

Arickaree School District R-2
Anton, Colorado

Financial Statements

For the Year ended June 30, 2011

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Independent Auditors' Report

Board of Education
Arickaree School District R-2
Anton, Colorado

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 the Arickaree School District R-2 (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 the District as of June 30, 2011, 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.

Accounting principles generally accepted in the United States of America require that budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with 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 District's financial statements as a whole. The individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
December 16, 2011

Management Discussion and Analysis

This discussion and analysis of Arickaree School District R-2's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

Financial Highlights – Financial Statements as of June 30, 2011

- The assets of the District exceed its liabilities at the close of June 30, 2011 by \$3,051,708 (net assets) as reported in the government-wide financial statements.
- The District's government-wide total net assets increased by \$29,048 over the prior fiscal year.
- Program revenues of \$194,523 offset expenses from governmental activities of \$1,509,077. General revenues amounted to \$1,370,234.
- Business-type activities (Food Service Fund) assets exceeded liabilities at the close of June 30, 2011 by \$10,530.
- At the close of June 30, 2011, the District reported \$1,862,617 combined fund balances for the Governmental Funds, an increase of \$77,303. Revenues exceeded expenses by \$81,803 before transfers. An additional \$4,500 was transferred to the Proprietary Fund for operations.

Overview of the Financial Statements

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

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

The statement of net assets presents information about all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, changes 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 District's net assets 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. Both of the government-wide financial statements distinguish functions of Arickaree School District R-2 that are principally supported by taxes from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Arickaree School District R-2 include instruction and support services for the District. The business-type activities of Arickaree School District R-2 comprise of Food Services.

The government-wide financial statements can be found on pages 12-15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds 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 financial resources and fund balances. Such information may be useful in evaluating the District's near-term financing requirements. The annual budget is provided on the basis of the governmental fund financial statements.

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

Arickaree School District R-2 maintains three 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 Reserve Fund, because these two funds are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining and individual statements in supplementary schedules with this report.

Arickaree School District R-2 adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for General, Capital Reserve, and Student Activity Funds to demonstrate compliance with this budget.

Proprietary funds. Arickaree School District R-2 maintains a proprietary/enterprise fund for Food Service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Arickaree School District R-2 uses an enterprise fund to account for its food services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The [proprietary fund financial statements provide separate information for the Food Services Fund, which is considered a major fund of Arickaree School District R-2.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Arickaree School District R-2's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and enterprise funds are presented after the notes to the financial statements. A budget comparison is provided for each non-major fund and enterprise fund.

Government-wide Financial Analysis

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and other assets are current assets. These assets are available to provide resources for the near-term operations of the District. A good portion of the current assets result from the property tax collection process; the District receives about 89% of the annual property tax assessment between February and June.

Capital Assets are used in the operations of the District. These assets are land, improvements, buildings equipment, and vehicles. Capital assets are discussed in greater detail in the section titled Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries, and benefits and unearned revenues. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during the ensuing fiscal year.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$3,051,708 at the close of the most recent fiscal year.

Comparative Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 2,010,930	\$ 1,909,449	\$ 7,994	\$ 32,576	\$ 2,018,924	\$ 1,942,025
Capital assets	1,208,584	1,250,311	4,097	4,586	1,212,681	1,254,897
Total assets	3,219,514	3,159,760	12,091	37,162	3,231,605	3,196,922
Long term liabilities	34,321	56,211	-	-	34,321	56,211
Other liabilities	144,015	118,051	1,561	-	145,576	118,051
Total liabilities	178,336	174,262	1,561	-	179,897	174,262
Invested in capital assets,	1,208,584	1,250,311	4,097	4,586	1,212,681	1,254,897
Restricted	84,843	60,000	-	-	82,108	60,000
Unrestricted	1,747,751	1,675,187	6,433	32,576	1,756,919	1,707,763
Total net assets	\$ 3,041,178	\$ 2,985,498	\$ 10,530	\$ 37,162	\$ 3,051,708	\$ 3,022,660

The District's reported assets consist of current assets of \$2,018,924 and capital assets of \$1,212,681. The ratio of Current Assets to Current Liabilities of 13.87 to 1 indicates the District's ability to meet current obligations.

