

UINTAH SCHOOL DISTRICT
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

WIGGINS
CERTIFIED
PUBLIC
ACCOUNTANTS **& CO.** P.C.

UINTAH SCHOOL DISTRICT
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

UINTAH SCHOOL DISTRICT
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2010

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Assets – Proprietary Fund	15
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Fund	16
Statement of Cash Flows – Proprietary Fund.....	17
Statement of Fiduciary Net Assets – Agency Funds.....	18
Notes to the Financial Statements	19-38
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the General Fund	39
Other Supplementary Information	
Combining Balance Sheets – Nonmajor Governmental Funds.....	40
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	41

STATE COMPLIANCE SECTION

Independent Auditor's Report on State Legal Compliance.....42-43

AUDITOR'S REPORTS AND SUPPLEMENTAL SCHEDULES REQUIRED BY
THE SINGLE AUDIT ACT AND GOVERNMENT AUDITING STANDARDS

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*44-45

Report on Compliance with Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance with OMB Circular A-13346-47

Schedule of Expenditures of Federal Awards 48

Notes to Schedule of Expenditures of Federal Awards.....49-50

Schedule of Findings and Questioned Costs51-53

Summary Schedule of Prior Audit Findings54-55

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Uintah School District
Vernal, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Uintah School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Uintah School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Uintah School District as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, 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 November 10, 2010, on our consideration of Uintah School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 39 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 Uintah School District's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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.



Sandy, Utah
November 10, 2010

UINTAH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

As management of the Uintah 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, 2010. We encourage readers to consider the information presented here.

Financial Highlights

- During this fiscal year, Eagle View Elementary was near completion and ready to open for the 2010-2011 school year. There will be a few loose ends to tie up to complete the project. The project will certainly come in under budget.
- During this fiscal year, the Board of Education approved the remodel/addition of Davis Elementary. The remodel will be completed during the summer of 2010 in time to open for the 2010-2011 school year. The addition, which consists of 10 new classrooms, is projected to be completed by Christmas Break.
- During the fiscal year, the Board of Education approved to proceed with plans for 4 projects. 1) Turn the old swimming pool into a sports facility. 2) Improvements on the Vernal Middle School Fields including a high school sized baseball field. 3) An addition to the current School Foods Warehouse. 4) Installation of an irrigation line from Vernal Jr. High to Vernal Middle School in order to have a supply of irrigation water for the new middle school fields. It is anticipated that all of these projects will be completed by January 2011.
- The school district was awarded and issued \$10 million of Qualified School Construction Bonds (QSCB's). The bonds were awarded as part of the Federal Stimulus package. The school district is using these funds to rebuild Ashley Elementary. This project was started in June 2010 and is due for completion prior to the 2011-2012 school year.

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 of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic 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 most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, earned but unused vacation leave, earned but unused sick leave, and early retirement benefits).

The government-wide financial statements can be found on pages 9-10 of this report.

UINTAH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

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

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

Because the focus of governmental funds is narrower than that of 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 eight 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 and the capital projects fund which are considered to be major funds. Data from the other six 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 budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

Proprietary funds. Proprietary funds are used to account for the business-type activities, such as leasing buildings or equipment, which may properly be conducted by the governmental entity. Proprietary funds are reflected in the government-wide financial statement.

The district uses a proprietary fund to account for the activities of the Municipal Building Authority. The basic proprietary fund financial statement can be found on pages 15-17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The Statement of Fiduciary Net Assets can be found on page 18.

Component unit. A Component Unit is a distinct legal entity separate from the District, the resource of which is dedicated to furthering the interests of the District. The Foundation is presented as a blended component unit in the financial statements.

UINTAH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

Notes to the basic financial statements. The notes provide additional information essential for a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 19-38 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$83,062,522 at the close of the most recent fiscal year. The largest portion of the District's net assets (56%) reflects its investment in capital assets (e.g. land, water stock, buildings and improvements, and furniture and equipment), less any related debt (bonds) used to acquire those assets that is still outstanding (\$24,618,247 of the Restricted amount recorded are funds reserved for future capital outlay projects). The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>Statement of Net Assets</u>							
	Governmental		Business-Type		Eliminations		Total	
	<u>Activities</u>		<u>Activities</u>		<u>2010</u>		<u>2009</u>	
	2010	2009	2010	2009	2010	2009	2010	2009
Assets:								
Current and Other Assets	\$ 77,485,778	\$ 74,879,260	\$ 11,094,608	\$ 55,545	\$ (1,387,100)	\$ -	\$ 87,193,286	\$ 74,934,805
Capital Assets	<u>93,772,858</u>	<u>83,259,198</u>	<u>7,494,735</u>	<u>6,223,556</u>	<u>-</u>	<u>-</u>	<u>101,267,593</u>	<u>89,482,754</u>
Total assets	<u>\$ 171,258,636</u>	<u>\$ 158,138,458</u>	<u>\$ 18,589,343</u>	<u>\$ 6,279,101</u>	<u>\$ (1,387,100)</u>	<u>\$ -</u>	<u>\$ 188,460,879</u>	<u>\$ 164,417,559</u>
Liabilities:								
Long-Term Liabilities Outstanding	\$ 45,458,846	\$ 47,219,226	\$ 15,445,000	\$ 5,820,000	\$ -	\$ -	\$ 60,903,846	\$ 53,039,226
Other Liabilities	<u>42,939,326</u>	<u>39,058,671</u>	<u>2,942,285</u>	<u>453,535</u>	<u>(1,387,100)</u>	<u>-</u>	<u>44,494,511</u>	<u>39,512,206</u>
Total Liabilities	<u>\$ 88,398,172</u>	<u>\$ 86,277,897</u>	<u>\$ 18,387,285</u>	<u>\$ 6,273,535</u>	<u>\$ (1,387,100)</u>	<u>\$ -</u>	<u>\$ 105,398,357</u>	<u>\$ 92,551,432</u>
Net Assets:								
Invested in Capital Assets, net of related debt	\$ 46,146,257	\$ 33,949,300	\$ 192,009	\$ (49,979)	\$ -	\$ -	\$ 46,338,266	\$ 33,899,321
Restricted	30,751,024	32,216,547	-	-	-	-	30,751,024	32,216,547
Unrestricted	<u>5,963,183</u>	<u>5,694,714</u>	<u>10,049</u>	<u>55,545</u>	<u>-</u>	<u>-</u>	<u>5,973,232</u>	<u>5,750,259</u>
Total Net Assets	<u>\$ 82,860,464</u>	<u>\$ 71,860,561</u>	<u>\$ 202,058</u>	<u>\$ 5,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,062,522</u>	<u>\$ 71,866,127</u>

As noted in the net assets comparison, the District's net assets for governmental activities increased \$10,999,903. This increase is primarily from capital improvements made to facilities within the District. Other items include technology purchases and improvements.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets for governmental activities. The same situation held true for the prior fiscal year.

UINTAH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

Revenue Source/Expense Analysis as a Whole

As seen below, the Districts revenues decreased in FY 2010 over FY 2009 by \$1,127,111. The primary reason for the decrease in state and federal revenues is due to the current economy. In addition, earnings on investments have substantially decreased due to the same economic conditions.

Overall expenses decreased \$677,513. This decrease was primarily due to budget cuts that were necessary due to current economic conditions. Spending in the district has been geared towards the district goals as established by the Board of Education.

	<u>Changes in Net Assets</u>					
	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,704,945	\$ 2,687,099	\$ 576,479	\$ 535,673	\$ 3,281,424	\$ 3,222,772
Operating Grants and Contributions	18,918,823	17,357,742	-	-	18,918,823	17,357,742
General Revenues:						
Property Taxes	29,436,848	26,454,402	-	-	29,436,848	26,454,402
Federal and State Aid						
Not Restricted to Specific Purpose	11,123,382	15,720,566	-	-	11,123,382	15,720,566
Earnings on Investments	352,026	877,116	30,279	1,430	382,305	878,546
Gain (Loss) on Sale of Assets	<u>(677,935)</u>	<u>(42,070)</u>	<u>-</u>	<u>-</u>	<u>(677,935)</u>	<u>(42,070)</u>
Total Revenues	<u>61,858,089</u>	<u>63,054,855</u>	<u>606,758</u>	<u>537,103</u>	<u>62,464,847</u>	<u>63,591,958</u>
Expenses:						
Instructional Services	29,348,927	29,486,110	-	-	29,348,927	29,486,110
Supporting Services						
Students	1,790,130	1,315,732	-	-	1,790,130	1,315,732
Instructional Staff	493,177	742,823	-	-	493,177	742,823
District Administration	986,253	981,410	-	-	986,253	981,410
School Administration	2,465,152	2,589,024	-	-	2,465,152	2,589,024
Central	1,721,734	1,763,093	-	-	1,721,734	1,763,093
Op. and Maint. of Facilities	3,913,411	3,846,418	-	-	3,913,411	3,846,418

