

**IDAHO VIRTUAL HIGH SCHOOL DISTRICT NO. 453**

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Report on Audited  
Basic  
Financial Statements  
and  
Additional Information

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For the Year Ended June 30, 2011

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**FEDERAL REPORT**

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*

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**Idaho Virtual High School District No. 453**

Title Page

675 S. Haskett St.  
Mountain Home, Idaho 83647

**Board of Directors**

Meg Warren

Chairperson

Don Dow

Vice-Chairperson

Doug Mayne

Treasurer

Melody Landis

Secretary

Maralee Smith

Director

**Administrators**

Larry Slade

Principal/Executive Director



Certified Public Accountants

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

812-B 12th Ave. South  
P.O. Box 876  
Nampa ID 83653-0876  
208 466-2493  
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## Independent Auditor's Report

Board of Directors  
Idaho Virtual High School District No. 453  
Mountain Home, Idaho

We have audited the accompanying financial statements of the governmental activities and each fund of **Idaho Virtual High School District No. 453** (the District), as of and for the year ended June 30, 2011, 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 and each fund of **Idaho Virtual High School District No. 453**, 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 22, 2011, on our consideration of **Idaho Virtual High School District No. 453'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 20 through 22 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 District 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.

*Bailey & Co.*

Nampa, Idaho  
September 22, 2011

**Idaho Virtual High School District No. 453**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 999,898
Receivables:	
Intergovernmental	151,697
Interest	235
Inventory	26,044
Prepaid Expenses	22,709
Capital Assets:	
Land	186,500
Building and Improvements, Net	1,931,590
Equipment, Net	36,423
Total Capital Assets	2,154,513
<b>Total Assets</b>	3,355,096
 <b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	10,928
Salaries and Benefits Payable	37,997
<b>Total Liabilities</b>	48,925
 <b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	2,154,513
Restricted:	
Prepaid Expenses	22,709
Inventory	26,044
Unrestricted	1,102,905
<b>Total Net Assets</b>	\$ 3,306,171

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

**Idaho Virtual High School District No. 453**

Statement of Activities

For the Year Ended June 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets - Governmental Activities</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government:</b>					
Governmental Activities:					
Instruction	\$ 1,522,837	\$ 26,816	\$ 100,000	\$ 0	\$ (1,396,021)
Support Services	639,640	0	0	0	(639,640)
<b>Total Governmental Activities</b>	<u>\$ 2,162,477</u>	<u>\$ 26,816</u>	<u>\$ 100,000</u>	<u>\$ 0</u>	<u>(2,035,661)</u>
		General Revenues:			
					2,080,812
					3,780
					<u>2,084,592</u>
					48,931
					<u>3,257,240</u>
					<u>\$ 3,306,171</u>

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

**Idaho Virtual High School District No. 453**

Balance Sheet -  
Governmental Funds  
June 30, 2011

	<u>General</u>	<u>State Technology</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 999,898	\$ 0	\$ 999,898
Receivables:			
Intergovernmental	151,697	0	151,697
Interest	235	0	235
Inventory	26,044	0	26,044
Prepaid Expenses	22,709	0	22,709
<b>Total Assets</b>	<u>\$ 1,200,583</u>	<u>\$ 0</u>	<u>\$ 1,200,583</u>
 <b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable	\$ 10,928	\$ 0	\$ 10,928
Salaries and Benefits Payable	37,997	0	37,997
<b>Total Liabilities</b>	<u>48,925</u>	<u>0</u>	<u>48,925</u>
 Fund Balances:			
Nonspendable	48,753	0	48,753
Unassigned	1,102,905	0	1,102,905
<b>Total Fund Balances</b>	<u>1,151,658</u>	<u>0</u>	<u>1,151,658</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,200,583</u>	<u>\$ 0</u>	<u>\$ 1,200,583</u>

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

**Idaho Virtual High School District No. 453**  
Reconciliation of the Balance Sheet of the Governmental  
Funds to the Statement of Net Assets  
June 30, 2011

Total Fund Balances - Governmental Funds \$1,151,658

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:

Land	\$ 186,500	
Building and Improvements, Net of \$174,943 Accumulated Depr.	1,931,590	
Equipment, Net of \$42,686 Accumulated Depreciation	<u>36,423</u>	
		<u>2,154,513</u>

