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Boulder Valley
Public Schools

Finance and Accounting

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Boulder, Colorado 80301
(303) 447-1010

November 14, 2006

Members of the Board of Education
Dr. George F. García, Superintendent of Schools
Boulder Valley School District RE-2
Boulder, Colorado

It is our pleasure to submit the Comprehensive Annual Financial Report of the Boulder Valley School District RE-2 for the fiscal year ended June 30, 2006. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is being formally submitted to the Board of Education in fulfillment of those requirements.

This extensive document was prepared by the District's Finance and Accounting Services Department, and to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner to present fairly the financial position and results of operations of the school district. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District.

The 2006 Comprehensive Annual Financial Report (CAFR) presentation is in compliance with the governmental financial reporting model established by the Governmental Accounting Standards Board (GASB) Statement No. 34 titled *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Accounting and financial reporting for state and local governments previously focused on funds to demonstrate fiscal accountability. The GASB No. 34 reporting model parallels private sector reporting by consolidating fund-based presentations into government-wide financial statements designed to ensure and demonstrate fiscal and operational accountability.

Swanhorst & Company LLC, Certified Public Accounts, have issued an unqualified ("clean") opinion on the Boulder Valley School District RE-2's financial statements for the year ended June 30, 2006. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in four sections:

1. **Introductory Section:** This section contains the letter of transmittal introducing the District's financial statements, a listing of Board of Education members, an organization chart and list of principal officials.
2. **Financial Section:** This section contains the independent auditor's report, management's discussion and analysis, the basic financial statements, notes to the financial statements, required supplementary information, notes to required supplementary information, and combining and individual fund statements and schedules.
3. **Statistical Section:** This section contains various tables containing financial trends, revenue capacity, debt capacity, and demographic and economic information.
4. **Compliance Section:** The section contains the independent auditor's report on federal awards, the schedule of federal awards, reports on compliance and internal controls, as required by the Federal Office of Management and Budget, Circular A-133. This section also contains the District's automated data exchange (ADE) report of electronic financial data integrity check figures for fiscal year 2005/06 as required by the Colorado Department of Education.

Profile of the Government

Boulder Valley School District RE-2 is a public school district, organized and existing under the School District Organization Act of 1965, Article 30, Title 22, and Colorado Revised Statutes. It was originally organized in 1860 and was reorganized in 1961 to include numerous smaller districts. A seven member Board of Education elected by the citizens of Boulder, Broomfield and Gilpin Counties governs the District.

The District is in the foothills of the Rocky Mountains thirty miles northwest of Denver. Boulder Valley's boundaries encompass approximately 500 square miles in Boulder, Broomfield and Gilpin Counties and contain a population of approximately 211,000. The communities of Boulder, Louisville, Lafayette, Erie, Superior, Broomfield, Nederland, Ward, Jamestown and Gold Hill are served. The District's enrollment in the fall of 2005 was 27,922.

The District provides a full and challenging range of educational programs and services authorized by Colorado State Statute including basic kindergarten through grade twelve education in elementary, middle and high schools, special education for special needs students, vocational education, English as a second language education and numerous other educational and support programs. In addition, the District offers preschool programs through the Colorado Preschool and Kindergarten Program, Community Montessori focus school and the Special Education program.

Four charter schools are included as component units of the Boulder Valley School District RE-2 for the 2006 CAFR: Boulder Preparatory High School, Horizons K-8 Alternative School, Peak to Peak K-12 Charter School, and Summit Charter School.

Economic Conditions and Outlook

The state economic picture is important to the District because a major source of funding for the District's General Operating Fund is received through the State's School Finance Act established by the state legislature. Also strong local economy combined

with a stable or growing population are factors critical to the health of a school district.

Boulder Valley School District RE-2 residents, particularly in the more densely settled urban areas where most of the population resides, participate in the large and increasingly diverse front-range economy, which includes the Cities of Denver, Boulder and Longmont and the growing communities in between. While the economy is still strong, this area has been impacted by the recent recession, particularly in the developing high-tech and telecommunications sector, which became an increasingly prominent piece of the local economy and drove growth during much of the late 1990s.

Boulder County, where the school district is centered, is roughly twenty miles northwest of Denver. The City of Boulder is home to the University of Colorado, Boulder Campus, and a significant stabilizing force for the local economy. Other major employers in the area include IBM Corporation, Sun Microsystems Inc, Level 3 Communications, Wild Oats Market and numerous other smaller software, research, manufacturing and pharmaceutical firms.

According to *U.S. Bank's Colorado Economic Forecast 2006*, the outlook for the U.S. and Colorado economies is dependant on a number of variable factors, and economists are reporting a mixed outlook for the near future. "The U.S. economy began 2006 propelled by a great deal of positive momentum. The economy is in the fifth year of the expansion phase of the business cycle." Colorado's unemployment rate dropped to 5.0% in 2005 from 5.6% in 2004 and is forecasted to drop another 0.2% in 2006. However, employment growth slowed throughout 2005 from 2.6% in the first quarter to 1.9% in the fourth. "Two sectors of the Colorado economy are particularly strong, tourism and mining. Mining, primarily oil and gas, has replaced tourism as the state's second largest industry (after manufacturing), with an estimated \$10.3 billion in mineral production in 2005, up from a record \$8.5 billion in 2004. However, its impact is localized, particularly in Garfield, Mesa and Weld counties."

"The Denver-Boulder inflation rate, which averaged 0.1% in 2004, increased to 2.1% in 2005, still well below the national level. The primary factor in Denver's better inflation performance was housing prices, which fell 0.5% in the second half of the year. Transportation soared 11.0% and medical care increased 4.9%." As public school funding is directly tied to the Denver-Boulder inflation rate, these data are concerning. While the inflation rate is suppressed by housing prices, this factor does not impact the cost of operating a school district. On the other hand, the cost of transportation and medical care directly impacts the operations of a school district. This confirms that at the present time, costs are increasing more significantly in areas that are directly tied to school operations than indicated by the inflation rate and funded by the Colorado School Finance Act.

Financial Information

Internal Control

District management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse. Adequate accounting data must also be compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be

derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal, state and local financial assistance, the school district is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. As a part of the District's single audit, tests are made to determine the adequacy of internal control, including that portion related to federal award programs, as well as to determine that the District has complied with applicable laws and regulations, contracts and grants. The results of the District's single audit for the fiscal year ended June 30, 2006 provided no instances of material weaknesses or reportable conditions in internal control or material violations of applicable laws, regulations, contracts and grants.

Budgeting Controls

The District maintains numerous budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Education. Budgetary controls include an encumbrance accounting system, expenditure control and position control. The District's financial system provides budget managers with on-line capabilities to view outstanding orders and available funds for all accounts in their department or school. Encumbered amounts lapse at year end and are generally re-established in the following year as an obligation against that year's appropriated budget. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Fund Balance Requirements

On April 13, 2004, the Board of Education revised Policy DB-*Annual Operating Budget* which requires maintaining a minimum level of year-end fund balance in order to ensure the District's ongoing financial health. The policy's five key requirements are outlined as follows:

- The General Operating Fund budget will be developed so that the total of annual ongoing expenditures, transfers, and incremental increase in required reserves does not exceed annual revenues.
- If the General Operating Fund ends any fiscal year with a surplus of revenues beyond expenditures, this amount can only be used for one-time operating expenditures in subsequent years.
- In addition, the General Operating Fund budget will be developed containing an ending fund balance equal to or greater than the required TABOR reserve on a generally accepted accounting principles (GAAP) basis.
- The budgets for all other funds will be developed to include, at a minimum, the required TABOR reserve.
- The General Operating Fund budget will be developed on a generally accepted accounting principles (GAAP) basis.

At June 30, 2006, the District is in compliance with all provisions of this policy.

Transportation Override Election

On November 1, 2005, voters approved a mill levy override to pay for excess transportation costs not reimbursed by the State of Colorado. The ballot question includes a maximum levy of \$7.3 million to allow for a projected 10 years of growth. For the 2005-06 fiscal year, only \$4.2 million is eligible for reimbursement through the state formula.

Of this amount, \$2.5 million will be used to establish a four-year replacement cycle for the district's 8,700 computers; most of which are located in classrooms and schools. The balance of funds, \$1.7 million, will be used for other high value needs and critical programs as determined by the Board of Education.

Cash Management

The cash management and investment practices of the District follow the Board of Education Investment Policy and state law. The District's investments are managed in a manner that optimizes the return on investments and minimizes risk while providing needed liquidity. The Board of Education receives a quarterly investment portfolio report as a part of the regular quarterly financial reports. Investment earnings for all funds for the year ended June 30, 2006, totaled \$1,192,940.

In order to meet its cash flow requirements, the District participated in the State of Colorado's Interest Free Loan Program. This program allows the District to borrow funds from the State Treasury as needed to fund its operations. For the year ended June 30, 2006, the District borrowed a total of \$58,725,788 from this program. All funds were repaid to the State Treasury by May 11, 2006.

Risk Management

The District participates in two self-insurance pools, one for property/liability insurance and one for workers' compensation. The property/liability insurance for the District is provided through the Colorado School Districts Self-Insurance Pool, which is comprised of over 100 school districts. The workers' compensation coverage for the District is provided through the Joint School Districts Pool for Workers' Compensation. This pool is comprised of four large Denver-metro school districts: Aurora, Boulder Valley, Cherry Creek, and Littleton. The pools rely upon actuarial reviews to determine appropriate funding and reserve levels. Excess insurance is in place for amounts above the retention.

Audit Committee

On September 28, 2004, the Board of Education adopted Policy DIEA-*District Audit Committee* which established an Audit Committee. The Committee is made up of five members, two Board of Education members, one being the Board of Education treasurer who shall serve as chair of the District Audit Committee, and the other member appointed by the Board for a two year term; the District's Chief Operations Officer; the District's Finance and Accounting Services Director; and a community member with expertise in governmental accounting and financial management. The community member will be selected by the District Audit Committee and recommended to the Board of Education for a two year term.

The primary responsibilities of the committee are as follows:

- Recommend the selection of an external auditor, considering independence, qualifications and cost of services. Review the scope, plan and coordination of the independent audit efforts. Consider the auditor's findings and recommendations for appropriate actions.
- Review quarterly financial reports provided by the District.
- Review district financial policies and procedures.
- Review any new debt issuance.
- Encourage continuous improvement of district financial policies and procedures.

Other Information

Awards

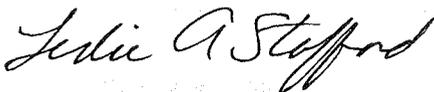
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Boulder Valley School District RE-2 for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

In addition, the Boulder Valley School District RE-2 also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2005. In order to qualify for the Distinguished Budget Presentation Award, the government's budget had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the Finance and Accounting Services Department. We would like to express our sincere appreciation to all members of the department for the contributions made in the preparation of this report. We also thank the District's independent auditors, Swanhorst & Company LLC, for the professional manner in which they accomplished the audit and for their work to publish this Comprehensive Annual Financial Report. We would also like to thank Dr. George Garcia, Superintendent, Robert Hammond, Chief Operations Officer, and the Board of Education for their interest in and support of the finance and accounting operations of the Boulder Valley School District RE-2.

Respectfully Submitted,



Leslie A. Stafford, CPA
Finance & Accounting Services Director



Charles R. McElwain, CPA
Finance & Accounting Services Assistant Director

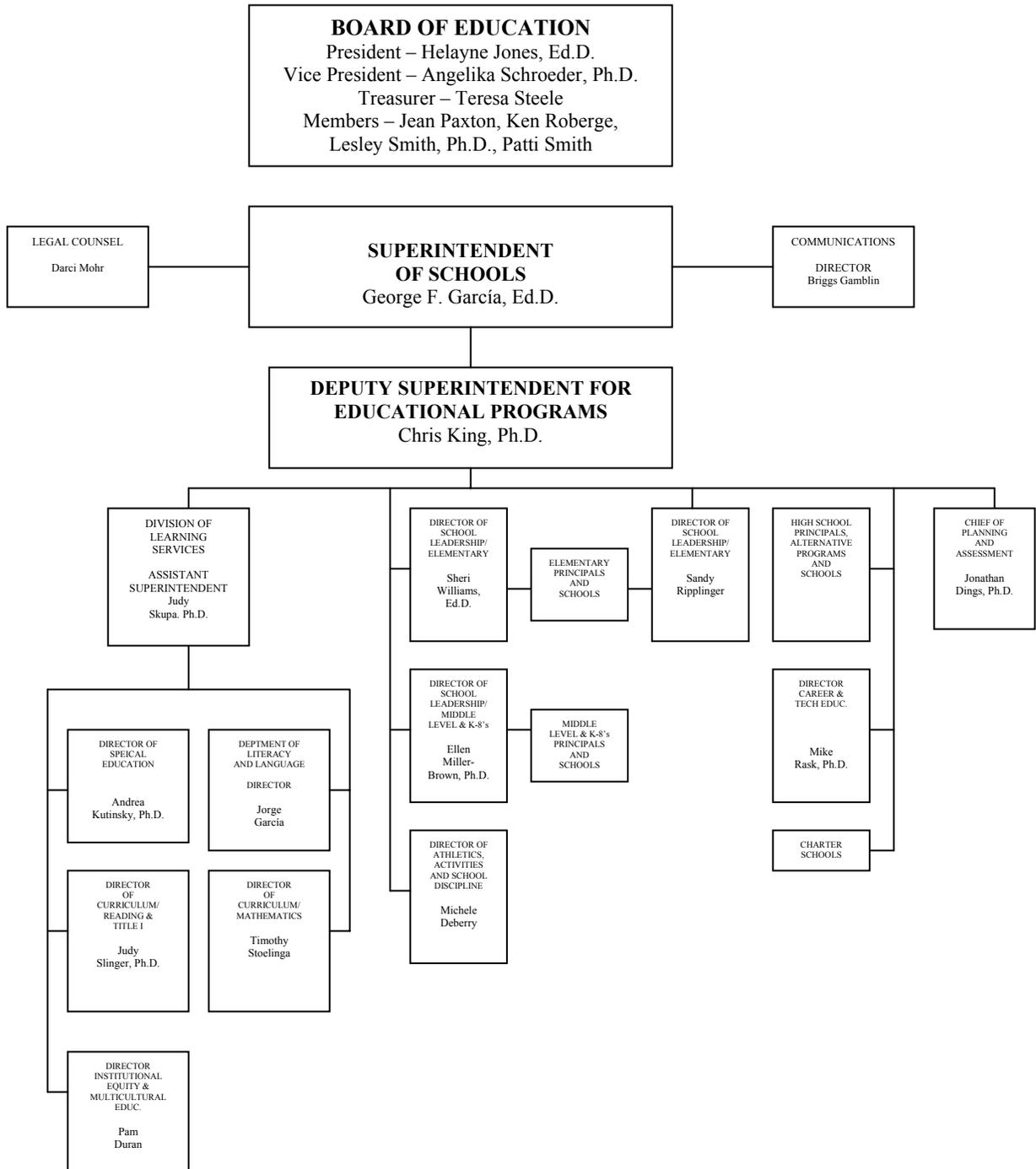
BOULDER VALLEY SCHOOL DISTRICT RE-2

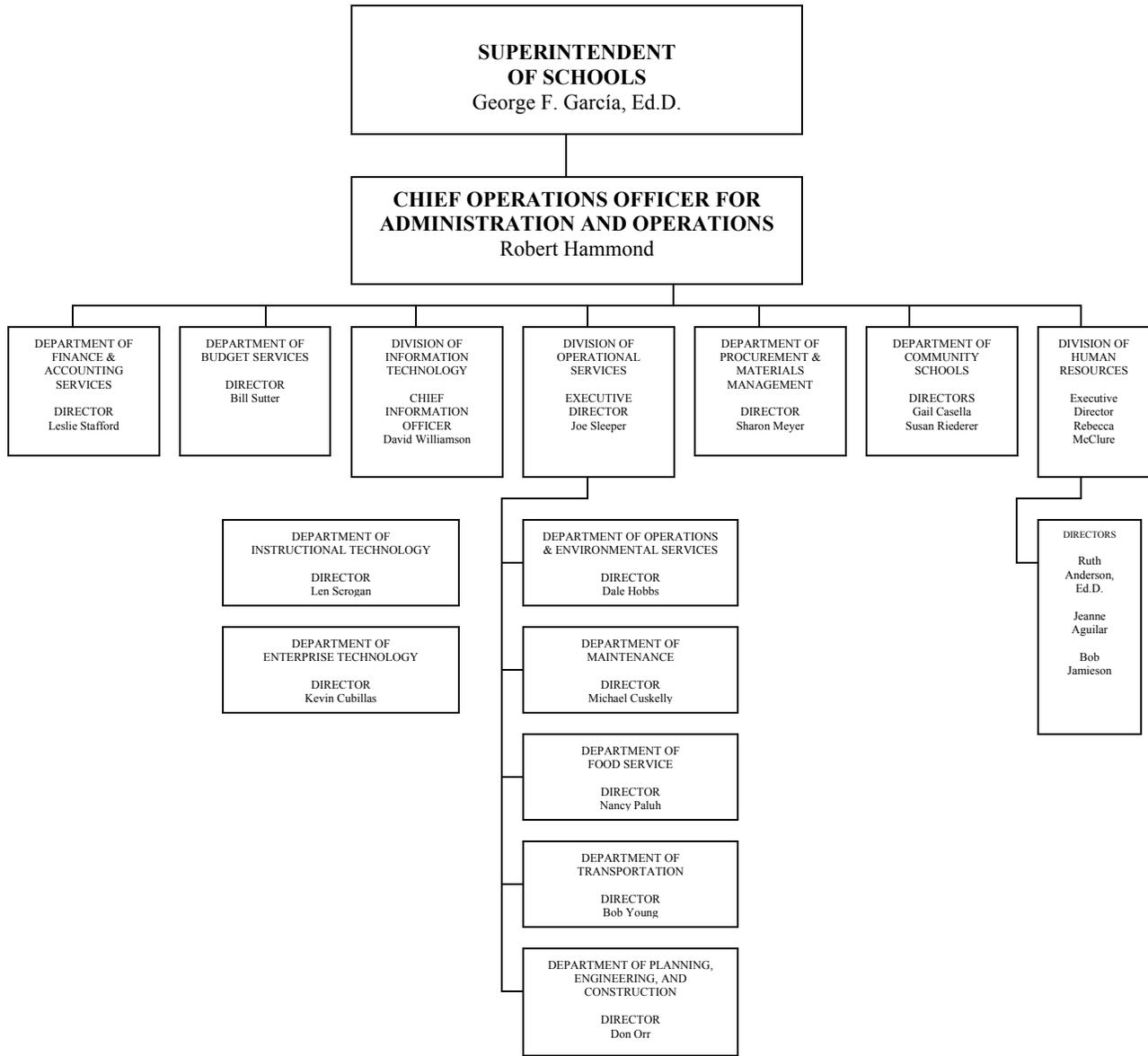
BOARD OF EDUCATION MEMBERS

The registered electors of the District elect the seven members of the Board at successive biennial elections to staggered four-year terms of office. The Board is a policy-making body whose primary functions are to establish policies for the District; provide for the general operation and personnel of the district; and oversee the property, facilities, and financial affairs of the District. Members of the Board serve without compensation. The present Board members, their office on the Board, lengths of service, and terms of office are as follows:

<u>Name</u>	<u>Office</u>	<u>Years of Service</u>	<u>Term Expires</u>
Helayne Jones, Ed.D.	President	3	2007
Angelika Schroeder, Ph.D.	Vice-President	7	2007
Teresa Steele	Treasurer	7	2007
Jean Paxton	Director	5	2009
Ken Roberge	Director	3	2007
Lesley Smith, Ph.D.	Director	1	2009
Patti J. Smith	Director	1	2009

Boulder Valley School District





BOULDER VALLEY SCHOOL DISTRICT RE-2

LIST OF PRINCIPAL OFFICIALS

The Board is empowered to employ a chief executive officer, the Superintendent, who is responsible to the Board for the daily operations of the District. Other principal administrative officers of the District include a Deputy Superintendent for Educational Programs and a Chief Operations Officer for Administration and Operations. In the absence of the Superintendent, the Deputy Superintendent serves as the Superintendent.

George F. Garcia, Ed.D., Superintendent

Dr. Garcia was appointed Superintendent for the district in August 2000, after serving as Superintendent for Tucson Unified School District since 1991. Dr. Garcia received a Bachelor of Science degree in secondary education from Northwest Missouri State University; a Master's Degree in history from University of Iowa; and a Doctorate in educational administration from Drake University, Des Moines Iowa.

Dr. Garcia has won numerous national and state honors for excellence in leadership. He was selected 1998 Arizona Superintendent of the Year by the American Association of School Administrators. In 1998, he received the University of Arizona Distinguished Service Award and the League of United Latin American Citizen (LULAC) National Presidential Award of Outstanding Leadership in Education. In 1997, he received the prestigious American-Israel Friendship League Partners for Democracy Award. In 1996, Dr. Garcia received the Distinguished Administrator Award from the Arizona School Administrators. In 1994, he received the Dr. Martin Luther King Distinguished Leadership Award. In 1993, *Executive Educator* magazine identified Dr. Garcia as one of the 100 best educational administrators in North America – similar to the *Fortune 500* listing for business and industry. He has been president of the Large City School Superintendents organization and served on the executive committee of the Council of Great City Schools.

Christopher D. King, Deputy Superintendent For Educational Programs

Dr. King has served as Deputy Superintendent for Educational programs in Boulder Valley School District RE-2 since July 2005. Previously he served for four years as an assistant superintendent in the District, and for four years prior to that as the principal of Boulder High School. Dr. King received his Ph.D. from the University of Colorado-Denver in Educational Leadership in 1996; his M.A., from CU-Boulder, is in Journalism and Mass Communications, and his B.A. is from Fort Lewis College in English.

Robert B. Hammond, Chief Operations Officer

Mr. Hammond joined Boulder Valley School District RE-2 as Chief Operations Officer for Administration and Operations in January 2001, after serving as Associate Superintendent for Administration and Operations with the Wichita Public School District in Wichita, Kansas for many years. Mr. Hammond also held positions as Senior Vice President of Farm Credit Services, Assistant City Manager of Norman, Oklahoma, and City Manager of Oskaloosa, Iowa before joining the public education arena. He received a Bachelor of Arts in psychology and sociology at Baker University, Baldwin, Kansas, in 1972. Mr. Hammond also holds a Master's Degree in Public Administration, Urban Management from the University of Kansas, Lawrence, Kansas, 1977.



Board of Education
Boulder Valley School District RE-2
Boulder, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Boulder Valley School District RE-2, as of and for the year ended June 30, 2006, which collectively comprise the basic financial statements of the District, as listed in the table of contents. These financial statements are the responsibility of the Boulder Valley School District RE-2's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the Boulder Valley School District RE-2, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006, on our consideration of the Boulder Valley School District RE-2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boulder Valley School District RE-2's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical information has not been subjected to the auditing procedures applied to the audit of the basic financial statements and, accordingly, we express no opinion on it.

October 6, 2006

Management's Discussion and Analysis

As management of the Boulder Valley School District RE-2, we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the letter of transmittal on pages i – vi of this report.

Financial Highlights

At June 30, 2006:

- The primary government has government-wide net assets of \$95,542,255.
- Governmental activities have an unrestricted net assets surplus of \$18,100,286.
- Business-type activities have an unrestricted net assets surplus of \$483,950.
- Fund balance of the District's governmental funds increased by \$6,046,820 resulting in an ending fund balance of \$42,416,962.
- The Combined General Fund ending balance increased by \$4,540,549 to \$23,549,239 primarily because of funding increases in state categorical revenues, increases in local property tax collections due to the passage of the transportation mill levy override election, decreases in salary and benefit costs compared to budget amounts, and unexpended budget amounts identified for carryover into the 2006-07 fiscal year.
- The District's long-term general obligation debt decreased by \$7,060,000 to \$133,250,000 as a result of current year principal and interest payments on the outstanding debt.