UINTAH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Transportation	3,580,228	3,541,238	-	-	3,580,228	3,541,238
Non-Instructional Services	951,691	1,070,115	-	-	951,691	1,070,115
School Lunch Services	2,687,950	2,501,095	-	-	2,687,950	2,501,095
Facilities Acquisition/Construction	1,224,837	1,927,906	410,266	393,448	1,635,103	2,321,354
Interest on Long Term Liabilities	1,694,696	1,787,553	-	-	1,694,696	1,787,553
Total Expenses	<u>50,858,186</u>	<u>51,552,517</u>	<u>410,266</u>	<u>393,448</u>	<u>51,268,452</u>	<u>51,945,965</u>
Excess of Rev over Exp	<u>10,999,903</u>	<u>11,502,338</u>	<u>196,492</u>	<u>143,655</u>	<u>11,196,395</u>	<u>11,645,993</u>
Increase in Net Assets	<u>10,999,903</u>	<u>11,502,338</u>	<u>196,492</u>	<u>143,655</u>	<u>11,196,395</u>	<u>11,645,993</u>
Net Assets - Beginning (Restated)	<u>71,860,561</u>	<u>60,358,223</u>	<u>5,566</u>	<u>(138,089)</u>	<u>71,866,127</u>	<u>60,220,134</u>
Net Assets - Ending	<u>\$ 82,860,464</u>	<u>\$ 71,860,561</u>	<u>\$ 202,058</u>	<u>\$ 5,566</u>	<u>\$ 83,062,522</u>	<u>\$ 71,866,127</u>

Financial Analysis of District's Funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The District uses the Undistributed Reserve which is an unreserved balance for emergency and unforeseen hardships on the District. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances in 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.

General fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, the undesignated fund balance was \$2,027,500 while the total fund balance was \$6,013,962. The undesignated fund balance decreased \$43,114 while the total fund balance increased \$45,873 during the current fiscal year. The increase in total fund balance is attributed to the district goal to be fiscally responsible by putting money aside for difficult financial times anticipated in the future.

Expenditures for general District purposes totaled \$38,964,058 an increase of \$713,623 or 1.9% during the current fiscal year. This increase was mainly due to the increase in student population.

General fund salaries totaled \$23,229,350 while the associated fringe benefits of retirement, social security, unemployment, industrial insurance, life insurance, long-term disability, and health and accident insurance added \$10,337,853 to arrive at 86.14% of total general fund expenditures.

The capital projects fund has a total fund balance of \$24,618,247, a decrease of \$2,747,502 over FY 2009. This fund balance is restricted for acquisition of capital assets, purchase of supplies, and related expenditures. The decrease is a result of costs connected with construction projects.

The student activity fund has a total fund balance of \$531,646.

UINTAH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

The non k-12 programs special revenue fund balance is \$1,552,892. This is an increase of \$527,358 over the previous year. This fund includes adult education, recreation services, and special education-preschool. The balances in this fund are restricted to services allowed and provided in each one of these programs.

The school foods special revenue program ended the current year with a fund balance of \$929,639. This is an increase of \$51,915 from the previous year. The school lunch program is very well managed and runs as efficiently as any in the State of Utah. These funds can only be used for the school foods program.

The Uintah Schools Foundation received income from contributions and investments totaling \$45,021 during the current fiscal year to assist school programs.

The difference between actual expenditures and original budgeted expenditures is \$4,639,400. The final budget was increased over the original budget \$4,396,542. The main reason for the increase was to deal with the new construction projects that started during this fiscal year.

Capital Asset and Debt Administration

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. The District currently has the following outstanding debt obligations.

- Lease Revenue Bond (Refunded during FY 2008) - \$5.820 million (Vernal Jr. High Renovation)
- Qualified Zone Academy Bond (QZAB) - \$5.977 million (Vernal Middle School Renovation)
- General Obligation Bonds - \$20.175 million (New buildings Maeser Elementary and Naples Elementary)
- General Obligation Bonds - \$18.700 million (Vernal Middle School)
- Qualified School Construction Bond (QSCB) - \$10 million (Ashley Elementary Rebuild)

Changing Enrollment within the District

This fiscal year, the District's enrollment increased approximately 81 students as compared to the prior year, which was anticipated. Although there has been a decline in the oil and gas industry, the District still anticipates an increase in enrollment for the upcoming year.

Requests for Information

This financial report is designed to provide a general overview of the Uintah School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Business Administrator
Uintah School District
635 West 200 South
Vernal, UT 84078

UINTAH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			
	Governmental Activities	Business-Type Activities	Eliminations	Total
Assets:				
Cash and investments	\$ 45,026,876	\$ 1,048,450	\$ -	\$ 46,075,326
Accounts receivable				
Property taxes	26,465,914	-	-	26,465,914
Other local sources	799,461	-	-	799,461
State	55,009	-	-	55,009
Federal	2,051,707	-	-	2,051,707
Due from other funds	1,387,100	-	(1,387,100)	-
Inventory	233,133	-	-	233,133
Restricted cash and investments	1,393,991	9,934,184	-	11,328,175
Bond issuance costs, net	72,587	111,974	-	184,561
Capital assets:				
Land and construction in progress	20,554,160	1,865,782	-	22,419,942
Other capital assets, net of depreciation	73,218,698	5,628,953	-	78,847,651
Total assets	\$ 171,258,636	\$ 18,589,343	\$ (1,387,100)	\$ 188,460,879
Liabilities:				
Accounts payable	\$ 3,585,406	\$ 1,093,055	\$ -	\$ 4,678,461
Due to other funds	-	1,387,100	(1,387,100)	-
Accrued interest	692,755	87,130	-	779,885
Accrued salaries and benefits	4,836,516	-	-	4,836,516
Deferred revenue	32,019,768	-	-	32,019,768
Bond premium, net	329,881	-	-	329,881
Noncurrent liabilities:				
Due within one year	1,475,000	375,000	-	1,850,000
Due in more than one year	45,458,846	15,445,000	-	60,903,846
Total liabilities	\$ 88,398,172	\$ 18,387,285	\$ (1,387,100)	\$ 105,398,357
Net Assets:				
Invested in capital assets, net of related debt	\$ 46,146,257	\$ 192,009	\$ -	\$ 46,338,266
Restricted for:				
School lunch	929,639	-	-	929,639
Non-K-12 programs	1,552,892	-	-	1,552,892
Student Activity	531,646	-	-	531,646
Debt Service	2,840,405	-	-	2,840,405
Capital projects	24,618,247	-	-	24,618,247
Endowments - nonexpendable	204,044	-	-	204,044
Foundation programs	74,151	-	-	74,151
Unrestricted	5,963,183	10,049	-	5,973,232
Total net assets	\$ 82,860,464	\$ 202,058	\$ -	\$ 83,062,522

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

**UINTAH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instructional services	\$ 29,348,927	\$ 1,454,408	\$ 10,992,700	\$ -	\$ (16,901,819)	\$ -	\$ (16,901,819)
Supporting services:							
Students	1,790,130	150,527	1,271,095	-	(368,508)	-	(368,508)
Instructional staff	493,177	-	93,426	-	(399,751)	-	(399,751)
District administration	986,253	-	176,317	-	(809,936)	-	(809,936)
School administration	2,465,152	-	265,286	-	(2,199,866)	-	(2,199,866)
Central	1,721,734	280,772	1,152,711	-	(288,251)	-	(288,251)
Operation and maintenance of facilities	3,913,411	3,307	220,638	-	(3,689,466)	-	(3,689,466)
Student transportation	3,580,228	30	2,854,280	-	(725,918)	-	(725,918)
Non-instructional services	951,691	37,583	147,793	-	(766,315)	-	(766,315)
School lunch services	2,687,950	778,318	1,744,577	-	(165,055)	-	(165,055)
Facilities acquisition/construction	1,224,837	-	-	-	(1,224,837)	-	(1,224,837)
Interest on long-term liabilities	1,694,696	-	-	-	(1,694,696)	-	(1,694,696)
Total governmental activities	50,858,186	2,704,945	18,918,823	-	(29,234,418)	-	(29,234,418)
Business-type activities:							
Municipal Building Authority	410,266	576,479	-	-	-	166,213	166,213
Total primary government	\$ 51,268,452	\$ 3,281,424	\$ 18,918,823	\$ -	-	166,213	\$ (29,068,205)
General revenues:							
Property taxes levied for:							
General purposes					9,671,081	-	9,671,081
Transportation					1,423,562	-	1,423,562
Reading					306,396	-	306,396
Recreation					1,302,728	-	1,302,728
Debt service					3,734,476	-	3,734,476
Capital outlay					12,998,605	-	12,998,605
Federal and state aid not restricted to specific purposes					11,123,382	-	11,123,382
Earnings on investments					352,026	30,279	382,305
Gain (loss) on sale of assets					(677,935)	-	(677,935)
Total general revenues					40,234,321	30,279	40,264,600
Change in net assets					10,999,903	196,492	(18,038,023)
Net assets - beginning (restated)					71,860,561	5,565	71,866,127
Net assets - ending					\$ 82,860,464	\$ 202,058	\$ 53,828,104