Total Net Assets-Governmental Activities \$3,306,171

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

**Idaho Virtual High School District No. 453**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	General	State Technology	Total Governmental Funds
<b>Revenues</b>			
State	\$ 2,080,812	\$ 0	\$ 2,080,812
Charges for Services	26,816	0	26,816
Grants and Contributions	100,000	0	100,000
Earnings on Investments	3,780	0	3,780
<b>Total Revenues</b>	<u>2,211,408</u>	<u>0</u>	<u>2,211,408</u>
<b>Expenditures</b>			
Current:			
Instruction	1,452,619	0	1,452,619
Support Services	628,571	0	628,571
Capital Outlay	15,629	0	15,629
<b>Total Expenditures</b>	<u>2,096,819</u>	<u>0</u>	<u>2,096,819</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>114,589</u>	<u>0</u>	<u>114,589</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	6,344	6,344
Transfers Out	(6,344)	0	(6,344)
<b>Total Other Financing Sources (Uses)</b>	<u>(6,344)</u>	<u>6,344</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	108,245	6,344	114,589
Fund Balances - Beginning	1,043,413	(6,344)	1,037,069
Fund Balances - Ending	<u>\$ 1,151,658</u>	<u>\$ 0</u>	<u>\$ 1,151,658</u>

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

**Idaho Virtual High School District No. 453**  
**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	\$ 114,589
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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.

Capital Outlays	\$ 15,629	
Depreciation Expense	<u>(81,287)</u>	
		<u>(65,658)</u>

Change in Net Assets of Governmental Activities	<u>\$ 48,931</u>
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The accompanying notes are an integral  
part of the financial statements.

**Idaho Virtual High School District No. 453**  
Notes to Financial Statements  
For the Year Ended June 30, 2011

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements present the activities of the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District 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 District's reporting entity does not contain any component units.

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 District. 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 District'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 District'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 taxes and state formula aid, are presented as general revenues.

**Idaho Virtual High School District No. 453**  
Notes to Financial Statements  
For the Year Ended June 30, 2011

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The District reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- *State Technology fund.* This fund accounts for the receipt and expenditure of grants received from the state for technology improvements.

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 District 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 District 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 District requires all cash belonging to the District to be placed in custody of the 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

**Idaho Virtual High School District No. 453**

Notes to Financial Statements  
For the Year Ended June 30, 2011

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 other receivables are shown net of an allowance for uncollectibles.

Inventory

Inventory consists of headsets for students. Inventory is stated at cost and is expensed when used.

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 District also has no infrastructure to report.

Accounts Payable

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

**Idaho Virtual High School District No. 453**  
Notes to Financial Statements  
For the Year Ended June 30, 2011

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of 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 in 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 District uses the following fund balance categories:

- *Nonspendable*. Balances in permanent funds, prepaid expenses, and inventories that are permanently precluded from conversion to cash.
- *Unassigned*. Balances available for any purpose.

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 (fund balance) available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

There is no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the District'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 District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

**Idaho Virtual High School District No. 453**  
Notes to Financial Statements  
For the Year Ended June 30, 2011

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2. CASH AND INVESTMENTS

Summary of Deposit and Investment Balances

The District maintains a cash and investment pool for use by all funds.

Deposits

As of June 30, 2011, the carrying amount of the District's deposits was \$134,318 and the respective bank balances totaled \$146,824. All of the bank balances were insured or collateralized with pooled securities held by the pledging institution in the name of the District.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2011, all of the District's deposits were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District, and thus had no bank deposits that were exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District does not have a formal policy limiting its exposure to custodial credit risk.

Interest Rate Risk

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The District voluntarily participates in the State of Idaho Investment Pool which was not rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the District's investment in the pool is the same as the value of the pool shares.

**Idaho Virtual High School District No. 453**

Notes to Financial Statements  
For the Year Ended June 30, 2011

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2. CASH DEPOSITS AND INVESTMENTS (continued)

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

Idaho Code authorizes the District 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 District's investments at June 30, 2011, are summarized below:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturity (In Years)</u>
		<u>Less Than 1 Year</u>
External Investment Pool	<u>\$ 865,580</u>	<u>\$ 865,580</u>

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

Cash and cash equivalents	\$ 134,318
Investments categorized as deposits	<u>865,580</u>
	<u>\$ 999,898</u>

3. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments consist of \$47,988, as a reimbursement from the State of Idaho for school support and \$103,709 from the State of Idaho for maintenance of effort for a total of \$151,697.

4. PENSION PLAN

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of

**Idaho Virtual High School District No. 453**  
Notes to Financial Statements  
For the Year Ended June 30, 2011

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4. PENSION PLAN (continued)

credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

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

The actuarially determined contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2011, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The District employer contributions required and paid were \$113,317, \$112,940, and \$113,808 for the three years ended June 30, 2011, 2010, and 2009, respectively.