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 Boulder Valley School District's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the 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 a broad overview of the District's financial activities in a manner similar to a private sector business.

The statement of net assets presents information on all of the District's assets and liabilities. The difference between assets and liabilities is 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 net assets of the District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (example: levied but uncollected property taxes and earned but unused employees' vacation leave).

The government-wide financial statements consolidate governmental and internal service activities that are principally supported by taxes and intergovernmental revenues from business-type activities that are intended to recover all or most of their costs through user fees and charges. Governmental activities consolidate all of the following District funds: General Fund, Risk Management Fund, Technology Fund, Athletics Fund, Community Schools Fund, Tuition Preschool Fund, Colorado Preschool Fund, Governmental Designated-Purpose Grants Fund, Transportation Fund, Capital Reserve Fund, Insurance Reserve Fund, Dental Insurance Fund and Bond Redemption Fund. Business-type activities include only the Food Service Fund.

The government-wide financial statements include not only the District itself (known as the primary government), but also information about the District's four charter schools (known as component units). Financial information for the charter schools is presented separately from the primary government because the charter schools are legally separate from the District but are financially accountable to the District and provide service to the District's students.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. 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, like other governments, uses fund accounting to ensure and demonstrate compliance. All of the funds of the District have been divided into three categories: governmental 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 statements, governmental fund financial statements focus on near-term financial resources and fund balances (which are spendable resources available at the end of the fiscal year). Such information may be useful in evaluating the District's near-term financing requirements.

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

The District maintains two governmental funds called major funds: the General Fund (which combines the District's General Operating Fund, Risk Management Fund, Technology Fund, Athletics Fund, Community Schools Fund, Tuition Preschool Fund and the Colorado Preschool Fund) and the Bond Redemption Fund. They are presented separately in the fund financial statements with the remaining governmental funds (combined into a single aggregated presentation labeled other governmental funds). Other governmental funds, called non-major funds, include the Governmental Designated-Purpose Grants Fund, the Transportation Fund and the Capital Reserve Fund. Individual fund information for the non-major funds is presented as other supplemental information after the notes section of this report.

The District adopts an annual appropriated budget for each of the individual governmental funds. A budgetary comparison schedule for the General Fund is included in the fund financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as other supplemental information and can be found after the notes section of this report.

Proprietary Funds

The District maintains two types of proprietary funds. One of the proprietary fund types is an enterprise fund. Enterprise funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The District uses an enterprise fund to account for its food service operation.

The other type of proprietary fund is an internal service fund. Internal service funds are used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for the insurance activities related to the District's liability, property and workers' compensation insurance needs and the overall risk management activities of the District and another internal service fund to account for dental insurance premiums.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because these sources of funds are not available to support the District's direct educational programs. The accounting method used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Other Information

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

Government-wide Financial Analysis

Government-wide Net Assets

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenditures are considered current assets. These assets are available to provide resources for the near-term operations of the District. The majority of current assets are the result of the property tax collection process. The District receives over 60% of the annual property tax assessment in May and June. Capital assets are used in the operations of the District. These assets include land, buildings, equipment and vehicles.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The assets of the primary government exceed liabilities by \$95,542,255 with an unrestricted balance of \$18,584,236 at June 30, 2006.

54.3% of the District's net assets represent its investment in capital assets (e.g. land, land improvements, buildings, equipment, and vehicles), less related debt used to acquire these assets. The District uses these capital assets to provide services to its constituents; consequently these assets are not available for future spending. Also the resources needed to repay the debt associated with these assets must be provided from other sources, since the capital assets cannot be liquidated to pay the debt.

26.2% of the District's net assets are subject to external restrictions on how they may be used. The remaining 19.5% of net assets are available to fund the District's ongoing programs.

**Boulder Valley School District RE-2
Net Assets**

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$73,040,490	\$66,715,302	\$818,594	\$972,426	\$73,859,084	\$67,687,728
Capital assets	<u>190,418,179</u>	<u>195,994,219</u>	<u>241,459</u>	<u>249,763</u>	<u>190,659,638</u>	<u>196,243,982</u>
Total Assets	263,458,669	262,709,521	1,060,053	1,222,189	264,518,722	263,931,710
Long-term liabilities	140,760,614	147,823,206	-	-	140,760,614	147,823,206
Other liabilities	<u>28,037,577</u>	<u>27,094,571</u>	<u>178,276</u>	<u>168,787</u>	<u>28,215,853</u>	<u>27,263,358</u>
Total Liabilities	168,798,191	174,917,777	178,276	168,787	168,976,467	175,086,564
Net assets						
Investment in capital assets						
net of related debt	51,647,224	49,692,959	241,459	249,763	51,888,683	49,942,722
Restricted for:						
Debt Service	16,089,932	15,807,548	-	-	16,089,932	15,807,548
Capital Projects	2,310,761	1,575,024	-	-	2,310,761	1,575,024
Multiple Year Obligations	200,000	200,000	-	-	200,000	200,000
Preschool Expenditures	60,112	-	-	-	60,112	-
Emergencies	6,252,163	6,107,910	156,368	160,179	6,408,531	6,268,089
Unrestricted	<u>18,100,286</u>	<u>14,408,303</u>	<u>483,950</u>	<u>643,460</u>	<u>18,584,236</u>	<u>15,051,763</u>
Total Net Assets	<u>\$94,660,478</u>	<u>\$87,791,744</u>	<u>\$881,777</u>	<u>\$1,053,402</u>	<u>\$95,542,255</u>	<u>\$88,845,146</u>

The District's net assets increased by \$6,697,109 primarily because of funding increases in state categorical revenues, increases in property tax revenues for debt service purposes, increases in property tax revenues due to the passage of the transportation mill levy override election, decreases in salary and benefit costs compared to budget amounts, and unexpended budget amounts identified for carryover into the 2006-07 fiscal year.

Government-wide Activities

Governmental activities increased the District's net assets by \$6,868,734. Key elements of this increase are as follows:

Boulder Valley School District RE-2 Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues						
Charges For Services Operating	\$9,226,204	\$8,480,417	\$3,371,042	\$3,370,264	\$8,453,109	\$11,850,681
Grants/Contributions	19,442,789	19,563,313	1,669,144	1,533,700	20,906,700	21,097,013
General Revenues:						
Taxes:						
Local Property Taxes	154,646,048	148,506,345	-	-	154,646,048	148,506,345
Specific Ownership Taxes	10,887,850	11,254,363	-	-	10,887,850	11,254,363
State Equalization	51,919,871	49,628,580	-	-	51,919,871	49,628,580
Other Revenues	2,263,535	1,890,512	-	-	6,612,904	1,890,512
Investment Earnings	<u>1,192,940</u>	<u>555,174</u>	<u>-</u>	<u>-</u>	<u>1,192,940</u>	<u>555,174</u>
Total Revenue	249,579,236	239,878,704	5,040,186	4,903,964	254,619,422	244,782,668
Expenses						
Instruction	159,937,412	156,019,891	-	-	159,937,412	156,019,891
Supporting Services	76,041,071	70,880,775	-	-	76,041,071	70,880,775
Interest Expense	6,732,020	7,041,788	-	-	6,732,020	7,041,788
Food Services	<u>-</u>	<u>-</u>	<u>5,211,811</u>	<u>4,968,538</u>	<u>5,211,811</u>	<u>4,968,538</u>
Total Expenses	242,710,503	233,942,454	5,211,811	4,968,538	247,922,314	238,910,992
Change in net assets	6,868,734	5,936,250	(171,625)	(64,574)	6,697,109	5,871,676
Net Assets - Beginning	<u>87,791,744</u>	<u>81,855,494</u>	<u>1,053,402</u>	<u>1,117,976</u>	<u>88,845,146</u>	<u>82,973,470</u>
Net Assets - Ending	<u>\$94,660,478</u>	<u>\$87,791,744</u>	<u>\$881,777</u>	<u>\$1,053,402</u>	<u>\$95,542,255</u>	<u>\$88,845,146</u>

Governmental Activities

- Revenues from Governmental Activities increased by \$9,700,532 or 4.0%. Increases in local property taxes were the result of the passage of the transportation mill levy override election. Revenues provided by the School Finance Act (including local property taxes) were flat due to a small increase in enrollment. Increases in state categorical revenues and investment earnings were offset by decreases in specific ownership tax revenues.
- Expenditures from Governmental Activities increased by \$8,768,047 or 3.75%. This increase is due primarily to pay increases given to District employees, increase expenditures for technology upgrades, and one-time capital reserve expenditures.

Enterprise Activities

- The \$171,625 decrease in net assets from Enterprise Activities is due to declining participation from enrollment shifts, changes in middle level start times, and changes in choices offered in elementary and middle school snack lines.

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. 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.

The Combined General Fund is the major governmental fund of the District. The Combined General Fund under GASB 34 reporting requirements includes the General Operating Fund, Risk Management Fund, Technology Fund, Athletics Fund, Community Schools Fund, Tuition Preschool Fund, and the Colorado Preschool Fund. As of June 30, 2006, the Combined General Fund shows an ending fund balance of \$23,549,239 up from the combined fund balance of \$19,008,690 for the prior year.

The General Operating Fund is the core of operations for the District. At the end of the fiscal year, the fund balance had increased by \$3,527,610 to a balance of \$21,079,617. This increase is due primarily to increased state categorical revenues, increased investment earnings, lower than anticipated salary and benefit costs and unexpended budget amounts identified for carry over into the 2006-07 fiscal year. The Capital Projects Fund had an increase in fund balance at the end of the year of \$791,432 to \$2,575,484 due primarily to capital projects started but not completed during 2005-06. The Bond Redemption Fund ended the fiscal year with a balance of \$15,912,470 which will carry forward into 2006-07 to fund the District's long-term debt principal and interest payments.

General Operating Fund Budgetary Highlights

The Boulder Valley School District RE-2 began the 2005-06 budget process with the development of a calendar as presented to the Board of Education in December of 2004.

The Superintendent conducted budget information forums at selected schools sites in January and February, 2005. A publication entitled "Budget Perspectives" was developed jointly by the Budget Services and Communications departments as a centerpiece for these information sessions. A video presentation by the Superintendent of the "Budget Perspectives" document was also distributed to schools to assist in communicating to staff and parent groups the issues facing the Boulder Valley School District in the coming year.

During the months of February and March 2005, the Superintendent conducted budget input sessions with all schools. Meetings were also held with select central departments to discuss critical District issues. The major topics to come forward in these meetings were central themes in developing the 2005-06 Proposed Budget. Major topics of the budget input sessions included:

What programs/services are essential?

- Maintain the programs we have. Do not start new programs we cannot sustain.

What are the impacts of past reductions?

- Previous cuts to central and support services have had a negative impact on schools. Examples include literacy coaches, custodians and maintenance services.

What improvements are necessary?

- Additional literacy support at the secondary level for the implementation of the Colorado Basic Literacy Act. Support for math instruction; keeping technology current is critical, particularly at the high schools; and a desire to maintain small class sizes at all levels.

A budget work session was held with the Board of Education on April 7, 2005. This work session reviewed the assumptions and projections for 2005-06 and identified the issues facing the District, which include:

- Maintain Student Achievement
- Close Achievement Gap
- Employee Compensation
- Critical District Needs
- Computer Replacement Program
- Colorado Legislative Actions

After reviewing the input from the Board of Education, the school budget discussions, the enrollment projections prepared by the Planning Department and the most current revenue assumptions, the Superintendent and his senior staff prepared a preliminary budget guided by the priorities outlined in the BVSD Strategic Plan. The preliminary budget was presented to the Board of Education on April 12, 2005. A public input session, hosted by the District Accountability Committee was conducted on April 20, 2005 at Platt Middle School. This meeting provided an opportunity for the general public to listen to a presentation by the Superintendent on the preliminary budget and ask questions regarding budget development and provide input.

The Board of Education meetings between April and June provided an opportunity for the general public to contribute direct input to the Board regarding the budget as Agenda item IV at each meeting is set aside for public participation. Each speaker is allotted two minutes to discuss topics of interest to the individual. The Board of Education takes public comments into consideration during the budget development process. The 2005-06 Proposed Budget was presented on May 24, 2005 and the Board of Education continued discussions at the scheduled Board meetings until adoption of the budget on June 14, 2005.

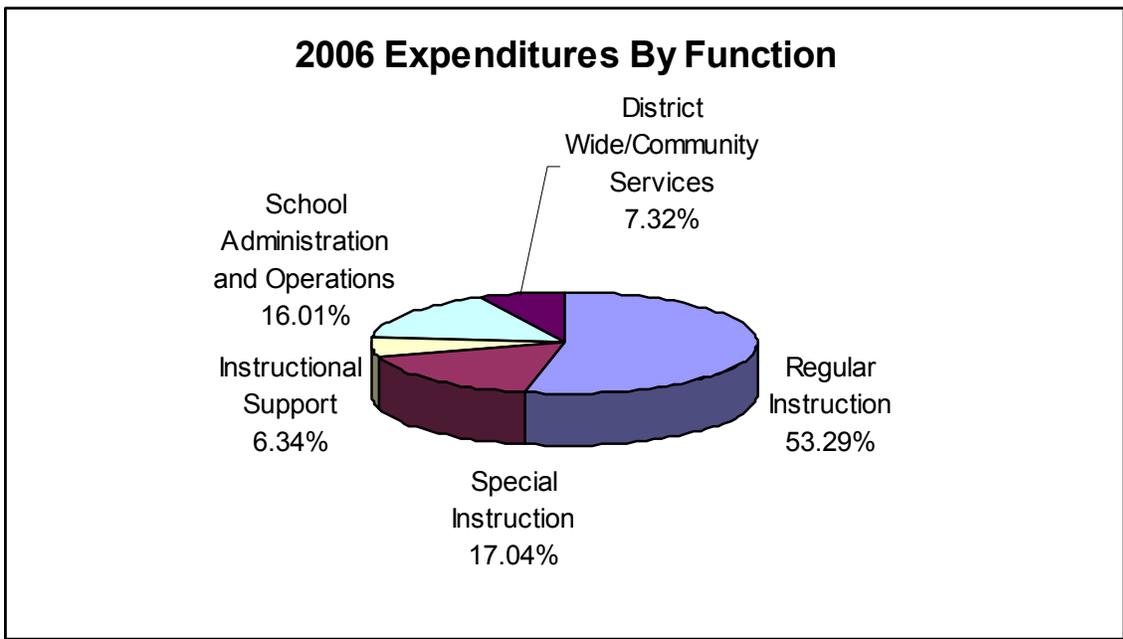
The final phase of budget development was the modification of the June adopted budget based on final 2004-05 financial data and updated enrollment information gained from the first month of school. This budget development process is consistent with current Colorado statutes that require a proposed budget be presented to the Board of Education by June 1, with budget adoption by June 30. The law provides the opportunity for the Board to adjust revenues and expenditures through October 15, as well as adopt a supplemental budget to cover the portion of the fiscal year following a referendum election. The Board of Education adopted a Revised Budget based on the new information as described above on October 11, 2005 and a Supplemental Budget on December 13, 2005 as a result of the successful passage of the Transportation mill levy on November 1, 2005. The budget document incorporated all changes adopted on both October 11 and December 13.

General Operating Fund Expenditure Highlights

General operating fund spending in 2005-06 provided for the continuation of district programs and services. General Operating Fund expenditures by function is shown in the following chart. 76.68% of expenditures are instruction related; regular program instruction, special program instruction, and direct instructional support; 16.01% of expenditures are for school administration, operations and maintenance of District facilities and 7.32% of expenditures are for District wide services and community obligations.

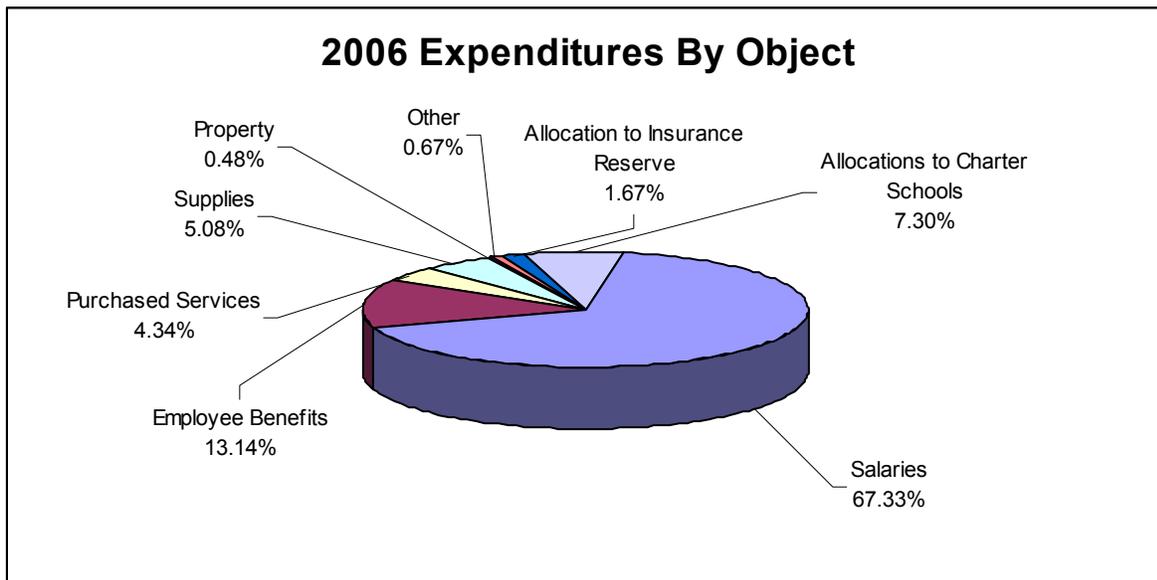
Spending Your Boulder Valley School District RE-2 Dollar

<u>Function</u>	<u>June 30, 2006</u>	<u>Percent</u>
Regular Instruction		
Regular Instruction	\$103,586,556	53.29%
Special Instruction		
Special Education	24,101,358	
Vocational Education	2,866,739	
Co-curricular Education	1,080,470	
Literacy & Language Support Services	3,944,418	
Talented and Gifted Education	<u>1,127,897</u>	
Sub-Total Special Instruction	33,120,882	17.04%
Instructional Support		
Student Services	5,164,787	
Instructional Staff Support	<u>7,161,980</u>	
Sub-Total Instructional Support	12,326,767	6.34%
Sub-Total Instruction	\$149,034,205	76.67%
School Administration and Operations		
School Administration	14,377,908	
Operations and Maintenance	<u>16,731,373</u>	
Sub-Total School Administration and Operations	31,109,281	16.01%
District Wide/Community Services		
General Administration	2,774,532	
Business Services	2,016,893	
Central Services	8,603,948	
Community Services	126,291	
Debt Services	<u>704,507</u>	
Sub-Total District Wide/Community Services	14,226,171	7.32%
Total General Operating Fund Expenditures	<u><u>\$194,369,657</u></u>	<u><u>100.00%</u></u>



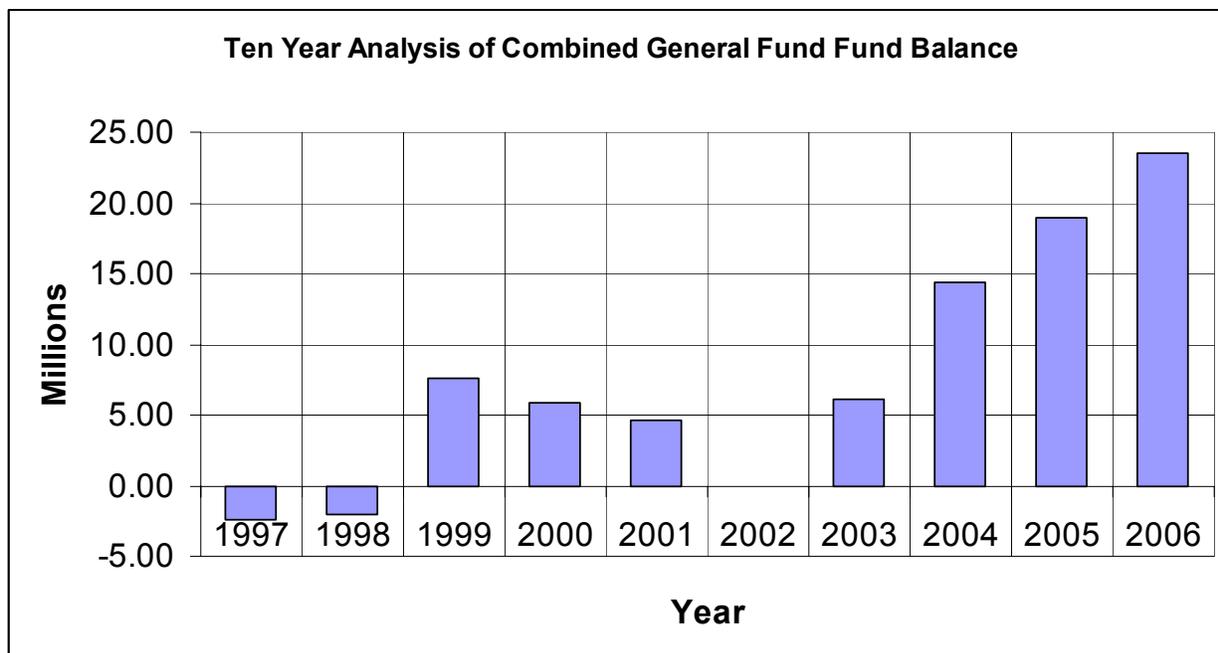
General Operating Fund expenditures by object is shown in the following chart. 80.47% of expenditures are for salary and benefit costs, 12.23% are for non-personnel costs and 7.30% are for allocations to District charter schools.

<u>Object</u>	<u>June 30, 2006</u>	<u>Percent</u>
Personnel Costs:		
Salaries	\$ 130,864,139	67.33%
Employee Benefits	25,549,318	13.14%
Subtotal	\$ 156,413,457	80.47%
Non-Personnel Costs:		
Purchased Services	\$ 8,428,228	4.34%
Supplies	9,864,904	5.08%
Property	930,092	.48%
Other	1,298,461	.67%
Allocation to Insurance Reserve	3,243,572	1.67%
Subtotal	\$ 23,765,257	12.23%
Operating Expenditures	\$ 180,178,712	92.70%
Allocations to Charters	\$ 14,190,943	7.30%
Total Expenditures	\$ 194,369,657	100.00%



Combined General Fund Fund Balance Analysis

An analysis of the District's Combined General Fund fund balance is shown in the following chart. The \$23,549,239 fiscal year 2005-06 fund balance is at the highest level in the past 10 years.



For the year ending June 30, 2006, the Combined General Fund includes the General Operating Fund, Risk Management Fund, Technology Fund, Athletics Fund, Community Schools Fund, Tuition Preschool Fund, and Colorado Preschool Fund and excludes the Charter School Fund.

For the years ending after June 30, 2002 through June 30, 2005, the Combined General Fund includes the General Operating Fund, Summer School Fund, Athletics Fund, Community Schools Fund, Tuition Preschool Fund, and Colorado Preschool Fund and excludes the Charter School Fund.

For the years ending June 30, 2001 and prior, the Combined General Fund includes the General Operating Fund, Summer School Fund, Athletics Fund, Community Schools Fund, and the Charter School Fund.

Fund Balance Policy

In May 2004 the District revised Board Policy DB. The purpose of this revision was to ensure the District's ongoing financial health by maintaining a minimum level of year end fund balance.

Key provisions of this policy are:

1. The General Operating Fund budget will be developed so that the total of annual ongoing expenditures, transfers, and incremental increase in required reserves does not exceed annual revenues.

2. If the General Operating Fund ends any fiscal year with a surplus of revenue beyond expenditures, this amount can only be used for one-time operating expenditures in subsequent years.
3. The General Operating Fund budget will be developed containing an ending fund balance equal to or greater than the required TABOR reserve on a generally accepted accounting principles (GAAP) basis.
4. The budgets for all other funds will be developed to include, at a minimum, the required TABOR reserve.
5. Beginning with the 2005-06 fiscal year, the General Operating Fund budget will be developed on a generally accepted accounting principles (GAAP) basis.

