

GARFIELD COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

GARFIELD COUNTY SCHOOL DISTRICT
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GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Garfield County School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District (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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District as of June 30, 2012, 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 a report dated November 22, 2012, on our consideration of Garfield County School District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grants 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 of 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 read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Garfield County School District's financial statements as a whole. The combining and individual non-major fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements, and budgetary comparison schedules are the responsibility of management and were 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 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.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants

November 22, 2012

**GARFIELD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

As management of the Garfield County School District (District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2012. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

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 financial statements. This report also contains other supplementary 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 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 expenditures 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 unused vacation leave).

The government-wide financial statements can be found on pages 10 through 11 of this report.

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 can be divided into two categories, governmental funds and fiduciary 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

**GARFIELD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

available at the end of the fiscal year. Such information may be useful in evaluating government'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 government'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 five 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*, *capital projects fund*, and *debt service fund*, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* 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 statements can be found on pages 12 to 16 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the District cannot use these funds to finance its operations.

The District uses a fiduciary fund to account for resources held for other groups. The basic fiduciary fund financial statement can be found on page 17 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 19 to 35 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 37 to 46 of this report.

**GARFIELD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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 \$14,635,941 at June 30, 2012. Below is a summary of the District's assets, liabilities, and net assets.

GARFIELD COUNTY SCHOOL DISTRICT'S NET ASSETS

	Governmental Activities		Total Change 2011-2012
	2012	2011	
Current and other assets	\$ 10,345,614	\$ 8,565,000	\$ 1,780,614
Capital assets	12,715,834	13,156,372	(440,538)
Total assets	<u>23,061,448</u>	<u>21,721,372</u>	<u>1,340,076</u>
Current and other liabilities	4,599,998	4,657,783	(57,785)
Noncurrent liabilities	3,825,509	4,438,510	(613,001)
	<u>8,425,507</u>	<u>9,096,293</u>	<u>(670,786)</u>
Net Assets:			
Invested in capital assets net of related debt	9,649,369	9,155,538	493,831
Restricted	3,345,606	3,123,907	221,699
Unrestricted	1,640,966	345,634	1,295,332
	<u>\$ 14,635,941</u>	<u>\$ 12,625,079</u>	<u>\$ 2,010,862</u>

The largest portion of the District's net assets (66%) reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students and 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.

A portion of the District's net assets (23%) represent resources that are subject to external restrictions on how they may be used. The remainder of net assets is 11%. These resources may be used to meet the District's ongoing obligations to students, employees, and creditors. The negative balance is primarily a result of the District's accrual for post-employment benefits. More information concerning post-employment benefits can be found in the footnotes to the financial statements. However, the unrestricted net asset amount has been earmarked for the following purposes:

**GARFIELD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

▪ **Committed for Undistributed Reserve**

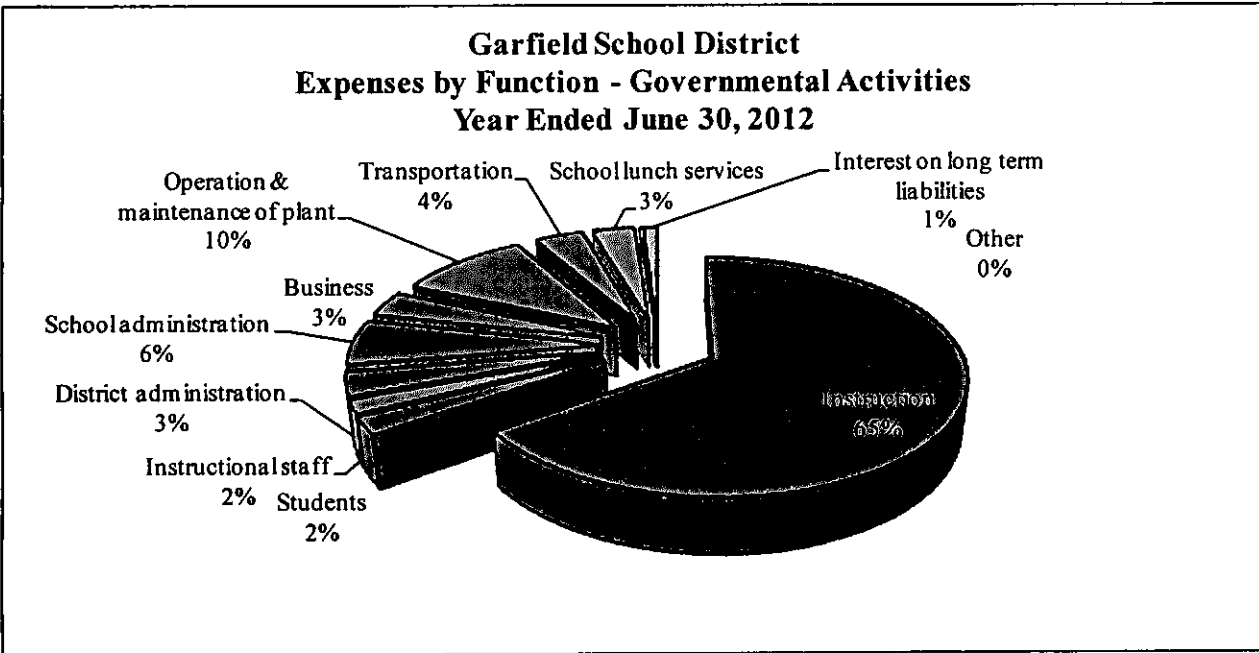
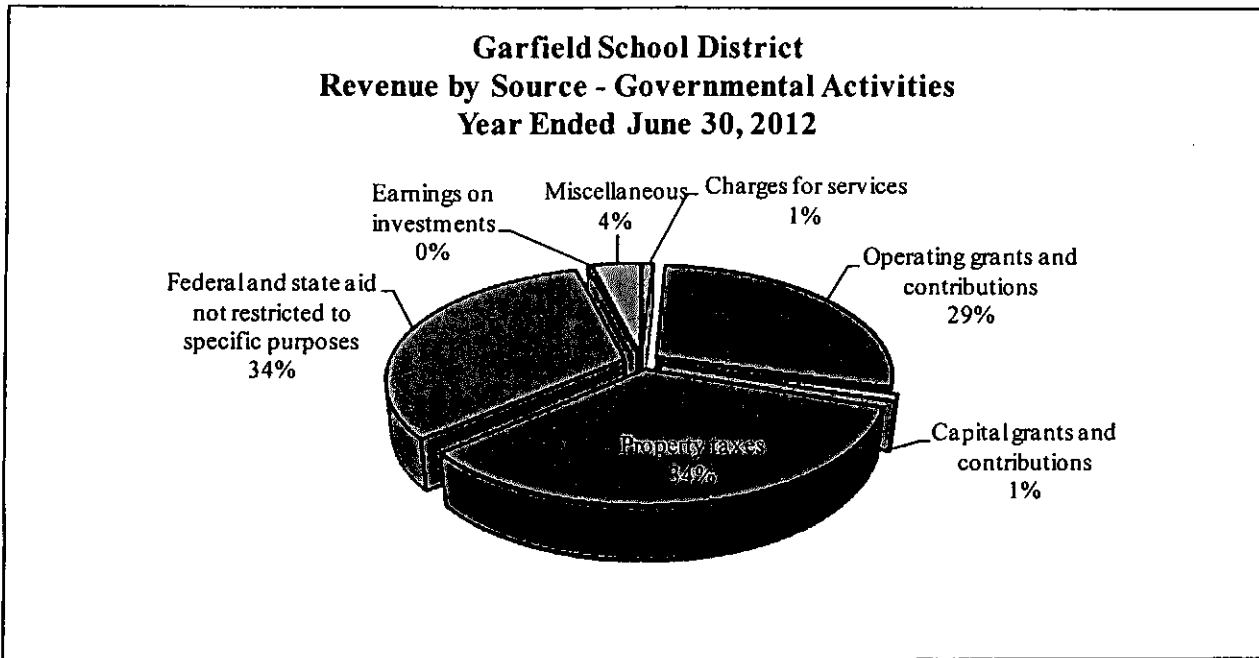
As allowed by law, the District has established an *undistributed reserve* of \$170,000 of general fund budgeted revenues within the general fund which is set aside for contingencies or possible reductions in state funding and not to be used in negotiation or settlement of contract salaries.

