

GARDEN CITY COMMUNITY SCHOOL, INC.

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2011

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Title Page

GARDEN CITY COMMUNITY SCHOOL, INC.
5655 N. Glenwood St.
Garden City, ID 83714

Board of Directors

Laurel York Odell	President
Tim Richey	Treasurer
Annaleissa Balk	Member
Anna Gamel	Member
Matthew Shapiro	Member
Michael Tetrault	Parent Representative

Administrators

Cindy Hoovel	Director
Michele Roth	Business Manager



Certified Public Accountants

Jared Zwygart, CPA
Weston Flamm, CPA
James Washburn, CPA

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P.O. Box 876
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Independent Auditor's Report

To the Board of Directors
Garden City Community School, Inc.
Garden City, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Garden City Community School, Inc.** (the Charter), as of and for the year ended June 30, 2011, which collectively comprise the Charter's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter'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 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 **Garden City Community School, Inc.**, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2011, on our consideration of **Garden City Community School, Inc.'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 21 through 23 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.

The Charter has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Garden City Community School, Inc.**'s financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental 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.

Bailey & Co.

Nampa, Idaho
September 27, 2011

Garden City Community School, Inc.
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 11,461
Intergovernmental Receivable, Net	82,581
Prepaid Expenses	15,161
Capital Assets:	
Equipment, Net	6,058
Total Assets	115,261
 Liabilities	
Long-term Liabilities:	
Due Within One Year:	
Line of Credit	50,000
Total Liabilities	50,000
 Net Assets	
Invested in Capital Assets, Net of Related Debt	6,058
Restricted	15,161
Unrestricted	44,042
Total Net Assets	\$ 65,261

The accompanying notes are an integral
part of the financial statements.

Garden City Community School, Inc.
Statement of Activities
For the Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets -
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:				
Governmental Activities:				
Instruction	\$ 468,251	\$ 12,225	229,690	\$ 0
Support Services	419,911	0	28,401	0
Food Service	34,366	4,522	0	0
Interest on Debt	297	0	0	0
Total Governmental Activities	\$ 922,825	\$ 16,747	\$ 258,091	\$ 0
		General Revenues:		
		State Sources		682,951
		Other		28,144
		Total General Revenues and Special Items		711,095
		Change in Net Assets		63,108
		Net Assets, Beginning of Year		2,153
		Net Assets, End of Year		\$ 65,261

The accompanying notes are an integral
part of the financial statements.

Garden City Community School, Inc.
Balance Sheet -
Governmental Funds
June 30, 2011

	General Fund	Coordinated Health	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 0	\$ 3,279	\$ 8,182	\$ 11,461
Receivables:				
Intergovernmental	82,581	0	0	82,581
Internal Balances	0	6,760	0	6,760
Prepaid Expenses	15,161	0	0	15,161
Total Assets	<u>\$ 97,742</u>	<u>\$ 10,039</u>	<u>\$ 8,182</u>	<u>\$ 115,963</u>
Liabilities and Fund Balances				
Liabilities:				
Internal Balances	\$ 6,760	\$ 0	\$ 0	\$ 6,760
Line of Credit	50,000	0	0	50,000
Total Liabilities	<u>56,760</u>	<u>0</u>	<u>0</u>	<u>56,760</u>
Fund Balances:				
Nonspendable				
Prepaid Expenses	15,161	0	0	15,161
Restricted				
Coordinated Health	0	10,039	0	10,039
Other Purposes	0	0	8,182	8,182
Unassigned	25,821	0	0	25,821
Total Fund Balances	<u>40,982</u>	<u>10,039</u>	<u>8,182</u>	<u>59,203</u>
Total Liabilities and Fund Balances	<u>\$ 97,742</u>	<u>\$ 10,039</u>	<u>\$ 8,182</u>	<u>\$ 115,963</u>

The accompanying notes are an integral
part of the financial statements.