The 2005-06 budget was developed in accordance with all provisions of this policy.

Capital Assets and Debt Administration

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2006 amounts to \$190,659,638.

Boulder Valley School District RE-2 Capital Assets (net of accumulated depreciation)

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Land	\$2,802,833	\$2,802,833
Construction in Progress	-	105,762
Land Improvements	5,434,850	5,756,245
Buildings	175,992,742	182,412,085
Equipment	1,015,729	1,119,830
Vehicles	<u>5,413,484</u>	<u>4,047,227</u>
Total	\$190,659,638	\$196,243,982

Additional information on the District's capital assets can be found in Note 4 of this report.

At June 30, 2006, the District had total bonded debt outstanding of \$133,250,000 backed by the full faith and credit of the District. Additionally, the District had long-term debt obligations for certificates of participation and compensated absences in the amount of \$5,805,000 and \$1,781,616 respectively, outstanding at the end of the current fiscal year. The Certificates of participation are collateralized by specific buildings owned by the District.

Boulder Valley School District RE-2 Long-Term Debt

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
General Obligation Bonds And Bond Premium	\$133,311,790	\$140,396,577
Certificates of Participation	5,805,000	6,300,000
Compensated Absences	1,781,616	1,279,731
Loss on Debt Refunding	<u>(137,792)</u>	<u>(153,102)</u>
Total	\$140,760,614	\$147,823,206

Additional information on the District's long-term obligations can be found in Note 7 of this report.

Economic Factors and Next Year's Budget

Over 80% of the General Operating Fund revenues come from state level decisions. The Colorado State Legislature approved School Finance Act (SFA) funding that increased the statewide base by 3.1%. This included an inflationary increase of 2.1% plus 1%. This funding level reflects the mandate approved in November of 2000 with the passage of Amendment 23 to the Colorado Constitution. Amendment 23 guarantees annual funding increases of inflation plus one percent for ten years and increases to equal inflation thereafter. Minor adjustments to the factors within the School Finance Act formula slightly increased funding for at-risk students. The projected School Finance Act per pupil revenue for 2006-07 for the District is \$6,315. Total Program funding, as defined by the School Finance Act is projected to be \$168,887,188, however the timing of tax collections over two fiscal years will result in approximately \$700,000 less revenue in 2006-07.

Enrollment projections indicate an overall slight decline in 2006-07 of 0.57% across the District. Charter School growth of 9.37% is driven by continued growth at all four existing charter schools and the opening of a fifth new charter school. Subsequently, non-charter schools are expected to decline by 1.34%, or 331 FTE when compared to the 2005-06 budgeted student FTE.

It should be noted that the District continues to attract a significant number of students from outside its boundaries, almost 7% for the 2005-06 year. This enrollment cannot be guaranteed in the future as neighboring districts grow and build new school facilities.

The total number of District students is projected to decrease by 87 from the October 1, 2005 pupil count. For the Funded Pupil Count, half-time students are counted as 0.5 FTE. In 2006-07, the Total Student FTE is expected to decrease by 92.5 FTE, a 0.35% decrease. Colorado Statute 22-54-103(7) allows districts to average up to three years' pupil counts with the current year's pupil count to soften enrollment declines. For 2006-07 this averaging rule allows the BVSD an additional 95.3 FTE for a total Funded Pupil Count of 26,742.3

Requests for Information

This financial report is designed to provide a general overview of the Boulder Valley School District RE-2's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Leslie A. Stafford, CPA, Finance & Accounting Services Director
Boulder Valley School District RE-2
6500 East Arapahoe
Boulder, Colorado 80301

BASIC FINANCIAL STATEMENTS

BOULDER VALLEY SCHOOL DISTRICT RE-2

STATEMENT OF NET ASSETS

June 30, 2006

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT</u>
	<u>GOVERNMENTAL</u>	<u>BUSINESS-TYPE</u>	<u>TOTAL</u>	<u>UNITS</u>
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>		<u>CHARTER</u>
				<u>SCHOOLS</u>
ASSETS				
Cash and Investments	\$ 62,275,952	\$ 357,715	\$ 62,633,667	\$ 4,610,659
Restricted Cash and Investments	816,264	-	816,264	2,708,275
Accounts Receivable	536,067	-	536,067	29,562
Taxes Receivable	6,413,849	-	6,413,849	-
Grants Receivable	2,384,704	355,514	2,740,218	-
Inventories	389,834	105,365	495,199	13,500
Prepaid Expenses and Deposits	15,777	-	15,777	36,134
Debt Issuance Costs, Net of Accumulated Amortization	208,043	-	208,043	642,455
Capital Assets, Not Being Depreciated	2,802,833	-	2,802,833	1,103,000
Capital Assets, Net of Accumulated Depreciation	<u>187,615,346</u>	<u>241,459</u>	<u>187,856,805</u>	<u>12,752,425</u>
TOTAL ASSETS	<u>263,458,669</u>	<u>1,060,053</u>	<u>264,518,722</u>	<u>21,896,010</u>
LIABILITIES				
Accounts Payable	3,967,382	-	3,967,382	2,357
Accrued Liabilities	4,221,188	144,813	4,366,001	52,444
Accrued Salaries and Benefits	19,416,255	-	19,416,255	579,229
Accrued Interest Payable	-	-	-	426,278
Deferred Revenues	432,752	33,463	466,215	64,032
Noncurrent Liabilities				
Due Within One Year	7,880,000	-	7,880,000	400,000
Due in More Than One Year	<u>132,880,614</u>	<u>-</u>	<u>132,880,614</u>	<u>17,878,767</u>
TOTAL LIABILITIES	<u>168,798,191</u>	<u>178,276</u>	<u>168,976,467</u>	<u>19,403,107</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	51,647,224	241,459	51,888,683	(3,780,887)
Restricted for Debt Service	16,089,932	-	16,089,932	2,708,275
Restricted for Capital Projects	2,310,761	-	2,310,761	-
Restricted for Multiple Year Obligations	200,000	-	200,000	-
Restricted for Colorado Preschool Program	60,112	-	60,112	-
Restricted for Emergencies	6,252,163	156,368	6,408,531	369,255
Unrestricted	<u>18,100,286</u>	<u>483,950</u>	<u>18,584,236</u>	<u>3,196,260</u>
TOTAL NET ASSETS	<u>\$ 94,660,478</u>	<u>\$ 881,777</u>	<u>\$ 95,542,255</u>	<u>\$ 2,492,903</u>

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

STATEMENT OF ACTIVITIES
Year Ended June 30, 2006

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>	
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT			
Governmental Activities			
Instruction	\$ 159,937,412	\$ 1,071,875	\$ 14,169,989
Supporting Services	76,041,071	8,154,329	5,272,800
Interest Expense	6,732,020	-	-
Total Governmental Activities	<u>242,710,503</u>	<u>9,226,204</u>	<u>19,442,789</u>
Business-Type Activities			
Food Services	<u>5,211,811</u>	<u>3,371,042</u>	<u>1,669,144</u>
Total Business-Type Activities	<u>5,211,811</u>	<u>3,371,042</u>	<u>1,669,144</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 247,922,314</u>	<u>\$ 12,597,246</u>	<u>\$ 21,111,933</u>
COMPONENT UNITS			
Charter Schools	<u>16,496,865</u>	<u>803,677</u>	<u>758,595</u>
TOTAL COMPONENT UNITS	<u>\$ 16,496,865</u>	<u>\$ 803,677</u>	<u>\$ 758,595</u>
GENERAL REVENUES			
Local Property Taxes			
Specific Ownership Taxes			
State Equalization			
Capital Construction Funding			
Investment Earnings			
Other Revenues			
TOTAL GENERAL REVENUES			
CHANGE IN NET ASSETS			
NET ASSETS, Beginning			
NET ASSETS, Ending			

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

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

PRIMARY GOVERNMENT			COMPONENT
GOVERNMENTAL	BUSINESS-TYPE		UNITS
ACTIVITIES	ACTIVITIES	TOTAL	CHARTER
			SCHOOLS
\$ (144,695,548)	\$ -	\$ (144,695,548)	\$ -
(62,613,942)	-	(62,613,942)	-
<u>(6,732,020)</u>	<u>-</u>	<u>(6,732,020)</u>	<u>-</u>
(214,041,510)	-	(214,041,510)	-
-	(171,625)	(171,625)	-
-	(171,625)	(171,625)	-
<u>(214,041,510)</u>	<u>(171,625)</u>	<u>(214,213,135)</u>	<u>-</u>
-	-	-	(14,934,593)
-	-	-	(14,934,593)
154,646,048	-	154,646,048	2,254,110
10,887,850	-	10,887,850	-
51,919,871	-	51,919,871	-
-	-	-	188,815
1,192,940	-	1,192,940	162,760
<u>2,263,535</u>	<u>-</u>	<u>2,263,535</u>	<u>13,134,767</u>
220,910,244	-	220,910,244	15,740,452
6,868,734	(171,625)	6,697,109	805,859
<u>87,791,744</u>	<u>1,053,402</u>	<u>88,845,146</u>	<u>1,687,044</u>
\$ <u>94,660,478</u>	\$ <u>881,777</u>	\$ <u>95,542,255</u>	\$ <u>2,492,903</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	<u>GENERAL</u>	<u>BOND REDEMPTION</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Investments	\$ 42,857,425	\$ 15,557,338	\$ 3,236,560	\$ 61,651,323
Restricted Cash and Investments	816,264	-	-	816,264
Accounts Receivable	463,595	52,472	20,000	536,067
Taxes Receivable	5,781,935	480,622	151,292	6,413,849
Grants Receivable	-	-	2,384,704	2,384,704
Due from Other Funds	1,112,883	-	-	1,112,883
Inventories	389,834	-	-	389,834
Prepaid Items	15,597	-	180	15,777
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 51,437,533	\$ 16,090,432	\$ 5,792,736	\$ 73,320,701
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,722,808	\$ 500	\$ 9,393	\$ 3,732,701
Accrued Liabilities	3,764,702	-	456,486	4,221,188
Accrued Salaries and Benefits	18,427,960	-	988,295	19,416,255
Due to Other Funds	-	-	1,112,883	1,112,883
Deferred Revenues	162,326	-	270,426	432,752
Deferred Property Taxes	1,810,498	177,462	-	1,987,960
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	27,888,294	177,962	2,837,483	30,903,739
FUND BALANCES				
Reserved for Inventories	389,834	-	-	389,834
Reserved for Prepaid Items	15,597	-	-	15,597
Reserved for Multiple Year Obligations	200,000	-	-	200,000
Reserved for Colorado Preschool Program	60,112	-	-	60,112
Reserved for Emergencies	5,750,909	-	501,254	6,252,163
Unreserved, Reported in				
General Fund	17,132,787	-	-	17,132,787
Debt Service Fund	-	15,912,470	-	15,912,470
Special Revenue Fund	-	-	143,238	143,238
Capital Projects Fund	-	-	2,310,761	2,310,761
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	23,549,239	15,912,470	2,955,253	42,416,962
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 51,437,533	\$ 16,090,432	\$ 5,792,736	

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

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds.	190,418,179
Other long-term assets are not available to pay for current year expenditures and therefore, are deferred in the funds.	1,987,960
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	389,948
Long-term liabilities, including bonds payable (\$133,250,000), bond premium (\$61,790), certificates of participation (\$5,805,000), compensated absences (\$1,781,616), debt issuance costs \$208,043, and loss on refunding \$137,792 are not due and payable in the current year and therefore, are not reported in the funds.	<u>(140,552,571)</u>
Net assets of governmental activities	\$ <u>94,660,478</u>

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2006**

	<u>GENERAL</u>	<u>BOND REDEMPTION</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 159,742,346	\$ 13,927,060	\$ 5,764,158	\$ 179,433,564
State Sources	59,409,079	-	699,254	60,108,333
Federal Sources	-	-	10,875,250	10,875,250
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	219,151,425	13,927,060	17,338,662	250,417,147
EXPENDITURES				
Current				
Instruction	139,904,230	-	9,108,674	149,012,904
Supporting Services	63,304,262	-	11,058,755	74,363,017
Capital Outlay	-	-	7,171,042	7,171,042
Debt Service				
Principal	495,000	7,060,000	-	7,555,000
Interest and Fiscal Charges	209,507	6,531,990	-	6,741,497
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	203,912,999	13,591,990	27,338,471	244,843,460
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<hr/>	<hr/>	<hr/>	<hr/>
	15,238,426	335,070	(9,999,809)	5,573,687
OTHER FINANCING SOURCES (USES)				
Transfers In	473,133	-	11,171,010	11,644,143
Transfers Out	(11,171,010)	-	-	(11,171,010)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(10,697,877)	-	11,171,010	473,133
NET CHANGE IN FUND BALANCES	4,540,549	335,070	1,171,201	6,046,820
FUND BALANCES, Beginning	<hr/>	<hr/>	<hr/>	<hr/>
	19,008,690	15,577,400	1,784,052	36,370,142
FUND BALANCES, Ending	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 23,549,239	\$ 15,912,470	\$ 2,955,253	\$ 42,416,962

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
Year Ended June 30, 2006

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

Net change in fund balances, governmental funds	\$ 6,046,820
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 expense (\$7,985,021) and loss on disposal (\$30,665) exceeded capital outlay \$2,439,646 in the current year.	(5,576,040)
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents property taxes not available at year end.	(837,910)
Repayments of debt principal \$7,555,000 and increases in compensated absences (\$501,885) are expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net assets and do not affect the statement of activities.	7,053,115
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items: amortization of bond issuance costs (\$34,172), amortization of bond premium \$24,787, and amortization of loss on refunding (\$15,310).	(24,695)
Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue of the internal service funds is included in governmental activities in the statement of activities.	<u>207,444</u>
Change in net assets of governmental activities	<u>\$ 6,868,734</u>

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

BALANCE SHEET
PROPRIETARY FUNDS
June 30, 2006

	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u> <u>ENTERPRISE</u> <u>FUNDS</u>	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u> <u>INTERNAL SERVICE</u> <u>FUNDS</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 357,715	\$ 624,629
Grants Receivable	355,514	-
Inventories	<u>105,365</u>	<u>-</u>
Total Current Assets	<u>818,594</u>	<u>624,629</u>
Noncurrent Assets		
Equipment	1,105,215	-
Accumulated Depreciation	<u>(863,756)</u>	<u>-</u>
Total Noncurrent Assets	<u>241,459</u>	<u>-</u>
TOTAL ASSETS	<u>1,060,053</u>	<u>624,629</u>
LIABILITIES		
Current Liabilities		
Claims Payable	-	234,681
Accrued Liabilities	144,813	-
Deferred Revenues	<u>33,463</u>	<u>-</u>
TOTAL LIABILITIES	<u>178,276</u>	<u>234,681</u>
NET ASSETS		
Invested in Capital Assets	241,459	-
Restricted for Emergencies	156,368	-
Unrestricted	<u>483,950</u>	<u>389,948</u>
TOTAL NET ASSETS	\$ <u><u>881,777</u></u>	\$ <u><u>389,948</u></u>

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

Year Ended June 30, 2006

	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
	<u>FUNDS</u>	<u>FUNDS</u>
OPERATING REVENUES		
Regular School Lunch	\$ 1,546,054	\$ -
Sandwich Line	1,812,688	-
Premiums and Services	-	3,633,520
Other Revenue	<u>12,300</u>	<u>7,278</u>
 TOTAL OPERATING REVENUES	 <u>3,371,042</u>	 <u>3,640,798</u>
OPERATING EXPENSES		
Salaries	2,016,498	885,478
Benefits	507,343	199,602
Purchased Food	2,133,336	-
USDA Donated Commodities	160,996	-
Nonfood Supplies	148,529	-
Purchased Services	58,001	1,827,729
Depreciation	40,157	-
Indirect Costs	122,755	-
Other	<u>24,196</u>	<u>47,412</u>
 TOTAL OPERATING EXPENSES	 <u>5,211,811</u>	 <u>2,960,221</u>
 OPERATING INCOME (LOSS)	 <u>(1,840,769)</u>	 <u>680,577</u>
NONOPERATING REVENUES		
USDA Donated Commodities	204,659	-
Federal Reimbursements	1,410,753	-
State Matching Funds	<u>53,732</u>	<u>-</u>
 TOTAL NONOPERATING REVENUES	 <u>1,669,144</u>	 <u>-</u>
 NET INCOME (LOSS) BEFORE TRANSFERS	 <u>(171,625)</u>	 <u>680,577</u>
TRANSFERS		
Transfers Out	<u>-</u>	<u>(473,133)</u>
 CHANGE IN NET ASSETS	 <u>(171,625)</u>	 <u>207,444</u>
NET ASSETS, Beginning	<u>1,053,402</u>	<u>182,504</u>
NET ASSETS, Ending	\$ <u><u>881,777</u></u>	\$ <u><u>389,948</u></u>

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Increase (Decrease) in Cash
Year Ended June 30, 2006

	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u> <u>ENTERPRISE</u> <u>FUND</u>	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u> <u>INTERNAL SERVICE</u> <u>FUNDS</u>
Cash Flows From Operating Activities		
Contributions	\$ -	\$ 3,633,520
Cash Received from Operations	3,559,877	-
Other Operating Receipts	12,300	7,278
Cash Payments for Premiums and Claims	-	(1,593,048)
Cash Paid to Employees	(2,507,608)	(1,105,569)
Cash Paid to Suppliers	(2,640,939)	(47,412)
Net Cash Provided (Used) by Operating Activities	<u>(1,576,370)</u>	<u>894,769</u>
Cash Flows From Noncapital Financing Activities		
Cash Received from Federal Reimbursements	1,396,387	-
Cash Received from State Matching Funds	53,732	-
Transfers to Other Funds	-	(473,133)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,450,119</u>	<u>(473,133)</u>
Cash Flows From Capital and Related Financing Activities		
Purchases of Equipment	<u>(31,853)</u>	-
NET INCREASE (DECREASE) IN CASH	<u>(158,104)</u>	<u>421,636</u>
CASH, Beginning	<u>515,819</u>	<u>202,993</u>
CASH, Ending	<u>\$ 357,715</u>	<u>\$ 624,629</u>
RECONCILIATION OF OPERATING INCOME		
(LOSS) TO NET CASH PROVIDED (USED) BY		
OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (1,840,769)	\$ 680,577
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities		
Depreciation	40,157	-
Donated Commodities	204,659	-
Changes in Assets and Liabilities Related to Operations		
Accounts Receivable	2,755	-
Inventories	7,339	-
Accounts Payable	(465)	-
Claims Payable	-	234,681
Accrued Liabilities	16,233	(20,489)
Deferred Revenues	(6,279)	-
Total Adjustments	<u>264,399</u>	<u>214,192</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,576,370)</u>	<u>\$ 894,769</u>
NON-CASH TRANSACTIONS		
Commodities Received	<u>\$ 204,659</u>	<u>\$ -</u>

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2006

	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUND</u>
ASSETS		
Cash and Investments	\$ 248,632	\$ 3,193,059
TOTAL ASSETS	<u>248,632</u>	<u>3,193,059</u>
LIABILITIES		
Due to Student Groups	<u>-</u>	<u>3,193,059</u>
TOTAL LIABILITIES	<u>-</u>	<u>3,193,059</u>
NET ASSETS		
Restricted for Scholarships	<u>248,632</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 248,632</u>	<u>\$ -</u>

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Year Ended June 30, 2006

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
ADDITIONS	
Contributions	\$ <u>13,672</u>
TOTAL ADDITIONS	<u>13,672</u>
DEDUCTIONS	
Scholarships and Awards	<u>11,713</u>
CHANGE IN NET ASSETS	1,959
NET ASSETS, Beginning	<u>246,673</u>
NET ASSETS, Ending	\$ <u><u>248,632</u></u>

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Boulder Valley School District RE-2 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

Based upon the application of this criteria, the District includes four charter schools within its reporting entity. The charter schools are public schools authorized by State statutes to provide alternatives for parents, pupils and teachers. The charter schools are fiscally dependent on the District and their exclusion would render the District’s financial statements incomplete. Since the charter schools have separately elected boards, the balances and transactions of the charter schools are discretely presented in the financial statements. Separate financial statements for the Peak to Peak Charter School may be obtained by contacting the School at 800 Merlin Drive, Lafayette, Colorado 80026. Separate financial statements for the remaining charter schools are not available.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all nonfiduciary activities of the District and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *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 and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District's government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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. Fiduciary funds utilize the accrual basis of accounting.

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. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. 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, specific ownership taxes, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary (enterprise and internal service) fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Bond Redemption Fund* accounts for resources accumulated for, and payments made on, long-term debt obligations of the District.

Additionally, the District reports the following fund types:

The *Food Services Enterprise Fund* accounts for the financial activities associated with the District's school lunch program.

The *Insurance Reserve Internal Service Fund* and the *Dental Insurance Internal Service Fund* account for the activities related to the District's liability, property, workers compensation and dental insurance needs, and for providing overall risk management activities for the District.

The *Private-Purpose Trust Funds* account for the activities of various scholarship accounts. The District holds all resources in a purely custodial capacity.

The *Agency Fund* is used to account for resources used to support each school's student and fundraising activities. The District holds all resources in a purely custodial capacity.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balances/Net Assets

Cash and Investments - The District utilizes the pooled cash concept whereby cash balances of each of the District's funds and component units are pooled and invested by the District. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Investments are reported at fair value.

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

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year but not received at year end are identified as property taxes receivable and are presented net of an allowance for uncollectible taxes of 1% of the total levy. Any taxes not collected within sixty days after year end are recorded as deferred revenue in the fund financial statements.

Interfund Receivables and Payables - During the course of operations, numerous transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *due from other funds* and *due to other funds* because they are short-term in nature.

Inventories - Materials and supplies inventories are stated at average cost. Food Service Fund inventories consist of purchased and donated commodities. Purchased inventories are stated at average cost. Donated inventories, received at no cost under a program supported by the federal government, are valued based upon the cost furnished by the federal government.

Inventory is recorded as an asset when individual items are purchased and as an expenditure when consumed.

Prepaid Expenses - Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of payment, and an expenditure/expense is reported in the year in which the services are consumed.

Capital Assets - Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balances/Net Assets (Continued)

Property and equipment of the District and its component units is depreciated using the straight line method over the following estimated useful lives.

Land Improvements	25 years
Buildings	50 years
Equipment and Vehicles	5 to 20 years

Deferred Revenues - Deferred revenues include grant funds that have been collected but the corresponding expenditures have not been incurred. Property taxes earned but not available are also recorded as deferred revenue in the fund financial statements.

Compensated Absences - District policy allows unlimited accumulation of sick time and accumulation of vacation time to a maximum of 40 days for certain personnel classifications. Accrued vacation is paid to those eligible employees upon termination of employment. Payment for unused sick time is made upon an employee's retirement at varying rates based upon longevity and classification. The payment of unused sick leave at the time of retirement is made in a lump sum or over a period of up to five years.

These compensated absences are recognized as current salary costs when earned in the proprietary funds and when due in the governmental funds. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Debt - In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as 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 current expenditures.

Net Assets/Fund Balances - In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues

Property Taxes - Under State statutes, all property taxes become due and payable on January 1 in the year following that in which they are levied. Payments are due in full on April 30, or in two installments on February 28 and June 15. When taxes become delinquent, the property is sold on the tax sale date of September 30.

State Equalization - The District receives unrestricted State equalization revenues as required by State statutes.

Interest Income - Interest income earned on pooled cash is recorded as revenue in the General Fund. Interest income from the Bond Redemption Fund and certain Trust and Agency Fund accounts is recorded when earned in the related fund.

