,060</u>

The notes to the basic financial statements are an integral part of this statement.

GRAND COUNTY SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand County School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Reporting entity – The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The District is not a component unit of any other primary government, and the District does not have any component units.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net assets and the statement of changes in net assets) display information and financial activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities are primarily financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for “shared” capital assets (for example, a school building is used primarily for instruction, school administration, operation and maintenance of facilities, and food services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- The *general fund* is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide financial statements* are reported using the economic resources measurement focus and are reported using

GRAND COUNTY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, sick leave, early retirement, long-term disability, and capital leases, 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.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there might be both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Data – The District operates within the budget requirements for school districts as specified by Utah state law and as interpreted by the Utah State Superintendent of Public Instruction. Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year-end with the exception of contractual obligations. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30th.
- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.

GRAND COUNTY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- Certain interim adjustments in estimated revenue and expenditures during the current year have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool’s investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Cash with Fiscal Agent – Cash with fiscal agent is restricted to meet debt service requirements of general obligation bonds due on July 1, 2012.

Prepaid Items – The District has made payments for services that will be consumed or utilized in a future period.

Inventories – Inventories are valued at cost or, if donated, at fair value when received, stated at the lower of average cost or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are recorded as revenue when received.

Capital Assets – Capital assets, which include land, buildings and improvements, and equipment and buses, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, equipment and buses and \$50,000 for buildings and improvements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Buildings and improvements and equipment and buses of the District are depreciated using the straight-line method over the estimated useful lives as indicated in the chart below:

Assets	Years
Buildings	40 to 50
Building improvements	20
School buses	10
Classroom equipment	5
Other equipment	5 to 10
Vehicles	5

Compensated Absences – Under Board policy, the District provides employees a sick leave incentive available to all employees upon their separation from the District. The benefit is 25% of the amount of unused sick leave days accumulated using the daily rate of pay at the time of separation. The District records expenditures in the governmental funds for sick pay benefits at the time of separation. An expense and related liability are recorded in the governmental-wide financial statements as these benefits are earned.

GRAND COUNTY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance and refunding costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable unamortized bond premium or discount and refunding costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance and refunding 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 and refunding costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Balance Classifications – The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports nonspendable balances, then restricted, then assigned, and then unassigned.

Fund balance classifications are summarized as follows:

- Nonspendable – This category includes fund balance amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and prepaid expenditures are classified as nonspendable.
- Restricted – This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either 1) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include:
 - 1) Unspent tax revenues for specific purposes.
 - 2) Donations for scholarships.
 - 3) Remaining fund balances in the *food services fund*.
- Assigned – This category includes the remaining positive fund balance for other governmental funds that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the District’s administration.
- Unassigned – Residual balances in the *general fund* are classified as unassigned.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources. Of the unrestricted resources assigned resources will be used first and then unassigned resources.

GRAND COUNTY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

2. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments at June 30, 2012, as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 2,763,691
Carrying amount of investments	<u>6,652,106</u>
Total	<u><u>\$ 9,415,797</u></u>
Cash and investments	\$ 7,318,366
Cash with fiscal agent	<u>2,097,431</u>
Total	<u><u>\$ 9,415,797</u></u>

The District complies with the State Money Management Act (*Utah Code* Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits – The District's carrying amount of bank deposits at June 30, 2012 is \$2,763,691. The bank balance is \$2,766,965, of which \$714,027 is covered by federal depository insurance.

- Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2012, the uninsured amount of the District's bank deposits was uncollateralized nor is it required by state law.

GRAND COUNTY SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

Investments – At June 30, 2012, the District has \$6,652,106 invested with the PTIF. The PTIF is not rated and has an average maturity of less than one year.

- **Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. The Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years.
- **Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service or by Standard & Poor's.
- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer.
- **Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, 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's policy for managing this risk is to comply with the Act and related rules.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the county treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30.