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

UINTAH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	
Assets:					
Cash and investments	\$ 15,176,162	\$ 1,646,170	\$ 24,772,230	\$ 3,432,314	\$ 45,026,876
Accounts receivable					
Property taxes	7,930,552	2,906,533	14,441,777	1,187,052	26,465,914
Other local sources	623,266	22,858	145,503	7,834	799,461
State	7,461	-	-	47,548	55,009
Federal	1,969,059	-	-	82,648	2,051,707
Due from other funds	-	-	1,387,100	-	1,387,100
Inventory	-	-	-	233,133	233,133
Restricted cash and investments	-	1,393,991	-	-	1,393,991
Total assets	<u>\$ 25,706,500</u>	<u>\$ 5,969,552</u>	<u>\$ 40,746,610</u>	<u>\$ 4,990,529</u>	<u>\$ 77,413,191</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 2,691,959	\$ -	\$ 893,447	\$ -	\$ 3,585,406
Accrued salaries and benefits	4,822,215	-	-	220,816	5,043,031
Deferred revenue	12,178,364	3,129,147	15,234,916	1,477,341	32,019,768
Total liabilities	<u>\$ 19,692,538</u>	<u>\$ 3,129,147</u>	<u>\$ 16,128,363</u>	<u>\$ 1,698,157</u>	<u>\$ 40,648,205</u>
Fund balances:					
Reserved for:					
Special programs	535,292	-	-	1,557,729	2,093,021
Debt service	-	2,840,405	-	-	2,840,405
Inventory	-	-	-	233,133	233,133
Unreserved:					
Designated for:					
Unrestricted programs	1,101,170	-	-	606,095	1,707,265
Capital projects	-	-	11,930,395	-	11,930,395
Undistributed reserve	2,350,000	-	-	-	2,350,000
Undesignated, reported in:					
Unappropriated fund balance	2,027,500	-	12,687,852	895,415	15,610,767
Total fund balances	<u>6,013,962</u>	<u>2,840,405</u>	<u>24,618,247</u>	<u>3,292,372</u>	<u>36,764,986</u>
Total liabilities and fund balances	<u>\$ 25,706,500</u>	<u>\$ 5,969,552</u>	<u>\$ 40,746,610</u>	<u>\$ 4,990,529</u>	<u>\$ 77,413,191</u>

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

UINTAH SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 36,764,986
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$129,167,632 and the accumulated depreciation is \$35,394,774.	93,772,858
Bond premiums are recorded as other financing sources in the statement of revenues, expenditures and changes in fund balance. However, these premiums are capitalized in the statement of net assets and amortized over the life of the bond in the statement of net assets.	(329,881)
Bond issuance costs are expensed when bonds are issued in the governmental funds. However, bond issuance costs are amortized over the life of the bonds in the statement of net assets	72,587
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Compensated absences are \$45,856, Accrued termination benefits are \$2,035,990, Bonds payable are \$44,852,000 and Interest payable is \$692,755 for a total of \$47,626,601 of liabilities. Of this amount, \$206,515 was accrued in the general fund.	<u>(47,420,086)</u>
Total net assets - governmental activities	<u>\$ 82,860,464</u>

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

UINTAH SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	
Revenues:					
Property taxes	\$ 11,401,039	\$ 3,734,477	\$ 12,998,605	\$ 1,302,728	\$ 29,436,849
Tuition	61,646	-	-	8,668	70,314
Earnings on investment	88,065	46,248	197,697	20,016	352,026
Local school lunch sales	-	-	-	1,090,299	1,090,299
Other revenue	272,246	-	217,708	1,204,443	1,694,397
State aid	21,285,238	-	188,323	985,406	22,458,967
Federal aid	5,901,697	-	-	1,531,475	7,433,172
Total revenues	<u>39,009,931</u>	<u>3,780,725</u>	<u>13,602,333</u>	<u>6,143,035</u>	<u>62,536,024</u>
Expenditures:					
Current:					
Instructional services	25,918,699	-	142,185	1,731,310	27,792,194
Supporting services:					
Students	1,812,689	-	359	40,035	1,853,083
Instructional staff	478,438	-	-	15,957	494,395
District administration	939,110	-	2,695	-	941,805
School administration	2,451,666	-	8,690	-	2,460,356
Central	1,157,716	-	530,960	287,278	1,975,954
Operation and maintenance of facilities	3,165,601	-	560,548	-	3,726,149
Student transportation	3,040,139	-	918,328	-	3,958,467
Non-instructional services	-	-	-	951,691	951,691
School lunch services	-	-	-	2,522,894	2,522,894
Facilities acquisition/construction	-	-	14,186,070	-	14,186,070
Debt service:					
Principal retirement	-	1,375,000	-	-	1,375,000
Interest and fiscal charges	-	1,717,613	-	-	1,717,613
Total expenditures	<u>38,964,058</u>	<u>3,092,613</u>	<u>16,349,835</u>	<u>5,549,165</u>	<u>63,955,671</u>
Excess (deficiency) of revenues over (under) expenditures	45,873	688,112	(2,747,502)	593,870	(1,419,647)
Fund balances - beginning (restated)	5,968,089	2,152,293	27,365,749	2,698,502	38,184,633
Fund balances - ending	<u>\$ 6,013,962</u>	<u>\$ 2,840,405</u>	<u>\$ 24,618,247</u>	<u>\$ 3,292,372</u>	<u>\$ 36,764,986</u>

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

UINTAH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds \$ (1,419,647)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 14,255,343	
Loss on disposal	(677,935)	
Depreciation expense	<u>(3,063,748)</u>	10,513,660

In the statement of activities, amortization of bond premiums and discounts are recognized. In the statement of changes in fund balances, this is not recorded. 16,077

Governmental funds report bond principal payments as other financing uses. In the government wide financial statements, this reduces the principal of the debt. 1,375,000

Governmental funds report only the amount of interest paid with current financial resources. In the government wide financial statements, accrued interest is recorded when incurred. 22,917

In the statement of activities, certain operating expenses, such as, compensated absences, special post employment benefits and claims, are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During 2010, compensated absences payable decreased by \$11,308, termination and post-employment benefits payable decreased by \$274,073. In the general fund, the District accrued \$206,515 for payment of certain employee benefits. 491,896

Changes in net assets of governmental activities \$ 10,999,903

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

UINTAH SCHOOL DISTRICT
STATEMENT OF NET ASSETS – PROPRIETARY FUND
JUNE 30, 2010

		<u>Major Enterprise Fund</u>
		<u>Municipal Building Authority Fund</u>
Assets:		
Current assets:		
Cash and investments	\$ 1,048,450	
Restricted cash and cash equivalents		<u>9,934,184</u>
Total current assets		10,982,634
Noncurrent assets:		
Bond issuance costs, net		111,974
Capital assets:		
Land, construction in progress, and water stock		1,865,782
Other capital assets, net of depreciation		<u>5,628,953</u>
Total assets	\$	<u><u>18,589,343</u></u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 1,093,055	
Accrued interest payable		87,130
Current portion of long term liabilities		375,000
Due to other funds		<u>1,387,100</u>
Total current liabilities		2,942,285
Noncurrent liabilities:		
Noncurrent portion of long term liabilities		<u>15,445,000</u>
Total liabilities		<u><u>18,387,285</u></u>
Net Assets:		
Invested in capital assets, net of related debt		192,009
Unrestricted		<u>10,049</u>
Total net assets	\$	<u><u>202,058</u></u>

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

UINTAH SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN NET ASSETS – PROPRIETARY FUND
 JUNE 30, 2010

	Major Enterprise Fund
	Municipal Building Authority Fund
Operating revenues:	
Charges for sales and services:	
Lease revenue	\$ 576,479
Total operating revenues	576,479
Operating expenses:	
Depreciation	170,574
Total operating expenses	170,574
Operating income	405,905
Non-operating revenues (expenses):	
Investment earnings	30,279
Interest and fiscal charges	(236,435)
Bond issuance costs amortization	(3,248)
Miscellaneous costs	(9)
Total non-operating revenue (expenses)	(209,413)
Change in net assets	196,492
Total net assets - beginning	5,566
Total net assets - ending	\$ 202,058

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

UINTAH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
JUNE 30, 2010

	Major Enterprise Fund
	Municipal Building Authority Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund lease of facilities	\$ 576,479
Payments to suppliers	<u>1,093,055</u>
Net cash provided by operating activities	<u>1,669,534</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	(361,000)
Proceeds from construction bonds	10,000,000
Increase in due to capital projects fund	1,387,100
Payments for construction costs	(1,441,753)
Interest paid on bonds	(241,840)
Bond costs capitalized	(69,753)
Miscellaneous costs	<u>(9)</u>
Net cash provided by capital and related financing activities	<u>9,272,745</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>30,279</u>
Net cash provided from investing activities	<u>30,279</u>
Net increase in cash and cash equivalents	10,972,558
Cash and cash equivalents beginning of year	<u>10,076</u>
Cash and cash equivalents end of year	<u>\$ 10,982,634</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 405,905
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	170,574
Change in assets and liabilities:	
Accounts payable	<u>1,093,055</u>
Net cash provided by operating activities	<u>\$ 1,669,534</u>

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

UINTAH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2010

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 42,428
Total assets	<u>\$ 42,428</u>
Liabilities	
Due to flexible spending	\$ 42,428
Total liabilities	<u>\$ 42,428</u>

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

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Uintah School District (District) is located in the City of Vernal, in the north-east portion of the State of Utah. It was organized by State Statute and serves the citizens of Uintah County. The District provides educational and related services.