NOTE 2: CASH AND INVESTMENTS

At June 30, 2006, the District had the following cash and investments:

Cash on Hand	\$ 20,045
Deposits	3,730,142
Investments	<u>66,220,637</u>
Total	<u>\$ 69,970,824</u>

Cash and investments are reported in the financial statements as follows:

Primary Government Cash and Investments	\$ 62,633,667
Primary Government Restricted Cash and Investments	816,264
Fiduciary Funds Cash and Investments	3,441,691
Charter School Cash Held by District	<u>3,079,202</u>
Total	<u>\$ 69,970,824</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. At June 30, 2006, the State regulatory commissioners had indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2006, the District had bank deposits of \$5,365,982 collateralized with securities held by the financial institutions' agents but not in the District's name.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The District is required to comply with State statutes and District policy which specify investment instruments meeting defined rating, maturity, custodial and concentration risk criteria in which local governments may invest, which include:

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

The District had the following investments at June 30, 2006:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
FNMA Note	10/15/13	\$ 703,311
JPMorgan Chase Money Market Fund	NA	15,557,338
Wells Fargo Money Market Fund	NA	39,238
Local Government Investment Pool	NA	<u>49,920,750</u>
Total		<u>\$ 66,220,637</u>

Interest Rate Risk - State statutes limit investments in U.S. Agency securities to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit investments in U.S. Agency securities to the highest rating issued by nationally recognized statistical rating organizations ("NRSROs"). At June 30, 2006, the District's investment in the Federal National Mortgage Association was rated AAA by Standard & Poor's and Fitch Ratings.

State statutes limit investments in money market funds to those with the highest rating issued by NRSROs and with a constant share price, or to money market funds that invest only in specified securities. As of June 30, 2006, the District's investment in the Wells Fargo money market fund was rated AAA by Moody's Investor Services and AAAM by Standard & Poor's. The JPMorgan Chase money market fund was rated AAAM by Standard & Poor's and Aaa by Moody's Investor Services.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in one issuer.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pool - At June 30, 2006, the District had invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating Colotrust. Colotrust operates similarly to a money market fund with each share equal in value to \$1.00. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

Cash and investments of \$741,194, representing required reserves for the Certificates of Participation, have been restricted in the General Fund. In addition, \$75,070 has been restricted in the General Fund for employee flexible spending benefits.

NOTE 3: INTERFUND BALANCES AND TRANSFERS

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Balance</u>
General Fund	Grants Fund	<u>\$ 1,112,883</u>

The General Fund has temporarily covered the negative cash balance of the Grants Fund.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Balance</u>
Capital Reserve Fund	General Fund	\$ 7,149,754
Transportation Fund	General Fund	4,021,256
General Fund	Insurance Reserve Fund	<u>473,133</u>
Total		<u>\$ 11,644,143</u>

The General Fund is required by State statute to allocate a portion of its funding to the Capital Reserve Fund to be used for capital purposes. During the year June 30, 2006, the District established the Transportation Fund with a transfer from the General Fund. In addition, the Insurance Reserve Internal Service Fund was closed and the residual balances were transferred to the General Fund.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006, is summarized below.

	<u>Balances</u> 6/30/05	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 6/30/06
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 2,802,833	\$ -	\$ -	\$ 2,802,833
Construction in Progress	<u>105,762</u>	<u>-</u>	<u>(105,762)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>2,908,595</u>	<u>-</u>	<u>(105,762)</u>	<u>2,802,833</u>
Capital Assets, Being Depreciated				
Land Improvements	6,313,816	-	-	6,313,816
Buildings	262,921,017	20,876	-	262,941,893
Equipment	3,005,795	136,374	(19,302)	3,122,867
Vehicles	<u>13,972,374</u>	<u>2,388,158</u>	<u>(737,023)</u>	<u>15,623,509</u>
Total Capital Assets, Being Depreciated	<u>286,213,002</u>	<u>2,545,408</u>	<u>(756,325)</u>	<u>288,002,085</u>
Less Accumulated Depreciation For				
Land Improvements	557,571	321,395	-	878,966
Buildings	80,508,932	6,440,219	-	86,949,151
Equipment	2,135,728	225,851	(12,982)	2,348,597
Vehicles	<u>9,925,147</u>	<u>997,556</u>	<u>(712,678)</u>	<u>10,210,025</u>
Total Accumulated Depreciation	<u>93,127,378</u>	<u>7,985,021</u>	<u>(725,660)</u>	<u>100,386,739</u>
Total Capital Assets, Being Depreciated, Net	<u>193,085,624</u>	<u>(5,439,613)</u>	<u>(30,665)</u>	<u>187,615,346</u>
Governmental Activities Capital Assets, Net	<u>\$ 195,994,219</u>	<u>\$ (5,439,613)</u>	<u>\$ (136,427)</u>	<u>\$ 190,418,179</u>
Business-Type Activities				
Capital Assets, Being Depreciated				
Equipment	\$ 1,073,362	\$ 31,853	\$ -	\$ 1,105,215
Less Accumulated Depreciation For				
Equipment	<u>823,599</u>	<u>40,157</u>	<u>-</u>	<u>863,756</u>
Business-Type Activities Capital Assets, Net	<u>\$ 249,763</u>	<u>\$ (8,304)</u>	<u>\$ -</u>	<u>\$ 241,459</u>
Charter Schools				
Capital Assets, Not Being Depreciated				
Land	\$ 1,103,000	\$ -	\$ -	\$ 1,103,000
Capital Assets, Being Depreciated				
Land Improvements	745,712	-	-	745,712
Buildings	13,974,460	35,058	-	14,009,518
Equipment	<u>24,761</u>	<u>-</u>	<u>-</u>	<u>24,761</u>
Total Capital Assets, Being Depreciated	<u>14,744,933</u>	<u>35,058</u>	<u>-</u>	<u>14,779,991</u>
Less Accumulated Depreciation For				
Land Improvements	223,713	74,571	-	298,284
Buildings	1,243,287	471,139	-	1,714,426
Equipment	<u>9,904</u>	<u>4,952</u>	<u>-</u>	<u>14,856</u>
Total Accumulated Depreciation	<u>1,476,904</u>	<u>550,662</u>	<u>-</u>	<u>2,027,566</u>
Total Capital Assets, Being Depreciated, Net	<u>13,268,029</u>	<u>(515,604)</u>	<u>-</u>	<u>12,752,425</u>
Charter Schools Capital Assets, Net	<u>\$ 14,371,029</u>	<u>\$ (515,604)</u>	<u>\$ -</u>	<u>\$ 13,855,425</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 4: CAPITAL ASSETS (Continued)

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

Governmental Activities

Instruction	\$ 6,816,006
Supporting Services	<u>1,169,015</u>
 Total	 <u>\$ 7,985,021</u>

Business-Type Activities

Food Services	<u>\$ 40,157</u>
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NOTE 5: 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 unpaid, as of June 30, 2006, were \$19,416,255 and \$579,229 for the District and charter schools, respectively. This accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 6: SHORT-TERM DEBT

During the year ended June 30, 2006, the District borrowed \$58,725,788 from the State-sponsored interest-free loan program to provide cash flow throughout the fiscal year. The loan was paid in full by June 30, 2006, from property taxes received primarily from February through June.

NOTE 7: LONG-TERM DEBT

Following is a summary of long-term debt transactions of the District for the year ended June 30, 2006.

	<u>Balances</u> 6/30/05	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> 6/30/06	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
General Obligation Bonds	\$ 140,310,000	\$ -	\$ 7,060,000	\$ 133,250,000	\$ 7,375,000
Bond Premium	86,577	-	24,787	61,790	-
Certificates of Participation	6,300,000	-	495,000	5,805,000	505,000
Loss on Refunding	(153,102)	-	(15,310)	(137,792)	-
Compensated Absences	<u>1,279,731</u>	<u>501,885</u>	<u>-</u>	<u>1,781,616</u>	<u>-</u>
 Total	 <u>\$ 147,823,206</u>	 <u>\$ 501,885</u>	 <u>\$ 7,564,477</u>	 <u>\$ 140,760,614</u>	 <u>\$ 7,880,000</u>

The liability for compensated absences is expected to be liquidated with resources of the General Fund.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 7: LONG-TERM DEBT (Continued)

General Obligation Bonds

General obligation bonds payable at June 30, 2006, are comprised of the following issues.

<p>\$24,230,000 General Obligation Bonds, Series 2001. Issued to refund certain general obligation bonds. Principal payments due on December 1 and interest payments due on December 1 and June 1, through 2008. Interest accrues at rates ranging from 3% to 3.75%.</p>	<p>\$ 11,345,000</p>
<p>\$63,655,000 General Obligation Bonds, Series 1999. Issued to implement a District-wide capital improvement program. Principal payments due on December 1 and interest payments due on December 1 and June 1, through 2018. Interest accrues at rates ranging from 4% to 5.125%.</p>	<p>58,735,000</p>
<p>\$68,810,000 General Obligation Bonds, Series 1997. Issued to refund certain general obligation bonds. Principal payments due on December 1 and interest payments due on December 1 and June 1, through 2014. Interest accrues at rates ranging from 3.75% to 5.00%.</p>	<p><u>63,170,000</u></p>
<p>Total</p>	<p><u>\$ 133,250,000</u></p>

Bond payments, to maturity, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 7,375,000	\$ 6,227,721	\$ 13,602,721
2008	7,715,000	5,902,340	13,617,340
2009	8,080,000	5,561,010	13,641,010
2010	8,770,000	5,183,293	13,953,293
2011	9,190,000	4,757,731	13,947,731
2012 - 2016	53,300,000	16,378,030	69,678,030
2017 - 2018	<u>38,820,000</u>	<u>2,921,597</u>	<u>41,741,597</u>
Total	<u>\$ 133,250,000</u>	<u>\$ 46,931,722</u>	<u>\$ 180,181,722</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 7: LONG-TERM DEBT (Continued)

Certificates of Participation

On November 1, 2003, the District issued \$7,275,000 Certificates of Participation, Series 2003. Principal payments are due annually on June 1 and interest payments are due on June 1 and December 1, through 2016. Interest accrues at rates ranging from 2.5% to 4%. Proceeds of the Certificates were used to currently refund the District's outstanding Certificates of Participation and to finance the installation of artificial turf on the athletic fields at various District facilities. Future debt service requirements of the Certificates of Participation are as follows.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 505,000	\$ 193,633	\$ 698,633
2008	515,000	181,007	696,007
2009	530,000	168,133	698,133
2010	545,000	153,557	698,557
2011	565,000	137,207	702,207
2012 - 2016	<u>3,145,000</u>	<u>372,938</u>	<u>3,517,938</u>
Total	<u>\$ 5,805,000</u>	<u>\$ 1,206,475</u>	<u>\$ 7,011,475</u>

Component Units

The Peak to Peak Charter School has entered into a capital lease agreement with Prairie View, Inc., a component unit, to construct facilities. The Colorado Educational and Cultural Facilities Authority ("CECFA") has issued Charter School Revenue and Refunding Bonds on behalf of Prairie View, Inc. The School makes monthly payments to Prairie View, Inc., and Prairie View, Inc., makes similar payments to CECFA. Changes in long-term debt of the Peak to Peak Charter School for the year ended June 30, 2006, and bond payments to maturity, are as follows:

	<u>Balances</u> <u>6/30/05</u>	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> <u>6/30/06</u>	<u>Due Within</u> <u>One Year</u>
2004 Capital Lease	\$ 23,300,000	\$ -	\$ 390,000	\$ 22,910,000	\$ 400,000
Premium	511,513	-	17,741	493,772	-
Loss on Refunding	<u>(5,309,136)</u>	<u>-</u>	<u>(184,131)</u>	<u>(5,125,005)</u>	<u>-</u>
Total	<u>\$ 18,502,377</u>	<u>\$ -</u>	<u>\$ (223,610)</u>	<u>\$ 18,278,767</u>	<u>\$ 400,000</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 7: LONG-TERM DEBT (Continued)

Component Units (Continued)

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 400,000	\$ 1,130,743	\$ 1,530,743
2008	415,000	1,118,517	1,533,517
2009	425,000	1,105,918	1,530,918
2010	440,000	1,092,942	1,532,942
2011	455,000	1,077,015	1,532,015
2012 - 2016	2,555,000	5,081,971	7,636,971
2017 - 2021	3,235,000	4,375,744	7,610,744
2022 - 2026	4,175,000	3,408,432	7,583,432
2027 - 2031	5,385,000	2,159,718	7,544,718
2032 - 2035	<u>5,425,000</u>	<u>587,605</u>	<u>6,012,605</u>
Total	<u>\$ 22,910,000</u>	<u>\$ 21,138,605</u>	<u>\$ 44,048,605</u>

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District plans to provide for or restore the economic damages of those losses through risk retention and risk transfer.

Joint School District Workers' Compensation Self-Insurance Pool

The District, along with Aurora, Cherry Creek, and Littleton School Districts, combined to form the Joint School District Pool for Workers' Compensation (the JSD Pool) which is a public entity risk pool currently operating as a common risk management and insurance program for the school district members noted above. The JSD Pool is administered by a Board of Directors consisting of one individual from each of the four school districts, generally the District's chief financial officer.

The Board exercises control over the Pool and has contracted the management of the Pool operations to third parties. The participating districts make annual contributions to the JSD Pool based on the size of their respective payrolls. The contributions are retroactively adjusted based on the districts' actual loss experience.

Each member of the JSD Pool is responsible for the first \$100,000 of each loss. Losses between \$100,000 and \$300,000 are pooled between the member districts, and losses in excess of \$300,000 are reinsured for up to \$5,000,000 per occurrence.

There is no current or long-term debt associated with the JSD Pool. The contributions are determined on an actuarial basis and are sufficient to provide for the estimated claims and losses as determined by the actuarial computation. No settlements exceeded insurance coverage for each of the past three fiscal years.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 8: RISK MANAGEMENT (Continued)

Colorado School Districts Self-Insurance Pool

The Colorado School Districts Self-Insurance Pool (CSDSIP), sponsored by the Colorado Association of School Boards, operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by the Pool Board which is comprised of eight members. The eight members include the president, vice president, and executive director of the Colorado Association of School Boards (CASB), with the remaining five members being appointed by the Board of Directors of CASB. The District pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The Pool Agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

Dental Self-Insurance

Under the District's employee dental insurance plan, the District provides coverage for its employees. Claims liabilities are reported in the Dental Insurance Internal Service Fund if information available prior to the issuance of the financial statements indicates that it is probable that the liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. At June 30, 2006, the District established the Dental Insurance Internal Service Fund with a transfer from the General Fund. Changes in claims payable for the employee dental insurance plan were as follows:

Claims Payable, June 30, 2005	\$ -
Claims Incurred and Adjustments	1,824,787
Payments	<u>(1,590,106)</u>
Claims Payable, June 30, 2006	<u><u>\$ 234,681</u></u>

NOTE 9: DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to the Combined State and School Division Trust Fund (CSSDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). 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 CSSDTF. 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).

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - Plan members and the District are required to contribute 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 was 8% of covered salaries and for the District was 10.15% from July 1, 2005, to December 31, 2005, and 10.65% thereafter. A portion of the District's contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (See Note 10). The District's contributions to CSSDTF for the years ended June 30, 2006, 2005, and 2004 were \$16,222,359, \$14,652,484, and \$13,182,312, respectively, equal to the required contributions for each year.

NOTE 10: 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 the 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 HCF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCF. 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 was 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 contributions of the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The District's contributions to the HCTF for the years ended June 30, 2006, 2005, and 2004 were \$1,537,198, \$1,472,466, and \$1,571,751, respectively, equal to the required contributions for each year.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2006, significant amounts of grant expenditures have not been audited by the grantor agency, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 11: COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

Several claims are presently pending against the District, but District management believes the final settlements of these matters will not have a materially adverse effect on the financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the "Amendment") to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment.

Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. In November, 1999, voters within the District authorized the District to collect, retain, and expend all excess revenues and other funds received from every source, without limitation, in the 1999-2000 budget year and each subsequent budget year thereafter without future voter approval, notwithstanding the limitations of the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Amendment requires the District to establish a reserve for emergencies. At June 30, 2006, net assets in the amount of \$6,408,531 were restricted to satisfy the reserve requirement.

REQUIRED SUPPLEMENTARY INFORMATION

BOULDER VALLEY SCHOOL DISTRICT RE-2

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Taxes	\$ 147,808,505	\$ 147,839,893	\$ 148,555,112	\$ 715,219
Tuition	1,208,683	1,265,917	697,547	(568,370)
Investment Earnings	200,000	200,000	755,265	555,265
Other Local Revenue	5,052,822	5,257,405	9,734,422	4,477,017
State Equalization	51,300,942	51,331,658	51,919,871	588,213
State Reimbursement Programs	2,813,573	2,998,040	2,776,201	(221,839)
Special Education	3,777,418	3,727,357	4,624,160	896,803
English Language Proficiency Act	85,000	85,000	88,847	3,847
TOTAL REVENUES	<u>212,246,943</u>	<u>212,705,270</u>	<u>219,151,425</u>	<u>6,446,155</u>
EXPENDITURES				
Current				
Instruction - Regular Programs	92,245,390	103,042,410	103,703,215	(660,805)
Instruction - Special Programs	37,545,636	38,317,634	36,201,015	2,116,619
Student Support Services	4,959,648	7,469,447	5,280,696	2,188,751
Instructional Staff Services	7,130,634	7,555,602	7,161,980	393,622
General Administration	2,602,276	2,753,413	2,828,488	(75,075)
School Administration	14,547,844	14,969,212	14,377,908	591,304
Business Services	2,139,029	2,199,977	2,016,893	183,084
Operations and Maintenance	15,699,847	16,003,922	16,731,373	(727,451)
Student Transportation	7,091,321	-	-	-
Central Support Services	5,214,896	5,720,773	7,528,469	(1,807,696)
Community Services	3,803,354	4,295,129	4,134,883	160,246
Adult Education	347,789	-	-	-
Emergency Reserves	5,825,620	5,750,909	-	5,750,909
Reserves	9,627,899	7,118,805	-	7,118,805
Debt Service				
Principal	1,580,665	946,915	495,000	451,915
Interest	-	-	209,507	(209,507)
TOTAL EXPENDITURES	<u>210,361,848</u>	<u>216,144,148</u>	<u>200,669,427</u>	<u>15,474,721</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,885,095</u>	<u>(3,438,878)</u>	<u>18,481,998</u>	<u>21,920,876</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	473,133	473,133
Transfers Out	-	(14,414,582)	(14,414,582)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(14,414,582)</u>	<u>(13,941,449)</u>	<u>473,133</u>
NET CHANGE IN FUND BALANCE	1,885,095	(17,853,460)	4,540,549	22,394,009
FUND BALANCE, Beginning	<u>15,953,373</u>	<u>18,268,260</u>	<u>19,008,690</u>	<u>740,430</u>
FUND BALANCE, Ending	<u>\$ 17,838,468</u>	<u>\$ 414,800</u>	<u>\$ 23,549,239</u>	<u>\$ 23,134,439</u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2006

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

- In March, the Superintendent submits to the Board of Education a preliminary proposed budget for the period commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at regular Board of Education meetings to obtain taxpayer comments.
- In June, the budget is legally adopted by the Board of Education.
- In October, a revised budget is legally adopted by the Board of Education.

Colorado Budget Law requires that all funds have legally adopted budgets and appropriations. Total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased provided they are offset by unanticipated revenue. All appropriations lapse at the end of each fiscal year. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

The budget is used as a management control device for all funds. For the year ended June 30, 2006, no budget was adopted for the Dental Insurance Fund because the fund had no expenditures. Budgets for all funds were adopted on a basis consistent with generally accepted accounting principles ("GAAP") except that payments from the General Fund to the Insurance Reserve and Dental Insurance Funds were treated as transfers for budgetary purposes and as revenues and expenditures for GAAP purposes. Budget to GAAP differences for these funds are as follows:

	<u>Insurance Reserve Fund</u>
Revenues	
Revenues, GAAP Basis	\$ 3,250,850
Premiums and Services	<u>(3,243,572)</u>
Revenues, Budgetary Basis	<u>\$ 7,278</u>
	<u>General Fund</u>
Expenditures	
Expenditures, GAAP Basis	\$ 203,912,999
Transfers to Insurance Reserve Fund	<u>(3,243,572)</u>
Expenditures, Budgetary Basis	<u>\$ 200,669,427</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2006

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets (Continued)

	<u>General Fund</u>	<u>Insurance Reserve Fund</u>
Transfers		
Transfers, GAAP Basis	\$ (10,697,877)	\$ -
Premiums and Services	<u>(3,243,572)</u>	<u>3,243,572</u>
Transfers, Budgetary Basis	<u>\$ (13,941,449)</u>	<u>\$ 3,243,572</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMBINING BALANCE SHEET
GENERAL FUND
June 30, 2006

	GENERAL	RISK	TECHNOLOGY	ATHLETICS
	FUND	MANAGEMENT	FUND	FUND
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Investments	\$ 40,231,092	\$ 502,526	\$ 221,497	\$ 174,729
Restricted Cash and Investments	816,264	-	-	-
Accounts Receivable	463,595	-	-	-
Taxes Receivable	5,781,935	-	-	-
Due from Other Funds	1,112,883	-	-	-
Inventories	389,834	-	-	-
Prepaid Items and Deposits	9,544	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>48,805,147</u>	\$ <u>502,526</u>	\$ <u>221,497</u>	\$ <u>174,729</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 3,722,808	\$ -	\$ -	\$ -
Accrued Liabilities	3,709,277	29,393	5,499	-
Accrued Salaries and Benefits	18,427,960	-	-	-
Deferred Revenues	54,987	-	-	-
Deferred Property Taxes	1,810,498	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>27,725,530</u>	<u>29,393</u>	<u>5,499</u>	<u>-</u>
FUND BALANCES				
Reserved for Inventories	389,834	-	-	-
Reserved for Prepaid Items	9,544	-	-	-
Reserved for Multiple Year Obligations	200,000	-	-	-
Reserved for Colorado Preschool Program	-	-	-	-
Reserved for Emergencies	5,472,760	-	72,816	75,905
Unreserved	15,007,479	473,133	143,182	98,824
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>21,079,617</u>	<u>473,133</u>	<u>215,998</u>	<u>174,729</u>
TOTAL LIABILITIES				
AND FUND BALANCES	\$ <u>48,805,147</u>	\$ <u>502,526</u>	\$ <u>221,497</u>	\$ <u>174,729</u>

See the accompanying Independent Auditors' Report.