As of June 30, 2012, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2012 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion. The property taxes receivable and property tax deferred revenue accounts in the governmental funds at June 30, 2012 are summarized as follows:

GRAND COUNTY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes - receivable:					
Levied for current and prior years - collected during July 2012	\$ 104,215	\$ 80,396	\$ 19,330	\$ 16,468	\$ 220,409
Levied for current and prior years (delinquent)	268,526	111,136	23,418	-	403,080
Levied for future year	<u>5,219,774</u>	<u>2,160,340</u>	<u>455,206</u>	<u>-</u>	<u>7,835,320</u>
	<u>\$ 5,592,515</u>	<u>\$ 2,351,872</u>	<u>\$ 497,954</u>	<u>\$ 16,468</u>	<u>\$ 8,458,809</u>
Property taxes - deferred revenue:					
Levied for future year	\$ 5,219,774	\$ 2,160,340	\$ 455,206	\$ -	\$ 7,835,320
Levied for current and prior years (delinquent)	<u>268,526</u>	<u>111,136</u>	<u>23,418</u>	<u>-</u>	<u>403,080</u>
Deferred property tax revenue - governmental funds, balance sheet	<u>\$ 5,488,300</u>	<u>\$ 2,271,476</u>	<u>\$ 478,624</u>	<u>\$ -</u>	<u>\$ 8,238,400</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 630,772	\$ -	\$ -	\$ 630,772
Construction in progress	<u>-</u>	<u>27,450</u>	<u>-</u>	<u>27,450</u>
Total capital assets, not being depreciated	630,772	27,450	-	658,222
Capital assets, being depreciated:				
Buildings and improvements	45,162,656	-	(1,826,746)	43,335,910
Equipment and buses	<u>1,611,167</u>	<u>228,077</u>	<u>(13,906)</u>	<u>1,825,338</u>
Total capital assets, being depreciated	46,773,823	228,077	(1,840,652)	45,161,248
Accumulated depreciation for:				
Buildings and improvements	(7,451,407)	(1,081,153)	1,523,322	(7,009,238)
Equipment and buses	<u>(1,159,396)</u>	<u>(119,766)</u>	<u>12,214</u>	<u>(1,266,948)</u>
Total accumulated depreciation	<u>(8,610,803)</u>	<u>(1,200,919)</u>	<u>1,535,536</u>	<u>(8,276,186)</u>
Total capital assets, being depreciated, net	<u>38,163,020</u>	<u>(972,842)</u>	<u>(305,116)</u>	<u>36,885,062</u>
Governmental activity capital assets, net	<u>\$ 38,793,792</u>	<u>\$ (945,392)</u>	<u>\$ (305,116)</u>	<u>\$ 37,543,284</u>

GRAND COUNTY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

For the year ended June 30, 2012, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 883,568
Supporting services:	
General administration	16,173
School administration	44,722
Operation and maintenance of facilities	129,785
Student transportation	54,313
Food services	72,358
Total depreciation expense, governmental activities	<u>\$ 1,200,919</u>

The District's construction commitments at June 30, 2012 total \$745,562. General obligation school building bonds and resources held in the *capital projects fund* will be used to finance the cost of construction projects.

5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the following cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS) and Plans (Systems).

- Tier 1 State and School Noncontributory System
- Tier 2 State and School Contributory System (new in 2012)

The Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Title 49 of the *Utah Code*. The Utah State Retirement and Insurance Benefit Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

The contributions requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board. The District's required contribution rates (actuarially determined) for the year ended June 30, 2012 and required contributions to the Systems for the years ended June 30, 2012, 2011, and 2010 are as follows:

- For employees participating in the Tier 1 State and School Noncontributory System, the District contributes 16.86% of annual covered salary. For employees participating in the Tier 2 State and School Contributory System, the District contributes 7.59% of annual covered salary plus 5.15% to subsidize other plans.
- The District's contributions to the Tier 1 State and School Noncontributory Retirement System for the years ended June 30, 2012, 2011, and 2010 are \$1,066,687, \$1,079,379, and \$1,000,520, respectively. The District's contributions to the Tier 2 State and School Contributory System for the year ended June 30, 2012 are \$34,188. The contributions were equal to the required contributions for each year.

GRAND COUNTY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Defined Contribution Plans – The District participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the Tier 1 State and School Noncontributory Retirement System have a contribution of 1.5% of covered salaries automatically made by the District. Employees in the Tier 2 State and School Contributory System have a contribution of 2.41 to 10.00% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The employer 401(k) contributions for the years ended June 30, 2012, 2011, and 2010 are \$102,150, \$102,084, and \$110,134, respectively; the employee contributions for the years ended June 30, 2012, 2011, and 2010 are \$160,953, \$176,139, and \$197,013, respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS and the URS has the authority to establish or amend contribution requirements and other plan provisions.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits employees to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. No employee contributions to the Section 457 plan were made for the years ended June 30, 2012, 2011, and 2010. The assets of the plan are administered and held by URS and the URS has the authority to amend the plan.

