

Boulder Valley School District RE-2

**Comprehensive Annual
Financial Report**

For the fiscal year ending June 30, 2004



**Boulder, Colorado
Boulder, Broomfield and Gilpin Counties**

**Boulder Valley School District RE-2
Boulder, Colorado**

Boulder, Broomfield and Gilpin Counties

**Comprehensive Annual Financial Report
For the fiscal year ending June 30, 2004**



Prepared by: Finance and Accounting Department

**Leslie Stafford, CPA
Finance and Accounting Services Director**

**Chuck McElwain, CPA
Assistant Finance and Accounting Services Director**

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Boulder Valley
Public Schools

Finance & Accounting

6500 Arapahoe, P.O. Box 9011
Boulder, Colorado 80301

November 9, 2004

Members of the Board of Education
Dr. George F. Garcia, 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, 2004. 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 2004 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.

This transmittal letter serves as a narrative introduction and overview to accompany the financial statements. In addition, we have prepared the required detailed section entitled *Management's Discussion and Analysis* which can be found immediately following the report of the independent auditors' under the Financial Section tab.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Compliance.

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 nestled 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 have a population of approximately 202,000. The communities of Boulder, Louisville, Lafayette, Superior, Broomfield, Nederland, Ward, Jamestown and Gold Hill are served. The District's enrollment in the fall of 2003 was 27,867.

The District provides a full and challenging range of educational programs and services authorized by Colorado State Statute. Included is 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 programs. In addition, the District offers preschool programs at multiple sites through the Colorado Preschool Program, Community Montessori focus school and the Special Education program.

Four charter schools are included as component units of the Boulder Valley School District for the 2004 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 Fund operations is received through the State's School Finance Act established by the state legislature.

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 residential communities in between. While the economy is still strong, this area has been impacted by the current recession, particularly in the developing high-tech and telecommunications sector, which has become an increasingly prominent piece of the local economy and drove growth during much of the late 1990s.

The City of Boulder, where the school district is headquartered, is roughly thirty miles northwest of Denver and is home to the University of Colorado, Boulder, a significant stabilizing force for the local economy. Other major employers include IBM Corporation, Sun Microsystems Inc., Storage Technology, Level 3 Communications, and numerous other smaller software, research, manufacturing and pharmaceutical firms.

The region's economy slowly continues to recover from the 2001 recession. The U.S. Bank 2005 Economic Forecast for Colorado states "the Colorado economy lagged the national economy coming out of the 2001 recession, with the Denver economy trailing even further behind. But finally, in the second quarter of 2004, job growth was once again underway. Through June 2004, 35,400 of the 117,500 jobs lost statewide since December 2000 had been regained."

"Growth appears to be firmly underway and will continue through 2005 unless the national recovery is derailed. Job growth will average 2.5%, with employment finally passing its December 2000 peak. The unemployment rate will show little improvement from its mid-2004 level, averaging 4.7%, as discouraged workers return to the labor market."

"Beyond 2005, growth in Colorado is dependent on the direction of the national economy. The state will continue to be an attractive place for expansion and relocation, thanks to its well-educated, technically savvy labor force, reasonable cost of doing business and its quality of life."

In November 2000, the voters of Colorado passed a statewide ballot issue to amend the Constitution. Amendment 23 guarantees annual funding increases of inflation plus one percent for ten years and increases to equal inflation thereafter. During the 2003-04 fiscal year, the Colorado State Legislature approved a School Finance Act that provided an inflation increase of 1.9% plus 1% for a total of 2.9%%.

While the increase to base funding state-wide was at inflation plus one percent as required by Amendment 23, the amount the District received per pupil was less. Each year, the legislature sets the base funding for every school district in the state. The School Finance Act outlines a formula that evaluates various factors and determines the cost for providing an equitable educational experience in each school district. Additional funding is added to the base according to the formula. To mitigate the state's economic difficulties, the legislature changed the formulas that are used to calculate additional funding added to the base. The result of this change is that the District received an increase in funding that is less than inflation plus one percent. The District received an increase of 2.36% rather than 2.9%.

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, 2004 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 revised Policy DB-*Annual Operating Budget* which maintains 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.
- Beginning with the 2005-06 fiscal year, the General Operating Fund budget will be developed on a generally accepted accounting principles (GAAP) basis.

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, 2004, totaled \$874,141.

In August 2003, the District issued \$70,000,000 Tax Anticipation Notes, Series 2003A; in October the District issued \$20,000,000 Tax Anticipation Notes, Series 2003B. Interest rates on the two issues varied from 1.50% to 2%. The notes were issued for cash flow purposes only and were repaid on June 30, 2004.