As of June 30, 2012, the District is able to report positive balances in all three categories of net assets, both for the District as a whole and for its separate governmental activities. The same situation held true for the prior fiscal period.

GARFIELD COUNTY SCHOOL DISTRICT'S CHANGES IN NET ASSETS

	Governmental Activities		Total Change 2012-2011
	2012	2011	
Revenues:			
Program revenues:			
Charges for services	\$ 102,365	\$ 103,725	\$ (1,360)
Operating grants and contributions	3,574,155	2,918,115	656,040
Capital grants and contributions	100,000	100,000	-
General Revenues:			
Property taxes	4,201,969	3,500,469	701,500
Federal and state aid not restricted to specific purposes	4,017,202	4,903,200	(885,998)
Earnings on investments	40,123	21,696	18,427
Miscellaneous	485,896	581,420	(95,524)
Total revenues	<u>12,521,710</u>	<u>12,128,625</u>	<u>393,085</u>
Expenses:			
Instruction	6,867,361	6,844,653	22,708
Support services:			
Students	243,365	240,638	2,727
Instructional staff	176,170	151,886	24,284
District administration	330,239	343,132	(12,893)
School administration	641,890	816,024	(174,134)
Business	354,854	396,756	(41,902)
Operation & maint. of plant	1,039,139	1,179,823	(140,684)
Transportation	389,810	471,244	(81,434)
Other	27,778	-	27,778
School lunch services	337,480	361,610	(24,130)
Interest on long term liabilities	102,762	181,934	(79,172)
Total expenses	<u>10,510,848</u>	<u>10,987,700</u>	<u>(476,852)</u>
Changes in net assets	2,010,862	1,140,925	869,937
Net assets, beginning	<u>12,625,079</u>	<u>11,484,154</u>	<u>1,140,925</u>
Net assets, ending	<u>\$ 14,635,941</u>	<u>\$ 12,625,079</u>	<u>\$ 2,010,862</u>

**GARFIELD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**



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. 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. The unreserved fund

**GARFIELD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities that are not recognized in the governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

The *general fund* is the chief operating fund of the District. At June 30, 2012, unassigned fund balance was \$865,998 while the total fund balance was \$2,318,263. The unassigned fund balance increased by \$510,632 while the total fund balance also increased by \$1,584,516 during the fiscal year. Annual expenditures in the general fund were \$33,303 less than the final budgeted amounts, and resources available for appropriation were \$551,617 more than final budgeted amounts.

The *capital projects fund* has a total fund balance of \$1,413,087, of which \$1,413,087 is restricted for acquisition of capital assets and related expenditures. The fund balance decreased by \$264,103 during the fiscal year.

The *debt service fund* has a total fund balance of \$1,339,896, all of which is reserved for the payment of debt service on general obligation bonds. The fund balance increased by \$168,798 during the fiscal year.

The *non K-12 programs special revenue fund* has a total fund balance of \$356,640. This balance is within the total allowed by state guidelines and is restricted to non-kindergarten through twelfth grade programs and other community programs.

The *school lunch special revenue fund* has a total fund balance of \$9,613. This balance is within the total allowed by state guidelines and is restricted to food service programs.

The *student activity fund* has a total fund balance of \$236,660. This balance is within the total allowed by state guidelines and is restricted to expenditures for student activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

The primary class of capital assets used by the District to provide educational services to the public is school buildings. The District continually evaluates the cost efficiency of its buildings as part of its on-going capital improvements plan.

**GARFIELD COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Capital assets at June 30, 2012 are outlined below:

**GARFIELD COUNTY SCHOOL DISTRICT'S CAPITAL ASSETS
(Net of Accumulated Depreciation)**

	2012	2011	Total Change 2012-2011
Land	\$ 100,222	\$ 100,222	\$ -
Buildings	11,833,015	12,209,300	(376,285)
Furniture and Equipment	782,657	846,850	(64,193)
	<u>\$ 12,715,894</u>	<u>\$ 13,156,372</u>	<u>\$ (440,478)</u>

Debt Administration

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 was approximately \$24,000,000 while the general obligation debt at that date was \$2,460,028 resulting in a legal debt margin of approximately \$21,539,972.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Garfield County School District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions concerning this report or need additional financial information, please contact the Business Administrator, Garfield County School District, 145 East Center Street, Panguitch, Utah 84759.