In addition to the defined contribution and deferred compensation plans, the District offers its employees two tax-advantaged savings plans authorized by Internal Revenue Service Code Section 408 (IRAs). Employees are eligible to participate from the date of employment and are vested immediately upon participation. For the years ended June 30, 2012, 2011, and 2010, employee contributions to the Roth IRA Plan are \$10,016, \$6,849 and \$2,766, respectively, and employee contributions to the Traditional IRA Plan are \$510, \$0, and \$0, respectively. The assets of the plans are administered and held by URS and the URS has the authority to amend the plan.

6. RISK MANAGEMENT

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10,000,000 per occurrence through policies administered by the Utah State Risk Management Fund. The District pays an annual premium to the Fund. The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Utah State Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of \$1,000 per occurrence. Settled claims have not exceeded the District's insurance coverage for any of the past three years. The District also maintains a public treasurer's fidelity bond of \$800,000 with a private carrier.

All District employees are covered for workers compensation by the Utah School Boards Risk Management Mutual Association. Unemployment insurance is covered by the District on a pay-as-you-go basis; settled claims for the past three years have been insignificant.

GRAND COUNTY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

7. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 32,965,000	\$ 19,610,000	\$ (17,115,000)	\$ 35,460,000	\$ 1,500,000
Bond premium	502,887	466,403	(276,241)	693,049	-
Deferred amounts on refunding	(60,252)	(3,912,190)	147,058	(3,825,384)	-
Net bonds payable	33,407,635	16,164,213	(17,244,183)	32,327,665	1,500,000
Accrued sick leave	99,314	21,324	(26,659)	93,979	9,398
Early retirement	369,909	23,913	(111,527)	282,295	105,618
Capital lease obligation	19,874	-	(19,874)	-	-
Total long term liabilities	<u>\$ 33,896,732</u>	<u>\$ 16,209,450</u>	<u>\$ (17,402,243)</u>	<u>\$ 32,703,939</u>	<u>\$ 1,615,016</u>

General Obligation Bonds – The District issues general obligation bonds to provide funds for the construction of new facilities, acquisition of property, renovation and improvement of facilities, and procurement of school equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the taxpayers in the District. Payments on the general obligation bonds are made by the *debt service fund* from property tax revenues.

Advance Refundings – On December 7, 2011, the District issued \$9,680,000 of general obligation refunding bonds with a premium of \$48,833. The bonds were issued at an effective interest rate of 3.2% (annual rates range between 1.5% and 3.3%) and will mature on July 1, 2025. The District issued the bonds to advance refund \$7,710,000 of outstanding Series 2008 general obligation school building and refunding bonds. The District deposited the net proceeds along with other resources in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2008 general obligation school building and refunding bonds. As a result, that portion of the Series 2008 general obligation school building and refunding bonds is considered defeased, and the District has removed the liability from its accounts.

On March 14, 2012, the District issued \$9,930,000 of general obligation refunding bonds with a premium of \$417,570. The bonds were issued at an effective interest rate of 2.4% (annual rates range between 1.5% and 3.0%) and will mature on July 1, 2028. The District issued the bonds to advance refund \$8,195,000 of outstanding Series 2008 general obligation school building and refunding bonds. The District deposited the net proceeds along with other resources in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2008 general obligation school building and refunding bonds. As a result, that portion of the Series 2008 general obligation school building and refunding bonds is considered defeased, and the District has removed the liability from its accounts.

The advance refundings reduced total debt service payments over the next 16 years by \$891,007. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$765,264.