Comparative Schedule of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program revenues						
Charges for services	\$ 2,770	\$ 4,170	\$ 32,623	\$ 36,655	\$ 35,393	\$ 40,825
Operating grants	191,753	132,252	29,663	34,540	221,416	166,792
General revenues						
Taxes	496,592	655,160	-	-	496,592	655,160
State equalization	756,101	703,325	-	-	756,101	703,325
Unrestricted grants	-	-	-	-	-	-
Other	122,041	120,480	-	-	122,041	120,480
Transfers	(4,500)	(4,500)	4,500	4,500	-	-
Total revenues	1,564,757	1,610,887	66,786	75,695	1,631,543	1,686,582
Expenses						
Instruction	786,061	850,319	-	-	786,061	850,319
Supporting services	684,848	639,330	-	-	684,848	639,330
Other	38,168	38,994	93,418	85,868	131,586	124,862
Total expenses	1,509,077	1,528,643	93,418	85,868	1,602,495	1,614,511
Change in net assets	\$ 55,680	\$ 82,244	\$ (26,632)	\$ (10,173)	\$ 29,048	\$ 72,071

Governmental activities. Governmental activities increased the District's net assets in 2011 and 2010 by \$55,680 and \$82,244, respectively.

Business-type activities. Business-type activities decreased the District's net assets in 2011 and 2010 by \$26,632 and \$10,173, respectively.

Financial Analysis of the Government'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. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,862,617, an increase of \$77,303.

- Revenues exceeded expenditures and transfers out in the General Fund by \$72,564 increasing fund balance to \$1,667,680.
- The Food Service Fund Service Fund operating loss was \$60,795 before non-operating revenues of \$29,663 and a transfer from the General Fund of \$4,500, resulting in net loss for the fund of \$26,632.

General Fund Budgetary Highlights

The District is required to adopt a budget by June 30 for the following fiscal year. The Board of Education will submit a copy of the budget to CDE by January 31.

Capital Asset and Debit Administration

Capital assets. The District's investment in capital assets for governmental and business type activities as of June 30, 2011 amounts to \$1,212,681 (net of accumulated depreciation). This investment in capital assets included land, buildings, service vehicles, buses and playground, office and instructional equipment.

Comparative Schedule of Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and sites	\$ 29,645	\$ 29,645	\$ -	\$ -	\$ 29,645	\$ 29,645
Construction in progress	2,350	-	-	-	2,350	-
Buildings and improvements	1,947,444	1,947,444	-	-	1,947,444	1,947,444
Transportation equipment	480,775	480,775	-	-	480,775	480,775
Other equipment	51,703	46,273	39,324	39,324	91,027	85,597
Subtotal	2,511,917	2,504,137	39,324	39,324	2,551,241	2,543,461
Less accumulated depreciation	1,303,333	1,253,826	35,227	34,738	1,338,560	1,288,564
Total capital assets	\$ 1,208,584	\$ 1,250,311	\$ 4,097	\$ 4,586	\$ 1,212,681	\$ 1,254,897

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

Long-Term Debt

At year end, the School District's long-term debt consisted of accrued compensated absences and CDE repayment totaling \$34,321. Additional information on the District's long-term debt can be found in Note G to the basic financial statements.

Economic Factors and Next Year's Budget

- The decline in interest rates will make a difference in next years revenue.
- Fuel and utility costs could make a potential impact on budget plans.
- Bus replacements are necessary.
- Enrollment forecast steady or possibly lower.
- Educational staffing issues, possibility of increasing staff and salary base will be considered to be competitive with area schools.
- Updating and repairing housing units.
- Passenger car purchase a possibility for fuel efficient district travel.
- Parking lot repair will be necessary.
- Concession stand/Storage unit necessary.
- Technology updating computers necessary
- Classroom furniture needs replaced, rotation to complete the school.

Requests for Information

This financial report is designed to provide a general overview of Arickaree School District R-2's finances for all those with an interest in the District's Finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 12155 County Road NN, Anton, Colorado 80801-9601.

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Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

ARICKAREE SCHOOL DISTRICT R-2
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 944,665	\$ 2,179	\$ 946,844
Cash with fiscal agent	4,225		4,225
Investments	1,049,784		1,049,784
Receivables	11,418	2,560	13,978
Due from fiduciary fund	838		838
Inventory		3,255	3,255
Capital assets, net of depreciation	1,208,584	4,097	1,212,681
Total assets	\$ 3,219,514	\$ 12,091	\$ 3,231,605
Liabilities			
Accounts payable	\$ 30,808	\$ 1,561	\$ 32,369
Accrued salaries and benefits	113,207		113,207
Noncurrent liabilities			
Due within one year	21,416		21,416
Due in more than one year	12,905		12,905
Total liabilities	178,336	1,561	179,897
Net assets			
Invested in capital assets	1,208,584	4,097	1,212,681
Restricted for:			
Emergencies	60,000		60,000
Colorado preschool program	2,735		2,735
Capital purposes	22,108		22,108
Unrestricted	1,747,751	6,433	1,754,184
Total net assets	3,041,178	10,530	3,051,708
Total liabilities and net assets	\$ 3,219,514	\$ 12,091	\$ 3,231,605