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

	Governmental Activities
Assets:	
Cash and investments	\$ 6,359,124
Receivables:	
Property taxes	3,755,260
Other governments	131,587
Prepaid Expenditures	13,460
Inventories	4,436
Bond issuance costs, net	81,687
Capital assets:	
Land and Construction in Progress	100,222
Other capital assets, net of accumulated depreciation	12,615,672
Total assets	23,061,448
Liabilities:	
Accounts payable	188,604
Accrued interest	10,290
Accrued salaries	700,813
Deferred revenue:	
Property taxes	3,695,855
Other governments	4,436
Noncurrent liabilities:	
Due within one year	1,022,250
Due in more than one year	2,803,259
Total liabilities	8,425,507
Net Assets:	
Invested in capital assets, net of related debt	9,649,369
Restricted for:	
School lunch	9,613
Student activities	236,660
Non K-12 programs	356,640
Debt service	1,329,606
Capital projects	1,413,087
Unrestricted	1,640,966
Total net assets	\$ 14,635,941

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

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

Functions	Expenses	Program Revenues			Net (Expense)	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets	
					Total Governmental Activities	
Governmental activities:						
Instructional services	\$ 6,867,361	\$ 14,593	\$ 2,368,441	\$ 100,000	\$ (4,384,327)	
Supporting services:						
Students	243,365	-	57,757	-	(185,608)	
Instructional staff	176,170	-	-	-	(176,170)	
District administration	330,239	-	225,280	-	(104,959)	
School administration	641,890	-	427,694	-	(214,196)	
Business	354,854	-	-	-	(354,854)	
Operation and maintenance of facilities	1,039,139	-	-	-	(1,039,139)	
Transportation	389,810	-	246,125	-	(143,685)	
Other	27,778	-	-	-	(27,778)	
School lunch services	337,480	87,772	248,858	-	(850)	
Interest on long-term liabilities	102,762	-	-	-	(102,762)	
Total school district	<u>\$ 10,510,848</u>	<u>\$ 102,365</u>	<u>\$ 3,574,155</u>	<u>\$ 100,000</u>	<u>(6,734,328)</u>	
General revenues:						
Property taxes levied for:						
General purposes						1,629,981
Transportation						190,048
Recreation						401,636
Debt service						1,158,028
Capital outlay						822,276
Federal and state aid not restricted to specific purposes						4,017,202
Earnings on investments						40,123
Miscellaneous						485,896
Total general revenues						<u>8,745,190</u>
Change in net assets						2,010,862
Net assets - beginning						<u>12,625,079</u>
Net assets - ending						<u>\$ 14,635,941</u>

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

GARFIELD 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	\$ 3,064,947	\$ 1,320,940	\$ 1,399,627	\$ 573,610	\$ 6,359,124
Receivables:					
Property taxes	1,381,205	1,040,555	976,945	356,555	3,755,260
Other governments	101,280	-	-	30,307	131,587
Other receivables	-	-	13,460	-	13,460
Inventory	-	-	-	4,436	4,436
Due from other funds	-	-	-	8,069	8,069
Total assets	\$ 4,547,432	\$ 2,361,495	\$ 2,390,032	\$ 972,977	\$ 10,271,936
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 176,776	\$ -	\$ -	\$ 11,828	\$ 188,604
Accrued salaries	700,813	-	-	-	700,813
Due to other funds	-	-	-	8,069	8,069
Deferred revenue:					
Property taxes	1,351,580	1,021,599	976,945	345,731	3,695,855
Other governments	-	-	-	4,436	4,436
Local sources	-	-	-	-	-
Total liabilities	2,229,169	1,021,599	976,945	370,064	4,597,777
Fund Balances:					
Restricted for:					
Debt service	-	1,339,896	-	-	1,339,896
Capital outlay	-	-	1,413,087	-	1,413,087
Food services	-	-	-	9,613	9,613
Committed to:					
Undistributed reserve	170,000	-	-	-	170,000
Schools	-	-	-	236,660	236,660
Other	536,942	-	-	356,640	893,582
Assigned to:					
Program balances	745,323	-	-	-	745,323
Unassigned:					
General fund	865,998	-	-	-	865,998
Total fund balances	2,318,263	1,339,896	1,413,087	602,913	5,674,159
Total liabilities and fund balances	\$ 4,547,432	\$ 2,361,495	\$ 2,390,032	\$ 972,977	\$ 10,271,936

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

GARFIELD 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		\$ 5,674,159
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. Those assets consist of:		
Land	\$ 100,222	
Buildings and improvements, net of \$9,139,315 accumulated depreciation	11,833,015	
Furniture and equipment, net of \$1,612,383 accumulated depreciation	782,657	12,715,894
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 \$4,059 and accrued interest for obligations under capital leases and notes is \$6,231		
		(10,290)
Bond issuance costs are reported as expenditures in the governmental funds. The cost is \$122,412 and accumulated amortization is \$40,725:		
		81,687
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. Balances at year-end are:		
Bonds payable	(2,435,000)	
Unamortized premiums	(50,028)	
Obligations under capital leases	(171,844)	
Well note payable	(409,653)	
Accrued sick pay	(222,042)	
Early retirement payable	(536,942)	(3,825,509)
Total net assets of governmental activities		\$ 14,635,941