Garden City Community School, Inc.
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Assets
June 30, 2011

Total Fund Balances - Governmental Funds	\$ 59,203
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Amounts reported for governmental activities in the Statement of Net Assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Equipment, Net of \$4,542 Accumulated Depreciation	<u>6,058</u>
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Total Net Assets - Governmental Activities	<u>\$ 65,261</u>
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The accompanying notes are an integral
part of the financial statements.

Garden City Community School, Inc.
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2011

	General	Coordinated Health	Other Governmental Funds	Total Governmental Funds
Revenues				
Charges for Services	\$ 12,225	\$ 0	\$ 4,522	\$ 16,747
State Sources	679,951	0	3,000	682,951
Grants and Contributions	137,524	4,500	116,067	258,091
Other Revenue	14,331	0	13,813	28,144
Total Revenues	<u>844,031</u>	<u>4,500</u>	<u>137,402</u>	<u>985,933</u>
Expenditures				
Current:				
Instruction	374,075	4,500	86,197	464,772
Support Services	399,310	0	19,087	418,397
Non-Instructional	12,537	0	21,829	34,366
Capital Outlay	3,479	0	0	3,479
Debt Service:				
Principal	0	0	0	0
Interest	297	0	0	297
Total Expenditures	<u>789,698</u>	<u>4,500</u>	<u>127,113</u>	<u>921,311</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>54,333</u>	<u>0</u>	<u>10,289</u>	<u>64,622</u>
Other Financing Sources (Uses)				
Transfers In	27,449	0	0	27,449
Transfers Out	0	0	(27,449)	(27,449)
Total Other Financing Sources (Uses)	<u>27,449</u>	<u>0</u>	<u>(27,449)</u>	<u>0</u>
Net Change in Fund Balances	81,782	0	(17,160)	64,622
Fund Balances - Beginning	(40,800)	10,039	25,342	(5,419)
Fund Balances - Ending	<u>\$ 40,982</u>	<u>\$ 10,039</u>	<u>\$ 8,182</u>	<u>\$ 59,203</u>

The accompanying notes are an integral
part of the financial statements.

Garden City Community School, Inc.
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Total Net Change in Fund Balance - Governmental Funds \$ 64,622

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense.

(1,514)

Change in Net Assets of Governmental Activities

\$ 63,108

The accompanying notes are an integral
part of the financial statements.

Garden City Community School
Notes to Financial Statements
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements present the activities of the Charter. The Charter receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the Charter is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are volunteers and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the Charter's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the financial activities of the Charter, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through intergovernmental revenues and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Charter's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses—expenses of the general government related to the administration and support of the Charter's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all state formula aid, are presented as general revenues.

Garden City Community School
Notes to Financial Statements
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: The fund financial statements provide information about the Charter'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 Charter reports the following major governmental funds:

- *General fund.* This is the Charter's primary operating fund. It accounts for all financial resources of the Charter, except those required to be accounted for in another fund.
- *Coordinated Health fund.* This fund accounts for the receipt and expenditure of funds received to benefit the health program.

Basis of Accounting

The government-wide 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Charter receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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 Charter considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, 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 liabilities and acquisitions under capital leases are reported as other financing sources.

Assets and Liabilities

Cash Equivalents

The Charter requires all cash belonging to the Charter to be placed in custody of the

Garden City Community School
Notes to Financial Statements
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Clerk/Business Manager. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

Receivables

All trade and intergovernmental receivables are shown net of an allowance for uncollectibles.

Property Tax Calendar

The Charter receives no property tax revenue.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below.

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	Straight-line	20-50 years
Equipment	\$ 5,000	Straight-line	7-10 years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The Charter has no infrastructure to report.

Compensated Absences

The Charter provides sick leave and vacation to the full-time employees. The estimated amount of compensation for further amounts is believed to be immaterial and accordingly no liability has been recorded.

Garden City Community School
Notes to Financial Statements
For the Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance Reporting and Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Assets and in the governmental fund Balance Sheet.