COMMUNITY SCHOOLS FUND	TUITION PRESCHOOL FUND	COLORADO PRESCHOOL FUND	CHARTER SCHOOLS UNALLOCATED	TOTAL GENERAL FUND
\$ 852,301	\$ 68,723	\$ 66,128	\$ 740,429	\$ 42,857,425
-	-	-	-	816,264
-	-	-	-	463,595
-	-	-	-	5,781,935
-	-	-	-	1,112,883
-	-	-	-	389,834
<u>6,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,597</u>
<u>\$ 858,354</u>	<u>\$ 68,723</u>	<u>\$ 66,128</u>	<u>\$ 740,429</u>	<u>\$ 51,437,533</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,722,808
15,687	1,910	2,936	-	3,764,702
-	-	-	-	18,427,960
83,074	21,185	3,080	-	162,326
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,810,498</u>
<u>98,761</u>	<u>23,095</u>	<u>6,016</u>	<u>-</u>	<u>27,888,294</u>
-	-	-	-	389,834
6,053	-	-	-	15,597
-	-	-	-	200,000
-	-	60,112	-	60,112
115,780	13,648	-	-	5,750,909
<u>637,760</u>	<u>31,980</u>	<u>-</u>	<u>740,429</u>	<u>17,132,787</u>
<u>759,593</u>	<u>45,628</u>	<u>60,112</u>	<u>740,429</u>	<u>23,549,239</u>
<u>\$ 858,354</u>	<u>\$ 68,723</u>	<u>\$ 66,128</u>	<u>\$ 740,429</u>	<u>\$ 51,437,533</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

GENERAL FUND

Year Ended June 30, 2006

	<u>GENERAL FUND</u>	<u>RISK MANAGEMENT FUND</u>	<u>TECHNOLOGY FUND</u>	<u>ATHLETICS FUND</u>
REVENUES				
Local Sources	\$ 153,855,478	\$ -	\$ -	\$ 858,154
State Sources	59,409,079	-	-	-
TOTAL REVENUES	<u>213,264,557</u>	<u>-</u>	<u>-</u>	<u>858,154</u>
EXPENDITURES				
Current				
Instruction - Regular Programs	103,586,556	-	-	-
Instruction - Special Programs	33,120,882	-	-	2,424,762
Student Support Services	5,164,787	-	115,909	-
Instructional Staff Services	7,161,980	-	-	-
General Administration	2,774,532	-	-	53,956
School Administration	14,377,908	-	-	-
Business Services	2,016,893	-	-	-
Operations and Maintenance	16,731,373	-	-	-
Central Support Services	8,603,948	-	2,168,093	-
Community Services	126,291	-	-	-
Debt Service				
Principal	495,000	-	-	-
Interest and Fiscal Charges	209,507	-	-	-
TOTAL EXPENDITURES	<u>194,369,657</u>	<u>-</u>	<u>2,284,002</u>	<u>2,478,718</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,894,900</u>	<u>-</u>	<u>(2,284,002)</u>	<u>(1,620,564)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	633,750	473,133	2,500,000	1,625,968
Transfers Out	(16,001,040)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,367,290)</u>	<u>473,133</u>	<u>2,500,000</u>	<u>1,625,968</u>
NET CHANGE IN FUND BALANCES	3,527,610	473,133	215,998	5,404
FUND BALANCE, Beginning	<u>17,552,007</u>	<u>-</u>	<u>-</u>	<u>169,325</u>
FUND BALANCES, Ending	<u>\$ 21,079,617</u>	<u>\$ 473,133</u>	<u>\$ 215,998</u>	<u>\$ 174,729</u>

See the accompanying Independent Auditors' Report.

<u>COMMUNITY SCHOOLS FUND</u>	<u>TUITION PRESCHOOL FUND</u>	<u>COLORADO PRESCHOOL FUND</u>	<u>CHARTER SCHOOLS UNALLOCATED</u>	<u>TOTAL GENERAL FUND</u>
\$ 4,558,520	\$ 470,194	\$ -	\$ -	\$ 159,742,346
-	-	-	-	59,409,079
<u>4,558,520</u>	<u>470,194</u>	<u>-</u>	<u>-</u>	<u>219,151,425</u>
-	116,659	-	-	103,703,215
-	-	655,371	-	36,201,015
-	-	-	-	5,280,696
-	-	-	-	7,161,980
-	-	-	-	2,828,488
-	-	-	-	14,377,908
-	-	-	-	2,016,893
-	-	-	-	16,731,373
-	-	-	-	10,772,041
3,696,727	311,865	-	-	4,134,883
-	-	-	-	495,000
-	-	-	-	209,507
<u>3,696,727</u>	<u>428,524</u>	<u>655,371</u>	<u>-</u>	<u>203,912,999</u>
<u>861,793</u>	<u>41,670</u>	<u>(655,371)</u>	<u>-</u>	<u>15,238,426</u>
-	-	704,062	-	5,936,913
(633,750)	-	-	-	(16,634,790)
<u>(633,750)</u>	<u>-</u>	<u>704,062</u>	<u>-</u>	<u>(10,697,877)</u>
228,043	41,670	48,691	-	4,540,549
<u>531,550</u>	<u>3,958</u>	<u>11,421</u>	<u>740,429</u>	<u>19,008,690</u>
<u>\$ 759,593</u>	<u>\$ 45,628</u>	<u>\$ 60,112</u>	<u>\$ 740,429</u>	<u>\$ 23,549,239</u>

NONMAJOR FUNDS

Special Revenue Funds

Governmental Designated-Purpose Grants Fund

This fund is provided to account for monies received from various federal, state and local grant programs.

Transportation Fund

This fund accounts for a mill levy dedicated by election to the District's transportation needs.

Capital Projects Fund

Capital Reserve Fund

This fund is authorized by Colorado School Law and is used to fund ongoing capital needs such as site acquisition, building additions, and equipment purchases.

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2006

	SPECIAL REVENUE		CAPITAL PROJECTS	
	GRANTS FUND	TRANSPORTATION FUND	CAPITAL RESERVE FUND	TOTAL
ASSETS				
Cash and Investments	\$ -	\$ 680,933	\$ 2,555,627	\$ 3,236,560
Accounts Receivable	-	-	20,000	20,000
Taxes Receivable	-	151,292	-	151,292
Grants Receivable	2,384,704	-	-	2,384,704
Prepaid Items	180	-	-	180
TOTAL ASSETS	\$ <u>2,384,884</u>	\$ <u>832,225</u>	\$ <u>2,575,627</u>	\$ <u>5,792,736</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 9,393	\$ -	\$ -	\$ 9,393
Accrued Liabilities	56,753	399,590	143	456,486
Accrued Salaries and Benefits	988,295	-	-	988,295
Due to Other Funds	1,112,883	-	-	1,112,883
Deferred Revenues	217,560	52,866	-	270,426
TOTAL LIABILITIES	<u>2,384,884</u>	<u>452,456</u>	<u>143</u>	<u>2,837,483</u>
FUND BALANCES				
Reserved for Emergencies	-	236,531	264,723	501,254
Unreserved, Reported in Special Revenue Fund	-	143,238	-	143,238
Unreserved, Reported in Capital Projects Fund	-	-	2,310,761	2,310,761
TOTAL FUND BALANCES	<u>-</u>	<u>379,769</u>	<u>2,575,484</u>	<u>2,955,253</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>2,384,884</u>	\$ <u>832,225</u>	\$ <u>2,575,627</u>	\$ <u>5,792,736</u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2006**

	<u>SPECIAL REVENUE</u>		<u>CAPITAL PROJECTS</u>	
	<u>GRANTS FUND</u>	<u>TRANSPORTATION FUND</u>	<u>CAPITAL RESERVE FUND</u>	<u>TOTAL</u>
REVENUES				
Local Sources	\$ 379,077	\$ 4,572,361	\$ 812,720	\$ 5,764,158
State Sources	699,254	-	-	699,254
Federal Sources	10,875,250	-	-	10,875,250
 TOTAL REVENUES	 11,953,581	 4,572,361	 812,720	 17,338,662
EXPENDITURES				
Current				
Instruction - Regular Programs	2,834,103	-	-	2,834,103
Instruction - Special Programs	5,658,841	615,730	-	6,274,571
Student Support Services	456,833	-	-	456,833
Instructional Staff Services	2,038,029	-	-	2,038,029
General Administration	3,574	-	-	3,574
School Administration	590,410	-	-	590,410
Operations and Maintenance	-	158,898	-	158,898
Student Transportation	-	7,439,220	-	7,439,220
Central Support Services	41,171	-	-	41,171
Community Services	238,357	-	-	238,357
Adult Education	92,263	-	-	92,263
Capital Outlay	-	-	7,171,042	7,171,042
 TOTAL EXPENDITURES	 11,953,581	 8,213,848	 7,171,042	 27,338,471
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 -	 (3,641,487)	 (6,358,322)	 (9,999,809)
OTHER FINANCING SOURCES				
Transfers In	-	4,021,256	7,149,754	11,171,010
 NET CHANGE IN FUND BALANCES	 -	 379,769	 791,432	 1,171,201
FUND BALANCES, Beginning	 -	 -	 1,784,052	 1,784,052
FUND BALANCES, Ending	 \$ -	 \$ 379,769	 \$ 2,575,484	 \$ 2,955,253

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
Year Ended June 30, 2006

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	\$ -	\$ 379,077	\$ 379,077
State Sources	-	699,254	699,254
Federal Sources	19,500,000	10,875,250	(8,624,750)
TOTAL REVENUES	<u>19,500,000</u>	<u>11,953,581</u>	<u>(7,546,419)</u>
EXPENDITURES			
Current			
Instruction - Regular Programs	19,500,000	2,834,103	16,665,897
Instruction - Special Programs	-	5,658,841	(5,658,841)
Student Support Services	-	456,833	(456,833)
Instructional Staff Services	-	2,038,029	(2,038,029)
General Administration	-	3,574	(3,574)
School Administration	-	590,410	(590,410)
Central Support Services	-	41,171	(41,171)
Community Services	-	238,357	(238,357)
Adult Education	-	92,263	(92,263)
TOTAL EXPENDITURES	<u>19,500,000</u>	<u>11,953,581</u>	<u>7,546,419</u>
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
Year Ended June 30, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ -	\$ 4,336,170	\$ 4,327,311	\$ (8,859)
Other Local Revenue	-	-	245,050	245,050
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	4,336,170	4,572,361	236,191
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Instruction - Special Programs	-	369,608	615,730	(246,122)
Operations and Maintenance	-	180,013	158,898	21,115
Student Transportation	-	7,334,743	7,439,220	(104,477)
Emergency Reserves	-	236,531	-	236,531
Reserves	-	236,531	-	236,531
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	-	8,357,426	8,213,848	143,578
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(4,021,256)	(3,641,487)	92,613
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES				
Transfers In	-	4,021,256	4,021,256	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	-	-	379,769	379,769
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, Beginning	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, Ending	\$ -	\$ -	\$ 379,769	\$ 379,769
	<hr/>	<hr/>	<hr/>	<hr/>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
Year Ended June 30, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Local Sources	\$ 135,000	\$ 155,000	\$ 812,720	\$ 657,720
EXPENDITURES				
Capital Outlay				
Salaries and Benefits	642,200	722,200	757,404	(35,204)
Building Improvements	660,000	1,605,000	1,230,496	374,504
Instructional Technology	550,000	1,050,000	532,888	517,112
Operating Departments	1,449,800	2,964,800	2,217,876	746,924
School Projects	1,821,467	2,482,083	2,432,378	49,705
Emergency Reserves	153,704	264,723	-	264,723
TOTAL EXPENDITURES	<u>5,277,171</u>	<u>9,088,806</u>	<u>7,171,042</u>	<u>1,917,764</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,142,171)	(8,933,806)	(6,358,322)	2,575,484
OTHER FINANCING SOURCES				
Transfers In	3,789,296	7,149,754	7,149,754	-
NET CHANGE IN FUND BALANCE	(1,352,875)	(1,784,052)	791,432	2,575,484
FUND BALANCE, Beginning	<u>1,352,875</u>	<u>1,784,052</u>	<u>1,784,052</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,575,484</u>	<u>\$ 2,575,484</u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

BUDGETARY COMPARISON SCHEDULE
BOND REDEMPTION FUND
Year Ended June 30, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ 13,466,625	\$ 13,515,376	\$ 13,489,385	\$ (25,991)
Investment Earnings	125,000	200,000	437,675	237,675
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	13,591,625	13,715,376	13,927,060	211,684
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Debt Service				
Principal	7,060,000	7,060,000	7,060,000	-
Interest and Fiscal Charges	6,549,990	6,549,990	6,531,990	18,000
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	13,609,990	13,609,990	13,591,990	18,000
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(18,365)	105,386	335,070	229,684
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, Beginning	15,393,051	15,577,400	15,577,400	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, Ending	\$ <u>15,374,686</u>	\$ <u>15,682,786</u>	\$ <u>15,912,470</u>	\$ <u>229,684</u>

See the accompanying Independent Auditors' Report

BOULDER VALLEY SCHOOL DISTRICT RE-2

BUDGETARY COMPARISON SCHEDULE
FOOD SERVICES FUND
Year Ended June 30, 2006

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
OPERATING REVENUES				
Regular School Lunch	\$ 1,684,424	\$ 1,684,424	\$ 1,546,054	\$ (138,370)
Sandwich Line	1,858,665	1,858,665	1,812,688	(45,977)
Other Revenue	<u>2,600</u>	<u>2,600</u>	<u>12,300</u>	<u>9,700</u>
 TOTAL OPERATING REVENUES	 <u>3,545,689</u>	 <u>3,545,689</u>	 <u>3,371,042</u>	 <u>(174,647)</u>
OPERATING EXPENSES				
Salaries	2,010,115	2,033,464	2,016,498	16,966
Benefits	525,145	527,956	507,343	20,613
Purchased Food	2,029,106	2,029,106	2,133,336	(104,230)
USDA Donated Commodities	174,824	174,824	160,996	13,828
Nonfood Supplies	190,864	190,864	148,529	42,335
Purchased Services	38,205	38,205	58,001	(19,796)
Depreciation	70,000	50,000	40,157	9,843
Indirect Costs	122,755	122,755	122,755	-
Other	45,083	45,083	24,196	20,887
Emergency Reserves	<u>156,183</u>	<u>156,368</u>	<u>-</u>	<u>156,368</u>
 TOTAL OPERATING EXPENSES	 <u>5,362,280</u>	 <u>5,368,625</u>	 <u>5,211,811</u>	 <u>156,814</u>
 OPERATING INCOME (LOSS)	 <u>(1,816,591)</u>	 <u>(1,822,936)</u>	 <u>(1,840,769)</u>	 <u>(17,833)</u>
NONOPERATING REVENUES				
USDA Donated Commodities	222,183	222,183	204,659	(17,524)
Federal Reimbursement	1,373,252	1,373,252	1,410,753	37,501
State Matching Funds	<u>53,000</u>	<u>53,000</u>	<u>53,732</u>	<u>732</u>
 TOTAL NONOPERATING REVENUES	 <u>1,648,435</u>	 <u>1,648,435</u>	 <u>1,669,144</u>	 <u>20,709</u>
 NET INCOME (LOSS)	 <u>(168,156)</u>	 <u>(174,501)</u>	 <u>(171,625)</u>	 <u>2,876</u>
NET ASSETS, Beginning	<u>1,174,936</u>	<u>1,028,937</u>	<u>1,053,402</u>	<u>24,465</u>
NET ASSETS, Ending	<u>\$ 1,006,780</u>	<u>\$ 854,436</u>	<u>\$ 881,777</u>	<u>\$ 27,341</u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS

June 30, 2006

	<u>INSURANCE RESERVE FUND</u>	<u>DENTAL INSURANCE FUND</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash and Investments	\$ -	\$ 624,629	\$ 624,629
TOTAL ASSETS	<u>-</u>	<u>624,629</u>	<u>624,629</u>
LIABILITIES			
Current Liabilities			
Claims Payable	-	234,681	234,681
TOTAL LIABILITIES	<u>-</u>	<u>234,681</u>	<u>234,681</u>
NET ASSETS			
Unrestricted	-	389,948	389,948
TOTAL NET ASSETS	<u>\$ -</u>	<u>\$ 389,948</u>	<u>\$ 389,948</u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2006

	INSURANCE RESERVE FUND	DENTAL INSURANCE FUND	TOTAL
OPERATING REVENUES			
Premiums and Services	\$ 3,243,572	\$ 389,948	\$ 3,633,520
Other Revenue	7,278	-	7,278
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUES	3,250,850	389,948	3,640,798
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES			
Salaries	885,478	-	885,478
Benefits	199,602	-	199,602
Purchased Services	1,827,729	-	1,827,729
Other	47,412	-	47,412
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	2,960,221	-	2,960,221
	<hr/>	<hr/>	<hr/>
OPERATING INCOME	290,629	389,948	680,577
TRANSFERS			
Transfers Out	(473,133)	-	(473,133)
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(182,504)	389,948	207,444
NET ASSETS, Beginning	182,504	-	182,504
	<hr/>	<hr/>	<hr/>
NET ASSETS, Ending	\$ -	\$ 389,948	\$ 389,948
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See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Increase (Decrease) in Cash
Year Ended June 30, 2006

	<u>INSURANCE RESERVE FUND</u>	<u>DENTAL INSURANCE FUND</u>	<u>TOTAL</u>
Cash Flows From Operating Activities			
Contributions	\$ 3,243,572	\$ 389,948	\$ 3,633,520
Other Operating Receipts	7,278	-	7,278
Cash Payments for Premiums and Claims	(1,827,729)	234,681	(1,593,048)
Cash Paid to Employees	(1,105,569)	-	(1,105,569)
Cash Paid to Suppliers	<u>(47,412)</u>	<u>-</u>	<u>(47,412)</u>
Net Cash Provided by Operating Activities	270,140	624,629	894,769
Cash Flows From Noncapital Financing Activities			
Transfers to Other Funds	<u>(473,133)</u>	<u>-</u>	<u>(473,133)</u>
NET INCREASE (DECREASE) IN CASH	(202,993)	624,629	421,636
CASH, Beginning	<u>202,993</u>	<u>-</u>	<u>202,993</u>
CASH, Ending	\$ <u><u>-</u></u>	\$ <u><u>624,629</u></u>	\$ <u><u>624,629</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 290,629	\$ 389,948	\$ 680,577
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Changes in Assets and Liabilities Related to Operations			
Claims Payable	-	234,681	234,681
Accrued Liabilities	<u>(20,489)</u>	<u>-</u>	<u>(20,489)</u>
Net Cash Provided by Operating Activities	\$ <u><u>270,140</u></u>	\$ <u><u>624,629</u></u>	\$ <u><u>894,769</u></u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

BUDGETARY COMPARISON SCHEDULE
INSURANCE RESERVE FUND
Year Ended June 30, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
OPERATING REVENUES				
Other Revenue	\$ 10,000	\$ 10,000	\$ 7,278	\$ (2,722)
OPERATING EXPENSES				
Salaries	867,492	910,854	885,478	25,376
Benefits	252,378	237,005	199,602	37,403
Property Insurance Premiums	950,000	850,000	842,107	7,893
Workers Compensation Premiums	1,087,268	1,087,268	893,616	193,652
Deductible Reserves	200,000	200,000	92,006	107,994
Other	32,000	50,869	47,412	3,457
Emergency Reserves	101,674	100,080	-	100,080
TOTAL OPERATING EXPENSES	<u>3,490,812</u>	<u>3,436,076</u>	<u>2,960,221</u>	<u>475,855</u>
OPERATING LOSS	(3,480,812)	(3,426,076)	(2,952,943)	473,133
TRANSFERS				
Transfers In	3,325,816	3,243,572	3,243,572	-
Transfers Out	-	-	(473,133)	(473,133)
CHANGE IN NET ASSETS	(154,996)	(182,504)	(182,504)	473,133
NET ASSETS, Beginning	<u>154,996</u>	<u>182,504</u>	<u>182,504</u>	<u>-</u>
NET ASSETS, Ending	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS

Year Ended June 30, 2006

	Balances		Additions		Deductions		Balances
	6/30/05						6/30/06
SCHOLARSHIP FUND							
Parmelee Greiner Scholarship	\$ 8,943	\$	297	\$	1,918	\$	7,322
Hoelscher Scholarship	1,645		54		50		1,649
TEC Scholarships	1,221		41		500		762
CASB Scholarship Hilty Award	672		9		681		-
Cameron Memorial Fund	62		2		-		64
Jerry Buck Scholarship	3,124		104		325		2,903
Armijo Memorial Fund	1,364		41		250		1,155
Hamilton Scholarship Fund	10,131		336		500		9,967
Banman Memorial Scholarship	137		4		-		141
Armstrong Tech Theater Award	4,602		153		1,000		3,755
Urquidez Scholarship	1,676		56		-		1,732
CASB Scholarship Sandstead Award	1,702		24		1,726		-
Baldwin Memorial Scholarship	37		-		-		37
Taylor Memorial Scholarship	8,887		295		100		9,082
CASB Scholarship Young Award	161		2		163		-
E. Scates Scholarship	22,331		686		3,000		20,017
Monarch HS Class of 2001	18,075		5,740		700		23,115
	<hr/>		<hr/>		<hr/>		<hr/>
Total Scholarship Fund	84,770		7,844		10,913		81,701
TRUST FUND							
Carlson Scholarship	14,815		488		-		15,303
Bostrom Scholarship Fund	16,009		549		500		16,058
Japanese Exchange	131,079		4,791		300		135,570
	<hr/>		<hr/>		<hr/>		<hr/>
Total Trust Fund	161,903		5,828		800		166,931
	<hr/>		<hr/>		<hr/>		<hr/>
TOTAL	\$ 246,673	\$	13,672	\$	11,713	\$	248,632
	<hr/>		<hr/>		<hr/>		<hr/>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended June 30, 2006

	Balances 6/30/05	Additions	Deductions	Balances 6/30/06
Angevine Middle Student Activities	\$ 21,589	\$ 93,037	\$ 100,421	\$ 14,205
Arapahoe Ridge High Student Activities	11,760	15,698	9,172	18,286
Aspen Creek K-8 Student Activities	36,489	164,140	146,554	54,075
Boulder High Student Activities	222,033	1,145,266	1,135,327	231,972
Boulder TEC Student Activities	25,715	52,756	43,848	34,623
Broomfield Heights Middle Student Activities	55,466	140,694	125,920	70,240
Broomfield High Student Activities	163,614	892,147	882,414	173,347
Casey Middle Student Activities	35,769	119,389	118,403	36,755
Centaurus High Student Activities	209,927	649,143	631,948	227,122
Centennial Middle Student Activities	44,855	125,618	128,835	41,638
Community Schools Student Activities	1,208	17,043	14,603	3,648
Douglass Elementary Student Activities	11,054	22,361	26,179	7,236
Eldorado K-8 Student Activities	37,444	101,223	101,593	37,074
Fairview High Student Activities	421,152	1,398,103	1,481,847	337,408
Foothills Elementary Student Activities	11,923	103,676	96,682	18,917
Heatherwood Elementary Student Activities	2,038	1,312	498	2,852
Louisville Middle Student Activities	83,024	177,050	185,566	74,508
Manhattan Middle Student Activities	37,833	137,341	138,732	36,442
Mesa Elementary Student Activities	31,293	101,787	107,277	25,803
Monarch High Student Activities	227,584	1,053,943	981,013	300,514
Monarch K-8 Student Activities	49,969	139,957	146,593	43,333
Nederland Middle/Sr. Student Activities	41,388	199,639	196,039	44,988
Nevin Platt Middle Student Activities	40,115	246,158	232,713	53,560
New Vista High Student Activities	29,792	124,648	124,786	29,654
Southern Hills Middle Student Activities	27,149	102,620	90,846	38,923
Subtotal	1,880,183	7,324,749	7,247,809	1,957,123
Angevine Middle School	1,052	3,362	2,519	1,895
Arapahoe Ridge High School	2,376	5,210	3,273	4,313
Bear Creek Elementary School	1,991	18,767	19,950	808
Birch Elementary School	14,219	57,776	50,090	21,905
Boulder Community School of Integrated Studies	1,658	21,571	8,631	14,598
Boulder High School	173	22,229	30,539	(8,137)
Boulder TEC	41	600	600	41
Broomfield Heights Middle School	1,023	275	275	1,023
Broomfield High School	3,938	18,047	27,097	(5,112)
Casey Middle School	2,666	93,281	7,560	88,387
Centaurus High School	718	25,037	20,011	5,744
Centennial Middle School	1,588	4,645	3,785	2,448
Coal Creek Elementary School	2,248	13,714	14,722	1,240

See the accompanying Independent Auditors' Report.