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

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

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 1,820,030	\$ 1,158,028	\$ 822,276	\$ 401,635	\$ 4,201,969
Earnings on investments	40,123	-	-	-	40,123
School lunch sales	-	-	-	87,772	87,772
Other local sources	96,824	-	-	403,665	500,489
State aid	5,972,241	-	100,000	189,470	6,261,711
Federal aid	1,205,405	-	-	224,241	1,429,646
Total revenues	<u>9,134,623</u>	<u>1,158,028</u>	<u>922,276</u>	<u>1,306,783</u>	<u>12,521,710</u>
Expenditures:					
Current:					
Instructional services	5,069,396	-	84,840	653,764	5,808,000
Supporting services:					
Students	243,365	-	-	-	243,365
Instructional staff	176,170	-	-	-	176,170
District administration	303,589	-	-	-	303,589
School administration	568,968	-	-	-	568,968
Business	354,334	-	-	-	354,334
Operation and maintenance of facilities	1,029,589	-	-	-	1,029,589
Transportation	313,860	-	-	-	313,860
Other	27,778	-	-	-	27,778
School lunch services	-	-	-	335,622	335,622
Capital outlay	-	-	464,875	-	464,875
Debt service:					
Principal retirement	-	860,000	99,722	-	959,722
Bond issuance costs	-	52,274	-	-	52,274
Interest and fiscal charges	-	124,507	-	-	124,507
Total expenditures	<u>8,087,049</u>	<u>1,036,781</u>	<u>649,437</u>	<u>989,386</u>	<u>10,762,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,047,574</u>	<u>121,247</u>	<u>272,839</u>	<u>317,397</u>	<u>1,759,057</u>
Other financing sources (uses):					
Transfers	536,942	-	(536,942)	-	-
Payment to refunded bonds	-	(1,615,000)	-	-	(1,615,000)
Bond proceeds	-	1,615,000	-	-	1,615,000
Bond premium	-	47,551	-	-	47,551
Total other financing sources (uses)	<u>536,942</u>	<u>47,551</u>	<u>(536,942)</u>	<u>-</u>	<u>47,551</u>
Net change in fund balances	1,584,516	168,798	(264,103)	317,397	1,806,608
Fund balances - beginning	<u>733,747</u>	<u>1,171,098</u>	<u>1,677,190</u>	<u>285,516</u>	<u>3,867,551</u>
Fund balances - ending	<u>\$ 2,318,263</u>	<u>\$ 1,339,896</u>	<u>\$ 1,413,087</u>	<u>\$ 602,913</u>	<u>\$ 5,674,159</u>

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

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

Net change in fund balances-total governmental funds \$ 1,806,608

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 furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 77,463	
Depreciation expense	<u>(517,941)</u>	(440,478)

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net assets.

Principal payments of capital leases	<u>99,722</u>	99,722
--------------------------------------	---------------	--------

The governmental funds report bond proceeds as financing sources, while repayment of bond 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:

General obligation bond proceeds	(1,615,000)	
Payment to refunded bond escrow agent	1,615,000	
Bond premium	(47,551)	
Bond issuance costs	52,274	
Repayment of bond principal	860,000	
Interest expense - general obligation bonds	(393)	
Amortization of bond issuance costs	(20,150)	
Amortization of bond premium	<u>22,138</u>	866,318

In the statement of activities, certain operating expenses - compensated absences (vacations), special termination benefits (early retirement) and claims (arbitrage rebates) - 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 pay increased by \$6,200, and early retirement payable increased (OPEB) \$315,108.

(321,308)

Change in net assets of governmental activities

\$ 2,010,862

GARFIELD 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 - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,568,386	\$ 1,538,386	\$ 1,820,030	\$ 281,644
Earnings on investments	15,000	15,000	40,123	25,123
Other local sources	111,924	141,924	96,824	(45,100)
State aid	5,925,633	5,925,633	5,972,241	46,608
Federal aid	962,063	962,063	1,205,405	243,342
Total revenues	<u>8,583,006</u>	<u>8,583,006</u>	<u>9,134,623</u>	<u>551,617</u>
Expenditures:				
Current:				
Instructional services	5,162,983	5,162,983	5,069,396	93,587
Supporting services:				
Students	234,199	234,199	243,365	(9,166)
Instructional staff	138,829	138,829	176,170	(37,341)
District administration	286,260	286,260	303,589	(17,329)
School administration	754,606	754,606	568,968	185,638
Business	372,364	372,364	354,334	18,030
Operation and maintenance of facilities	883,820	883,820	1,029,589	(145,769)
Transportation	287,291	287,291	313,860	(26,569)
Other	-	-	27,778	(27,778)
Total expenditures	<u>8,120,352</u>	<u>8,120,352</u>	<u>8,087,049</u>	<u>33,303</u>
Excess of revenues over expenditures	462,654	462,654	1,047,574	584,920
Other financing sources (uses):				
Transfer in	-	-	536,942	536,942
Transfer out	(59,099)	(59,099)	-	59,099
Net change in fund balances	403,555	403,555	1,584,516	1,180,961
Fund balances - beginning	<u>733,747</u>	<u>733,747</u>	<u>733,747</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,137,302</u>	<u>\$ 1,137,302</u>	<u>\$ 2,318,263</u>	<u>\$ 1,180,961</u>

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

GARFIELD COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2012

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 12,221
Total Cash and investments	<u>\$ 12,221</u>
Liabilities	
Due to (From) other government agencies	\$ 12,221
Total liabilities	<u>\$ 12,221</u>

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

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Garfield 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. As required by GAAP, these financial statements present the District. The District is not a component unit of any other primary government.

Government-wide and fund financial statements - The *government-wide financial statements* (i.e., the statement of net assets and the statement of changes in net assets) display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

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 instructional, school administration, operation and maintenance of facilities, and school lunch 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.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The *fund financial statements* provide information about the District's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. 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 District, 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.

The District reports the following nonmajor special revenue funds that receive revenues which are restricted to expenditures for specified purposes:

- The *school food services fund* accounts for preparation and service of school lunches and breakfasts.
- The *non K-12 fund* accounts for preschool, adult education, recreation and other non K-12 programs.
- The *student activity fund* accounts for receipts and expenditures associated with student activities and fees at the school level.

Additionally, the District reports the following fund type:

- The District also is the fiscal agent for skills certification testing for the Utah State Office of Education. These funds are also accounted for in the *agency funds*.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Non-exchange 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 sixty 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, claims and judgments, early retirement and post-employment healthcare benefits, 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.

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 are 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 – Budgets are presented on the modified accrual basis of accounting for all governmental funds except the Garfield County Foundation for Excellence special revenue fund. Budgets are not adopted on a District level for the student activities agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During June of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

- 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 22nd at which 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 tax 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.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2012, 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.