The Charter uses the following fund balance categories:

- *Nonspendable*. Balances in permanent funds, prepaid expenses, and inventories that are permanently precluded from conversion to cash.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned*. Balances available for any purpose.

No policy has yet been established to commit or assign funds. However, the Board of Directors would be considered the Charter's highest level of decision making authority and would also be able to authorize an individual to assign funds.

When both restricted and unrestricted net assets (fund balance) are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed. There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the Charter's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Charter considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Garden City Community School
Notes to Financial Statements
For the Year Ended June 30, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The following provides detail of restricted fund balances:

The special revenue fund, Improving Teacher Quality II-A is restricted by the federal government and must be spent according to the stipulations of the corresponding federal program.

These special revenue funds are required to be maintained as such by the State of Idaho Department of Education

- Coordinated Health
- School Building Maintenance

The remaining special revenue funds are restricted due to constraints placed on donations made by external parties:

- Community Council
- Auction

Income Taxes

The Charter's activities are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income, if any, derived from unrelated business activities.

2. **CASH DEPOSITS**

Deposits

As of June 30, 2011, the carrying amount of the Charter's deposits was \$11,461 and the respective bank balances totaled \$61,185. The total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the Charter.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter's deposits may not be returned. As of June 30, 2011, all of the Charter's deposits were covered by federal depository insurance or by collateral held by the Charter's agent or pledging financial institution's trust department or agent in the name of the Charter, and thus

Garden City Community School
Notes to Financial Statements
For the Year Ended June 30, 2011

2. CASH DEPOSITS (continued)

were not exposed to custodial credit risk. The Charter does not have a formal policy limiting its exposure to custodial credit risk.

Investments

The Charter follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Charter to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The Charter's only investment is a savings account and it has been included with deposits.

At year-end, the deposits were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	<u>\$ 11,461</u>

3. PENSION PLAN

The Public Employee Retirement System of Idaho (PERSI) – The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

Garden City Community School
Notes to Financial Statements
For the Year Ended June 30, 2011

3. PENSION PLAN (continued)

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

The actuarially determined contribution requirements of the Charter and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2011, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/ firefighter members. The Charter employer contributions required and paid were \$42,932, \$43,762 and \$41,829 for the years ended June 30, 2011, 2010 and 2009, respectively.

4. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Charter expects such amounts, if any, to be immaterial.

5. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments consist of \$47,590 for school support and \$34,991 for maintenance of effort, both due from the State of Idaho for a total of \$82,581.

6. RISK MANAGEMENT

The Charter 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 Charter has transferred most of its risk by purchasing commercial insurance.

Workman's Compensation insurance is purchased through the Idaho State Insurance Fund. Employee health and accident insurance is purchased through Blue Cross of Idaho. All other insurance has been purchased through EMC Insurance Companies.

Garden City Community School
Notes to Financial Statements
For the Year Ended June 30, 2011

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance <u>6/30/2010</u>	Additions	Disposals	Balance <u>6/30/2011</u>
<u>Governmental Activities:</u>				
Capital Assets Being Depreciated:				
Equipment	\$ 10,600	\$ 0	\$ 0	\$ 10,600
Total Historical Cost	<u>10,600</u>	<u>0</u>	<u>0</u>	<u>10,600</u>
Less: Accumulated Depreciation				
Equipment	3,028	1,514	0	4,542
Total Acc. Depr.	<u>3,028</u>	<u>1,514</u>	<u>0</u>	<u>4,542</u>
Net Depreciable Assets	<u>7,572</u>	<u>(1,514)</u>	<u>0</u>	<u>6,058</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 7,572</u>	<u>\$ (1,514)</u>	<u>\$ 0</u>	<u>\$ 6,058</u>

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

Support Services	<u>\$ 1,514</u>
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8. LINE OF CREDIT

The Charter has a line of credit of up to \$50,000 with Zions Bank. The note calls for monthly payments of interest only with a balloon payment due on October 15, 2011. The line of credit has a variable interest rate which is defined at 2.5% above Prime.