	Balances 6/30/05	Additions	Deductions	Balances 6/30/06
Columbine Elementary School	7,468	17,314	17,911	6,871
Community Montessori School	(10,528)	78,991	95,147	(26,684)
Creekside at Martin Park Elementary School	30,194	35,010	36,376	28,828
Crest View Elementary School	5,041	22,246	22,370	4,917
Douglass Elementary School	16,291	50,894	60,207	6,978
Eisenhower Elementary School	14,793	91,823	77,628	28,988
Eldorado K-8 School	(3,508)	16,789	26,672	(13,391)
Emerald Elementary School	17,691	29,288	26,475	20,504
Fairview High School	(12,497)	153,121	167,923	(27,299)
Fireside Elementary School	13,332	27,022	27,226	13,128
Flatirons Elementary School	32,569	96,093	83,500	45,162
Foothill Elementary School	25,591	-	19,922	5,669
Gold Hill Elementary	643	2,738	1,690	1,691
Halcyon	57	20	-	77
Heatherwood Elementary School	23,374	45,837	62,370	6,841
High Peaks Elementary School	7,265	19,187	18,762	7,690
Jamestown Elementary	708	1,973	1,753	928
Kohl Elementary School	16,190	34,095	30,697	19,588
Lafayette Elementary School	26,546	64,580	235,726	(144,600)
Louisville Elementary School	14,061	17,793	17,607	14,247
Louisville Middle School	8,567	11,340	7,609	12,298
Manhattan Middle School for the Arts and Academics	(7,388)	14,843	6,824	631
Mesa Elementary School	(371)	40,860	37,747	2,742
Monarch High School	(4,077)	17,592	15,920	(2,405)
Monarch K-8 School	(627)	-	-	(627)
Nederland Elementary School	15,368	54,182	46,078	23,472
Nederland Middle/Senior High School	6,414	15,286	14,418	7,282
Nevin Platt Middle School	425	4,000	1,883	2,542
New Vista High School	20,360	11,300	11,576	20,084
Other Departments	932,539	460,833	495,613	897,759
Pioneer Elementary School	(3,024)	14,868	6,615	5,229
Ryan Elementary School	10,665	28,988	31,656	7,997
Sanchez Elementary School	42,883	38,097	29,311	51,669
Superior Elementary School	25,900	64,536	55,752	34,684
University Hill Elementary School	35,390	16,786	11,052	41,124
Whittier Elementary School	(109)	17,667	15,389	2,169
Subtotal	<u>1,341,887</u>	<u>1,900,506</u>	<u>2,006,457</u>	<u>1,235,936</u>
TOTALS	<u>\$ 3,222,070</u>	<u>\$ 9,225,255</u>	<u>\$ 9,254,266</u>	<u>\$ 3,193,059</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2006

	BOULDER PREP	HORIZONS	PEAK TO PEAK	SUMMIT	TOTAL COMPONENT UNITS
ASSETS					
Cash and Investments	\$ 37,563	\$ 520,987	\$ 3,557,414	\$ 494,695	\$ 4,610,659
Restricted Cash and Investments	-	-	2,708,275	-	2,708,275
Accounts Receivable	-	-	29,562	-	29,562
Inventories	-	-	13,500	-	13,500
Prepaid Expenses	7,374	-	28,760	-	36,134
Debt Issuance Costs, Net of Accumulated Amortization	-	-	642,455	-	642,455
Capital Assets, Not Being Depreciated	-	-	1,103,000	-	1,103,000
Capital Assets, Net of Accumulated Depreciation	9,905	-	12,698,892	43,628	12,752,425
TOTAL ASSETS	54,842	520,987	20,781,858	538,323	21,896,010
LIABILITIES					
Accounts Payable	-	-	2,357	-	2,357
Accrued Liabilities	-	1,790	46,572	4,082	52,444
Accrued Salaries and Benefits	-	194,927	276,743	107,559	579,229
Accrued Interest Payable	-	-	426,278	-	426,278
Deferred Revenues	-	21,865	19,971	22,196	64,032
Noncurrent Liabilities					
Due Within One Year	-	-	400,000	-	400,000
Due in More Than One Year	-	-	17,878,767	-	17,878,767
TOTAL LIABILITIES	-	218,582	19,050,688	133,837	19,403,107
NET ASSETS					
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service	9,905	-	(3,834,420)	43,628	(3,780,887)
Restricted for Emergencies	-	-	2,708,275	-	2,708,275
Unrestricted	16,225	49,942	249,950	53,138	369,255
	28,712	252,463	2,607,365	307,720	3,196,260
TOTAL NET ASSETS	\$ 54,842	\$ 302,405	\$ 1,731,170	\$ 404,486	\$ 2,492,903

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMBINING STATEMENT OF ACTIVITIES

COMPONENT UNITS

Year Ended June 30, 2006

	BOULDER PREP	HORIZONS	PEAK TO PEAK	SUMMIT	TOTAL COMPONENT UNITS
EXPENSES					
Instruction - Regular Programs	\$ 356,684	\$ 1,331,249	\$ 3,528,497	\$ 1,063,010	\$ 6,279,440
Instruction - Special Programs	99,868	372,944	1,291,145	323,586	2,087,543
Student Support Services	201,274	450,014	24,350	63,473	739,111
Instructional Staff Services	67,485	55,588	261,243	146,392	530,708
General Administration	39,809	28,872	188,941	29,838	287,460
School Administration	78,248	171,354	1,882,306	326,883	2,458,791
Business Services	31,725	29,889	122,466	29,496	213,576
Operations and Maintenance	95,696	221,108	671,266	245,331	1,233,401
Central Support Services	25,901	-	312,194	81,292	419,387
Other Support Services	1,192	75,995	773,682	-	850,869
Community Services	-	-	91,984	-	91,984
Principal and Interest	-	-	1,304,595	-	1,304,595
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	997,882	2,737,013	10,452,669	2,309,301	16,496,865
PROGRAM REVENUES					
Charges for Services	-	202,071	590,422	11,184	803,677
Operating Grants and Contributions	70,810	167,622	520,163	-	758,595
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL PROGRAM REVENUES	70,810	369,693	1,110,585	11,184	1,562,272
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET (EXPENSE) REVENUE	927,072	2,367,320	9,342,084	2,298,117	14,934,593
GENERAL REVENUES					
Per Pupil Revenues	645,666	1,909,952	7,498,301	1,882,914	11,936,833
Mill Levy Override	111,890	374,199	1,436,354	331,667	2,254,110
Capital Construction Funding	14,945	189	173,605	76	188,815
Investment Earnings	-	3,163	159,597	-	162,760
Other Revenues	124,395	247,227	716,789	109,523	1,197,934
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL GENERAL REVENUES	896,896	2,534,730	9,984,646	2,324,180	15,740,452
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(30,176)	167,410	642,562	26,063	805,859
NET ASSETS, Beginning	85,018	134,995	1,088,608	378,423	1,687,044
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS, Ending	\$ 54,842	\$ 302,405	\$ 1,731,170	\$ 404,486	\$ 2,492,903
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See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMBINING BALANCE SHEET
COMPONENT UNITS
June 30, 2006

	BOULDER PREP	HORIZONS	PEAK TO PEAK	SUMMIT	TOTAL COMPONENT UNITS
ASSETS					
Cash and Investments	\$ 37,563	\$ 520,987	\$ 3,557,414	\$ 494,695	\$ 4,610,659
Restricted Cash and Investments	-	-	2,708,275	-	2,708,275
Accounts Receivable	-	-	29,562	-	29,562
Inventories	-	-	13,500	-	13,500
Prepaid Items	7,374	-	28,760	-	36,134
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 44,937	\$ 520,987	\$ 6,337,511	\$ 494,695	\$ 7,398,130
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 2,357	\$ -	\$ 2,357
Accrued Liabilities	-	1,790	46,572	4,082	52,444
Accrued Salaries and Benefits	-	194,927	276,743	107,559	579,229
Deferred Revenues	-	21,865	19,971	22,196	64,032
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	-	218,582	345,643	133,837	698,062
FUND BALANCES					
Reserved for Inventories	-	-	13,500	-	13,500
Reserved for Prepaid Items	7,374	-	28,760	-	36,134
Reserved for Debt Service	-	-	2,708,275	-	2,708,275
Reserved for Emergencies	16,225	49,942	249,950	53,138	369,255
Unreserved	21,338	252,463	2,991,383	307,720	3,572,904
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	44,937	302,405	5,991,868	360,858	6,700,068
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 44,937	\$ 520,987	\$ 6,337,511	\$ 494,695	\$ 7,398,130

Amounts reported in the statement of net assets are difference because:

Fund Balances	\$ 44,937	\$ 302,405	\$ 5,991,868	\$ 360,858	\$ 6,700,068
Capital Assets	9,905	-	13,801,892	43,628	13,855,425
Long-Term Debt	-	-	(22,910,000)	-	(22,910,000)
Accrued Interest Payable	-	-	(426,278)	-	(426,278)
Debt Premium	-	-	(493,772)	-	(493,772)
Loss on Refunding	-	-	5,125,005	-	5,125,005
Debt Issuance Costs	-	-	642,455	-	642,455
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Net Assets	\$ 54,842	\$ 302,405	\$ 1,731,170	\$ 404,486	\$ 2,492,903

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
COMPONENT UNITS
Year Ended June 30, 2006**

	<u>BOULDER PREP</u>	<u>HORIZONS</u>	<u>PEAK TO PEAK</u>	<u>SUMMIT</u>	<u>TOTAL COMPONENT UNITS</u>
REVENUES					
Local Sources	\$ 915,431	\$ 2,864,234	\$ 10,910,099	\$ 2,335,224	\$ 17,024,988
State Sources	50,420	40,189	173,618	140	264,367
Federal Sources	1,855	-	11,514	-	13,369
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	967,706	2,904,423	11,095,231	2,335,364	17,302,724
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES					
Current					
Instruction - Regular Programs	351,732	1,331,249	3,528,497	1,063,010	6,274,488
Instruction - Special Programs	99,868	372,944	1,291,145	323,586	2,087,543
Student Support Services	201,274	450,014	24,350	63,473	739,111
Instructional Staff Services	67,485	55,588	261,243	146,392	530,708
General Administration	39,809	28,872	188,941	29,838	287,460
School Administration	78,248	171,354	1,882,306	320,651	2,452,559
Business Services	31,725	29,889	122,466	29,496	213,576
Operations and Maintenance	95,696	221,108	671,266	245,331	1,233,401
Central Support Services	25,901	-	312,194	81,292	419,387
Other Support Service	1,192	75,995	81,433	-	158,620
Community Services	-	-	91,984	-	91,984
Capital Outlay	-	-	164,747	-	164,747
Debt Service					
Principal	-	-	390,000	-	390,000
Interest and Fiscal Charges	-	-	1,142,593	-	1,142,593
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	992,930	2,737,013	10,153,165	2,303,069	16,186,177
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	(25,224)	167,410	942,066	32,295	1,116,547
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, Beginning	70,161	134,995	5,049,802	328,563	5,583,521
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, Ending	\$ 44,937	\$ 302,405	\$ 5,991,868	\$ 360,858	\$ 6,700,068

Amounts reported in the statement of activities are different because:

Net Change in Fund Balances	\$ (25,224)	\$ 167,410	\$ 942,066	\$ 32,295	\$ 1,116,547
Capital Outlay	-	-	35,058	-	35,058
Depreciation Expense	(4,952)	-	(539,478)	(6,232)	(550,662)
Repayment of Debt Principal	-	-	390,000	-	390,000
Accrued Interest	-	-	4,388	-	4,388
Amortization of Debt Premium	-	-	17,741	-	17,741
Amortization of Loss on Refunding	-	-	(184,131)	-	(184,131)
Amortization of Debt Issuance Costs	-	-	(23,082)	-	(23,082)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ (30,176)	\$ 167,410	\$ 642,562	\$ 26,063	\$ 805,859

See the accompanying Independent Auditors' Report.

STATISTICAL SECTION



STATISTICAL SECTION

Statistical Section

This section of the Boulder Valley School District RE-2's Comprehensive Annual Financial Report presents detailed data as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

Contents	Tables	Pages
<p><u>Financial Trends</u> These tables contain trend information to help the reader understand how the District's financial condition has changed over time.</p>	1-4	50-53
<p><u>Revenue Capacity</u> These tables contain information to help the reader assess the District's largest revenue source, property taxes.</p>	5-7	54-56
<p><u>Debt Capacity</u> These tables present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	8-9	57-58
<p><u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	10-14	59-63
<p><u>Operating Information</u> These tables contain service data to help the reader understand how the information in the financial report relates to the services the District provides and the activities it performs.</p>	15-16	64-69

BOULDER VALLEY SCHOOL DISTRICT RE-2
Net Assets by Component
Last 5 Fiscal Years (1)

Table 1

(Unaudited)

	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>
Governmental Activities					
Invested in capital assets net of related debt	\$ 44,667,102	\$ 46,192,989	\$ 47,637,046	\$ 49,692,959	\$ 51,647,224
Restricted	19,165,987	24,918,797	25,332,313	23,690,482	24,912,968
Unrestricted	255,061	66,032	8,886,135	14,408,303	18,100,286
Total Governmental Activities	64,088,150	71,177,818	81,855,494	87,791,744	94,660,478
Business-type Activities					
Invested in capital assets net of related debt	491,286	335,512	295,298	249,763	241,459
Restricted	151,437	155,041	154,940	160,179	156,368
Unrestricted	442,559	440,902	667,738	643,460	483,950
Total Business-type Activities	1,085,282	931,455	1,117,976	1,053,402	881,777
Primary Government					
Invested in capital assets net of related debt	45,158,388	46,528,501	47,932,344	49,942,722	51,888,683
Restricted	19,317,424	25,073,838	25,487,253	23,850,661	25,069,336
Unrestricted	697,620	506,934	9,553,873	15,051,763	18,584,236
Total Primary Government	\$ 65,173,432	\$ 72,109,273	\$ 82,973,470	\$ 88,845,146	\$ 95,542,255

Note: (1) Years after the implementation of GASB 34

BOULDER VALLEY SCHOOL DISTRICT RE-2
Changes in Net Assets
Last 5 Fiscal Years (1)

Table 2

	(Unaudited)				
	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>
Primary Government Expenses					
Governmental Activities					
Instruction	128,103,261	138,634,470	152,350,470	156,019,891	159,937,412
Supporting Services	64,674,994	64,857,565	67,708,814	70,880,775	76,041,071
Unallocated Depreciation	7,571,955	7,350,240	-	-	-
Interest Expense	8,551,499	7,717,201	7,251,857	7,041,788	6,732,020
Total Governmental Activities	<u>208,901,709</u>	<u>218,559,476</u>	<u>227,311,141</u>	<u>233,942,454</u>	<u>242,710,503</u>
Business-type Activities					
Food Services	5,123,170	5,052,501	4,951,365	4,968,538	5,211,811
Total Business-type Activities	<u>5,123,170</u>	<u>5,052,501</u>	<u>4,951,365</u>	<u>4,968,538</u>	<u>5,211,811</u>
Total Primary Government Expenses	214,024,879	223,611,977	232,262,506	238,910,992	247,922,314
Program Revenues					
Governmental Activities					
Charges for Services	4,515,968	4,804,335	4,633,203	5,049,089	9,226,204
Operating Grants and Contributions	17,238,877	16,163,107	17,157,713	19,381,843	19,442,789
Total Governmental Activities	<u>21,754,845</u>	<u>20,967,442</u>	<u>21,790,916</u>	<u>24,430,932</u>	<u>28,668,993</u>
Business-type Activities					
Charges for Services	3,666,920	3,473,272	3,592,297	3,370,264	3,371,042
Operating Grants and Contributions	1,380,737	1,425,402	1,545,589	1,533,700	1,669,144
Total Business-type Activities	<u>5,047,657</u>	<u>4,898,674</u>	<u>5,137,886</u>	<u>4,903,964</u>	<u>5,040,186</u>
Total Primary Government Program Revenues	26,802,502	25,866,116	26,928,802	29,334,896	33,709,179
Net (Expense) Revenue					
Governmental Activities	(187,146,864)	(197,592,034)	(205,520,225)	(209,511,522)	(214,041,510)
Business-type Activities	<u>(75,513)</u>	<u>(153,827)</u>	<u>186,521</u>	<u>(64,574)</u>	<u>(171,625)</u>
Total Primary Government Net (Expense)	(187,222,377)	(197,745,861)	(205,333,704)	(209,576,096)	(214,213,135)
General Revenues					
Governmental Activities					
Property Taxes	132,987,761	146,454,502	152,701,086	148,506,345	154,646,048
Specific Ownership Taxes	12,221,725	11,605,270	11,551,266	11,254,363	10,887,850
State Equalization	35,352,777	42,286,795	45,499,801	49,628,580	51,919,871
Unrestricted Grant Revenue	-	1,635,693	-	-	-
Investment Earnings	1,012,088	487,225	230,215	555,174	1,192,940
Other Revenues	2,148,195	2,212,217	6,215,533	5,503,310	2,263,535
Total General Revenues	<u>183,722,546</u>	<u>204,681,702</u>	<u>216,197,901</u>	<u>215,447,772</u>	<u>220,910,244</u>
Change in Net Assets	(3,499,831)	6,935,841	10,864,197	5,871,676	6,697,109
Net Assets, July 1	<u>68,673,263</u>	<u>65,173,432</u>	<u>72,109,273</u>	<u>82,973,470</u>	<u>88,845,146</u>
Net Assets, June 30	<u>\$ 65,173,432</u>	<u>\$ 72,109,273</u>	<u>\$ 82,973,470</u>	<u>\$ 88,845,146</u>	<u>\$ 95,542,255</u>

Note: (1) Years after the implementation of GASB 34

BOULDER VALLEY SCHOOL DISTRICT RE-2
Fund Balances, Governmental Funds
Last 10 Fiscal Years

(Unaudited)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund					
Reserved	\$ 4,294,871	\$ 4,421,295	\$ 4,935,923	\$ 5,322,111	\$ 704,703
Unreserved	<u>(6,687,657)</u>	<u>(6,400,627)</u>	<u>2,704,146</u>	<u>524,622</u>	<u>3,980,357</u>
Sub total	<u>(2,392,786)</u>	<u>(1,979,332)</u>	<u>7,640,069</u>	<u>5,846,733</u>	<u>4,685,060</u>
Other Governmental Funds					
Reserved	33,622,614	12,955,631	68,097,352	29,421,887	5,380,672
Unreserved, reported in					
Debt Service Fund	12,601,563	13,211,548	14,467,115	14,172,985	14,952,229
Capital Projects Fund	1,803,473	2,533,415	2,635,732	2,360,889	2,990,232
Special Revenue Fund	<u>290,064</u>	<u>50,838</u>	<u>57,322</u>	<u>5,285</u>	<u>52,367</u>
Sub total	<u>48,317,714</u>	<u>28,751,432</u>	<u>85,257,521</u>	<u>45,961,046</u>	<u>23,375,500</u>
Total Governmental Funds	<u>\$ 45,924,928</u>	<u>\$ 26,772,100</u>	<u>\$ 92,897,590</u>	<u>\$ 51,807,779</u>	<u>\$ 28,060,560</u>

Source: Boulder Valley School District RE-2

Table 3

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 482,630	\$ 5,836,698	\$ 6,088,567	\$ 6,452,971	\$ 6,416,452
<u>(586,897)</u>	<u>273,456</u>	<u>8,310,252</u>	<u>12,555,719</u>	<u>17,132,787</u>
(104,267)	6,110,154	14,398,819	19,008,690	23,549,239
191,684	170,609	286,639	209,028	501,254
14,973,430	15,131,986	17,075,783	15,577,400	15,912,470
4,000,873	4,001,547	2,141,390	1,575,024	143,238
-	-	-	-	2,310,761
<u>19,165,987</u>	<u>19,304,142</u>	<u>19,503,812</u>	<u>17,361,452</u>	<u>18,867,723</u>
<u>\$ 19,061,720</u>	<u>\$ 25,414,296</u>	<u>\$ 33,902,631</u>	<u>\$ 36,370,142</u>	<u>\$ 42,416,962</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2
Changes in Fund Balances-Governmental Funds
Last 10 Fiscal Years

(Unaudited)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Primary Government Revenues					
Local sources					
Current Property taxes	\$ 99,240,366	\$ 103,737,541	\$ 119,431,628	\$ 122,447,267	\$ 125,932,588
Specific ownership taxes	8,187,509	8,839,059	9,961,118	11,324,836	11,936,063
Delinquent property taxes	117,529	221,044	102,255	296,456	847,037
Grants	378,858	35,833	210,153	293,698	193,593
Tuition	2,499,455	3,490,031	3,582,710	3,352,704	3,275,045
Interest	4,264,770	3,897,873	2,675,461	3,897,555	2,462,192
Miscellaneous	2,312,775	1,198,548	3,834,003	2,903,105	2,296,818
Sub total local sources	<u>117,001,262</u>	<u>121,419,929</u>	<u>139,797,328</u>	<u>144,515,621</u>	<u>146,943,336</u>
State sources					
Equalization	23,664,149	24,506,373	27,821,878	29,110,241	31,174,893
Special education	2,771,485	2,939,892	2,956,640	3,005,528	3,076,734
Transportation	1,562,182	1,448,265	1,353,305	1,534,018	1,605,018
Vocational education	782,306	927,638	697,546	729,487	997,821
Grants	349,667	155,033	132,833	186,802	356,145
Medicaid	-	-	-	-	-
Miscellaneous	251,213	330,697	340,482	149,359	127,057
Sub total state sources	<u>29,381,002</u>	<u>30,307,898</u>	<u>33,302,684</u>	<u>34,715,435</u>	<u>37,337,668</u>
Federal Sources					
Grants	3,584,807	4,574,645	4,300,278	5,540,810	6,210,931
Miscellaneous	-	6,075	17,086	-	-
Sub total federal sources	<u>3,584,807</u>	<u>4,580,720</u>	<u>4,317,364</u>	<u>5,540,810</u>	<u>6,210,931</u>
Total revenues	<u>149,967,071</u>	<u>156,308,547</u>	<u>177,417,376</u>	<u>184,771,866</u>	<u>190,491,935</u>
Expenses					
Governmental Activities					
Regular Instruction	67,105,862	68,701,845	72,059,525	78,960,052	80,856,556
Special Instruction	17,685,385	22,355,449	26,111,880	28,343,878	30,563,735
Instructional Support			-		
Student Services	4,419,936	3,496,064	3,930,627	4,643,640	5,031,435
Instructional Staff Support	4,366,712	4,449,319	5,197,693	7,311,116	7,528,597
School Administration and Operations			-		
School Administration	9,931,867	9,716,871	11,449,223	13,312,533	13,505,416
Operations and Maintenance	11,609,303	10,715,296	11,474,154	12,633,683	14,358,773
Student Transportation	4,194,773	4,325,552	4,619,472	5,394,059	5,531,612
District Wide/Community Services			-		
General Administration	1,416,781	1,859,501	1,933,175	1,814,839	2,445,908
Business Services	2,428,544	1,422,046	1,476,452	1,613,363	1,856,336
Central Services	2,779,635	3,226,278	3,546,228	4,129,184	4,051,061
Enterprise Operations	-	114,840	58,564	31,897	34,677
Community Services	2,753,712	3,067,927	2,456,675	2,337,352	2,485,765
Adult Basic Education	104,771	64,997	35,267	49,644	32,242
Debt Services - Payments on Debt	12,590,668	12,561,027	14,729,983	16,016,637	15,190,567
Capital outlay	41,071,324	27,674,914	14,301,645	48,199,794	29,448,348
Total Expenditures	<u>182,459,273</u>	<u>173,751,926</u>	<u>173,380,563</u>	<u>224,791,671</u>	<u>212,921,028</u>
Other financing sources (uses)	<u>34,291</u>	<u>(304,195)</u>	<u>64,040,039</u>	<u>602,963</u>	<u>87,428</u>
Net change in fund balances	(33,868,811)	(19,152,828)	66,125,490	(41,089,811)	(23,974,663)
Fund Balance, Beginning	78,330,016	45,924,928	26,772,100	92,897,590	51,807,779
Prior Period Adjustment	<u>1,463,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 45,924,928</u>	<u>\$ 26,772,100</u>	<u>\$ 92,897,590</u>	<u>\$ 51,807,779</u>	<u>\$ 27,833,116</u>