Encumbrance accounting is employed in the governmental funds and the internal service fund. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

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.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Cash and Cash Equivalents – The District considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers’ Investment Pool (PTIF).

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either “due to/from other funds” (i.e., current portion of interfund loans) or “advances from/to other funds” (i.e., the noncurrent portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resource.

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. The consumption method of accounting is applied to the inventories of all funds.

Inventories of donated United States Department of Agriculture (USDA) commodities on hand at year-end are reported on the balance sheet at fair market value on the date received as inventory. Commodities used during the year are reported as revenue and expenditure on the operating statement.

Capital Assets – Capital assets, which include land, water stock, buildings and improvements, and furniture and equipment, 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, furniture and equipment and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. 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 extended asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Furniture	15
Portable Classrooms	15
Machinery and Tools	15
Buses	15
Laboratory Equipment	10
Musical Instruments	10
Licensed Vehicles	10
Computers	5

Compensated Absences – Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated sick days to a maximum of 120 days (of which on half of accumulated days will be paid at \$60 per day). No reimbursement or accrual is made for unused vacation leave. All sick pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds if they have matured, for example, as a result of employee resignations and retirements.

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

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

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Fund Equity – 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 committed, and so forth. The District's governmental funds beginning balances have been restated to reflect the below classifications. Fund balance classifications are summarized as follows:

- **Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments 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 a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - a) Unspent tax revenues for specific purposes (capital projects, debt service, student transportation, K-3 reading program, and community recreation).
 - b) Remaining fund balances in the School Lunch Fund.

- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the District's Board of Education. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board of Education. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has approved to commit fund balance amounts for the following purposes:
 - a) As defined in Utah law as an "undistributed reserve," the District maintains for economic stabilization up to five percent of General Fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e. reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used "in the negotiation or settlement of contract salaries for school district employees."
 - b) Resources held by schools in the other governmental funds.
 - c) Employee obligations related to the phase out of early retirement stipends.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

- **Assigned.** This category includes General Fund balance amounts 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 comprised of superintendent, assistant superintendents, and business administrator. This category also includes the remaining positive fund balance for other governmental funds. The District has assigned General Fund resources that are to be used for textbooks, supplies, and other unrestricted school programs.

- **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 committed resources first, followed by assigned resources, then unassigned resources as they are needed.

Comparative Data and Reclassifications – Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

Use of Estimates - Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenues and expenses. Actual results may vary from these estimates

2. DEPOSITS AND INVESTMENTS

A. Deposits

Deposits – Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. The District considers the actions of the State Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. District funds are deposited in qualified depositories as defined by the Act. The District does not have a deposit policy for custodial credit risk. As of June 30, 2012, the District's custodial credit risk for deposits were as follows:

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2012</u>
Regular Checking Account	Insured	\$ 478,591
Regular Checking Account	Uninsured and collateralized	<u>803,433</u>
		<u>\$1,282,024</u>

B. Investments

The District's investments are managed through participation in the state Public Treasurer's Investment Fund and through a repurchase agreement arrangement with a local bank. The Public Treasurer's Investment Fund is not rated. As of June 30, 2012, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Utah Public Treasurers' Investment Fund	Less than one year	<u>\$5,307,527</u>

Investments – Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance to the Utah Money Management Act which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments – Credit Risk – The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) 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-trade commercial paper, bankers' acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. 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. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The District has no investment policy that would further limit its investment choices.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Investments – Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by Garfield 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. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%. The interest rate period is from January 1 until the date paid.

Beginning January 1, 1992, an annual uniform fee based on the value of motor vehicles was levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market value statewide value of the property, as established by the State Tax Commission. Effective January 1, 1999, legislation required motor vehicles be subject to an “age-based” fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when the County collects it.

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.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 100,222	\$ -	\$ -	\$ 100,222
Total capital assets, not being depreciated	<u>100,222</u>	<u>-</u>	<u>-</u>	<u>100,222</u>
Capital assets, being depreciated:				
Buildings and improvements	20,972,330	-	-	20,972,330
Furniture and equipment	<u>2,433,374</u>	<u>77,463</u>	<u>(115,797)</u>	<u>2,395,040</u>
Total capital assets, being depreciated	<u>23,405,704</u>	<u>77,463</u>	<u>(115,797)</u>	<u>23,367,370</u>
Accumulated depreciation for:				
Buildings and improvements	(8,763,030)	(376,285)	-	(9,139,315)
Furniture and equipment	<u>(1,586,524)</u>	<u>(141,656)</u>	<u>115,797</u>	<u>(1,612,383)</u>
Total accumulated depreciation	<u>(10,349,554)</u>	<u>(517,941)</u>	<u>115,797</u>	<u>(10,751,698)</u>
Total capital assets, being depreciated, net	<u>13,056,150</u>	<u>(440,478)</u>	<u>-</u>	<u>12,615,672</u>
Governmental activities capital assets, net	<u>\$ 13,156,372</u>	<u>\$ (440,478)</u>	<u>\$ -</u>	<u>\$ 12,715,894</u>

Depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	\$ 399,713
Supporting services:	
District administration	26,650
School administration	4,500
Business	520
Operation and maintenance of facilities	8,750
Transportation	75,950
School lunch services	<u>1,858</u>
Total depreciation expense, governmental activities	<u>\$ 517,941</u>

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

5. RETIREMENT PLANS

Defined Benefit Plans - The District contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System (Systems), which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). URS 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 Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (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.

In the State and School Noncontributory Retirement System the Garfield County School District is required to contribute 16.86% of the member's annual covered salary. The contribution rates are the actuarial determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The District's contributions to the State and School Noncontributory Retirement System contributions for June 30, 2012, 2011 and 2010 were \$723,345, \$751,411, and \$766,074 respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plan - 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 State and School Noncontributory Retirement System have a contribution of 1.5% 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, were \$65,548, \$72,196, and \$92,052 respectively; the employee contributions for the years ending June 30, 2012, 2011, and 2010 were \$111,532, \$138,235, and \$145,642 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.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Early Retirement Incentive Plan – The District has an early retirement incentive plan that the District administers. Expenditures under the plan are expected to be made from current operations and the plan is not funded.