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

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ARICKAREE SCHOOL DISTRICT R-2
Statement of Activities
For the Year Ended June 30, 2011

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 786,061	\$ 2,770	\$ 153,970	
Supporting services				
Students	31,546			
Instructional staff	13,516			
General administration	236,408			
School administration	46,799			
Business services	27,808			
Operations and maintenance	125,874			
Student transportation	159,917		37,783	
Central support services	42,254			
Other support services	726			
Unallocated depreciation *	38,168			
Total governmental activities	1,509,077	2,770	191,753	\$ -
Business-type activities				
Nutrition services	93,418	32,623	29,663	
Total school district	\$ 1,602,495	\$ 35,393	\$ 221,416	\$ -

General revenues

Taxes

Property taxes, levied for general purposes

Specific ownership taxes

Delinquent taxes and interest

State categorical aid

Earnings on investments

Other

Transfers

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

* This amount excludes depreciation that is included in the direct expenses of the various programs.

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

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (629,321)		\$ (629,321)
(31,546)		(31,546)
(13,516)		(13,516)
(236,408)		(236,408)
(46,799)		(46,799)
(27,808)		(27,808)
(125,874)		(125,874)
(122,134)		(122,134)
(42,254)		(42,254)
(726)		(726)
(38,168)		(38,168)
(1,314,554)	\$ -	(1,314,554)
	(31,132)	(31,132)
(1,314,554)	(31,132)	(1,345,686)
443,345		443,345
52,664		52,664
583		583
756,101		756,101
6,301		6,301
115,740		115,740
(4,500)	4,500	-
1,370,234	4,500	1,374,734
55,680	(26,632)	29,048
2,985,498	37,162	3,022,660
<u>\$ 3,041,178</u>	<u>\$ 10,530</u>	<u>\$ 3,051,708</u>

ARICKAREE SCHOOL DISTRICT R-2
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Capital Reserve Fund	Pupil Activity Fund	Total Governmental Funds
Assets				
Cash	\$ 808,628	\$ 62,723	\$ 73,314	\$ 944,665
Cash with fiscal agent	4,225			4,225
Investments	990,289	59,495		1,049,784
Property taxes receivable	10,798			10,798
Due from other funds	1,433			1,433
Grant receivables	620			620
Total assets	\$ 1,815,993	\$ 122,218	\$ 73,314	\$ 2,011,525
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 30,808			\$ 30,808
Due to other funds			\$ 595	595
Accrued salaries and benefits	113,207			113,207
Deferred revenue	4,298			4,298
Total liabilities	148,313	\$ -	595	148,908
Fund balance				
Restricted for emergencies	60,000			60,000
Restricted for colorado preschool program	2,735			2,735
Restricted for capital purposes		122,218		122,218
Assigned to capital projects	22,108			22,108
Assigned to risk-related activities	21,343			21,343
Assigned to pupil activities			72,719	72,719
Unassigned	1,561,494			1,561,494
Total fund balance	1,667,680	122,218	72,719	1,862,617
Total liabilities and fund balance	\$ 1,815,993	\$ 122,218	\$ 73,314	\$ 2,011,525

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

ARICKAREE SCHOOL DISTRICT R-2
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2011

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

Total fund balance - governmental funds	\$ 1,862,617
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	1,208,584
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	4,298
Long-term liabilities, including capital lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(34,321)</u>
Net assets of the governmental activities	<u><u>\$ 3,041,178</u></u>

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

ARICKAREE SCHOOL DISTRICT R-2
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Capital Reserve Fund	Pupil Activity Fund	Total Governmental Funds
Revenues				
Local sources	\$ 539,659		\$ 83,426	\$ 623,085
Intermediate sources	104			104
State sources	812,683			812,683
Federal sources	115,171			115,171
Total revenues	1,467,617	\$ -	83,426	1,551,043
Expenditures				
Instruction	717,044			717,044
Supporting services	673,509		65,949	739,458
Capital outlay		12,738		12,738
Total expenditures	1,390,553	12,738	65,949	1,469,240
Excess of revenues over (under) expenditures	77,064	(12,738)	17,477	81,803
Other financing uses				
Transfers (out)	(4,500)			(4,500)
Total other financing uses	(4,500)	-	-	(4,500)
Excess of revenues over (under) expenditures and other uses	72,564	(12,738)	17,477	77,303
Fund balance at beginning of year	1,595,116	134,956	55,242	1,785,314
Fund balance at end of year	<u>\$ 1,667,680</u>	<u>\$ 122,218</u>	<u>\$ 72,719</u>	<u>\$ 1,862,617</u>

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

ARICKAREE SCHOOL DISTRICT R-2
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, 2011