The financial statements of Uintah School District have been prepared in conformity with generally accepted accounting principles as applied to 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 of the District's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements include the School District, which is a political subdivision with corporate powers created under Utah State law, and its blended component units, the Municipal Building Authority of Uintah County School District, and the Uintah Schools Foundation, collectively referred to as the financial reporting entity. As required by generally accepted accounting principles, these financial statements present Uintah School District (referred to as the "primary government" for reporting purposes) and its "component units" (separate legal entity for which the District is considered to be financially accountable).

Uintah School District is governed by the board of education, the members of which are elected by citizens residing in five voting districts.

The Municipal Building Authority of Uintah County School District is governed by a five-member board which is the Board of Education. Its sole purpose is to finance and construct the District's public facilities. The financial statements of the Municipal Building Authority of Uintah County School District are included in the accompanying financial statements as a blended component unit.

Uintah Schools Foundation is a separate but affiliated, self-sustaining, not-for-profit organization. The Foundation was established to provide support for the Uintah School District, its faculty and students, and to promote, sponsor and carry out educational, scientific, charitable and related activities and objectives within the Uintah School District. It is governed by an independent board of volunteers. New board members are appointed by serving board members. The Foundation is considered to be a component unit of the District because the purpose of the Foundation is to exclusively, or almost exclusively, benefit the District by soliciting contributions and managing the funds.

Neither component unit has issued separate financial statements.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services that report fees, tuition, and other charges to users of the District's services; (2) operating grants and contributions that finance annual operating activities; and (3) capital grants and contributions that fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues. Administrative overhead charges are included in direct expenses.

Fund Financial Statements. Separate financial statements are provided for governmental funds, a proprietary fund, and a fiduciary fund, even though the fiduciary fund is excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. The remaining governmental funds are combined into a single column and reported as other nonmajor funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide Financial Statements. 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes are recorded when levied. Property taxes which have not been collected within 60 days, and therefore do not meet the "available" criterion, are reported as deferred revenue until collected. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Minimum school program revenues and other revenues from the Utah State Office of Education are considered "measurable" and recognized as revenue when available and remitted to the District in time to be used to pay current obligations. Grant revenue is recognized when qualified expenditures are incurred and a contractual claim exists with the grantor agency. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include principal and interest on long-term debt as well as expenditures related to compensated absences, and post employment benefits which are recognized only when payment is due.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major governmental funds:

General Fund - This fund accounts for all activities not accounted for by other funds of the District and is the principal fund. The main sources of revenue for this fund are property taxes and minimum school programs funded by the Utah State Office of Education.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest except that payable from proprietary or fiduciary funds.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or maintenance of major capital projects.

The District's nonmajor governmental funds include three special revenue funds. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Fund Financial Statements. Proprietary funds include enterprise funds. Enterprise funds report the activities for which a fee is charged to external users for goods or services. The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

The Municipal Building Authority of Uintah County School District is the only proprietary fund reported in the financial statements. The MBA Fund accounts for the activity and operations of leasing and constructing public facilities.

Fiduciary Fund Financial Statements. The District has one fiduciary fund, the flexible spending agency fund accounts for monies held on behalf of employees pending qualified expenditures. Agency Funds are accounted for using the accrual basis of accounting, but due to their custodial nature (assets equal liabilities) do not present results of operations or have a measurement focus.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for funds. All annual appropriations lapse at fiscal year end.

The District operates within the budget requirements as specified by State law. The financial reports reflect the following budgetary standards.

1. In May of each year, the District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. A final budget for the current year, ending June 30th, is also included.
2. The tentative budget is made available for public inspection at least ten days prior to a public hearing on adoption of the final budget.
3. If the budget does not propose to exceed the certified tax rate, a public hearing for taxpayer input is held prior to June 22nd of each year. The budget is then legally adopted by resolution of the Board. If the budget proposes a rate that exceeds the certified tax rate, the budget is formally adopted in August, when data is available to set new rates.
4. Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board, but increased appropriations in the governmental funds require a public hearing prior to amending the budget. Budgets may be increased provided that notice of such action is published seven days before the meeting. The budgetary information presented is the final amended budget.
5. Minor interim adjustments in estimated revenue and appropriations during the year ended June 30, 2010, have been included in the final budget approved by the Board, as presented in the financial statements.
6. Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as a designation to the fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.
7. As determined by State law, the level for which expenditures may not legally exceed appropriations is the total budget of a given department or fund.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Negative variances in total revenues and 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 expenditure of all available resources. Therefore, when the budget is prepared, it is assumed that these funds will not have a carryover or revenue to a subsequent year. Program revenue received, but not spent, is restricted and deferred to the subsequent fiscal year.

E. Cash and Cash Equivalents and Temporary Investments

Unrestricted cash balances of all funds are combined to form a pool of cash and investments which is managed by the Business Administrator in accordance with the Utah Money Management Act. Income from the investment of pooled cash is allocated based upon each fund's portion of the pool. Restricted cash consists of that portion of pooled cash that is restricted for a specific use due to constraints imposed by external parties or enabling legislation, or is cash held in trust in compliance with bond covenant, terms and conditions. When both restricted and unrestricted sources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

In addition to the pooled cash noted above, certain funds maintain separate bank accounts.

Investments are recorded at fair value based upon quoted market prices as of year end, except where there is no material difference between cost and fair value. The difference between the purchase price and market price when material is recorded as interest income.

A statement of cash flows is presented for proprietary funds under the direct method. For purposes of the statement of cash flows, the fund's allocated portion of pooled cash and investments is considered to be cash and cash equivalents, since this amount is immediately available for use by the fund. The District also treats certificates of deposit with maturities less than 90 days as cash and cash equivalents.

F. Interfund transactions

Interfund transactions represent transactions between different funds within the District. In general, interfund activity has been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenses resulting from such transactions.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Private-sector Standards of Accounting and Financial Reporting

The District generally applies to the government-wide financial statements all *Financial Accounting Standards Board (FASB)* Statements and Interpretations, APB Opinions, and Accounting Research bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the *Governmental Accounting Standards Board (GASB)*. The District has elected not to follow private-sector guidance subsequent to that date.

H. Capital Assets

Capital assets include land, buildings, improvements other than buildings, leasehold improvements, furniture, fixtures and equipment, vehicles and construction in progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental activities. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000; real property thresholds vary by type of asset, but are generally established at the same amount. Assets purchased or constructed are generally recorded at cost. If precise cost is not available, the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

When constructing capital assets, interest expense incurred relating to governmental activities is not capitalized.

Depreciation of all exhaustible capital assets is charged to the various functional expenses in the government-wide Statement of Activities. Accumulated depreciation is reported on the government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	10 – 50 years
Improvements	10 – 50 years
Equipment	5 – 20 years
Vehicles	5 – 10 years

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Long-term liabilities

In the government-wide financial statements, long-term debt is reported as a liability. Bond premiums and discounts, defeasance costs, (the difference between the carrying amount of the defeased debt and its reacquisition price in bond refunding), as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental funds 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.

J. Net Assets/Fund Balances

The difference between assets and liabilities is "Net Assets" on the government-wide and "Fund Balance" on the governmental fund financial statements. Net assets are divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

K. Inventories

Inventories for the Special Revenue Fund (School Food Services Fund) are valued at cost. Supplies and food products are charged to expenditures when purchased, using the consumption method.

L. Risk Management

The District is exposed to various risks of loss related to torts; thefts, damage to and destruction of assets; errors and omissions; and natural disasters. To help manage these risks, the District participates in the Utah State Risk Management Fund, a public entity that operates like an insurance carrier. The Treasurer for the District is insured against errors and omissions through a private insurance carrier. The District also participates in the Utah School Boards Risk Management Mutual Insurance Association to cover its workers compensation risks.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Restricted Assets

Certain proceeds of the District's general obligation bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the financial statements because they are maintained in separate bank and or investment accounts and their use is limited by applicable bond covenants.

NOTE 2. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due November 30. County property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of GASB.

NOTE 3. RECEIVABLES

No allowance for uncollectible accounts has been provided because the District believes that all accounts receivable are collectible.

NOTE 4. RETIREMENT PLANS

Plan Description. Uintah School District contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System for employers with Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide 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 Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System for employers with Social Security coverage. 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.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4. RETIREMENT PLANS (Continued)

Funding Policy. Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (5% paid by the employer for the employee) and Uintah School District is required to contribute 9.73% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, Uintah School District is required to contribute 14.22% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Uintah School District's contributions to the Local Governmental Contributory Retirement System for the years ended June 30, 2010, 2009 and 2008, were \$46,710, \$43,212, and \$42,510, respectively; and for the Noncontributory Retirement System the contributions for June 30, 2010, 2009 and 2008 were \$3,242,549, \$3,249,237, and \$3,103,792, respectively. The contributions were equal to the required contributions for each year.

The District also participates in the Utah Retirement System 401(k) plan. The District funds 1.5% of eligible payroll costs. Vesting is immediate. The District contributed \$348,454 in 2010 and employee contributions were \$519,688.

The District also participates in the Educators Mutual Insurance Association 401(k) plan. The District funds 1.5% of eligible payroll costs. Vesting is immediate. The District contributed \$8,123 in 2010 and employee contributions were \$22,810.