Table 4

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	131,277,327	\$ 145,992,818	\$ 151,789,396	\$ 146,875,553	\$ 155,286,194
	12,221,725	11,605,270	11,588,140	11,254,363	10,887,850
	940,528	420,203	336,249	154,876	197,766
	637,603	609,678	891,361	625,824	379,077
	4,893,573	5,310,851	5,416,755	4,178,361	5,856,936
	1,000,511	444,693	826,866	314,937	1,192,940
	1,770,591	1,519,558	4,639,448	6,369,584	5,632,801
	<u>152,741,858</u>	<u>165,903,071</u>	<u>175,488,215</u>	<u>169,773,498</u>	<u>179,433,564</u>
	35,352,777	42,286,795	45,510,703	49,628,580	51,919,871
	3,253,442	3,458,753	3,562,820	3,580,231	4,382,998
	1,641,720	1,740,381	1,666,126	1,817,823	1,812,163
	1,093,446	836,724	740,919	863,334	745,959
	1,905,909	1,911,065	1,283,960	1,708,940	699,254
	-	211,016	195,883	181,471	205,233
	861,089	322,123	298,318	299,121	342,855
	<u>44,108,383</u>	<u>50,766,857</u>	<u>53,258,729</u>	<u>58,079,500</u>	<u>60,108,333</u>
	7,845,668	8,920,076	8,703,306	10,486,570	10,875,250
	-	-	-	-	-
	<u>7,845,668</u>	<u>8,920,076</u>	<u>8,703,306</u>	<u>10,486,570</u>	<u>10,875,250</u>
	<u>204,695,909</u>	<u>225,590,004</u>	<u>237,450,250</u>	<u>238,339,568</u>	<u>250,417,147</u>
	91,734,901	99,197,958	101,172,110	103,615,622	106,537,319
	36,374,276	39,416,453	41,407,709	43,141,666	42,475,585
	4,701,396	5,170,891	5,332,767	5,332,346	5,737,529
	7,616,595	7,910,443	7,340,550	7,943,077	9,200,010
	12,909,374	11,116,837	14,119,765	14,292,469	14,968,318
	13,788,472	14,307,963	15,338,688	15,759,700	16,890,272
	6,050,831	6,262,799	6,611,788	6,887,504	7,439,219
	2,701,597	2,756,668	2,607,570	2,715,598	2,832,062
	1,764,119	1,923,562	1,934,280	2,694,665	2,016,893
	7,479,615	7,851,084	8,495,520	9,338,785	10,813,212
	3,509,275	3,688,237	4,061,211	107,008	-
	38,758	40,793	41,195	4,042,492	4,373,239
	15,227,481	14,631,948	14,541,483	179,308	92,263
	9,786,473	4,961,792	7,713,867	14,296,265	14,296,497
	<u>213,683,163</u>	<u>219,237,428</u>	<u>230,718,503</u>	<u>5,525,552</u>	<u>7,171,042</u>
	<u>215,858</u>	<u>-</u>	<u>1,756,588</u>	<u>-</u>	<u>473,133</u>
	(8,771,396)	6,352,576	8,488,335	2,467,511	6,046,820
	27,833,116	19,061,720	25,414,296	33,902,631	36,370,142
	-	-	-	-	-
\$	<u>19,061,720</u>	<u>25,414,296</u>	<u>33,902,631</u>	<u>36,370,142</u>	<u>42,416,962</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2
Assessed Value and Estimated Actual Value of Taxable Property
Last 10 Fiscal Years

(Unaudited)

Fiscal Year	Taxable Assessed Value			Total	Estimated Actual Value
	Residential Property	Commercial Property	All Other		
1996	1,170,755,697	846,175,564	181,137,419	2,198,068,680	14,847,596,357
1997	1,216,914,610	937,699,680	188,553,490	2,343,167,780	16,388,753,557
1998	1,263,315,530	1,003,816,211	176,126,430	2,443,258,171	16,807,482,051
1999	1,437,867,352	1,180,454,562	245,450,462	2,863,772,376	19,668,035,517
2000	1,483,630,811	1,291,614,707	262,615,286	3,037,860,804	20,601,038,329
2001	1,864,943,092	1,550,515,234	357,373,542	3,772,831,868	27,110,806,850
2002	1,894,344,086	1,594,437,769	355,916,948	3,844,698,803	27,573,225,209
2003	1,952,680,540	1,667,504,239	352,499,975	3,972,684,754	31,624,551,624
2004	1,974,598,660	1,681,144,196	319,779,595	3,975,522,451	31,834,021,863
2005	2,064,990,490	1,766,828,760	322,566,613	4,154,385,863	33,273,880,826

Source: Boulder County, Broomfield County, and Gilpin County Assessor's Office

Table 5

Ratio of Estimated Actual Value to Assessed Value	Assessment Rate	
	Residential	All Other
6.7548	9.71%	29.00%
6.9943	9.74%	29.00%
6.8791	9.74%	29.00%
6.8679	9.74%	29.00%
6.7814	9.15%	29.00%
7.1858	9.15%	29.00%
7.1718	9.15%	29.00%
7.9605	7.96%	29.00%
8.0075	7.96%	29.00%
8.0093	7.96%	29.00%

**BOULDER VALLEY SCHOOL DISTRICT RE-2
Property Tax Levies and Collections
Last 10 Fiscal Years**

Table 6

(Unaudited)

<u>Levy Year</u>	<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Collections Amount</u>	<u>Percent of Levy</u>
2005	1997	101,016,769	100,124,058	99.12%	171,986	100,296,044	99.29%
1997	1998	104,343,774	103,476,460	99.17%	194,817	103,671,277	99.36%
1998	1999	120,618,953	119,967,464	99.46%	93,653	120,061,117	99.54%
1999	2000	123,278,175	123,084,709	99.84%	142,920	123,227,629	99.96%
2000	2001	127,106,029	126,382,188	99.43%	356,068	126,738,256	99.71%
2001	2002	131,684,926	130,756,272	99.29%	71,953	130,828,225	99.35%
2002	2003	148,091,114	147,139,163	99.36%	387,790	147,526,953	99.62%
2003	2004	152,358,541	151,722,942	99.58%	336,249	152,059,191	99.80%
2004	2005	149,047,366	147,225,944	98.78%	139,537	147,365,481	98.87%
2005	2006*	156,558,031	154,164,623	98.47%	180,929	154,345,552	98.59%

* Collections through July 31, 2006

Source: Boulder County, Broomfield County, and Gilpin County Assessor's Office

BOULDER VALLEY SCHOOL DISTRICT RE-2
Property Tax Rates - Direct and Overlapping Governments
Last 10 Fiscal Years

(Unaudited)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Boulder Valley School District RE-2				
General Fund				
School Finance Act	37.109	36.750	36.750	32.424
Budget Election	3.267	3.069	7.374	6.304
Abatements and Refunds	0.061	0.706	0.232	0.250
Subtotal General Fund	40.437	40.525	44.356	38.978
Transportation Fund	-	-	-	-
Bond Redemption Fund	6.306	4.819	6.000	5.022
	46.743	45.344	50.356	44.000
Total Boulder Valley School District RE-2	46.743	45.344	50.356	44.000
Boulder County	21.447	21.243	21.762	19.682
Cities and Towns				
Boulder	9.666	11.428	11.438	10.502
Broomfield	13.894	13.894	13.894	13.894
Lafayette	13.009	13.817	13.034	11.352
Louisville	5.246	5.246	5.184	4.643
Jamestown	12.621	13.390	12.320	13.289
Nederland	14.440	15.486	16.210	14.982
Superior	2.737	2.727	2.727	2.279
Ward	5.416	4.807	5.481	4.232
	77.029	80.795	80.288	75.173
Special Districts (Ranges)	.696 to 27.240	.668 to 24.270	.676 to 30.000	.583 to 41.000
Fire Districts (Ranges)	2.300 to 14.007	1.776 to 13.367	1.776 to 13.431	1.776 to 12.147
Water/Sanitation Districts (Ranges)	3.680 to 11.480	.351 to 18.136	.357 to 18.350	.328 to 18.050

Note: Overlapping rates are those of governments that apply to property owners within the Boulder Valley School District RE-2 boundaries. Not all overlapping rates apply to all District property owners (e. g. the rates for Special Districts apply only to the District's property owners whose property is located within the geographic boundaries of the Special District.

Source: Boulder County, Broomfield County and Gilpin County Assessor's Office

Table 7

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
31.972	26.412	26.412	26.049	26.049	25.023
5.960	4.669	8.469	8.201	8.193	7.862
0.259	0.193	0.125	0.128	0.176	0.461
38.191	31.274	35.006	34.378	34.418	33.346
-	-	-	-	-	1.065
4.699	3.533	3.518	3.877	3.005	3.274
42.890	34.807	38.524	38.255	37.423	37.685
19.835	17.621	20.087	20.088	21.267	21.867
10.908	9.301	9.640	9.860	10.005	9.643
13.894	28.986	28.986	28.986	28.986	28.968
11.860	11.130	10.994	10.832	10.710	11.848
4.767	5.292	5.184	6.710	6.710	6.710
13.289	12.343	14.843	14.680	21.400	21.400
15.546	15.408	15.455	14.462	14.765	14.572
2.144	1.836	1.906	8.805	8.805	8.805
4.230	3.662	3.474	2.616	2.709	2.300
76.638	87.958	90.482	96.951	104.090	104.246
.594 to 41.000	.521 to 43.000	.531 to 98.746	.533 to 84.319	.538 to 89.500	.538 to 99.000
1.776 to 12.432	1.090 to 11.023	2.500 to 11.715	2.500 to 11.434	2.500 to 11.433	2.500 to 11.325
.303 to 19.364	.258 to 16.462	.245 to 16.795	.243 to 17.365	.230 to 17.957	.222 to 18.141

BOULDER VALLEY SCHOOL DISTRICT RE-2
Ratios of Outstanding Debt by Type
Last 10 Fiscal Years

Table 8

(Unaudited)

Fiscal Year	Governmental Activities				Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Participation	Capital Leases	Total Primary Government		
1997	\$ 119,515,000	\$ 10,215,000	\$ 53,964	\$ 129,783,964	1.63%	\$ 516
1998	119,015,000	9,425,000	646,640	129,086,640	1.62%	513
1999	176,270,000	8,695,000	531,919	185,496,919	2.32%	737
2000	170,405,000	7,925,000	404,185	178,734,185	2.24%	710
2001	165,070,000	7,115,000	271,922	172,456,922	2.16%	685
2002	159,500,000	6,255,000	139,784	165,894,784	2.08%	659
2003	153,515,000	5,350,000	-	158,865,000	1.99%	631
2004	147,065,000	6,790,000	-	153,855,000	1.93%	611
2005	140,310,000	6,300,000	-	146,610,000	1.84%	583
2006	133,250,000	5,805,000	-	139,055,000	1.74%	553

* Personal Income and Population data may be found on Table 10

Source: Boulder Valley School District RE-2

BOULDER VALLEY SCHOOL DISTRICT RE-2
Legal Debt Margin Information
Last 10 Fiscal Years

(Unaudited)

Assessed Valuation
 Debt Limit Percentage
 Legal Debt Limit
 Debt Outstanding
 Legal Debt Margin

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Debt Limit	\$ 432,222,018	\$ 460,231,888	\$ 479,064,870	\$ 560,776,710
Debt Applicable To Limit	<u>119,515,000</u>	<u>119,015,000</u>	<u>176,270,000</u>	<u>170,405,000</u>
Legal Debt Margin	\$ <u>312,707,018</u>	\$ <u>341,216,888</u>	\$ <u>302,794,870</u>	\$ <u>390,371,710</u>
Total Debt Applicable As A Percentage Of Debt Limit	27.65%	25.86%	36.79%	30.39%

Table 9

\$ 4,154,385,863
20.00%
 830,877,173
133,250,000
 \$ 697,627,173

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 592,707,062	\$ 756,657,718	\$ 771,327,974	\$ 796,541,845	\$ 796,554,878	\$ 830,877,173
<u>165,070,000</u>	<u>159,500,000</u>	<u>153,515,000</u>	<u>147,065,000</u>	<u>140,310,000</u>	<u>133,250,000</u>
\$ <u><u>427,637,062</u></u>	\$ <u><u>597,157,718</u></u>	\$ <u><u>617,812,974</u></u>	\$ <u><u>649,476,845</u></u>	\$ <u><u>656,244,878</u></u>	\$ <u><u>697,627,173</u></u>
27.85%	21.08%	19.90%	18.46%	17.61%	16.04%

**BOULDER VALLEY SCHOOL DISTRICT RE-2
Demographic and Economic Statistics
Last 10 Fiscal Years**

Table 10

(Unaudited)

Fiscal Year	*Estimated Population(1)	*Personal Income(1) (millions)	*Per Capita Personal Income(1)	**Enrollment (Student FTE)	*Unemployment Rate(1)
1997	251,609	7,979	31,711	24,582.0	2.961%
1998	257,901	8,734	33,866	25,073.5	3.106%
1999	264,927	9,610	36,269	25,732.5	2.812%
2000	271,815	11,062	40,695	25,942.5	2.345%
2001	276,711	11,312	40,883	26,311.5	3.495%
2002	278,048	11,230	40,390	26,703.0	5.885%
2003	277,813	11,399	41,034	26,629.5	5.809%
2004	279,227	11,994	42,955	26,643.5	4.924%
2005	281,195	12,765	45,394	26,789.5	4.402%
2006	283,644	13,550	47,770	26,739.5	4.009%

Source: * Global Insight Inc.
** Boulder Valley School District RE-2

Note: (1) Amounts are for the Boulder, CO Metropolitan Statistical Area

**BOULDER VALLEY SCHOOL DISTRICT RE-2
Computation of Direct and Overlapping Debt
June 30, 2006**

Table 11

(Unaudited)

	<u>Outstanding General Obligation Debt</u>	<u>Percentage Applicable to the District</u>	<u>Amount of Outstanding Debt Applicable to the District</u>
Direct Debt (1)			
Boulder Valley School District RE-2	\$ 133,250,000	100.00%	\$ 133,250,000
Overlapping Debt (2)			
City of Louisville	12,790,000	100.00%	12,790,000
City of Lafayette	13,930,000	100.00%	13,930,000
City and County of Broomfield	3,130,000	15.00%	469,500
Boulder Central Area General Improvement District	24,955,000	100.00%	24,955,000
Colorado Tech Center Metropolitan District	10,390,000	100.00%	10,390,000
Lafayette City Center Improvement District	2,040,000	100.00%	2,040,000
Lafayette Corporate Campus	2,660,000	100.00%	2,660,000
Lafayette Tech Center Improvement District	700,000	100.00%	700,000
Mountain View Fire Protection District	520,000	10.00%	52,000
Nederland Fire Protection District	1,490,000	100.00%	1,490,000
Pine Brook Water District	5,260,000	100.00%	5,260,000
Superior/McCaslin Interchange District	5,200,000	100.00%	5,200,000
Superior Metropolitan District #1	33,315,000	100.00%	33,315,000
Superior Metropolitan District #2	6,740,000	100.00%	6,740,000
Superior Metropolitan District #3	3,215,000	100.00%	3,215,000
Town of Nederland	2,030,687	100.00%	2,030,687

(1) Balance as of June 30, 2006

(2) Balances as of December 31, 2005

Source: Boulder Valley School District RE-2 and individual entities

**BOULDER VALLEY SCHOOL DISTRICT RE-2
Principal Property Taxpayers
January 1, 2006 and 9 Years Ago**

Table 12

(Unaudited)

Taxpayer	2006			1997		
	Rank	Assessed Valuation	Percentage of Total Assessed Valuation	Rank	Assessed Valuation	Percentage of Total Assessed Valuation
Xcel Energy	1	\$ 64,779,350	1.56%			
Flatirons Holding LLC	2	45,037,420	1.08%			
Roche Colorado Corporation	3	31,664,380	0.76%			
Level 3 Communications	4	31,253,737	0.75%			
IBM Corp.	5	29,541,870	0.71%	3	\$ 35,764,980	1.68%
Qwest Communications	6	27,575,700	0.66%			
Sun Microsystems Inc.	7	16,981,740	0.41%			
DDR Flatirons LLC	8	14,214,820	0.34%			
Storage Technology Corp.	9	13,289,280	0.32%	1	40,016,090	1.88%
Flatirons Property Holding LLC	10	13,192,940	0.32%			
Public Service Company of Colorado				2	39,331,350	1.85%
U.S. West Communications				4	28,851,400	1.36%
Macerich Partnership				5	16,850,610	0.79%
Ball Corp.				6	11,269,580	0.53%
Syntex Chemical Inc.				7	10,442,760	0.49%
Valleylab Inc.				8	8,936,110	0.42%
Connecticut National				9	8,246,900	0.39%
STC Real Estate Co.				10	8,017,060	0.38%
Sub-total		<u>26,482,220</u>	<u>0.64%</u>		<u>171,961,860</u>	<u>8.09%</u>
Remaining Assessed Valuation		<u>4,127,903,643</u>	<u>99.36%</u>		<u>1,953,383,250</u>	<u>91.91%</u>
Total Assessed Valuation		<u><u>\$ 4,154,385,863</u></u>	<u><u>100.00%</u></u>		<u><u>\$ 2,125,345,110</u></u>	<u><u>100.00%</u></u>

**BOULDER VALLEY SCHOOL DISTRICT RE-2
District Employees-Full Time Equivalents
Last 6 Fiscal Years***

Table 13

(Unaudited)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Administrators						
Superintendent	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Superintendent	6.00	8.00	7.00	7.70	6.80	5.00
Non-Instructional Director	16.70	18.30	17.60	18.70	18.20	21.40
Instructional Director	11.30	11.00	11.40	10.00	9.00	13.90
Principal	46.40	51.80	55.20	49.40	49.60	53.60
Assistant Principal	32.40	33.70	35.60	35.90	37.60	35.60
Instructional Program Coord.	0.00	0.00	0.00	6.80	1.00	2.40
Sub-total	<u>113.80</u>	<u>123.80</u>	<u>127.80</u>	<u>129.50</u>	<u>123.20</u>	<u>132.90</u>
Professional-Instructional						
Teacher, Regular	1,367.50	1,472.20	1,482.10	1,420.50	1,465.40	1,460.20
Teacher, Special Education	201.10	211.10	204.40	189.40	199.40	199.00
Teacher, Title I	20.90	22.10	25.70	19.50	11.80	15.40
Counselor	49.60	46.10	54.20	54.80	55.40	56.40
Curriculum Specialist Consultant	6.40	8.60	7.80	8.00	6.50	7.80
Dean	1.00	0.00	1.30	2.10	1.60	3.40
Instructional Program Consultant	0.00	0.00	0.00	8.70	1.00	0.80
Librarian/Media Consultant	38.60	36.00	38.10	39.30	40.10	41.70
Teacher Mentor	41.10	32.20	30.70	36.40	40.60	45.70
Audiologist	2.00	2.00	2.60	2.00	2.00	2.00
Registered Nurse	10.20	9.40	11.00	10.90	13.50	13.40
Occupational Therapist	12.40	12.10	13.50	14.90	14.60	14.10
Physical Therapist	1.40	1.80	1.80	1.80	1.80	1.90
Psychologist	18.80	17.90	20.60	20.70	21.10	23.30
Social Worker	18.70	17.70	20.30	20.60	22.00	22.30
Speech-Language Pathologist	28.60	31.50	32.70	31.70	34.00	34.90
Sub-total	<u>1,818.30</u>	<u>1,920.70</u>	<u>1,946.80</u>	<u>1,881.30</u>	<u>1,930.80</u>	<u>1,942.30</u>
Professional-Other	66.80	94.20	85.30	97.80	87.60	107.10
Paraprofessionals	533.70	522.50	542.80	666.90	666.40	674.60
Office/Administrative Support	274.20	289.20	297.90	261.30	261.80	265.10
Crafts, Trades, and Services						
Bus Driver	128.80	123.00	128.50	133.50	163.20	152.10
Food Service Worker	63.80	79.90	72.00	48.60	55.70	44.60
Custodian	147.90	159.20	165.60	152.70	152.60	155.70
Maintenance Workers	128.00	107.80	109.40	136.20	131.30	125.60
Sub-total	<u>468.50</u>	<u>469.90</u>	<u>475.50</u>	<u>471.00</u>	<u>502.80</u>	<u>478.00</u>
Total	<u><u>3,275.30</u></u>	<u><u>3,420.30</u></u>	<u><u>3,476.10</u></u>	<u><u>3,507.80</u></u>	<u><u>3,572.60</u></u>	<u><u>3,600.00</u></u>

* Amounts prior to 2001 are not available

SOURCE: Boulder Valley School District RE-2

**BOULDER VALLEY SCHOOL DISTRICT RE-2
Principal Employers
January 1, 2006 and 9 Years Ago**

Table 14

(Unaudited)

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Rank</u>	<u>Number of Employees</u>	<u>Percentage of Total County Employment</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Percentage of Total County Employment</u>
University of Colorado Boulder Campus	1	7,500	4.61%	1	5,657	3.66%
Sun Microsystems, Inc.	2	4,700	2.89%			0.00%
IBM Corp.	3	4,200	2.58%	4	2,900	1.87%
Boulder Valley School District RE-2	4	4,200	2.58%	3	3,062	1.98%
Level 3 Communications, Inc.	5	2,000	1.23%			0.00%
Ball Corp.	6	3,100	1.90%	7	1,500	0.97%
Walmart	7	1,340	0.82%			
Seagate Technology	8	1,300	0.80%			0.00%
Safeway	9	1,245	0.76%			
Valleylab Inc.	10	1,100	0.68%	10	900	0.58%
Storage Technology Corp.			0.00%	2	3,400	2.20%
Neodata Services			0.00%	5	2,700	1.74%
Boulder Community Hospital			0.00%	6	1,600	1.03%
Boulder County			0.00%	8	1,200	0.78%
City of Boulder			0.00%	9	1,120	0.72%
Sub Total		30,685	18.85%		24,039	15.53%
Other Employers		132,117	81.15%		130,702	84.47%
Total		<u>162,802</u>	<u>100.00%</u>		<u>154,741</u>	<u>100.00%</u>

Source: Boulder County Business Report and Individual Entities

BOULDER VALLEY SCHOOL DISTRICT RE-2
School Building Information
Last 10 Fiscal Years

(Unaudited)

<u>School</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<u>Elementary Schools</u>					
Aurora 7 (Year)					
Square Feet	50,435	50,435	50,435	50,435	0
Capacity	na	na	na	448	0
Enrollment	275	238	270	347	0
Bear Creek (Year)					
Square Feet	39,549	39,549	39,549	39,549	39,549
Capacity	na	na	na	403	405
Enrollment	324	349	347	341	362
Birch (Year)					
Square Feet	42,694	42,694	42,694	42,694	44,714
Capacity	na	na	na	531	531
Enrollment	474	474	452	450	431
BCSIS (Year)					
Square Feet	0	0	4,791	5,816	25,922
Capacity	0	0	na	133	190
Enrollment	0	0	112	128	160
Coal Creek (Year)					
Square Feet	53,916	53,916	53,916	53,916	53,916
Capacity	na	na	na	586	559
Enrollment	593	561	541	561	553
Columbine (Year)					
Square Feet	48,078	48,078	48,078	48,078	48,078
Capacity	na	na	na	397	395
Enrollment	384	373	374	348	351
Community Montessori (Year)					
Square Feet	42,583	42,583	42,583	42,583	42,583
Capacity	na	na	na	112	104
Enrollment	103	120	126	136	149
Creekside (Year)					
Square Feet	0	0	0	0	46,976
Capacity	0	0	0	0	402
Enrollment	0	0	0	0	327
Crest View (Year)					
Square Feet	53,831	53,831	53,831	53,831	55,007
Capacity	na	na	na	667	614
Enrollment	470	511	550	538	517
Douglass (Year)					
Square Feet	49,438	49,438	49,438	49,438	54,772
Capacity	na	na	na	475	475
Enrollment	362	417	451	443	453
Eisenhower (Year)					
Square Feet	52,526	52,526	52,526	52,526	53,601
Capacity	na	na	na	611	611
Enrollment	508	494	491	447	452
Emerald (Year)					
Square Feet	56,300	56,300	56,300	56,300	56,300
Capacity	na	na	na	615	557
Enrollment	586	614	607	562	464
Fireside (Year)					
Square Feet	60,307	60,307	60,307	60,307	60,307
Capacity	na	na	na	555	557
Enrollment	664	533	526	492	531