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

Net change in fund balances - governmental funds	\$ 77,303
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(41,727)
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(1,786)
In the statement of activities, certain expenses are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	1,890
Repayment of principal on general obligation bonds and capital lease obligations are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net assets.	<u>20,000</u>
Change in net assets of governmental activities	<u>\$ 55,680</u>

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

ARICKAREE SCHOOL DISTRICT R-2
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities
	Nonmajor Proprietary Fund
Assets	
Current assets	
Cash	\$ 2,179
Other receivables	2,560
Inventory	3,255
Total current assets	7,994
Capital assets	
Machinery and equipment	39,324
Accumulated depreciation	(35,227)
Total capital assets	4,097
Total assets	<u>\$ 12,091</u>
Liabilities and net assets	
Current liabilities	
Accounts payable	\$ 1,561
Total current liabilities	1,561
Net assets	
Invested in capital assets	4,097
Unrestricted	6,433
Total net assets	10,530
Total net assets	<u>\$ 12,091</u>

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

ARICKAREE SCHOOL DISTRICT R-2
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities
	Nonmajor Proprietary Fund
Operating revenues	
Charges for services	\$ 32,623
Operating expenses	
Salaries	24,227
Employee benefits	5,997
Purchased services	4,873
Supplies and materials	57,831
Depreciation	490
Total operating expenses	<u>93,418</u>
Operating loss	(60,795)
Nonoperating revenues	
Federal and state aid	<u>29,663</u>
Total nonoperating revenues	<u>29,663</u>
Loss before transfers	(31,132)
Transfers in	<u>4,500</u>
Change in net assets	(26,632)
Net assets at beginning of year	<u>37,162</u>
Net assets at end of year	<u>\$ 10,530</u>

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

ARICKAREE SCHOOL DISTRICT R-2
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities
	Nonmajor Proprietary Fund
Cash flows from operating activities	
Receipts from customers	\$ 33,066
Payments to suppliers	(60,440)
Payments to employees	(30,224)
	<hr/>
Net cash used by operating activities	(57,598)
Cash flows from noncapital financing activities	
Federal and state aid	32,215
Transfers in	4,500
	<hr/>
Net cash provided by noncapital financing activities	36,715
	<hr/>
Net decrease in cash	(20,883)
Cash at beginning of year	<hr/> 23,062
Cash at end of year	<hr/> <u>\$ 2,179</u>
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (60,795)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	490
Commodities	173
Changes in assets and liabilities	
Other receivables	443
Inventory	530
Accounts payable	1,561
	<hr/>
Net cash used by operating activities	<u>\$ (57,598)</u>

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

ARICKAREE SCHOOL DISTRICT R-2
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Private Purpose Trust Fund</u>
Assets	
Cash	\$ 571
Investments	5,000
Other receivables	425
	<hr/>
Total assets	\$ 5,996
	<hr/> <hr/>
Liabilities	
Due to other funds	\$ 838
	<hr/>
Total liabilities	838
Net assets	
Held in trust for scholarships	5,158
	<hr/>
Total liabilities and net assets	\$ 5,996
	<hr/> <hr/>

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

ARICKAREE SCHOOL DISTRICT R-2
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust Fund
Additions	
Contributions and earnings	\$ 182
Total additions	182
Deductions	
Scholarship awards	217
Total deductions	217
Net decrease in net assets	(35)
Net assets at beginning of year	5,193
Net assets at end of year	\$ 5,158

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

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Arickaree School District R-2's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Arickaree School District R-2 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, food service operations and pupil activities.

Capital Reserve Fund – This fund is a special revenue fund used to account for expenditures that are limited by statute to the acquisition of land, construction of new facilities, alterations and improvements to existing structures where the estimated total cost of labor and materials is in excess of \$2,500 or acquisition of school buses or other equipment where the estimated unit cost is in excess of \$1,000.

Pupil Activity Agency Fund – This fund is special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Proprietary funds focus on the determination of the changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the District's non-major proprietary fund:

Food Service Fund – This fund is an enterprise fund used to account for the financial activities associated with the District's food service operations.

Fiduciary Funds focus on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District has the following fiduciary fund:

Scholarship Trust Fund – This fund is a private-purpose trust fund used to account for resources held by the District in a fiduciary capacity for scholarships to be distributed to area students for post-secondary education.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds focus on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

Deferred revenue – Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed and the revenue is recognized.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net assets as an expense with a like amount reported as revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget.

A.6 – Cash and cash equivalents

For the purposes of the statement of cash flows, the District considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.7 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net assets, and are classified as due from other funds or due to other funds on the balance sheet.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.8 – Inventories

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture’s assigned values, which approximate fair value, at the date of receipt. Expenses for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as nonoperating revenues at the date of their consumption.

A.9 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective fund financial statements.