NOTE 5. DESIGNATIONS OF FUND BALANCE

The following is a detail of the reservations of fund balance as reported in the balance sheet.

General Fund

This amount represents state grant and program funding received, but not yet spent. These funds are designated by the payor to specific purposes.

Debt Service Fund

These reserves were established to provide for future debt service.

Capital Projects Fund

This amount represents funds received for the purpose of future capital projects.

Other Nonmajor Funds

This amount represents state grant and program funding received, but not yet spent. These funds are designated by the payor to specific purposes. The reserve for inventories reflects the portion of assets which do not represent available spendable resources.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 6. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended June 30, 2010, fund expenditures were less than the appropriated amount for all funds in the District.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Reclass	Ending Balance
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 4,021,922	\$ 750,265	\$ -	\$ -	\$ (174,104)	\$ 4,598,083
Construction in progress	28,900,642	11,932,178	-	1,776,835	(26,653,578)	15,956,077
Total capital assets not being depreciated	<u>32,922,564</u>	<u>12,682,443</u>	<u>-</u>	<u>1,776,835</u>	<u>(26,827,682)</u>	<u>20,554,160</u>
Capital assets being depreciated:						
Land improvements	2,507,721	59,341	-	-	-	2,567,062
Buildings	69,050,585	95,097	(1,580,671)	-	26,827,682	94,392,693
Furniture, machinery and equipment and vehicles	10,609,890	1,418,462	(374,635)	-	-	11,653,717
Total capital assets being depreciated	<u>82,168,196</u>	<u>1,572,900</u>	<u>(1,955,306)</u>	<u>-</u>	<u>26,827,682</u>	<u>108,613,472</u>
Less accumulated depreciation						
Land improvements	(377,128)	(102,559)	-	-	-	(479,687)
Buildings	(26,894,150)	(1,993,005)	987,040	-	-	(27,900,115)
Furniture, machinery and equipment and vehicles	(6,337,119)	(968,184)	290,331	-	-	(7,014,972)
Total accumulated depreciation	<u>(33,608,397)</u>	<u>(3,063,748)</u>	<u>1,277,371</u>	<u>-</u>	<u>-</u>	<u>(35,394,774)</u>
Total capital assets being depreciated, net	<u>48,559,799</u>	<u>(1,490,848)</u>	<u>(677,935)</u>	<u>-</u>	<u>26,827,682</u>	<u>73,218,698</u>
Governmental activity capital assets, net	<u>\$ 81,482,363</u>	<u>\$ 11,191,595</u>	<u>\$ (677,935)</u>	<u>\$ 1,776,835</u>	<u>\$ -</u>	<u>\$ 93,772,858</u>
Business-type activities:						
Capital assets not being depreciated:						
Land	\$ 424,029	\$ -	\$ -	\$ -	\$ -	\$ 424,029
Construction in progress	-	1,441,753	-	-	-	1,441,753
Total capital assets not being depreciated	<u>424,029</u>	<u>1,441,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,865,782</u>
Capital assets being depreciated:						
Buildings and improvements	6,822,971	-	-	-	-	6,822,971
Less accumulated depreciation						
Buildings and improvements	(1,023,444)	(170,574)	-	-	-	(1,194,018)
Total capital assets being depreciated, net	<u>5,799,527</u>	<u>(170,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,628,953</u>
Business-type activity capital assets, net	<u>\$ 6,223,556</u>	<u>\$ 1,271,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,494,735</u>

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

	Governmental activities:	Business-type Activities:	Total
Instruction	\$ 1,915,389	\$ -	\$ 1,915,389
Support services:			
General administration	61,446	-	61,446
School administration	112,670	-	112,670
Operations/Maintenance of plant	242,276	-	242,276
Student transportation	518,623	-	518,623
School food services	213,344	-	213,344
Non-instructional services	-	170,574	170,574
Total depreciation expense	\$ 3,063,748	\$ 170,574	\$ 3,234,322

The District expects the construction costs for Eagle View Elementary School to approximate \$991,355 and has reserved \$991,355 in the capital projects fund for anticipated costs of this project.

The District expects the construction costs for Davis Elementary School to approximate \$5,039,040 and has reserved \$5,039,040 in the capital projects fund for anticipated costs of this project.

The District expects the construction costs for Ashley Elementary School to approximate \$13,558,247 and has reserved \$5,900,000 in the capital projects fund for anticipated costs of this project. The remaining costs of this project will be funded by the Qualified School Construction Bonds in the Municipal Building Authority of Uintah County School District (MBA) Fund.

In 2010, the District discovered that survey costs, architect fees, and other costs associated with Eagle View Elementary and Vernal Middle School which were expended in 2008 and 2009 were not capitalized. As a result, \$1,776,835 was added to the Construction in Progress balances in 2010. The beginning governmental activities net asset balance was increased by \$1,776,835 in order to account for these costs.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8. LONG-TERM OBLIGATIONS

The District has the following long-term obligations at June 30, 2010:

MBA Lease Revenue Refunding Bonds, Series 2008

The MBA a blended component unit of Uintah School District, entered into agreements to issue lease revenue refunding bonds in the amount of \$6,505,000. These bonds were issued to refund the 2002 MBA Lease Revenue Bonds, which were issued to finance school renovation. The bonds were issued on February 26, 2008 and mature August 1, 2022. The interest rate on the bonds is 3.593%. The bonds are subject to optional call and redemption after August 1, 2016. The District has entered into a master lease agreement with the MBA, dated September 15, 2002 and amended by the First Amendment to Lease Agreement dated February 1, 2008, which requires the District to lease the school facility from the MBA. The lease amount is equal to the annual debt service for each fiscal year the lease is in force. The lease provides for a purchase price, which may be exercised by the District anytime during the period of the lease, equivalent to the outstanding principal balance on the lease revenue bonds.

MBA Qualified School Construction Bonds, Series 2009

The Municipal Building Authority of Uintah County School District (MBA) a blended component unit of Uintah School District, issued qualified school construction bonds in the amount of \$10,000,000. These bonds were issued to finance improvements of Ashley Elementary School. The bonds were issued on November 24, 2009 and mature February 1, 2025. The interest rate on the bonds is 1.41%. Beginning February 1, 2012, the District is required to deposit \$714,285 annually into a sinking fund. The deposits will be sufficient to pay the bonds at maturity. The District has entered into a master lease agreement with the MBA, dated November 1, 2009 which requires the District to lease bond-financed school facilities from the MBA. The lease amount is equal to the annual deposit into the sinking fund and the interest on the outstanding bonds. The first lease payment is \$737,786 and is due on February 1, 2012. Subsequent annual payments of \$784,786 are due beginning on February 1, 2013 and ending on February 1, 2025. The lease provides for a purchase price, which may be exercised by the District anytime during the period of the lease, equivalent to the outstanding principal balance on the lease revenue bonds.

QZAB Taxable General Obligation School Building Bond, Series 2005

On December 29, 2005, the District issued \$5,977,000 QZAB general obligation bonds for the purpose of renovating Vernal Middle School. The bonds mature on December 29, 2020 and are not subject to call or redemption prior to maturity. The bonds bear no interest and are due in a single payment on December 29, 2020. The District is required to deposit \$326,856 into a sinking fund annually beginning December 29, 2006. The sinking fund deposits will be invested at 2.75% interest. The deposits plus interest earned will be sufficient to pay the bonds at maturity.

UINTAH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8. LONG-TERM OBLIGATIONS (Continued)

General Obligation School Building Bond, Series 2006

On March 1, 2006, the District issued \$24,000,000 of general obligation bonds. The bonds bear interest at varying rates ranging from 4.00% to 5.00%. The net interest cost over the life of the bonds is 4.27%. The bonds mature beginning February 1, 2007 in amounts varying from \$850,000 to \$1,875,000 annually. The final bonds mature on February 1, 2026. Semi-annual interest payments are due beginning February 1, 2007 and August 1, 2007.

General Obligation School Building Bond, Series 2007

On November 8, 2007, the District issued \$20,020,000 of general obligation bonds. The bonds bear interest at varying rates ranging from 4.00% to 4.50%. The net interest cost over the life of the bonds is 4.25%. The bonds mature beginning February 1, 2009 in amounts varying from \$645,000 to \$3,125,000 annually. The final bonds mature on February 1, 2027. Semi-annual interest payments are due beginning August 1, 2008 and February 1, 2009.

Termination Benefits:

Paid Time Off (PTO): Each contracted employee is allowed 10 to 11 PTO days per year. Unused days accumulate with no maximum. Unused PTO leave does not vest with the employee, i.e., it is lost upon termination of employment. However, employees who retire with 20 or more years of service in the district are entitled to a lump sum payment. The PTO payout is calculated by multiplying the employee's daily rate at the time the employee leaves the district, by the number of PTO Days accrued, by a percentage using the following schedule:

<u>Years of Service</u>	<u>PTO Days</u>		
	<u>0-150</u>	<u>151-200</u>	<u>201+</u>
20-24	15%	20%	25%
25-29	20%	30%	40%
30+	25%	35%	50%

Early Retirement: This policy was discontinued effective July 1, 2008. However, employees who were approved for the benefit prior to the cutoff date, were included in the benefit payout. Under the old plan, employees with 20 years or more of service with the District were eligible to receive up to 5 years of life and health insurance after the employee elected to early retire. Employees were also eligible for an annual benefit up to 5 years after the employee elected to early retire. The annual benefit is calculated by multiplying the average of the highest 3 years salary by a percentage ranging from 20 – 25%.