Changes in the line of credit for the year ended June 30, 2011, are as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Current Portion</u>
Zions Bank	2012	Variable	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ (50,000)</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

Garden City Community School
Notes to Financial Statements
For the Year Ended June 30, 2011

9. INTERNAL BALANCES

Balances due to/from funds at June 30, 2011, consist of the following:

\$ 6,760 Due to the Coordinated Health fund from the General fund representing short-term loans to cover cash overdrafts.

10. TRANSFERS

Transfers between funds occurred as follows:

\$ 27,449 To the General fund from other nonmajor governmental funds to pay for administrative costs.

REQUIRED SUPPLEMENTARY INFORMATION

Garden City Community School, Inc.
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 18,750	\$ 16,800	\$ 12,225	\$ (4,575)
State Sources	689,000	652,504	679,951	27,447
Grants and Contributions	26,000	53,896	137,524	83,628
Other Revenue	1,000	5,620	14,331	8,711
Total Revenues	<u>734,750</u>	<u>728,820</u>	<u>844,031</u>	<u>115,211</u>
Expenditures				
Current:				
Instruction	385,456	363,937	374,075	(10,138)
Support Services	337,994	365,350	399,310	(33,960)
Non-Instructional	10,000	4,500	12,537	(8,037)
Capital Outlay	1,300	3,490	3,479	11
Debt Service:				
Principal	0	0	0	0
Interest	0	300	297	3
Total Expenditures	<u>734,750</u>	<u>737,577</u>	<u>789,698</u>	<u>(52,121)</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>0</u>	<u>(8,757)</u>	<u>54,333</u>	<u>63,090</u>
Other Financing Sources (Uses)				
Transfers In	0	8,755	27,449	18,694
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>8,755</u>	<u>27,449</u>	<u>18,694</u>
Net Change in Fund Balances	0	(2)	81,782	81,784
Fund Balance - Beginning	0	0	(40,800)	(40,800)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (2)</u>	<u>\$ 40,982</u>	<u>\$ 40,984</u>

Garden City Community School, Inc.
Budgetary (GAAP Basis) Comparison Schedule
Coordinated Health Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants and Contributions	\$ 5,000	\$ 5,000	\$ 4,500	\$ (500)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>4,500</u>	<u>(500)</u>
Expenditures				
Current:				
Instruction	5,000	5,000	4,500	500
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>4,500</u>	<u>500</u>
 Net Change in Fund Balances	 0	 0	 0	 0
 Fund Balance - Beginning	 0	 0	 10,039	 10,039
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,039</u>	<u>\$ 10,039</u>

Garden City Community School
Notes to Required Supplementary Information
For the Year Ended June 30, 2011

1. **BUDGETS AND BUDGETARY ACCOUNTING**

The Charter follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to June 1, the President and Board of Directors prepare a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to July 1, the budget is legally enacted through passage at a board meeting.
- D. Formal budgetary integration is employed as a management control device during the year for all the funds.
- E. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- F. Budgeted amounts are as originally adopted, or amended by the Board of Directors.

2. **EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The General fund had expenditures in excess of appropriations in the amount of \$52,121.

SUPPLEMENTAL INFORMATION

Garden City Community School, Inc.
 Supplemental Schedule of Revenues by Source -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2011

	Budget	Actual	Variance
Local Sources			
Contributions/Donations	\$ 24,396	\$ 102,280	\$ 77,884
Charges for Services	16,800	12,225	(4,575)
Other	5,620	14,331	8,711
Total Local Sources	<u>46,816</u>	<u>128,836</u>	<u>82,020</u>
State Sources			
State Support	520,523	567,058	46,535
Transportation Support	51,358	38,051	(13,307)
Benefit Support	62,448	61,772	(676)
Lottery Revenue	8,175	8,175	0
Other State Support	10,000	4,895	(5,105)
Total State Sources	<u>652,504</u>	<u>679,951</u>	<u>27,447</u>
Federal Sources			
Indirect Federal Programs	29,500	35,244	5,744
Total Federal Sources	<u>29,500</u>	<u>35,244</u>	<u>5,744</u>
Other Financing Sources			
Transfers In	8,755	27,449	18,694
Total Other Financing Sources	<u>8,755</u>	<u>27,449</u>	<u>18,694</u>
Total Revenues	<u>\$ 737,575</u>	<u>\$ 871,480</u>	<u>\$ 133,905</u>