Table 15

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
39,549	39,549	39,549	39,549	39,549
376	379	310	350	370
341	336	343	337	348
44,714	44,714	44,714	44,714	44,714
531	502	440	438	463
378	391	400	403	409
25,922	25,922	25,922	25,922	25,922
221	211	210	230	230
200	217	229	259	285
53,916	53,916	53,916	53,916	53,916
557	555	473	460	460
539	524	537	511	491
48,078	48,078	48,078	48,078	48,078
499	499	341	352	413
335	305	312	346	384
42,583	42,583	42,583	42,583	42,583
144	144	126	140	180
154	153	148	148	193
46,976	46,976	46,976	46,976	46,976
450	416	308	289	316
352	309	293	285	269
55,007	55,007	55,007	55,007	55,007
493	493	385	485	510
501	473	492	494	501
54,772	54,772	54,772	54,772	54,772
451	451	410	435	435
447	469	476	482	469
53,601	53,601	53,601	53,601	53,601
611	611	548	548	500
426	422	420	436	449
56,300	56,300	56,300	56,300	56,300
557	585	420	384	377
451	411	382	384	376
60,307	60,307	60,307	60,307	60,307
555	504	440	465	460
492	443	416	454	449

BOULDER VALLEY SCHOOL DISTRICT RE-2
School Building Information
Last 10 Fiscal Years

(Unaudited)

<u>School</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Flatirons (Year)					
Square Feet	33,469	33,469	33,469	33,469	33,469
Capacity	na	na	na	322	264
Enrollment	253	257	255	265	260
Foothill (Year)					
Square Feet	57,819	57,819	57,819	57,819	57,819
Capacity	na	na	na	514	485
Enrollment	542	511	499	465	432
Gold Hill (Year)					
Square Feet	3,316	3,316	3,316	3,316	3,316
Capacity	na	na	na	51	51
Enrollment	34	27	30	34	30
Heatherwood (Year)					
Square Feet	51,092	51,092	51,092	51,092	52,016
Capacity	na	na	na	525	469
Enrollment	471	441	436	417	387
High Peaks (Year)					
Square Feet	11,497	11,497	11,497	11,497	24,521
Capacity	na	na	na	264	326
Enrollment	152	216	236	259	281
Jamestown (Year)					
Square Feet	5,030	5,030	5,030	5,030	5,030
Capacity	na	na	na	37	27
Enrollment	30	29	22	35	17
Kohl (Year)					
Square Feet	52,745	52,745	52,745	52,745	54,113
Capacity	na	na	na	664	504
Enrollment	672	705	696	676	470
Lafayette (Year)					
Square Feet	51,109	51,109	51,109	51,109	56,764
Capacity	na	na	na	579	408
Enrollment	469	470	490	481	421
Louisville (Year)					
Square Feet	46,575	46,575	46,575	46,575	57,018
Capacity	na	na	na	562	562
Enrollment	552	574	600	570	487
Majestic Heights (Year)					
Square Feet	29,894	29,894	29,894	29,894	0
Capacity	na	na	na	160	0
Enrollment	239	244	157	113	0
Mapleton (Year)					
Square Feet	21,387	21,387	21,387	21,387	21,387
Capacity	na	na	na	189	184
Enrollment	174	167	154	158	154
Martin Park (Year)					
Square Feet	45,665	45,665	45,665	45,665	0
Capacity	na	na	na	225	0
Enrollment	241	197	180	137	0
Mesa (Year)					
Square Feet	45,670	45,670	45,670	45,670	45,670
Capacity	na	na	na	403	349
Enrollment	340	339	317	349	357

Table 15
(continued)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
33,469	33,469	33,469	33,469	33,469
234	237	300	295	315
257	241	307	297	298
57,819	57,819	57,819	57,819	57,819
504	504	435	440	485
416	419	430	463	486
3,316	3,316	3,316	3,316	3,316
51	51	41	41	41
34	33	37	34	26
52,016	52,016	52,016	52,016	52,016
424	421	316	312	319
363	332	350	332	323
24,521	24,521	24,521	24,521	24,521
307	248	240	240	287
277	278	279	296	299
5,030	5,030	5,030	5,030	5,030
27	27	18	18	18
17	18	22	12	15
54,113	54,113	54,113	54,113	54,113
509	509	480	480	460
467	445	437	442	467
56,764	56,764	56,764	56,764	56,764
408	381	296	298	298
394	387	331	333	353
57,018	57,018	57,018	57,018	57,018
560	504	460	460	460
458	430	440	432	404
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
21,387	21,387	0	0	0
184	184	0	0	0
144	128	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
45,670	45,670	45,670	45,670	45,670
349	349	310	330	315
357	347	348	346	319

BOULDER VALLEY SCHOOL DISTRICT RE-2
School Building Information
Last 10 Fiscal Years

(Unaudited)

<u>School</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Nederland (Year)					
Square Feet	61,470	61,470	61,470	61,470	61,470
Capacity	na	na	na	468	444
Enrollment	458	400	353	363	289
Pioneer (Year)					
Square Feet	72,398	72,398	72,398	72,398	72,398
Capacity	na	na	na	421	374
Enrollment	306	291	287	314	290
Ryan (Year)					
Square Feet	49,176	49,176	49,176	49,176	49,176
Capacity	na	na	na	584	504
Enrollment	503	498	532	503	478
Sanchez (Year)					
Square Feet	49,887	49,887	49,887	49,887	49,887
Capacity	na	na	na	399	403
Enrollment	326	328	309	320	355
Superior (Year)					
Square Feet	69,765	69,765	69,765	69,765	69,765
Capacity	na	na	na	577	553
Enrollment	400	556	683	666	603
University Hill (Year)					
Square Feet	64,993	64,993	64,993	64,993	68,696
Capacity	na	na	na	416	462
Enrollment	392	401	396	384	397
Washington (Year)					
Square Feet	29,959	29,959	29,959	29,959	29,959
Capacity	na	na	na	344	344
Enrollment	285	287	283	291	299
Whittier (Year)					
Square Feet	35,122	35,122	35,122	35,122	35,122
Capacity	na	na	na	320	264
Enrollment	280	275	260	236	232
<u>Middle Schools</u>					
Angevine (Year)					
Square Feet	121,676	121,676	121,676	121,676	121,676
Capacity	na	na	na	902	926
Enrollment	776	715	722	755	732
Baseline (Year)					
Square Feet	75,041	75,041	75,041	75,041	76,668
Capacity	na	na	na	488	527
Enrollment	439	426	444	474	484
Broomfield Heights (Year)					
Square Feet	107,385	107,385	107,385	107,385	107,385
Capacity	na	na	na	891	891
Enrollment	955	1010	960	966	629
Burbank (Year)					
Square Feet	83,572	83,572	83,572	83,572	83,572
Capacity	na	na	na	494	494
Enrollment	484	384	349	349	304
Casey (Year)					
Square Feet	84,007	84,007	84,007	84,007	84,007
Capacity	na	na	na	563	563
Enrollment	482	410	378	337	334

Table 15
(continued)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
61,470	61,470	61,470	61,470	61,470
418	390	345	332	345
310	312	302	331	317
72,398	72,398	72,398	72,398	72,398
443	443	355	329	341
322	339	356	396	404
49,176	49,176	49,176	49,176	49,176
506	479	369	363	350
421	411	390	383	390
49,887	49,887	49,887	49,887	49,887
371	422	301	278	316
346	296	288	262	280
69,765	69,765	69,765	69,765	69,765
495	524	480	500	500
577	570	589	600	629
68,696	68,696	68,696	68,696	68,696
467	467	510	492	314
346	336	503	391	307
29,959	29,959	0	0	0
344	344	0	0	0
291	285	0	0	0
35,122	35,122	35,122	35,122	35,122
291	291	300	320	300
247	239	303	328	319
121,676	121,676	121,676	121,676	121,676
971	971	862	902	863
709	650	668	616	587
76,668	76,668	0	0	0
535	553	0	0	0
455	416	0	0	0
107,385	107,385	107,385	107,385	107,385
935	935	935	914	914
571	572	551	562	555
83,572	83,572	0	0	0
503	503	0	0	0
312	258	0	0	0
84,007	84,007	84,007	84,007	84,007
636	582	582	612	612
357	317	341	361	366

BOULDER VALLEY SCHOOL DISTRICT RE-2
School Building Information
Last 10 Fiscal Years

(Unaudited)

School	1997	1998	1999	2000	2001
Centennial (Year)					
Square Feet	86,564	86,564	99,556	99,556	99,556
Capacity	na	na	na	752	708
Enrollment	603	622	648	675	688
Halcyon (Year)					
Square Feet	8,736	8,736	8,736	8,736	8,736
Capacity	na	na	na	na	na
Enrollment	20	18	13	15	15
Louisville (Year)					
Square Feet	84,913	84,913	84,913	84,913	88,887
Capacity	na	na	na	563	641
Enrollment	831	593	693	677	656
Manhattan* (Year)					
Square Feet	0	0	0	0	0
Capacity	0	0	0	0	0
Enrollment	0	0	0	0	0
Platt (Year)					
Square Feet	117,573	117,573	117,573	117,573	117,573
Capacity	na	na	na	769	813
Enrollment	655	629	640	625	623
Southern Hills (Year)					
Square Feet	72,260	72,260	72,260	72,260	72,260
Capacity	na	na	na	405	545
Enrollment	357	383	403	420	465
High Schools					
Boulder (Year)					
Square Feet	223,615	223,615	223,615	223,615	229,281
Capacity	na	na	na	2008	2012
Enrollment	1934	1876	1837	1789	1806
Broomfield (Year)					
Square Feet	203,580	203,580	203,580	203,580	218,163
Capacity	na	na	na	1573	1583
Enrollment	1219	1297	1331	1320	1345
Centaurus (Year)					
Square Feet	187,466	187,466	187,466	187,466	190,610
Capacity	na	na	na	1616	1723
Enrollment	1806	1778	1437	1283	1112
Fairview (Year)					
Square Feet	256,392	256,392	256,392	256,392	256,392
Capacity	na	na	na	1974	1942
Enrollment	1788	1934	1953	1903	1934
Monarch (Year)					
Square Feet	0	0	228,827	228,827	228,827
Capacity	0	0	na	1716	1759
Enrollment	0	0	622	1045	1427
New Vista (Year)					
Square Feet	42,583	42,583	42,583	42,583	42,583
Capacity	na	na	na	342	342
Enrollment	311	335	337	341	341

Table 15
(continued)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
99,556	99,556	99,556	99,556	99,556
750	750	750	750	750
677	648	641	596	588
8,736	8,736	8,736	8,736	8,736
na	na	na	na	na
16	13	15	12	14
88,887	88,887	88,887	88,887	88,887
677	695	673	651	651
601	575	547	541	546
0	0	83,572	83,572	83,572
0	0	590	579	605
0	0	587	449	443
117,573	117,573	117,573	117,573	117,573
812	790	729	729	707
566	530	529	524	531
72,260	72,260	72,260	72,260	72,260
539	539	503	503	503
476	480	523	537	503
229,281	229,281	229,281	229,281	229,281
2015	2015	2015	2015	1994
1876	1919	1929	1970	1932
218,163	218,163	218,163	218,163	218,163
1565	1565	1593	1599	1599
1323	1337	1321	1375	1413
190,610	190,610	190,610	190,610	190,610
1652	1638	1616	1530	1607
1108	1060	1003	990	996
256,392	256,392	256,392	256,392	256,392
1889	1889	1861	1861	1861
1937	1916	1880	1891	1871
228,827	228,827	228,827	228,827	228,827
1728	1728	1728	1728	1728
1563	1576	1626	1679	1633
42,583	42,583	76,668	76,668	76,668
342	342	345	637	659
335	344	332	341	339

BOULDER VALLEY SCHOOL DISTRICT RE-2
School Building Information
Last 10 Fiscal Years

(Unaudited)

<u>School</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<u>Combination School</u>					
Aspen Creek K-8 (Year)					
Square Feet	0	0	0	0	114,478
Capacity	0	0	0	0	1199
Enrollment	0	0	0	0	712
Eldorado K-8 (Year)					
Square Feet	0	0	0	0	117,336
Capacity	0	0	0	0	1161
Enrollment	0	0	0	0	522
Monarch K-8 (Year)					
Square Feet	0	104,744	108,802	108,802	108,802
Capacity	0	829	829	829	853
Enrollment	0	690	803	893	752
Nederland Middle/Senior (Year)					
Square Feet	97,080	97,080	97,080	97,080	97,080
Capacity	na	na	na	663	557
Enrollment	388	374	380	357	398
<u>Vocational/Technical Schools</u>					
Asrapahoe Ridge and Technical Education Center (Year)					
Square Feet	129,579	129,579	129,579	129,579	129,579
Capacity	na	na	na	981	904
Enrollment	101	129	181	170	139
<u>Charter Schools</u>					
Boulder Prep High School (Year)					
Square Feet	0	0	3,500	3,500	3,500
Capacity	0	0	na	na	na
Enrollment	0	0	32	41	44
Horizons K-8 School (Year)					
Square Feet	30,814	30,814	30,814	30,814	30,814
Capacity	na	na	na	313	313
Enrollment	278	284	307	297	306
Peak To Peak K-12 School (Year)					
Square Feet	0	0	0	0	9,000
Capacity	0	0	0	0	na
Enrollment	0	0	0	0	195
Summit Middle School (Year)					
Square Feet	7,165	7,165	7,165	7,165	29,894
Capacity	na	na	na	217	271
Enrollment	251	270	254	253	258
Sojourner K-8 (Year)					
Square Feet	0	0	0	na	na
Capacity	0	0	0	na	na
Enrollment	0	0	0	35	60

Table 15
(continued)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
114,478	114,478	114,478	114,478	114,478
978	995	948	969	969
791	787	817	870	875
117,336	117,336	117,336	117,336	117,336
946	966	899	942	876
796	869	956	938	935
108,802	108,802	108,802	108,802	108,802
808	782	746	753	753
677	671	719	709	696
97,080	97,080	97,080	97,080	97,080
650	650	650	650	650
407	422	387	387	391
129,579	129,579	129,579	129,579	129,579
904	904	882	876	820
138	138	308	281	279
6,000	6,000	6,000	6,000	6,000
na	na	na	na	na
67	78	84	88	103
30,814	30,814	30,814	30,814	30814
403	403	330	351	315
313	320	309	309	321
31,000	104,365	104,365	116,679	116,679
na	na	na	na	na
606	1027	1107	1175	1236
29,894	29,894	29,894	29,894	29,894
320	320	278	337	337
304	303	308	309	307
na	na	0	0	0
na	na	0	0	0
53	34	0	0	0

**Boulder Valley School District RE-2
Enrollment Data
Last 10 School Years**

(Unaudited)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<u>Student Full Time Equivalent</u>					
Elementary	10,977.0	11,162.0	11,362.5	11,196.5	11,211.5
Middle	6,142.0	6,264.0	6,404.0	6,529.0	6,647.5
Senior	7,279.0	7,480.5	7,764.0	8,002.5	8,256.5
Other	184.0	167.0	202.0	214.5	196.0
Total	<u>24,582.0</u>	<u>25,073.5</u>	<u>25,732.5</u>	<u>25,942.5</u>	<u>26,311.5</u>
<u>Total Enrollment</u>					
K-12 Enrollment	25,440.0	25,964.0	26,618.0	26,729.0	27,204.0
Pre-K Enrollment	<u>256.0</u>	<u>246.0</u>	<u>300.0</u>	<u>311.0</u>	<u>296.0</u>
Total	<u>25,696.0</u>	<u>26,210.0</u>	<u>26,918.0</u>	<u>27,040.0</u>	<u>27,500.0</u>

Source: Boulder Valley School District RE-2

Table 16

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
11,218.0	11,019.5	10,888.5	10,950.0	10,921.5
6,800.0	6,733.5	6,731.0	6,528.5	6,420.5
8,451.0	8,643.0	8,811.0	9,102.5	9,146.0
234.0	233.5	213.0	208.5	251.5
<u>26,703.0</u>	<u>26,629.5</u>	<u>26,643.5</u>	<u>26,789.5</u>	<u>26,739.5</u>
27,609.0	27,493.0	27,604.0	27,651.0	27,593.0
315.0	314.0	256.0	271.0	329.0
<u>27,924.0</u>	<u>27,807.0</u>	<u>27,860.0</u>	<u>27,922.0</u>	<u>27,922.0</u>

SINGLE AUDIT



1979-1980 Annual Report of the Board of Directors



Board of Education
Boulder Valley School District RE-2
Boulder, Colorado

**INDEPENDENT AUDITORS' 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***

We have audited the financial statements of the of the Boulder Valley School District RE-2 as of and for the year ended June 30, 2006, and have issued our report thereon dated October 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Boulder Valley School District RE-2's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boulder Valley School District RE-2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

October 6, 2006



Board of Education
Boulder Valley School District RE-2
Boulder, Colorado

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

Compliance

We have audited the compliance of the Boulder Valley School District RE-2 with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Boulder Valley School District RE-2's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, grant agreements and other matters applicable to each of its major federal programs is the responsibility of the Boulder Valley School District RE-2's management. Our responsibility is to express an opinion on the Boulder Valley School District RE-2'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 the Boulder Valley School District RE-2'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 on Boulder Valley School District RE-2's compliance with those requirements.

In our opinion, the Boulder Valley School District RE-2 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Boulder Valley School District RE-2 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Boulder Valley School District RE-2's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Student 1 Compliance LLC

October 6, 2006

BOULDER VALLEY SCHOOL DISTRICT RE-2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes no

- Reportable conditions identified that are not considered to be material weaknesses? _____ yes none reported

Noncompliance material to financial statements noted?

_____ yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes no

- Reportable conditions identified that are not considered to be material weaknesses? _____ yes none reported

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

_____ yes no

Identification of major programs:

- 84.027 Special Education
- 84.173 Special Education Preschool
- 84.184 Safe and Drug Free Schools and Communities
- 84.367 Improving Teacher Quality

Dollar threshold used to distinguish between type A and type B programs: \$370,074

Auditee qualified as low-risk auditee? yes _____ no

Financial Statement Findings

The audit of the financial statements did not disclose reportable conditions in internal control that would be considered material weaknesses, and did not disclose fraud, illegal acts, violations of provisions of contracts and grant agreements, or abuse that were material to those financial statements.

Federal Awards Findings and Questioned Costs

The audit of federal awards did not disclose reportable conditions in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.



Board of Education
Boulder Valley School District RE-2
Boulder, Colorado

**INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the Boulder Valley School District RE-2, as of and for the year ended June 30, 2006, and have issued our report thereon dated October 6, 2006. These financial statements are the responsibility of the Boulder Valley School District RE-2'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, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget 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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boulder Valley School District RE-2's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. 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 stated in all material respects in relation to the basic financial statements taken as a whole.

October 6, 2006

BOULDER VALLEY SCHOOL DISTRICT RE-2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued (Deferred) Revenue 6/30/05	Receipts	Disburse- ments	Accrued (Deferred) Revenue 6/30/06
U.S. Department of Education					
Direct Programs					
Indian Education	84.060	\$ 4,488	\$ 21,239	\$ 19,499	\$ 2,748
Bilingual Education	84.290	18,466	253,417	283,616	48,665
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	-	50,264	50,264	-
Passed Through State Department of Education					
Adult Education	84.002	22,570	111,244	117,123	28,449
Title I	84.010	645,912	2,351,241	2,093,080	387,751
Special Education	84.027	1,037,580	4,860,310	4,967,019	1,144,289
Special Education Preschool	84.173	2,114	119,678	150,688	33,124
Safe and Drug Free Schools and Communities	84.184	-	366,086	428,308	62,222
Safe and Drug Free Schools and Communities	84.186	33,042	132,898	103,540	3,684
Even Start	84.213	37,723	168,345	209,838	79,216
21st Century Community Learning Centers	84.287	39,743	211,532	214,641	42,852
Innovative Education Program Strategies	84.298	14,963	265,213	285,946	35,696
Education Technology	84.318	306	40,308	33,416	(6,586)
Comprehensive School Reform Demonstration	84.332	22,541	156,677	183,085	48,949
English Language Aquisition	84.365	59,706	348,836	322,335	33,205
Mathematics and Science Partnerships	84.366	-	-	30,790	30,790
Improving Teacher Quality	84.367	327,205	940,598	753,522	140,129
Emergency Impact Aid for Displaced Students	84.938	-	120,437	162,034	41,597
Passed Through State Department of Human Services					
Vocational Rehabilitation	84.126	41,923	172,556	154,864	24,231
Passed Through State Community College System					
Vocational Education	84.048	34,751	34,505	125,034	125,280
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>2,343,033</u>	<u>10,725,384</u>	<u>10,688,642</u>	<u>2,306,291</u>
U.S. Department of Agriculture					
Passed Through State Department of Human Services					
Food Donation	10.550	(39,742)	198,380	204,659	(33,463)
Passed Through State Department of Education					
National School Lunch Program	10.555	304,467	1,237,648	1,244,138	310,957
School Breakfast Program	10.553	36,681	158,739	166,615	44,557
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>301,406</u>	<u>1,594,767</u>	<u>1,615,412</u>	<u>322,051</u>
U.S. Department of Health and Human Services					
Passed Through State Department of Education					
Refugee and Entrant Assistance	93.576	4,162	12,065	7,903	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>4,162</u>	<u>12,065</u>	<u>7,903</u>	<u>-</u>
Corporation for National and Community Service					
Passed Through State Department of Education					
Learn and Serve America	94.004	-	23,842	23,842	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		<u>-</u>	<u>23,842</u>	<u>23,842</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ <u>2,648,601</u>	\$ <u>12,356,058</u>	\$ <u>12,335,799</u>	\$ <u>2,628,342</u>

See the accompanying Independent Auditors' Report.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

STATE COMPLIANCE

This report includes information required by the Colorado Department of Education.



Board of Education
Boulder Valley School District RE-2
Boulder, Colorado

INDEPENDENT AUDITORS' REPORT ON AUDITOR'S INTEGRITY REPORT

We have audited the financial statements of the Boulder Valley School District RE-2, as of and for the year ended June 30, 2006, and have issued our report thereon dated October 6, 2006. These financial statements are the responsibility of the Boulder Valley School District RE-2's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boulder Valley School District RE-2's basic financial statements. The accompanying auditor's integrity report is presented for purposes of additional analysis as required by State of Colorado statutes and is not a required part of the basic financial statements. 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 stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Swanhorst & Company LLC".

October 6, 2006

Colorado Department of Education
Fiscal Year 2005-2006
Colorado School District/BOCES
Auditor's Integrity Report

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	18,993,311	189,371,643	185,394,589	22,970,365
11 Charter School Fund	5,583,521	17,302,724	16,186,177	6,700,068
18 Risk Mgmt Sub-Fund of General Fund	0	473,133	0	473,133
19 Colorado Preschool Program Fund	11,422	704,062	655,371	60,113
20 Special Revenue Fund	3,957	470,194	428,523	45,628
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	11,953,581	11,953,581	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
25 Transportation Fund	-0	8,593,617	8,213,848	379,769
30 Debt Service Fund	0	0	0	0
31 Bond Redemption Fund	15,577,401	13,927,060	13,591,990	15,912,471
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,784,051	7,962,474	7,171,041	2,575,484
TOTALS	41,953,664	250,758,488	243,595,121	49,117,031
Proprietary				
51 Food Service Fund	1,053,402	5,040,186	5,211,810	881,777
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	182,504	2,777,717	2,960,221	0
60,65-69 Other Internal Service Funds	0	389,948	0	389,948
TOTALS	1,235,906	8,207,851	8,172,032	1,271,725
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	246,673	13,672	11,713	248,632
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	3,222,071	9,225,255	9,254,267	3,193,059
85 Foundations	0	0	0	0
TOTALS	3,468,744	9,238,927	9,265,980	3,441,691

*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.

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