All capital assets with a unit cost greater than \$3,000 for the governmental activities and \$1,000 for the business-type activities and proprietary funds are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings and improvements	10-40 years	n/a
Other equipment	10 years	10-20 years
Licensed vehicles	7-10 years	n/a

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.10 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Compensated absences benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment.

Certain personnel and full-time employees receive up to ten days of sick leave each year, which can be accumulated up to thirty days maximum. Upon leaving employment with the District, these staff shall be paid for the accumulated days at a rate of \$30 per day.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of the compensated absences is reported as a fund liability.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

A.11 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.12 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.13 – Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

A.14 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A.15 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.16 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District’s deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government’s name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$1,039,406, of which \$255,000 was insured and \$784,406 was collateralized with securities held by the pledging institution’s trust department or agent in the District’s name.

Investments

Authorized Investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

- Obligations of the U.S. Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end, the District had investments in Colotrust (a local government investment pool) and in certificates of deposits. The investments in Colotrust are maintained in the General Fund, while the investments in the certificates of deposits are maintained in the Scholarship Trust Fund.

<u>Type of investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Investment in Colotrust	Weighted average not to exceed 60 days	\$ <u>988,181</u>

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note B – Cash and investments (Continued)

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District’s investment in Colotrust was rated AAA by Standard and Poor’s.

The following table provides a reconciliation of cash and investments on the statement of net assets:

Cash in bank	\$ 947,415
Cash with fiscal agent	4,225
Investments in certificates of deposit	66,603
Investments in Colotrust	<u>988,181</u>
Total	<u>\$ 2,006,424</u>
<u>Statement of net assets</u>	
Cash	\$ 946,844
Cash with fiscal agent	4,225
Investments	<u>1,049,784</u>
Subtotal	2,000,853
<u>Statement of fiduciary net assets</u>	
Cash	571
Investments	<u>5,000</u>
Subtotal	<u>5,571</u>
Total	<u>\$ 2,006,424</u>

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Property taxes receivable	\$ 10,798	\$ -	\$ 10,798
Grants receivable	620	-	620
Other receivables	<u>-</u>	<u>2,560</u>	<u>2,560</u>
Total	<u>\$ 11,418</u>	<u>\$ 2,560</u>	<u>\$ 13,978</u>

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note C – Receivables (Continued)

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Washington County bills and collects property taxes for all taxing entities within the counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

Note D – Interfund transactions

The following is a summary of interfund transactions for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ 1,433	\$ -
Pupil activity fund	-	595
Private-purpose trust fund	-	838
Total	<u>\$ 1,433</u>	<u>\$ 1,433</u>

All balances resulted from the lag time between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables and payables are eliminated through the transfer of funds from one fund to another.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 4,500
Subtotal	-	4,500
<u>Proprietary funds</u>		
Nonmajor proprietary fund	4,500	-
Total	<u>\$ 4,500</u>	<u>\$ 4,500</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$4,500 from the General Fund to the Food Service Fund to subsidize the costs of maintaining the District's food service operations.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 29,645	\$ -	\$ -	\$ 29,645
Construction in progress	<u>-</u>	<u>2,350</u>	<u>-</u>	<u>2,350</u>
Total capital assets, not being depreciated	29,645	2,350	-	31,995
Capital assets, being depreciated:				
Buildings and improvements	1,947,444	-	-	1,947,444
Other equipment	46,273	5,430	-	51,703
Licensed vehicles	<u>480,775</u>	<u>-</u>	<u>-</u>	<u>480,775</u>
Total capital assets, being depreciated	<u>2,474,492</u>	<u>5,430</u>	<u>-</u>	<u>2,479,922</u>
Total capital assets	2,504,137	7,780	-	2,511,917
Less accumulated depreciation for:				
Buildings and improvements	(803,104)	(38,168)	-	(841,272)
Other equipment	(41,541)	(938)	-	(42,479)
Licensed vehicles	<u>(409,181)</u>	<u>(10,401)</u>	<u>-</u>	<u>(419,582)</u>
Total accumulated depreciation	<u>(1,253,826)</u>	<u>(49,507)</u>	<u>-</u>	<u>(1,303,333)</u>
Governmental activities capital assets, net	<u>\$ 1,250,311</u>	<u>\$ (41,727)</u>	<u>\$ -</u>	<u>\$ 1,208,584</u>
Business-type activities				
Machinery and equipment	\$ 39,324	\$ -	\$ -	\$ 39,324
Less accumulated depreciation	<u>(34,737)</u>	<u>(490)</u>	<u>-</u>	<u>(35,227)</u>
Business-type activities capital assets, net	<u>\$ 4,587</u>	<u>\$ (490)</u>	<u>\$ -</u>	<u>\$ 4,097</u>