To qualify for the plan the employee must meet certain criteria as described in the plan, including 15 years consecutive years as a benefited employee of the District along with other requirements.

Eligible employees under the plan may receive a *20% annuity benefit* on a monthly or annual basis that is equal to twenty percent (20%) of the average of the highest three years of the last 10 years of qualifying service. This benefit is for a maximum of five years or until the employee is eligible to receive unreduced social security benefits. This annuity can pay for increases in health insurance costs for as long as they are eligible.

Eligible employees under the plan may receive a health insurance benefit for payment of insurance capped at the premium rate paid for their last year of employment for five years or until the employee becomes eligible for Medicare.

This plan was modified during 2012 and only certain employees are now eligible.

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined with other public entities in a common risk management and insurance program operated by the State of Utah Division of Risk Management. The District pays premiums to this risk pool, the Utah State Risk Management Fund, for its general insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of specified amounts for certain types of risks. The District is subject to a minimal deductible for claims of the risk pool. The District has purchased commercial insurance for other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 3,295,000	\$ 1,615,000	\$ (2,475,000)	\$ 2,435,000	\$ 935,000
Deferred amounts for issuance premium	24,615	47,551	(22,138)	50,028	-
Deferred amounts on refunding	-	-	-	-	-
Total bonds payable, net	3,319,615	1,662,551	(2,497,138)	2,485,028	935,000
Obligations under capital leases	256,318	-	(84,474)	171,844	71,539
Well note payable	424,901	-	(15,248)	409,653	15,711
Accrued vacation or sick pay	215,842	6,200	-	222,042	-
Post employment benefit payable	221,834	315,108	-	536,942	-
Total governmental activity long-term liabilities	\$ 4,438,510	\$ 1,983,859	\$ (2,596,860)	\$ 3,825,509	\$ 1,022,250

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments. The obligations under capital leases are paid by the capital projects fund. Vacation and early retirement benefits will be paid by the fund in which the employee worked.

General Obligation Bonds - The District issues general obligation bonds to finance the purchase of major capital items and the acquisition or construction of major capital facilities. Outstanding general obligation bonds at June 30, 2012 are as follows:

	Rates	Maturity Dates	Balance
Series 2012 Dated March 27, 2012 - Original Amount \$1,615,000	2.00%	2015	\$ 1,615,000
Series 2011 Dated May 15, 2011 - Original Amount \$1,220,000	2.00%	2014	820,000
Total			<u>\$2,435,000</u>

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The debt service requirements to maturity for the general obligation bonds are shown below:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 935,000	\$ 48,700	\$ 983,700
2014	950,000	30,000	980,000
2015	<u>550,000</u>	<u>11,000</u>	<u>561,000</u>
Total	<u>\$2,435,000</u>	<u>\$ 89,700</u>	<u>\$2,524,700</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 approximately \$24,000,000. General obligation debt at June 30, 2012 is \$2,435,000, resulting in a legal debt margin of approximately \$21,565,000.

Advance Refunding - During the year, the District issued general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,590,000 (the outstanding principal balance at year end) of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from financial statements. The annual cash flow savings is \$18,201 with and economic benefit from the transaction of \$72,042.

Well Note Payable – In a prior year the District obtained a note from the Utah Division of Water Resources in conjunction with the construction of a well. The face amount of the note is \$459,000 and bears an interest rate of 3 percent (3%). The note is payable in annual installments of \$28,000 for 23 years with a final maturity in 2031. The payment schedule is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 15,711	\$ 12,289	\$ 28,000
2014	16,182	11,818	28,000
2015	16,667	11,333	28,000
2016	17,167	10,833	28,000
2017	17,682	10,318	28,000
2018-2022	96,694	43,305	139,999
2022-2026	112,095	35,406	147,501
Therafter	<u>117,455</u>	<u>10,051</u>	<u>127,506</u>
	<u>\$ 409,653</u>	<u>\$ 145,353</u>	<u>\$ 555,006</u>

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Obligations Under Capital Lease – The District obtained equipment and buses under capital lease arrangements. Annual payments are funded either through the capital projects fund or from transportation. The future minimum lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 71,530	\$ 6,408	\$ 77,938
2014	49,261	3,631	52,892
2015	<u>51,053</u>	<u>1,848</u>	<u>52,901</u>
Total	<u>\$ 171,844</u>	<u>\$ 11,887</u>	<u>\$ 183,731</u>

8. COMMITTED TO UNDISTRIBUTED RESERVE

Utah State law allows for the establishment of an undistributed reserve. The Board of Education must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 5% of the current fiscal year's total general fund budgeted revenues. Use of the reserve requires a written resolution adopted by a majority vote of the Board filed with Utah State Board of Education and State Auditor.

9. 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 is 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 immaterial.

GARFIELD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

10. INTER FUND RECEIVABLES, PAYABLES, TRANSFERS AND DEFERED REVENUE

During the year the fund transfers were made as normal course of operations and cash flows of the District. These transfers were eliminated at the on the entity-wide statements. A summary of the transfers is as follows:

Fund	Transfer Out	Transfer In
General Fund	\$ -	\$ 536,942
Capital Projects Fund	(536,942)	-
Total Fund Transfers	\$ (536,942)	\$ 536,942

Governmental funds report revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year the various components of deferred revenue and unearned revenue reported in the governmental funds consisted of the following:

Type	Unavailable	Unearned
Property Tax Receivable - General Fund	\$ -	\$ 1,351,580
Property Tax Receivable - Debt Service	-	1,021,599
Property Tax Receivable - Capital Projects Fund	-	976,945
Property Tax Receivable - Non K-12 Fund	-	345,731
Other - Food Services	-	4,436
Total deferred/unearned revenue for gov't funds	\$ -	\$ 3,700,291

11. LITIGATION AND CLAIMS

As a result of normal operating activities, the District has potential claims and outstanding litigation. The ultimate outcome is unknown at the balance sheet date.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

School Lunch Fund – This fund is used to account for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the U.S. Government to help ensure that students receive low-cost, nutritionally balanced meals.