Longevity Back Pay Plan: Starting in 2009, the District provided a benefit to employees with over 20 years of service to receive a longevity back pay. The purpose of this benefit is to compensate these employees for the lost benefit resulting from the discontinue of the Early Retirement benefit described above. To calculate the benefit, the base contract is multiplied by 4% for years twenty one to thirty, and 1% for years over thirty.

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8. LONG-TERM OBLIGATIONS (Continued)

These benefits have been accrued in government-wide financial statements in accordance with GASB No. 47, *Accounting for Termination Benefits*. The governmental fund financial statements record the PTO and early retirement benefit in the period they are paid. At June 30, 2010, 150 employees were eligible for PTO benefit, 70 employees were eligible for the early retirement benefit, and 119 were eligible for the Longevity Back Pay Plan. The benefits have been measured at the estimated present value of expected future benefit payments, discounted at 3%. Based on historical experience, the district has estimated 27.36 years of service for retiring employees.

Compensated absences

Vacation: Employees working on year-round contracts earn ten days vacation after working one year and one additional day for each year after five years of service not to exceed fifteen days. Upon termination of employment unused vacation days are paid to the employee. Unused vacation pay is accrued in the government-wide financial statements. Employees forfeit unused vacation time in excess of five days on an annual basis. The amount of accrued vacation has been accrued in the government-wide financial statements.

Long-term debt activity for the year is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 57,164	\$ 45,858	\$ (57,166)	45,856	\$ -
Accrued termination benefits	2,310,063	64,348	(338,421)	2,035,990	-
G.O. QZAB Series 2005	5,977,000	-	-	5,977,000	-
G.O. Series 2006	20,875,000	-	(700,000)	20,175,000	775,000
G.O. Series 2007	19,375,000	-	(675,000)	18,700,000	700,000
Total Governmental Activities	\$ 48,594,227	\$ 110,206	\$ (1,770,587)	\$ 46,933,846	\$ 1,475,000
Business-type activities:					
MBA Lease Revenue					
Refunding Bond, Series 2008	\$ 6,181,000	\$ -	\$ (361,000)	\$ 5,820,000	\$ 375,000
MBA Qualified School Construction Bonds, Series 2009	-	10,000,000	-	10,000,000	-
	<u>\$ 6,181,000</u>	<u>\$ 10,000,000</u>	<u>\$ (361,000)</u>	<u>\$ 15,820,000</u>	<u>\$ 375,000</u>

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8. LONG-TERM OBLIGATIONS (Continued)

Interest expense for the year ended June 30, 2010 were:

Governmental activities:	\$ 1,694,696
Business-type activities:	<u>236,435</u>
Total	<u>\$ 1,931,131</u>

The annual debt service requirements to maturity are as follows:

QZAB Taxable General Obligation School Building Bond, Series 2005:

Year	Principal	Interest	Total
2011	\$ -	\$ -	\$ -
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016-2020	-	-	-
2021	<u>5,977,000</u>	-	<u>5,977,000</u>
	<u>\$ 5,977,000</u>	<u>\$ -</u>	<u>\$ 5,977,000</u>

General Obligation School Building Bond, Series 2006:

Year	Principal	Interest	Total
2011	\$ 775,000	\$ 869,337	\$ 1,644,337
2012	850,000	838,337	1,688,337
2013	925,000	804,338	1,729,338
2014	975,000	767,338	1,742,338
2015	1,000,000	725,900	1,725,900
2016-2020	5,750,000	2,893,000	8,643,000
2021-2025	8,025,000	1,487,337	9,512,337
2026-2027	<u>1,875,000</u>	<u>82,031</u>	<u>1,957,031</u>
	<u>\$ 20,175,000</u>	<u>\$ 8,467,618</u>	<u>\$ 28,642,618</u>

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8. LONG-TERM OBLIGATIONS (Continued)

The annual debt service requirements (continued):

General Obligation School Building Bond, Series 2007:

Year	Principal	Interest	Total
2011	\$ 700,000	\$ 793,275	\$ 1,493,275
2012	725,000	765,275	1,490,275
2013	750,000	735,275	1,485,275
2014	775,000	706,275	1,481,275
2015	825,000	336,668	1,161,668
2016-2020	4,700,000	2,987,937	7,687,937
2021-2025	5,775,000	1,948,118	7,723,118
2026-2027	4,450,000	575,904	5,025,904
	<u>\$ 18,700,000</u>	<u>\$ 8,848,727</u>	<u>\$ 27,548,727</u>

MBA Lease Revenue Refunding Bonds, Series 2008:

Year	Principal	Interest	Total
2011	\$ 375,000	\$ 202,375	\$ 577,375
2012	388,000	188,668	576,668
2013	403,000	174,458	577,458
2014	416,000	159,744	575,744
2015	426,000	144,618	570,618
2016-2020	2,297,000	482,450	2,779,450
2021-2025	1,515,000	82,513	1,597,513
	<u>\$ 5,820,000</u>	<u>\$ 1,434,826</u>	<u>\$ 7,254,826</u>

MBA Qualified School Construction Bonds, Series 2009

Year	Principal	Interest	Total
2011	\$ -	\$ 141,000	\$ 141,000
2012	-	141,000	141,000
2013	-	141,000	141,000
2014	-	141,000	141,000
2015	-	141,000	141,000
2016-2020	-	705,000	705,000
2021-2025	10,000,000	705,000	10,705,000
	<u>\$ 10,000,000</u>	<u>\$ 2,115,000</u>	<u>\$ 12,115,000</u>

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 9. CASH AND INVESTMENTS

The District maintains a Deposit and Investment Pool that is available for use by all funds of the District. Each fund type's portion of this pool is disclosed on the combined balance sheet as "cash and cash equivalents".

Deposits

At June 30, 2010, the carrying amount of the District deposits was \$962,088 and the bank balance was \$4,075,611. Of the bank balance, \$572,900 was covered by federal depository insurance. Deposits are not collateralized nor are they required to be by state statute. However, the State Commissioner of Financial Institutions monitors financial institutions and establishes limits for deposit of public money at individual financial institutions, and the District follows these recommendations. The Foundation had deposits of \$77,788 with a bank balance of \$79,779, all of which was insured. The Agency had deposits of \$42,428 with a bank balance of \$49,880, none of which was insured.

The District follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953 Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the deposit of District funds in a "qualified depository". The act defined a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investments

At June 30, 2010, the District's investment balances were as follows:

Investment Type	Fair Value	Maturity	Rating
Utah Public Treasurer's Investment Fund	\$ 54,769,630	N/A	Unrated
HSBC Finance Corp	1,393,588	12/29/2009	A-1, P-1, F-1+
	<u>\$ 56,163,218</u>		

At June 30, 2010, the Foundation's investment balances were as follows:

Investment Type	Fair Value	Maturity	Rating
Certificates of deposit	\$ 200,407	12 months	Unrated

UINTAH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

NOTE 9. CASH AND INVESTMENTS (Continued)

Interest Rate Risk. The District has no policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District invests in the Utah Public Treasurer's Investment Fund which is short term.

Credit Risk. The District has no policy regarding credit risk. The investment in the Utah Public Treasurer's Investment Fund is unrated. These monies are invested primarily in money market securities. The investment in HSBC Finance Corp. have original maturities of less than 12 months. These funds are the primary investment of the QZAB sinking fund.

Custodial Credit Risk. For an investment, the custodial 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 that are in the possession of an outside party. The District has no policy on custodial credit risk.

The Utah Public Treasurer's Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Fund investments must comply with the provisions of the Utah Money Management Act. The Fund is not SEC registered and is unrated. The fair value of the School District's position in the fund is the same as the value of fund shares.

The HSBC Finance Corp. investments is top-tier rated commercial paper. The investments have original maturities of less than 12 months. These funds are the primary investment of the QZAB sinking fund. The monies invested in this fund are not insured and are subject to the same market risks as any similar investment in commercial paper. The Fund investments must comply with the provisions of the Utah Money Management Act. The Fund is SEC registered and is top-tier rated (A-1, P-1, F-1+). The fair value of the School District's position in the fund is the same as the value of fund shares.