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note E – Capital assets (Continued)

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

Governmental activities	
Operations and maintenance	\$ 3,377
Student transportation	7,962
Unallocated	<u>38,168</u>
Subtotal	49,507
Business-type activities	
Food service operations	<u>490</u>
Total depreciation expense	<u>\$ 49,997</u>

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$113,207. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>one year</u>
Governmental					
Activities					
CDE repayment	\$ 41,416	\$ -	\$ (20,000)	\$ 21,416	\$ 21,416
Compensated absences	<u>14,795</u>	<u>-</u>	<u>(1,890)</u>	<u>12,905</u>	<u>-</u>
Total	<u>\$ 56,211</u>	<u>\$ -</u>	<u>\$ (21,890)</u>	<u>\$ 34,321</u>	<u>\$ 21,416</u>

Payments on the compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note G – Long-term debt (Continued)

Colorado Department of Education repayment

On August 18, 2009 the District received the results of an audit for fiscal years 2006 through 2009, which resulted in an amount due and payable to the Colorado Department of Education of \$61,417. In accordance with Colorado Revised Statutes 22-2-113(II)(A)&(B), audits that begin on or after July 1, 2007 shall not recover an interest fee for the period that is equal to the number of years and any fraction of a year between the settlement date of the current audit and the settlement date of the proceeding audit. The District paid \$20,000 in the current year and intends to make final payment in satisfaction of the audit in fiscal year 2012.

Note H – Defined benefit pension plan

Plan description

The District contributes to the Combined State and School District Trust Fund (CSSDTF), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The CSSDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All employees of the District are members of the CSSDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the CSSDTF. That report may be obtained by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding policy

Plan members and the District are required to contribute to the CSSDTF at a rate set by statute. The contribution requirements of plan members and the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the District 13.85% of covered salary between July 1 and December 31, 2010 and 14.75% of covered salary between January 1 and June 30, 2011. Also, a portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see below). The District's contributions to the CSSDTF for the years ended June 30, 2011, 2010, and 2009 were \$109,190, \$107,360, and \$103,337, respectively, equal to their required contributions for each year.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note I – Postemployment healthcare benefits

Plan description

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding policy

The District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The District's contribution to the HCTF for the years ended June 30, 2011, 2010, and 2009 were \$7,789, \$8,170, and \$8,445, respectively, equal to their required contributions for each year.

Note J – Defined contribution plan

Plan description

The (CSSDTF) members of the District may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

Funding policy

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$16,500 in 2011). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. The 401(k) Plan member contributions from the District for the year ended June 30, 2011 were \$9,948.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$26,678. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. During the year ended June 30, 2002, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$60,000 for the emergency reserve.

ARICKAREE SCHOOL DISTRICT R-2
Notes to Financial Statements

Note M – Joint venture

The District participates in the East Central Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board,
- governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients or services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The District has one member on the board. The board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the East Central Board of Cooperative Educational Services are available by contacting their administrative office in Limon, Colorado.

For the year, the District's contribution was \$59,637.

Required Supplementary Information

Budgetary comparison schedules are required to be presented for the General Fund and each major Special Revenue Fund. The District has two major Special Revenue Funds.

General Fund – The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District’s ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District’s overall operations.

Capital Reserve Fund – This fund is used to account for expenditures that are limited by statute to the acquisition of land, construction of new facilities, alterations and improvements to existing structures where the estimated total cost of labor and materials is in excess of \$2,500 or acquisition of school buses or other equipment where the estimated unit cost is in excess of \$1,000.

Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.

ARICKAREE SCHOOL DISTRICT R-2
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 525,060	\$ 525,060	\$ 539,659	\$ 14,599
Intermediate sources	150	150	104	(46)
State sources	812,646	812,646	812,683	37
Federal sources	44,830	44,830	115,171	70,341
Total revenues	1,382,686	1,382,686	1,467,617	84,931
Expenditures				
Instruction	914,484	914,484	717,044	197,440
Supporting services	841,520	841,520	673,509	168,011
Appropriated reserves	902,285	1,234,896		1,234,896
Total expenditures	2,658,289	2,990,900	1,390,553	1,600,347
Excess of revenues over (under) expenditures	(1,275,603)	(1,608,214)	77,064	1,685,278
Other financing uses				
Transfers out	(4,500)	(4,500)	(4,500)	-
Excess of revenues over (under) expenditures and other financing uses	<u>\$ (1,280,103)</u>	<u>\$ (1,612,714)</u>	72,564	<u>\$ 1,685,278</u>
Fund balance at beginning of year			1,595,116	
Fund balance at end of year			<u>\$ 1,667,680</u>	