Garden City Community School, Inc.
 Supplemental Schedule of Expenditures by Object of Expenditure
 - Budget and Actual - General Fund
 For the Year Ended June 30, 2011

	Budget	Actual	Variance
Instruction			
Elementary:			
Salaries	\$ 207,952	\$ 200,810	\$ 7,142
Benefits	73,772	72,726	1,046
Services	7,400	4,975	2,425
Supplies	3,350	3,702	(352)
Capital Outlay	3,490	3,479	11
	<u>295,964</u>	<u>285,692</u>	<u>10,272</u>
Secondary:			
Salaries	32,593	32,593	0
Benefits	12,310	12,876	(566)
Services	1,500	1,057	443
Supplies	860	850	10
	<u>47,263</u>	<u>47,376</u>	<u>(113)</u>
Exceptional Child:			
Salaries	13,000	26,891	(13,891)
Benefits	3,000	4,670	(1,670)
Services	4,500	6,034	(1,534)
Supplies	700	237	463
	<u>21,200</u>	<u>37,832</u>	<u>(16,632)</u>
School Activities:			
Salaries	0	3,812	(3,812)
Services	1,500	1,962	(462)
Supplies	1,500	880	620
	<u>3,000</u>	<u>6,654</u>	<u>(3,654)</u>
Total Instruction	<u>367,427</u>	<u>377,554</u>	<u>(10,127)</u>
Support Services			
Special Services:			
Services	16,000	12,107	3,893
Instruction Improvement:			
Services	9,170	9,345	(175)
Board of Education:			
Services	0	5,918	(5,918)
District Administration:			
Salaries	31,007	31,007	0
Benefits	5,935	5,984	(49)
Services	1,000	1,155	(155)
	<u>37,942</u>	<u>38,146</u>	<u>(204)</u>

Garden City Community School, Inc.
 Supplemental Schedule of Expenditures by Object of Expenditure
 For the Year Ended June 30, 2011
 (continued)

	Budget	Actual	Variance
School Administration:			
Salaries	83,354	84,320	(966)
Benefits	28,298	28,987	(689)
Services	6,500	24,114	(17,614)
Supplies	1,638	2,594	(956)
	<u>119,790</u>	<u>140,015</u>	<u>(20,225)</u>
Business Operations:			
Services	9,338	9,543	(205)
Supplies	1,500	1,249	251
	<u>10,838</u>	<u>10,792</u>	<u>46</u>
Building Care (Custodial)			
Services	119,060	116,520	2,540
Supplies	2,500	2,088	412
Insurance	6,000	4,116	1,884
	<u>127,560</u>	<u>122,724</u>	<u>4,836</u>
Maintenance - Student Occupied			
Services	3,000	2,647	353
Supplies	50	3,716	(3,666)
	<u>3,050</u>	<u>6,363</u>	<u>(3,313)</u>
Pupil - To School Transportation:			
Services	41,000	53,900	(12,900)
Total Support Services	<u>365,350</u>	<u>399,310</u>	<u>(33,960)</u>
Non-Instructional Programs			
Child Nutrition	4,500	12,537	(8,037)
Total Non-Instructional	<u>4,500</u>	<u>12,537</u>	<u>(8,037)</u>
Debt Service			
Interest	300	297	3
Total Debt Service	<u>300</u>	<u>297</u>	<u>3</u>
Other Financing Uses			
Transfers Out	0	0	0
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u><u>737,577</u></u>	<u><u>789,698</u></u>	<u><u>(52,121)</u></u>