The following chart provides detail of the deposits and investments by fund:

	Governmental Funds	Municipal Building Authority Fund	Agency Fund	Total
Deposits	\$ 1,039,876	\$ -	\$ 42,428	\$ 1,082,304
Investments	45,380,991	10,982,634	-	56,363,625
	<u>\$ 46,420,867</u>	<u>\$ 10,982,634</u>	<u>\$ 42,428</u>	<u>\$ 57,445,929</u>

UINTAH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 9. CASH AND INVESTMENTS (Continued)

The following chart provides information on how the deposits and investments are reported in the financial statements:

	Governmental Funds	Municipal Building Authority Fund	Agency Fund	Total
Cash and investments	\$ 45,026,876	\$ 1,048,450	\$ 42,428	\$ 46,117,754
Restricted cash and investments	<u>1,393,991</u>	<u>9,934,184</u>	-	<u>11,328,175</u>
	<u>\$ 46,420,867</u>	<u>\$ 10,982,634</u>	<u>\$ 42,428</u>	<u>\$ 57,445,929</u>

NOTE 10. RESTATED BEGINNING NET ASSETS

Governmental activities

In 2010, the District discovered that survey costs, architect fees, and other costs associated with Eagle View Elementary and Vernal Middle School which were expended in 2008 and 2009 were not capitalized. As a result, \$1,776,835 was added to the Construction in Progress balances in 2010. The beginning governmental activities net asset balance was increased by \$1,776,835 in order to account for these costs.

Beginning Balance - Original	\$ 70,083,726
Restatement	
Record value of construction projects not capitalized in prior years	<u>1,776,835</u>
Beginning Balance - Restated	<u>\$ 71,860,561</u>

NOTE 11. RESTRICTED ASSETS

The District has recorded restricted cash and investments of \$1,393,991 in the Debt Service Fund. This cash and investment balance represents the sinking fund required under the QZAB Taxable General Obligation School Building Bond, Series 2005. According to the bond agreements, this sinking fund is required in order to accumulate funds for the purpose of paying off the bonds when they become due in December 2020.

The MBA Fund has restricted cash and investments of \$9,934,184. This cash and investment balance is the bond proceeds restricted for future construction costs at Ashley Elementary School. These funds are expected to be expended within the next fiscal year.

UTAH SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	<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	\$ 1,974,894	\$ 1,974,894	\$ 11,401,039	\$ 9,426,145
Tuition	107,902	87,902	61,646	(26,256)
Earnings on investment	175,000	75,000	88,065	13,065
Other revenue	988,030	3,322,913	272,246	(3,050,667)
State aid	30,038,367	31,278,589	21,285,238	(9,993,351)
Federal aid	6,448,239	7,572,950	5,901,697	(1,671,253)
Total revenues	<u>39,732,432</u>	<u>44,312,248</u>	<u>39,009,931</u>	<u>(5,302,317)</u>
Expenditures:				
Current:				
Instructional services	29,521,632	32,798,374	25,918,699	6,879,675
Supporting services:				
Students	2,284,066	2,603,642	1,812,689	790,953
Instructional staff	662,447	752,367	478,438	273,929
General administration	923,545	988,991	939,110	49,881
School administration	2,450,890	2,472,540	2,451,666	20,874
Central	1,432,830	1,759,130	1,157,716	601,414
Operation and maintenance of facilities	3,301,764	3,566,742	3,165,601	401,141
Student transportation	3,026,284	3,058,214	3,040,139	18,075
Total expenditures	<u>43,603,458</u>	<u>48,000,000</u>	<u>38,964,058</u>	<u>9,035,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,871,026)</u>	<u>(3,687,752)</u>	<u>45,873</u>	<u>3,733,625</u>
Other financing sources (uses):				
Operating transfers in	<u>3,687,752</u>	<u>3,687,752</u>	<u>-</u>	<u>(3,687,752)</u>
Total other financing sources (uses)	<u>3,687,752</u>	<u>3,687,752</u>	<u>-</u>	<u>(3,687,752)</u>
Net change in fund balances	(183,274)	-	45,873	45,873
Fund balances - beginning (restated)	<u>5,968,089</u>	<u>5,968,089</u>	<u>5,968,089</u>	<u>5,968,089</u>
Fund balances - ending	<u>\$ 5,784,815</u>	<u>\$ 5,968,089</u>	<u>\$ 6,013,962</u>	<u>\$ 6,013,962</u>

UTAH SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Food Service Fund	Non-K-12 Programs Fund	Student Activity Fund	Utah Schools Foundation	Permanent Fund Utah Schools Foundation Trust	Total
Assets:						
Cash and investments	\$ 755,279	\$ 1,867,194	\$ 531,646	\$ 74,151	\$ 204,044	\$ 3,432,314
Accounts receivable						
Property taxes	-	1,187,052	-	-	-	1,187,052
Other local sources	-	7,834	-	-	-	7,834
State	47,548	-	-	-	-	47,548
Federal	22,960	59,688	-	-	-	82,648
Inventory	233,133	-	-	-	-	233,133
Total assets	<u>\$ 1,058,920</u>	<u>\$ 3,121,768</u>	<u>\$ 531,646</u>	<u>\$ 74,151</u>	<u>\$ 204,044</u>	<u>\$ 4,990,529</u>
Liabilities and fund balances:						
Liabilities:						
Accrued salaries and benefits	\$ 129,281	\$ 91,535	\$ -	\$ -	\$ -	\$ 220,816
Deferred revenue	-	1,477,341	-	-	-	1,477,341
Total liabilities	<u>129,281</u>	<u>1,568,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,698,157</u>
Fund balances:						
Reserved for:						
Special programs	-	1,279,534	-	74,151	204,044	1,557,729
Inventory	233,133	-	-	-	-	233,133
Unreserved:						
Designated for:						
Unrestricted programs	-	74,449	531,646	-	-	606,095
Undesignated, reported in:						
Unappropriated fund balance	696,506	198,909	-	-	-	895,415
Total fund balances	<u>929,639</u>	<u>1,552,892</u>	<u>531,646</u>	<u>74,151</u>	<u>204,044</u>	<u>3,292,372</u>
Total liabilities and fund balances	<u>\$ 1,058,920</u>	<u>\$ 3,121,768</u>	<u>\$ 531,646</u>	<u>\$ 74,151</u>	<u>\$ 204,044</u>	<u>\$ 4,990,529</u>

UINTAH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Food Service Fund	Non K-12 Programs Fund	Student Activity Fund	Uintah Schools Foundation	Permanent Fund Uintah Schools Foundation Trust	Total
Revenues:						
Property taxes	\$ -	\$ 1,302,728	\$ -	\$ -	\$ -	\$ 1,302,728
Tuition	-	8,668	-	-	-	8,668
Earnings on investment	4,226	10,964	-	4,826	-	20,016
Local school lunch sales	1,090,299	-	-	-	-	1,090,299
Other revenue	3,587	88,243	1,072,418	40,195	-	1,204,443
State aid	351,990	633,416	-	-	-	985,406
Federal aid	1,392,587	138,888	-	-	-	1,531,475
Total revenues	<u>2,842,689</u>	<u>2,182,907</u>	<u>1,072,418</u>	<u>45,021</u>	<u>-</u>	<u>6,143,035</u>
Expenditures:						
Current:						
Instructional services	-	663,813	1,067,497	-	-	1,731,310
Supporting services:						
Students	-	24,885	-	15,150	-	40,035
Instructional staff	-	-	-	15,957	-	15,957
Central	267,879	19,399	-	-	-	287,278
Non-instructional services	-	947,451	-	4,240	-	951,691
School lunch services	2,522,894	-	-	-	-	2,522,894
Total expenditures	<u>2,790,773</u>	<u>1,655,548</u>	<u>1,067,497</u>	<u>35,347</u>	<u>-</u>	<u>5,549,165</u>
Excess of revenues over expenditures	<u>51,916</u>	<u>527,359</u>	<u>4,921</u>	<u>9,674</u>	<u>-</u>	<u>593,870</u>
Fund balances - beginning	<u>877,723</u>	<u>1,025,533</u>	<u>526,725</u>	<u>64,477</u>	<u>204,044</u>	<u>2,698,502</u>
Fund balances - ending	<u>\$ 929,639</u>	<u>\$ 1,552,892</u>	<u>\$ 531,646</u>	<u>\$ 74,151</u>	<u>\$ 204,044</u>	<u>\$ 3,292,372</u>

STATE COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

To the Board of Education
Uintah School District
Vernal, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Uintah School District for the year ended June 30, 2010, and have issued our report thereon dated November 10, 2010. As part of our audit, we have audited Uintah School District's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2010. The District received the following major State assistance programs from the State of Utah:

Minimum School Programs (State Office of Education):
Capital Outlay Foundation (State Office of Education)

The District also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the Uintah School District's financial statements.)

TSSP Math Science (State Office of Education)
Drivers Education (State Office of Education)
State Substance Abuse (State Office of Education)
Art Work for Kids (State Office of Education)

Our audit also included testwork on the District's compliance with those general compliance requirements identified in the Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth-In-Taxation & Property Tax Limitations
Other General Issues
Utah State Retirement System

The management of Uintah School District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United

States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Our audit does not provide a legal determination on the District's compliance with these requirements.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion Uintah School District complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2010.

This report is intended solely for the information of the Board of Education, management and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Weggen & Co. P.C.

Sandy, Utah
November 10, 2010

AUDITOR'S REPORTS AND SUPPLEMENTAL SCHEDULES REQUIRED BY
THE SINGLE AUDIT ACT AND GOVERNMENT AUDITING STANDARDS



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*

To the Board of Education
Uintah School District
Vernal, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Uintah School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 10, 2010. We conducted our audit in accordance with auditing standard 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 Uintah School District'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 Uintah School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Uintah School 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (Finding 10-01). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Uintah School District'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*.