GRAND COUNTY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The annual requirements to service all general obligation bonds outstanding (principal and interest) as of June 30, 2012 are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,500,000	\$ 1,230,702	\$ 2,730,702
2014	1,545,000	1,238,391	2,783,391
2015	1,595,000	1,181,166	2,776,166
2016	1,660,000	1,114,690	2,774,690
2017	1,730,000	1,037,915	2,767,915
2018 - 2022	9,925,000	3,890,521	13,815,521
2023 - 2027	12,080,000	1,811,459	13,891,459
2028 - 2029	5,425,000	179,093	5,604,093
Total	<u>\$ 35,460,000</u>	<u>\$ 11,683,937</u>	<u>\$ 47,143,937</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2012 is \$50.3 million with net general obligation debt outstanding of \$32.3 million, resulting in a legal debt margin of \$18.0 million.

The outstanding balance of general obligation bonds payable at June 30, 2012 is comprised of individual issues as follows:

Purpose	Interest Rates	Outstanding Amount
\$35,775,000 general obligation school building and refunding bonds issued November 12, 2008, maturing July 1, 2028	4.0% to 5.0%	\$ 15,850,000
\$9,930,000 general obligation refunding bonds issued December 7, 2011, maturing July 1, 2028	1.5% to 3.3%	9,930,000
\$9,680,000 general obligation refunding bonds issued March 14, 2012, maturing July 1, 2025	1.5% to 3.0%	9,680,000

Early Retirement – The District provides an early retirement program. Eligibility is restricted to teachers and administrators with a minimum of ten years of service in the District. Benefits (covering from 3 to 6 years) are in the form of health care premiums and are based on years worked and expire when the retiree becomes eligible for Medicare. For the early retirement program, a liability and expense is recorded in the government-wide financial statements at the time the employee elects to retire early; expenditures are recorded in the governmental funds as benefits are paid by the District. The liability is paid from the fund from which the employee retires.

9. LITIGATION AND LEGAL COMPLIANCE

At certain times, claims or lawsuits are pending in which the District is involved. The District's counsel and insurance carriers estimate that the District's potential obligations resulting from such claims or litigation would not materially affect the financial statements of the District.

GRAND COUNTY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

All funds balances are positive at June 30, 2012. Expenditures in the *debt service fund* and *food services fund* (a special revenue fund reported in other governmental funds) exceeded budgeted amounts by \$103,600 and \$5,939, respectively, for the year ended June 30, 2012.

10. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *general fund* or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be insignificant.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

GRAND COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 4,049,232	\$ 4,153,494	\$ 104,262	\$ 2,985,664
Earnings on investments	14,488	16,222	1,734	7,621
Other local revenue	927,554	963,368	35,814	982,543
State sources	5,308,852	5,252,583	(56,269)	5,412,097
Federal sources	989,216	872,046	(117,170)	1,332,399
Total revenues	<u>11,289,342</u>	<u>11,257,713</u>	<u>(31,629)</u>	<u>10,720,324</u>
Expenditures:				
Current:				
Salaries	6,432,157	6,240,163	191,994	6,286,139
Employee benefits	3,005,967	2,851,793	154,174	2,912,067
Purchased services	530,567	487,916	42,651	500,796
Supplies	1,229,092	889,107	339,985	707,276
Property	235,900	239,410	(3,510)	163,627
Other objects	17,700	19,305	(1,605)	7,892
Total expenditures	<u>11,451,383</u>	<u>10,727,694</u>	<u>723,689</u>	<u>10,577,797</u>
Excess (deficiency) of revenues over (under) expenditures	(162,041)	530,019	692,060	142,527
Other financing sources:				
Transfers in	-	-	-	574,592
Net change in fund balances	(162,041)	530,019	692,060	717,119
Fund balances - beginning	<u>1,425,556</u>	<u>1,425,556</u>	<u>-</u>	<u>708,437</u>
Fund balances - ending	<u><u>\$ 1,263,515</u></u>	<u><u>\$ 1,955,575</u></u>	<u><u>\$ 692,060</u></u>	<u><u>\$ 1,425,556</u></u>