Non K-12 Programs Fund – This fund is used to account for programs that are not part of the basic educational program of kindergarten, elementary and secondary students. These areas include adult education and preschool for disabled students. This fund is also used to account for costs to provide community educational and recreational activities. Financing is provided primarily by a recreation tax levy and student fees. This annual property tax levy is authorized by Utah Code 11-2-7 and does not have a maximum statutory rate. Fees charged to the user provide additional funds as necessary.

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

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>School Lunch</u>	<u>Student Activity Fund</u>	<u>Non K-12 Programs</u>	
Assets:				
Cash and investments	\$ -	\$ 228,591	\$ 345,019	\$ 573,610
Receivables:				
Property taxes	-	-	356,555	356,555
Other governments	17,682	-	12,625	30,307
Inventory	4,436	-	-	4,436
Due from other funds	-	8,069	-	8,069
Total assets	<u><u>\$ 22,118</u></u>	<u><u>\$ 236,660</u></u>	<u><u>\$ 714,199</u></u>	<u><u>\$ 972,977</u></u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 11,828	\$ 11,828
Due to other funds	8,069	-	-	8,069
Deferred revenue:				
Property taxes	-	-	345,731	345,731
Other governments	4,436	-	-	4,436
Local sources	-	-	-	-
Total liabilities	<u><u>12,505</u></u>	<u><u>-</u></u>	<u><u>357,559</u></u>	<u><u>370,064</u></u>
Fund balances:				
Restricted for:				
Food services	9,613	-	-	9,613
Committed to:				
Schools	-	236,660	-	236,660
Other	-	-	356,640	356,640
Unassigned	-	-	-	-
Total fund balances	<u><u>9,613</u></u>	<u><u>236,660</u></u>	<u><u>356,640</u></u>	<u><u>602,913</u></u>
Total liabilities and fund balances	<u><u>\$ 22,118</u></u>	<u><u>\$ 236,660</u></u>	<u><u>\$ 714,199</u></u>	<u><u>\$ 972,977</u></u>

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

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>School Lunch</u>	<u>Student Activity Fund</u>	<u>Non K-12 Programs</u>	
Revenues:				
Property tax	\$ -	\$ -	\$ 401,635	\$ 401,635
Student fees	-	380,178	23,487	403,665
Lunch sales	87,772	-	-	87,772
Other local revenues	-	-	-	-
State aid	61,287	-	128,183	189,470
Federal aid	187,571	-	36,670	224,241
Total revenues	<u>336,630</u>	<u>380,178</u>	<u>589,975</u>	<u>1,306,783</u>
Expenditures:				
Current:				
Instructional services	-	363,816	289,948	653,764
School lunch services	335,622	-	-	335,622
Total expenditures	<u>335,622</u>	<u>363,816</u>	<u>289,948</u>	<u>989,386</u>
Excess of revenues over expenditures	1,008	16,362	300,027	317,397
Other financing sources:				
Transfer in	-	-	-	-
Transfers out	-	-	-	-
Net change in fund balances	1,008	16,362	300,027	317,397
Fund balances - beginning	8,605	220,298	56,613	285,516
Fund balances - ending	<u>\$ 9,613</u>	<u>\$ 236,660</u>	<u>\$ 356,640</u>	<u>\$ 602,913</u>

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

	2012		Variance with Final Budget - Positive (Negative)	2011
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Lunch sales - children	\$ 86,411	\$ 83,719	\$ (2,692)	\$ 81,774
Lunch sales - adult	4,368	4,053	(315)	4,074
Other local sales	1,000	-	(1,000)	808
Total local sources	<u>91,779</u>	<u>87,772</u>	<u>(4,007)</u>	<u>86,656</u>
State sources:				
State lunch program	34,000	61,287	27,287	33,516
Total state sources	<u>34,000</u>	<u>61,287</u>	<u>27,287</u>	<u>33,516</u>
Federal sources:				
Federal lunch program	23,000	22,601	(399)	22,114
Free and reduced assistance	115,000	119,235	4,235	111,841
Breakfast program	20,000	23,173	3,173	18,990
Other	-	22,562	22,562	38,924
Total federal sources	<u>158,000</u>	<u>187,571</u>	<u>29,571</u>	<u>191,869</u>
Total revenues	<u>283,779</u>	<u>336,630</u>	<u>52,851</u>	<u>312,041</u>
Expenditures:				
Current:				
Salaries	139,273	127,226	12,047	143,842
Employee benefits	58,305	54,000	4,305	57,092
Purchased services	4,100	3,202	898	3,374
Supplies	1,200	1,592	(392)	949
Food	140,000	149,557	(9,557)	154,495
Other	-	45	(45)	-
Total expenditures	<u>342,878</u>	<u>335,622</u>	<u>7,256</u>	<u>359,752</u>
Excess (deficiency) of revenues over expenditures	(59,099)	1,008	60,107	(47,711)
Other financing sources and (uses)				
Transfers in	59,099	-	(59,099)	47,711
Transfers out	-	-	-	-
Net change in fund balances	<u>-</u>	<u>1,008</u>	<u>-</u>	<u>8,605</u>
Fund balances - beginning	8,605	8,605	-	8,605
Fund balances - ending	<u>\$ 8,605</u>	<u>\$ 9,613</u>	<u>\$ 1,008</u>	<u>\$ 8,605</u>

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

	2012		Variance with Final Budget - Positive (Negative)	2011
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Student Fees	\$ 450,000	\$ 380,178	\$ (69,822)	\$ 349,852
Earnings on investments			-	-
Total local sources	450,000	380,178	(69,822)	349,852
Total revenues	450,000	380,178	(69,822)	349,852
Expenditures:				
Current:				
Supplies and services	450,000	363,816	86,184	349,051
Total expenditures	450,000	363,816	86,184	349,051
Excess (deficiency) of revenues over (under) expenditures	-	16,362	16,362	801
Other financing sources:				
Transfer in	-	-	-	-
Net change in fund balances	-	16,362	16,362	801
Fund balances - beginning	220,298	220,298	-	219,497
Fund balances - ending	\$ 220,298	\$ 236,660	\$ 16,362	\$ 220,298