ARICKAREE SCHOOL DISTRICT R-2
Capital Reserve Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 1,000	\$ 1,000		\$ (1,000)
Total revenues	1,000	1,000	\$ -	(1,000)
Expenditures				
Capital outlay	127,500	127,500	12,738	114,762
Appropriated reserves	28,044	7,456		7,456
Total expenditures	155,544	134,956	12,738	122,218
Excess of revenues over (under) expenditures	(154,544)	(133,956)	(12,738)	121,218
Other financing sources				
Transfers in	10,000	10,000		(10,000)
Excess of revenues and other financing sources over (under) expenditures	\$ (144,544)	\$ (123,956)	(12,738)	\$ 111,218
Fund balance at beginning of year			134,956	
Fund balance at end of year			\$ 122,218	

ARICKAREE SCHOOL DISTRICT R-2
Pupil Activity Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Pupil activities	\$ 100,000	\$ 100,000	\$ 83,426	(16,574)
Total revenues	100,000	100,000	83,426	(16,574)
Expenditures				
Pupil activities	100,000	100,000	65,949	34,051
Total expenditures	100,000	100,000	65,949	34,051
Excess or revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	17,477	<u>\$ 17,477</u>
Fund balance at beginning of year			<u>55,242</u>	
Fund balance at end of year			<u>\$ 72,719</u>	

ARICKAREE SCHOOL DISTRICT R-2
Notes to the Required Supplementary Information

Note A – Budgetary data

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year.
7. Appropriations lapse at year-end.

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Individual Fund Statements and Schedules

The combining and individual fund statements and schedules present a summary of the financial position of all funds of a given segment and the operating results of the same funds. The individual fund statements and schedules present information when only one fund exists.

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General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

ARICKAREE SCHOOL DISTRICT R-2
General Fund
Schedule of Revenues
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 434,596	\$ 434,596	\$ 445,131	\$ 10,535
Specific ownership taxes	65,984	65,984	52,664	(13,320)
Delinquent taxes and interest			583	583
Earnings on investments	5,700	5,700	6,301	601
Other local revenue	18,780	18,780	34,980	16,200
Total local sources	525,060	525,060	539,659	14,599
Intermediate sources	150	150	104	(46)
State sources				
Equalization	809,246	809,246	736,101	(73,145)
Vocational education			22,344	22,344
Transportation			37,783	37,783
Other state sources			260	260
Services within the BOCES	3,400	3,400	16,195	12,795
Total state sources	812,646	812,646	812,683	37
Federal sources				
REAP	18,307	18,307	18,062	(245)
State fiscal stabilization funds			14,662	14,662
Ed jobs funds			38,185	38,185
Services within the BOCES	26,523	26,523	44,262	17,739
Total federal sources	44,830	44,830	115,171	70,341
Total revenues	\$ 1,382,686	\$ 1,382,686	\$ 1,467,617	\$ 84,931

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ARICKAREE SCHOOL DISTRICT R-2
Schedule of Expenditures
General Fund
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 571,129	\$ 571,129	\$ 497,514	\$ 73,615
Employee benefits	180,755	180,755	147,821	32,934
Purchased services	73,900	73,900	37,944	35,956
Supplies and materials	73,200	73,200	22,632	50,568
Property	7,200	7,200	5,430	1,770
Other	8,300	8,300	5,703	2,597
Total instruction	914,484	914,484	717,044	197,440
Supporting services				
Students				
Salaries	19,500	19,500	19,501	(1)
Employee benefits	8,000	8,000	6,128	1,872
Purchased services	6,250	6,250	5,459	791
Supplies and materials	200	200	377	(177)
Other			81	(81)
Total students	33,950	33,950	31,546	2,404
Instructional staff				
Salaries	6,800	6,800	7,346	(546)
Employee benefits	2,000	2,000	2,460	(460)
Purchased services	1,500	1,500	1,474	26
Supplies and materials	2,000	2,000	2,236	(236)
Total instructional staff	12,300	12,300	13,516	(1,216)
General administration				
Salaries	108,800	108,800	104,644	4,156
Employee benefits	28,400	28,400	15,688	12,712
Purchased services	99,650	99,650	90,887	8,763
Supplies and materials	8,000	8,000	7,437	563
Other	24,000	24,000	17,752	6,248
Total general administration	268,850	268,850	236,408	32,442