Garden City Community School, Inc.
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2011

	Education Jobs	School Building Maintenance	Long. Data Systems Extract	Title I-A Basic Skills	Title VI-B IDEA
Assets					
Cash	\$ 0	\$ 3,992	\$ 0	\$ 0	\$ 0
Total Assets	<u>\$ 0</u>	<u>\$ 3,992</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance					
Restricted	0	3,992	0	0	0
Total Fund Balances	<u>0</u>	<u>3,992</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 3,992</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Improving Teacher Quality II-A	Food Service	Love for Lucy	Community Council	Auction	Total
\$ 1,919	\$ 0	\$ 0	\$ 431	\$ 1,840	\$ 8,182
\$ 1,919	\$ 0	\$ 0	\$ 431	\$ 1,840	\$ 8,182
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
1,919	0	0	431	1,840	8,182
1,919	0	0	431	1,840	8,182
\$ 1,919	\$ 0	\$ 0	\$ 431	\$ 1,840	\$ 8,182

Garden City Community School, Inc.
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Education Jobs	School Building Maintenance	Long. Data Systems Extract	Title I-A Basic Skills	Title VI-B IDEA
Revenues					
Charges for Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Sources	0	0	3,000	0	0
Grants and Contributions	6,438	0	0	40,479	40,749
Other Revenue	0	0	0	0	0
Total Revenues	6,438	0	3,000	40,479	40,749
Expenditures					
Instruction					
Salaries	5,980	0	0	33,120	21,871
Benefits	458	0	0	3,956	9,919
Services	0	0	0	3,096	2,047
Supplies	0	0	0	307	0
Support Services					
Salaries	0	0	2,644	0	0
Benefits	0	0	356	0	0
Services	0	0	0	0	6,912
Supplies	0	0	0	0	0
Food Service	0	0	0	0	0
Total Expenditures	6,438	0	3,000	40,479	40,749
Excess (Deficiency) of Revenues Over Expenditures					
	0	0	0	0	0
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	(18,694)
Total Other Financing Sources (Uses)	0	0	0	0	(18,694)
Net Change in Fund Balances	0	0	0	0	(18,694)
Fund Balance - Beginning	0	3,992	0	0	18,694
Fund Balance - Ending	\$ 0	\$ 3,992	\$ 0	\$ 0	\$ 0

Improving Teacher Quality II-A	Food Service	Love For Lucy	Community Council	Auction	Total
\$ 0	\$ 4,522	\$ 0	\$ 0	\$ 0	\$ 4,522
0	0	0	0	0	3,000
11,094	17,307	0	0	0	116,067
0	0	0	0	13,813	13,813
11,094	21,829	0	0	13,813	137,402

0	0	0	0	0	60,971
0	0	0	0	0	14,333
0	0	500	1,725	1,226	8,594
0	0	0	0	1,992	2,299
800	0	0	0	0	3,444
271	0	0	0	0	627
7,290	0	0	0	0	14,202
814	0	0	0	0	814
0	21,829	0	0	0	21,829
9,175	21,829	500	1,725	3,218	127,113

1,919	0	(500)	(1,725)	10,595	10,289
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0	0	0	0	0	0
0	0	0	0	(8,755)	(27,449)
0	0	0	0	(8,755)	(27,449)

1,919	0	(500)	(1,725)	1,840	(17,160)
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0	0	500	2,156	0	25,342
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\$ 1,919	\$ 0	\$ 0	\$ 431	\$ 1,840	\$ 8,182
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FEDERAL REPORTS



Certified Public Accountants

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

Board of Directors
Garden City Community School, Inc.
Garden City, Idaho

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of **Garden City Community School, Inc.** (the Charter), as of and for the year ended June 30, 2011, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated September 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Garden City Community School, Inc.'s** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Garden City Community School, Inc.'s** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Bailey & Co.

Nampa, Idaho
September 27, 2011