GARFIELD 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

	2012		Variance with Final Budget - Positive (Negative)	2011
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 369,215	\$ 401,635	\$ 32,420	\$ 118,611
Community fees	4,000	1,847	(2,153)	7,242
Tuitions and fees	16,000	21,640	5,640	17,538
Miscellaneous revenues	3,000	-	(3,000)	3,000
Total local sources	392,215	425,122	32,907	146,391
State sources:				
Adult high school completion	77,318	73,077	(4,241)	76,005
Preschool	55,106	55,106	-	45,471
Total state sources	132,424	128,183	(4,241)	121,476
Federal sources:				
Special education preschool grant	8,000	7,990	(10)	8,011
Adult education	13,000	28,680	15,680	13,656
Total federal sources	21,000	36,670	15,670	21,667
Total revenues	545,639	589,975	44,336	289,534
Expenditures:				
Current:				
Salaries	215,990	199,409	16,581	198,024
Employee benefits	69,916	65,357	4,559	45,445
Purchased services	9,940	11,741	(1,801)	7,532
Supplies	235,893	13,441	222,452	3,781
Equipment	-	-	-	-
Other	-	-	-	1,088
Total expenditures	531,739	289,948	241,791	255,870
Excess (deficiency) of revenues over (under) expenditures	13,900	300,027	286,127	33,664
Fund balances - beginning	56,613	56,613	-	22,949
Fund balances - ending	\$ 70,513	\$ 356,640	\$ 286,127	\$ 56,613

MAJOR GOVERNMENTAL FUNDS

General Fund – This fund services primary on-going operation of the District. It is used to account for activity and financial resources that are not required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest. Financing is provided by an annual property tax levy not to exceed .0024 plus an additional levy in an amount not to exceed 10% of the cost of the basic program as authorized by Utah Code 53A-16-104 and 53A-17a-145.

Capital Projects Fund - 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. Financing is provided by an annual property tax levy not to exceed .0024 plus an additional levy in an amount not to exceed 10% of the cost of the basic program as authorized by Utah Code 53A-16-104 and 53A-17a-145. Also, state funds can be obtained by qualifying under guidelines established for districts determined to be in critical need for construction building aid.

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

	2012		Variance with Final Budget - Positive (Negative)	2011
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Property tax	\$ 1,003,765	\$ 1,158,028	\$ 154,263	\$ 1,074,952
Earnings on investments	-	-	-	-
Total revenues	<u>1,003,765</u>	<u>1,158,028</u>	<u>154,263</u>	<u>1,074,952</u>
Expenditures:				
Debt service:				
Bond principal	885,000	860,000	25,000	2,030,000
Bond interest	114,765	110,507	4,258	184,430
Bond issuance costs	-	52,274	(52,274)	45,138
Paying agent fees	3,500	14,000	(10,500)	3,500
Total expenditures	<u>1,003,265</u>	<u>1,036,781</u>	<u>(33,516)</u>	<u>2,263,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>500</u>	<u>121,247</u>	<u>120,747</u>	<u>(1,188,116)</u>
Other financing sources (uses):				
Proceeds of refunding bonds	-	1,615,000	1,615,000	1,220,000
Bond premiums	-	47,551	47,551	25,139
Payment to refunded bond escrow agent	-	(1,615,000)	(1,615,000)	-
Total other financing sources (uses)	<u>-</u>	<u>47,551</u>	<u>47,551</u>	<u>1,245,139</u>
Net change in fund balances	<u>500</u>	<u>168,798</u>	<u>168,298</u>	<u>57,023</u>
Fund balance - beginning	<u>1,171,098</u>	<u>1,171,098</u>	<u>-</u>	<u>1,114,075</u>
Fund balance - ending	<u>\$ 1,171,598</u>	<u>\$ 1,339,896</u>	<u>\$ 168,298</u>	<u>\$ 1,171,098</u>

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

	2012		Variance with Final Budget - Positive (Negative)	2011
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 751,050	\$ 822,276	\$ 71,226	\$ 677,288
Earnings on investments	-	-	-	-
Other local revenues	-	-	-	11,000
Total local sources	<u>751,050</u>	<u>822,276</u>	<u>71,226</u>	<u>688,288</u>
State sources:				
Capital outlay foundation	100,000	100,000	-	100,000
Other	-	-	-	-
Total state sources	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total revenues	<u>851,050</u>	<u>922,276</u>	<u>71,226</u>	<u>788,288</u>
Expenditures:				
Instructional Services:				
Salaries and Benefits	-	-	-	-
Supplies	36,464	84,840	(48,376)	4,226
Total instructional services	<u>36,464</u>	<u>84,840</u>	<u>(48,376)</u>	<u>4,226</u>
Land and buildings:				
Land improvements	150,000	28,484	121,516	91,849
Building improvements	600,000	398,622	201,378	207,265
Total land and buildings	<u>750,000</u>	<u>427,106</u>	<u>322,894</u>	<u>299,114</u>
Equipment:				
Equipment	200,000	25,022	174,978	228,979
Equipment lease principal	98,634	99,722	(1,088)	95,954
Other	23,716	12,747	10,969	26,396
Total equipment	<u>322,350</u>	<u>137,491</u>	<u>184,859</u>	<u>351,329</u>
Total expenditures	<u>1,108,814</u>	<u>649,437</u>	<u>459,377</u>	<u>654,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(257,764)</u>	<u>272,839</u>	<u>530,603</u>	<u>133,619</u>
Other Financing Sources (Uses):				
Issuance of long term obligation	-	-	-	-
Bond premium	-	-	-	-
Transfer out	-	(536,942)	(536,942)	(300,000)
Equipment capital lease	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(536,942)</u>	<u>(536,942)</u>	<u>(300,000)</u>
Net change in fund balances	<u>(257,764)</u>	<u>(264,103)</u>	<u>(6,339)</u>	<u>(166,381)</u>
Fund balance - beginning	<u>1,677,190</u>	<u>1,677,190</u>	<u>-</u>	<u>1,843,571</u>
Fund balance - ending	<u>\$ 1,419,426</u>	<u>\$ 1,413,087</u>	<u>\$ (6,339)</u>	<u>\$ 1,677,190</u>

FIDUCIARY FUNDS

Skills Certification Testing – The District is the fiscal agent for collection and payment of fees associated with Skills Certification for the State. These funds are held for payment of bills associated with this program.