GRAND COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 3,129,599	\$ 3,209,994	\$ 80,395	\$ 3,278,515
Earnings on investments	15,477	16,613	1,136	10,460
Total revenues	<u>3,145,076</u>	<u>3,226,607</u>	<u>81,531</u>	<u>3,288,975</u>
Expenditures:				
Principal retirement	1,210,000	1,210,000	-	1,165,000
Interest and other charges	1,596,094	1,699,694	(103,600)	1,683,413
Total expenditures	<u>2,806,094</u>	<u>2,909,694</u>	<u>(103,600)</u>	<u>2,848,413</u>
Excess of revenues over expenditures	338,982	316,913	(22,069)	440,562
Other financing sources (uses):				
Refunding bonds issued	19,610,000	19,610,000	-	-
Refunding bonds premium	466,403	466,403	-	-
Refunding bonds escrow payment	(19,930,623)	(19,930,623)	-	-
Total other finances sources (uses)	<u>145,780</u>	<u>145,780</u>	<u>-</u>	<u>-</u>
Net change in fund balances	484,762	462,693	(22,069)	440,562
Fund balances - beginning	<u>3,298,883</u>	<u>3,298,883</u>	<u>-</u>	<u>2,858,321</u>
Fund balances - ending	<u><u>\$ 3,783,645</u></u>	<u><u>\$ 3,761,576</u></u>	<u><u>\$ (22,069)</u></u>	<u><u>\$ 3,298,883</u></u>

GRAND COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 751,087	\$ 745,146	\$ (5,941)	\$ 1,426,555
Earnings on investments	15,716	17,274	1,558	26,086
Other local revenue	55,836	55,836	-	-
State sources	-	-	-	2,108
Total revenues	<u>822,639</u>	<u>818,256</u>	<u>(4,383)</u>	<u>1,454,749</u>
Expenditures:				
Current:				
Salaries	-	-	-	105,539
Employee benefits	-	-	-	33,547
Purchased services	1,210,000	767,193	442,807	5,139,807
Supplies	-	-	-	461
Equipment	617,235	613,007	4,228	1,151,973
Other objects	-	19,965	(19,965)	134,219
Total expenditures	<u>1,827,235</u>	<u>1,400,165</u>	<u>427,070</u>	<u>6,565,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,004,596)</u>	<u>(581,909)</u>	<u>422,687</u>	<u>(5,110,797)</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	7,000	9,018	2,018	36,817
Transfers out	-	-	-	(574,592)
Total other financing sources (uses)	<u>7,000</u>	<u>9,018</u>	<u>2,018</u>	<u>(537,775)</u>
Net change in fund balances	<u>(997,596)</u>	<u>(572,891)</u>	<u>424,705</u>	<u>(5,648,572)</u>
Fund balances - beginning	<u>2,720,964</u>	<u>2,720,964</u>	<u>-</u>	<u>8,369,536</u>
Fund balances - ending	<u>\$ 1,723,368</u>	<u>\$ 2,148,073</u>	<u>\$ 424,705</u>	<u>\$ 2,720,964</u>

GRAND COUNTY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue			Total Nonmajor Governmental Funds
	<i>Non K-12 Programs</i>	<i>Food Services</i>	<i>Student Activities</i>	
Assets:				
Cash and investments	\$ 444,553	\$ 16,301	\$ 205,507	\$ 666,361
Receivables:				
Property taxes	16,468	-	-	16,468
Other local	3,050	13	-	3,063
State of Utah	38,663	30,126	-	68,789
Federal government	25,468	6,709	-	32,177
Inventories	-	37,058	-	37,058
Total assets	<u>\$ 528,202</u>	<u>\$ 90,207</u>	<u>\$ 205,507</u>	<u>\$ 823,916</u>
Liabilities:				
Accounts payable	\$ 4,043	\$ 267	\$ -	\$ 4,310
Fund balances:				
Nonspendable:				
Inventories	-	37,058	-	37,058
Restricted for:				
Community recreation	524,159	-	-	524,159
Food services	-	52,882	-	52,882
Assigned to:				
Students	-	-	205,507	205,507
Total fund balances	<u>524,159</u>	<u>89,940</u>	<u>205,507</u>	<u>819,606</u>
Total liabilities and fund balances	<u>\$ 528,202</u>	<u>\$ 90,207</u>	<u>\$ 205,507</u>	<u>\$ 823,916</u>