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	31,500	31,500	32,433	(933)
Employee benefits	12,000	12,000	13,772	(1,772)
Purchased services	500	500	70	430
Supplies and materials	1,500	1,500	524	976
Total school administration	45,500	45,500	46,799	(1,299)
Business services				
Salaries	21,000	21,000	20,008	992
Employee benefits	6,500	6,500	6,311	189
Purchased services	800	800	380	420
Supplies and materials	1,000	1,000	468	532
Property			641	(641)
Total business services	29,300	29,300	27,808	1,492
Operations and maintenance				
Salaries	47,000	47,000	21,030	25,970
Employee benefits	21,500	21,500	7,124	14,376
Purchased services	28,000	28,000	17,025	10,975
Supplies and materials	110,000	110,000	77,218	32,782
Property	2,000	2,000		2,000
Other			100	(100)
Total operations and maintenance	208,500	208,500	122,497	86,003
Student transportation				
Salaries	65,500	65,500	45,916	19,584
Employee benefits	38,500	38,500	28,648	9,852
Purchased services	11,000	11,000	10,392	608
Supplies and materials	80,000	80,000	66,999	13,001
Property	2,000	2,000		2,000
Other	100	100		100
Total student transportation	197,100	197,100	151,955	45,145

(continued)

ARICKAREE SCHOOL DISTRICT R-2
Schedule of Expenditures
General Fund
Budget and Actual
For the Year Ended June 30, 2011

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Purchased services		46,020	42,254	3,766
Total central support services	46,020	46,020	42,254	3,766
Other uses				
Matching federal funds			726	(726)
Total other uses	-	-	726	(726)
Total supporting services	841,520	841,520	673,509	168,011
Appropriated reserves	902,285	1,234,896		1,234,896
Total expenditures	<u>\$ 2,658,289</u>	<u>\$ 2,990,900</u>	<u>\$ 1,390,553</u>	<u>\$ 1,600,347</u>

Nonmajor Proprietary Funds

The District reports the following nonmajor proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District's food service operations.

ARICKAREE SCHOOL DISTRICT R-2
Food Service Fund
Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 26,000	\$ 26,000	\$ 32,623	\$ 6,623
Operating expenses				
Salaries	24,517	24,517	24,227	290
Employee benefits	6,750	6,750	5,997	753
Purchased services	4,500	4,500	4,873	(373)
Supplies and materials	59,100	56,645	57,831	(1,186)
Depreciation	1,300	1,300	490	810
Total operating expenses	96,167	93,712	93,418	294
Operating loss	(70,167)	(67,712)	(60,795)	6,917
Nonoperating revenues				
Federal aid				
Nutrition reimbursements	17,400	17,400	28,444	11,044
Commodity revenue	150	150	173	23
State aid	400	400	1,046	646
Total nonoperating revenues	17,950	17,950	29,663	11,713
Loss before transfers	(52,217)	(49,762)	(31,132)	18,630
Transfers in	4,500	4,500	4,500	-
Change in net assets	<u>\$ (47,717)</u>	<u>\$ (45,262)</u>	(26,632)	<u>\$ 18,630</u>
Net assets at beginning of year			<u>37,162</u>	
Net assets at end of year			<u>\$ 10,530</u>	

Fiduciary Funds

These funds focus on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

Private-purpose trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- Scholarship Trust Fund – This fund is used to record the financial transactions related to the administration of a scholarship trust that is used to award scholarships to area students.

ARICKAREE SCHOOL DISTRICT R-2
Scholarship Trust Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions and earnings	\$ 600	\$ 600	\$ 182	\$ (418)
Total revenues	600	600	182	(418)
Expenditures				
Scholarship awards	600	600	217	383
Total expenditures	600	600	217	383
Excess of revenues over (under) expenditures	\$ -	\$ -	(35)	\$ (35)
Net assets at beginning of year			5,193	
Net assets at end of year			\$ 5,158	

**Colorado Department of Education
Supplementary Schedule**

Auditors' electronic financial data integrity check figures report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

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Independent Auditors' Report on Supplementary Schedule

Board of Education
Arickaree School District R-2
Anton, Colorado

We have audited the basic financial statements of the Arickaree School District R-2 (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 16, 2011. The basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Auditors' Electronic Financial Data Integrity Check Figures Report is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information is presented in accordance with the requirements of the Colorado Department of Education. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
December 16, 2011

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001 - 0999 Total Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	1,566,519	1,428,117	1,348,299	1,646,336
18 Risk Mgmt Sub-Fund of General Fund	28,598	35,000	42,254	21,343
19 Colorado Preschool Program Fund	0	0	0	0
Subtotal	1,595,116	1,463,117	1,390,554	1,667,680
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Capital Reserve Spec Revenue Fund	134,956	0	12,738	122,218
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	55,242	83,426	65,949	72,719
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Non-Voter Approved Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
TOTALS	1,785,315	1,546,543	1,469,240	1,862,617
Proprietary				
51 Food Service Fund	37,162	66,786	93,417	10,530
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
TOTALS	37,162	66,786	93,417	10,530
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	5,193	181	217	5,158
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	5,193	181	217	5,158

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.