Uintah School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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

Wiggins & Co. P.C.

Sandy, Utah
November 10, 2010



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
Uintah School District
Vernal, Utah

Compliance

We have audited Uintah School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Uintah School District's major federal programs for the year ended June 30, 2010. Uintah School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Uintah School District's management. Our responsibility is to express an opinion on Uintah School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Uintah School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Uintah School District's compliance with those requirements

In our opinion, Uintah School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Uintah School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Uintah School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Uintah School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Wiggins & Co. P.C.

Sandy, Utah
November 10, 2010

UNTAH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Expenditures
U. S. DEPARTMENT OF EDUCATION			
Direct Programs			
Impact Aid Title VII (PL-874)	84.041	N/A	\$ 480,327 *
Indian Education Title IV	84.060	N/A	105,266
REMS Project	84.184E	N/A	<u>94,498</u>
Total Direct			680,091
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies/Administration	84.010A	08	730,981 *
Title I Program for Neglected & Delinquent Children	84.013A	13	17,000
Title 1-A School Improvement - Eagle View Elementary	84.377A	08	11,482
Title 1-A School Improvement - Lapoint Elementary	84.377A	08	93,841
ARRA Stabilization - One time SSR backfill	84.394A	9M	1,326,878
ARRA Title I	84.010A	9E	99,231 *
ARRA IDEA	84.391A	9A	658,153 *
ARRA Preschool	84.392A	9B	13,446 *
Special Education - State Grants	84.027A	19	1,283,431 *
Special Education - Preschool Grants	84.173A	52	78,636 *
Adult Education - State Administered Basic Grant Program	84.002A	33	36,071
Adult Education - State Administered Correction Education	84.002A	33	10,735
Vocational Education - Basic Grants to States	84.048A	21	82,478
Vocational Education - Perkins Leadership	84.048A	21	9,181
Vocational Education - Regional Formula	84.048A	21	47,388
Safe & Drug-free Schools & Communities	84.186A	09	16,984
Improving Teacher Quality	84.367	74	232,407
Tech-Literacy Challenge	84.318X	07	5,326
Title III - English Language Acquisition	84.365	73	3,996
Connections Edge	84.287C	60	<u>388,328 *</u>
Total Pass Through			<u>5,145,973</u>
Total U.S. Department of Education			5,826,064
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education			
National School Lunch Program/Special Assistance Program	10.555	42/43	1,055,820 *
School Breakfast Program	10.553	44	172,334 *
Child & Adult Care Food Program	10.558	47/49	16,573
State CNP, Recovery Act	10.579	9C	7,605
Food Distribution (Commodities)	10.550	N/A	<u>140,255</u>
Total Pass Through			1,392,587
Other Assistance			
Forest Reserve	10.665	N/A	<u>150,147</u>
Total U.S. Department of Agriculture			<u>1,542,734</u>
Total Expenditures of Federal Awards			<u>\$ 7,368,798</u>

* - Major Programs

UINTAH SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. PURPOSE OF SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards is a supplementary schedule to the District's financial statements and is presented for purposes of additional analysis. Because the schedule presents only a selected portion of the activities of the District, it is not intended to, and does not, present either the financial position, changes in fund balances or other current funds revenue, expenditures and other changes of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the schedule is presented in accordance with OMB Circular A-133.

Pursuant to the Single Audit Act of 1984 (Public Law 98-502), the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, would be included in federal awards, if applicable, and therefore, would be reported on the schedule. Federal awards do not include direct federal cash assistance to individuals. Solicited contracts between the State and Federal government for which the Federal Government procures tangible goods or services are not considered to be federal awards.

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the levels of expenditures or expenses to be used in defining Type A and Type B federal award programs. Type A programs, for the District, are those programs, which exceed \$300,000 in federal expenditures, distributions, or issuances for the year ended June 30, 2010.

Reporting Entity

The reporting entity is fully described in Note 1 of the District's financial statements. The schedule includes all federal award programs administered by the District for the year ended June 30, 2010.

UINTAH SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Basis of Accounting

The expenditures in the schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*. Under these cost principles certain types of expenditures are not allowable or are limited as to reimbursement.

The schedule does not include matching expenditures.

Some of the District's federal awards are received directly from the granting federal agency (i.e., the District is the primary recipient). However, the majority of federal awards, as identified on the schedule, are passed through a separate entity prior to receipt by the District (i.e., the District is a sub-recipient).

UINTAH SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditors' report issued: Unqualified
 Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no
 Significant deficiency(ies) identified not considered to be a
 material weakness? X yes ___ no

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no
 Significant deficiency(ies) identified not considered to be a
 material weakness? ___ yes X no

Type of Auditors' report on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance
 with Circular A-133, Section 510(a)? ___ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid Title VII (PL-874)
84.010A	Title I Grants to Local Educational Agencies/Administration
84.010A	ARRA Title I
84.391A	ARRA IDEA
84.392A	ARRA Preschool
84.027A	Special Education - State Grants
84.173A	Special Education - Preschool Grants
84.287C	Connections Edge
10.555	National School Lunch Program/Special Assistance
10.553	School Breakfast Program

Dollar threshold used to distinguish between Type A and Type B \$300,000

Auditee qualified as low-risk auditee? X yes ___ no

UINTAH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 10-01

Condition:

In 2010, the District discovered that survey costs, architect fees, and other costs associated with Eagle View Elementary and Vernal Middle School which were expended in 2008 and 2009 were not capitalized.

Criteria:

The District capitalization policy requires expenditures over \$5,000 with a useful life over 1 year to be capitalized and depreciated over the useful life of the asset.

Effect:

\$1,776,835 was added to the Construction in Progress balances in 2010. The beginning governmental activities net asset balance was increased by \$1,776,835 in order to account for these costs.

Cause:

These costs were not reported to the accountant charged with updating the asset records.

Recommendation:

The District should review the procedures related to asset capitalization.

Response:

Administration has examined the controls for fixed assets. A change has been made to the procedure for recording construction expenditures which will correct this type of error in the future.

UINTAH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Section III - Federal Award Findings and Questioned Costs

There are no current year federal findings or questioned costs.

UINTAH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

Finding 09-01

Program CFDA No.: 84.010A

CFDA program title: Title 1 Grants to Local Educational Agencies/Administration

Federal Award No.: 84.010A

Federal Award Year: 2008 and 2009

Condition:

The District charged \$5,873 to the federal program for retirement contributions that were unpaid in a prior year. The employee was eligible for retirement at the time the service was performed, but due to an error in remitting payments to the retirement systems, the contribution for this employee was not paid. Because this employee currently works in the program, and because the employee worked in the program during the period when the contribution was missed, the District considered it appropriate to charge the program for the contribution.

The expenditure charged to the program did not apply to the period of availability of the funds expended.

Criteria:

OMB Circular A-87 requires that expenditures charged to a program to have occurred within the period of availability.

Effect:

\$5,873 was overcharged to the program.

Questioned Costs:

\$5,873. This is the actual amount charged to the program.

Cause:

District staff considered the cost allowable because it was for a pension expense of an employee who had previously and currently worked in the program.

Other information:

This charge was an isolated instance.

Recommendation:

District staff should be trained on OMB Circular A-87 and controls should be put in place in which a knowledgeable person reviews all expenditures and compares to allowable costs.

Response:

The district was under the belief that the charge for retirement from Utah Retirement Systems was an eligible cost as the amount paid was the direct result of employment by a Title I employee. In the future, the district will not charge historical costs such as these to federal programs.

Status:

The District has changed their procedure and no longer charges such costs to the program.

UINTAH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

Finding 09-02

Program CFDA No.: 84.010A

CFDA program title: Title 1 Grants to Local Educational Agencies/Administration

Federal Award No.: 84.010A

Federal Award Year: 2008 and 2009

Condition:

The District charged \$14,169 federal program for early retirement benefits. The procedure of the District is to charge each program for early retirement benefits calculated at 3% of program wages, as a direct cost. Such costs are not included in the indirect costs allocation. The charge is intended to consistently allocate costs for this particular fringe benefit which is paid to contract employees based on salary and years of service. However, the charge does not represent actual expenses of the program.

Criteria:

OMB Circular A-87 permits early retirement expenses as allowable costs if they are "allocated to all activities of the governmental unit as indirect costs". However, these costs are not included in the indirect cost allocations and as a result, they are unallowed.

Effect:

\$14,169 was overcharged to the program.

Questioned Costs:

\$14,169. These are the actual charges to the program for "early retirement" costs.

Cause:

District staff considered the charge to the program a reasonable cost. They were not aware that such costs are unallowed, with the exception of when it is allocated as an indirect cost.

Other information:

It is the District policy to charge all programs for such costs. This is a systemic finding.

Recommendation:

District staff should be trained on OMB Circular A-87 and controls should be put in place in which a knowledgeable person reviews all expenditures and compares to allowable costs.

Response:

The district was under the belief that fringe benefit costs were allowed to be charged as a percentage equally to all programs based on dollars paid in wages. The district, in the future, will charge only the costs associated directly with the allowed fringe benefits to this program. The result of this change will result in a higher cost to the Title I program which in turn will negatively affect the instruction of students.

Status:

The District no longer charges each program 3% or such costs.