GRAND COUNTY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue			Total Nonmajor Governmental Funds
	<i>Non K-12 Programs</i>	<i>Food Services</i>	<i>Student Activities</i>	
Revenues:				
Local sources:				
Property taxes	\$ 656,335	\$ -	\$ -	\$ 656,335
Earnings on investments	2,610	369	-	2,979
Lunch sales	-	167,158	-	167,158
Other local revenue	164,882	-	450,274	615,156
State sources	211,594	82,180	-	293,774
Federal sources	294,916	383,881	-	678,797
Total revenues	<u>1,330,337</u>	<u>633,588</u>	<u>450,274</u>	<u>2,414,199</u>
Expenditures:				
Current:				
Instruction	-	-	444,278	444,278
Non K-12 programs	951,691	-	-	951,691
Food services	-	629,015	-	629,015
Total expenditures	<u>951,691</u>	<u>629,015</u>	<u>444,278</u>	<u>2,024,984</u>
Excess of revenues over expenditures / net change in fund balances	378,646	4,573	5,996	389,215
Fund balances - beginning	<u>145,513</u>	<u>85,367</u>	<u>199,511</u>	<u>430,391</u>
Fund balances - ending	<u>\$ 524,159</u>	<u>\$ 89,940</u>	<u>\$ 205,507</u>	<u>\$ 819,606</u>

GRAND COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Non K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 639,869	\$ 656,335	\$ 16,466	\$ 297,539
Earnings on investments	2,301	2,610	309	791
Other local revenue	135,056	164,882	29,826	43,006
State sources	210,679	211,594	915	178,475
Federal sources	239,668	294,916	55,248	295,138
Total revenues	<u>1,227,573</u>	<u>1,330,337</u>	<u>102,764</u>	<u>814,949</u>
Expenditures:				
Current:				
Salaries	590,691	569,606	21,085	474,063
Employee benefits	170,222	162,275	7,947	138,115
Purchased services	311,408	132,966	178,442	82,353
Supplies and property	41,095	45,166	(4,071)	31,229
Other objects	57,509	41,678	15,831	11,255
Total expenditures	<u>1,170,925</u>	<u>951,691</u>	<u>219,234</u>	<u>737,015</u>
Excess of revenues over expenditures / net change in fund balances	56,648	378,646	321,998	77,934
Fund balances - beginning	<u>145,513</u>	<u>145,513</u>	<u>-</u>	<u>67,579</u>
Fund balances - ending	<u>\$ 202,161</u>	<u>\$ 524,159</u>	<u>\$ 321,998</u>	<u>\$ 145,513</u>

GRAND COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Services
Nonmajor Special Revenue Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Lunch sales	\$ 166,700	\$ 167,158	\$ 458	\$ 167,233
Earnings on investments	365	369	4	230
State sources	82,000	82,180	180	72,375
Federal sources	380,108	383,881	3,773	388,562
Total revenues	<u>629,173</u>	<u>633,588</u>	<u>4,415</u>	<u>628,400</u>
Expenditures:				
Current:				
Salaries	237,026	247,410	(10,384)	229,910
Employee benefits	126,000	127,098	(1,098)	127,730
Purchased services	2,800	2,869	(69)	1,394
Supplies	251,250	246,784	4,466	238,673
Equipment	6,000	4,854	1,146	8,432
Other objects	-	-	-	11,527
Total expenditures	<u>623,076</u>	<u>629,015</u>	<u>(5,939)</u>	<u>617,666</u>
Excess of revenues over expenditures / net change in fund balances	6,097	4,573	(1,524)	10,734
Fund balances - beginning	<u>85,367</u>	<u>85,367</u>	<u>-</u>	<u>74,633</u>
Fund balances - ending	<u>\$ 91,464</u>	<u>\$ 89,940</u>	<u>\$ (1,524)</u>	<u>\$ 85,367</u>

GRAND COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Student Activities
Nonmajor Special Revenue Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Student fees	\$ 474,450	\$ 450,274	\$ (24,176)	\$ 589,849
Expenditures:				
Current:				
Purchased services	105,500	91,579	13,921	77,506
Supplies	330,000	317,250	12,750	418,292
Property	36,552	35,449	1,103	62,846
Other objects	-	-	-	-
Total expenditures	<u>472,052</u>	<u>444,278</u>	<u>27,774</u>	<u>558,644</u>
Excess of revenues over expenditures / net change in fund balances	2,398	5,996	3,598	31,205
Fund balances - beginning	199,511	199,511	-	168,306
Fund balances - ending	<u>\$ 201,909</u>	<u>\$ 205,507</u>	<u>\$ 3,598</u>	<u>\$ 199,511</u>