5. 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 District expects such amounts, if any, to be immaterial.

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 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 Fred A. Moreton and Company.

**Idaho Virtual High School District No. 453**  
Notes to Financial Statements  
For the Year Ended June 30, 2011

7. TRANSFERS

Transfers between funds during the year occurred as follows:

\$ 6,344 From the General fund to the State Technology fund to cover prior year underfunded costs and to close out the State Technology fund.

8. CAPITAL ASSETS

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

	<u>Balance 6/30/2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/2011</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 186,500	\$ 0	\$ 0	\$ 186,500
Capital Assets Being Depreciated:				
Building and Improvements	2,106,533	0	0	2,106,533
Equipment	63,480	15,629	0	79,109
Total Historical Cost	<u>2,170,013</u>	<u>15,629</u>	<u>0</u>	<u>2,185,642</u>
Less: Accumulated Depreciation				
Building and Improvements	104,725	70,218	0	174,943
Equipment	31,617	11,069	0	42,686
Total Acc. Depr.	<u>136,342</u>	<u>81,287</u>	<u>0</u>	<u>217,629</u>
Net Depreciable Assets	<u>2,033,671</u>	<u>(65,658)</u>	<u>0</u>	<u>1,968,013</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 2,220,171</u>	<u>\$ (65,658)</u>	<u>\$ 0</u>	<u>\$ 2,154,513</u>

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

Governmental Activities:	
Instruction	\$ 70,218
Support Services	11,069
	<u>\$ 81,287</u>

***REQUIRED SUPPLEMENTARY INFORMATION***

**Idaho Virtual High School District No. 453**  
**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>		
<b>Revenues</b>				
State	\$2,110,456	\$2,110,456	\$2,080,812	\$ (29,644)
Charges for Services	0	0	26,816	26,816
Grants and Contributions	0	0	100,000	100,000
Earnings on Investments	4,455	4,455	3,780	(675)
<b>Total Revenues</b>	<u>2,114,911</u>	<u>2,114,911</u>	<u>2,211,408</u>	<u>96,497</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Payroll and Payroll Taxes	1,011,642	1,011,642	1,027,553	(15,911)
Benefits	189,817	189,817	186,931	2,886
Purchased Services	101,784	101,784	123,268	(21,484)
Supplies	22,805	22,805	114,867	(92,062)
Support Services:				
Payroll and Payroll Taxes	333,901	333,901	408,696	(74,795)
Benefits	65,547	65,547	75,081	(9,534)
Purchased Services	136,345	136,345	134,106	2,239
Supplies	24,073	24,073	10,688	13,385
Capital Outlay	25,000	25,000	15,629	9,371
<b>Total Expenditures</b>	<u>1,910,914</u>	<u>1,910,914</u>	<u>2,096,819</u>	<u>(185,905)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>203,997</u>	<u>203,997</u>	<u>114,589</u>	<u>(89,408)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	(6,344)	(6,344)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(6,344)</u>	<u>(6,344)</u>
<b>Net Change in Fund Balances</b>	203,997	203,997	108,245	(95,752)
Fund Balance - Beginning	1,638,479	1,638,479	1,043,413	(595,066)
Fund Balance - Ending	<u>\$1,842,476</u>	<u>\$1,842,476</u>	<u>\$1,151,658</u>	<u>\$ (690,818)</u>

**Idaho Virtual High School District No. 453**  
**Budgetary (GAAP Basis) Comparison Schedule**  
**State Technology**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
State	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction				
Purchased Services	0	0	0	0
Supplies	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	6,344	6,344
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>6,344</u>	<u>6,344</u>
Net Change in Fund Balances	0	0	6,344	6,344
Fund Balance - Beginning	0	0	(6,344)	(6,344)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Idaho Virtual High School District No. 453**  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2011

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1. **BUDGETS AND BUDGETARY ACCOUNTING**

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

- A. Prior to June 1, the Principal/Executive Director 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).

2. **EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The General fund had expenditures in excess of appropriations in the amount of \$185,905.

**FEDERAL REPORT**



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  
Idaho Virtual High School District No. 453  
Mountain Home, Idaho

We have audited the financial statements of the governmental activities and each fund of **Idaho Virtual High School District No. 453** (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 22, 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 **Idaho Virtual High School District No. 453'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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 **Idaho Virtual High School District No. 453'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 22, 2011