Long-term Debt Issuance

On November 1, 2003, the District issued \$7,275,000 Certificates of Participation, Series 2003. The net proceeds of the sale were used to refund the remaining outstanding Certificates of Participation, Series 1992B and Certificates of Participation, Series 1995, and to finance a portion of the cost of acquiring and installing artificial turf on certain athletic fields at Boulder, Fairview, Broomfield, Centaurus, and Monarch High Schools. The Certificates were given an "AA-" rating by Standard & Poor's Rating Services.

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. Detailed insurance in force information is provided in the Statistical Section, Table XVI.

Other Information

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Swanhorst & Cutler LLC was appointed by the Board of Education to perform the June 30, 2004 fiscal year audit. In addition to meeting the requirements set forth in state statutes, the audit is also designed to meet the requirements of the Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the Financial Section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit Section.

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 & Cutler 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,

A handwritten signature in black ink, appearing to read "Leslie Stafford", with a long horizontal flourish extending to the right.

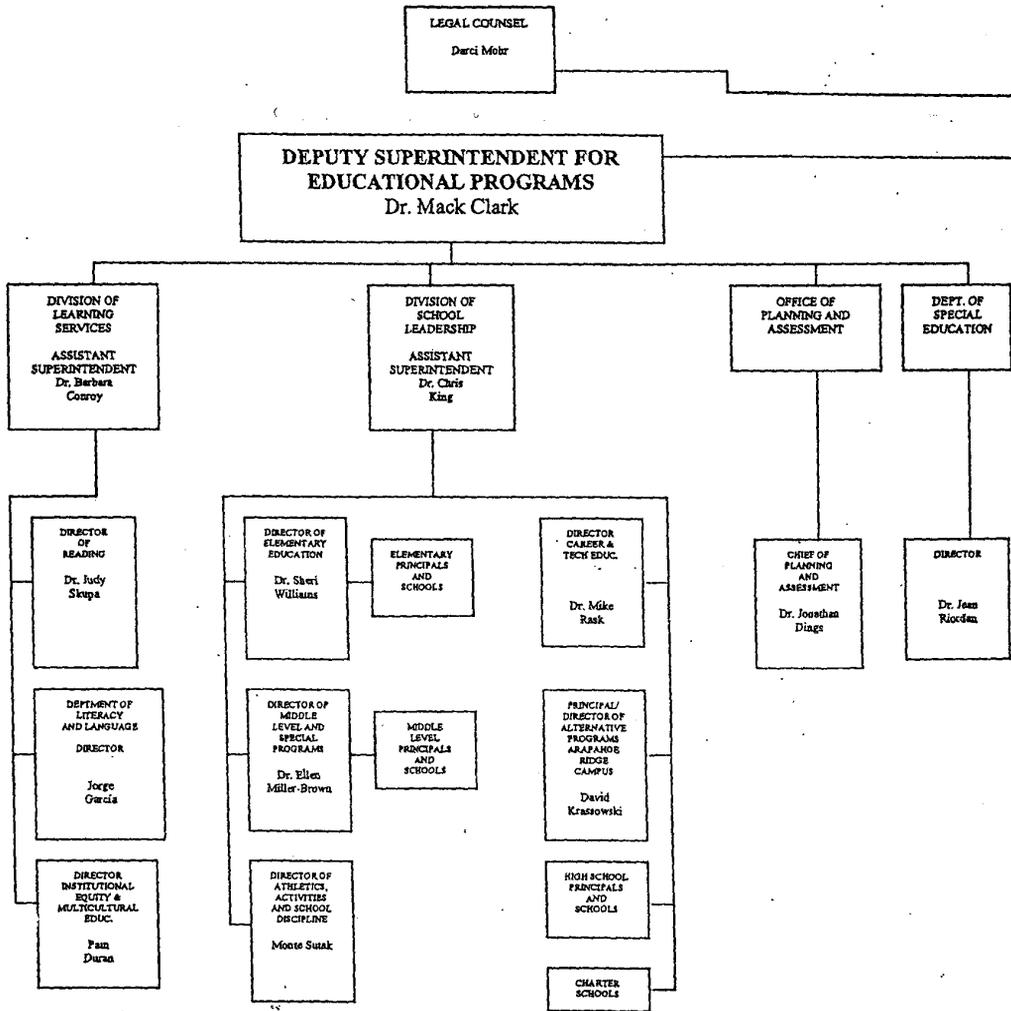
Leslie A. Stafford, CPA
Finance and Accounting Services Director

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>
Julie Phillips	President	7	2005
Teresa Steele	Vice President	5	2007
Helayne Jones	Treasurer	1	2007
Angelika Schroeder	Director	5	2007
Stan Garnett	Director	7	2005
Jean Paxton	Director	3	2005
Ken Roberge	Director	1	2007



Boulder Valley School District

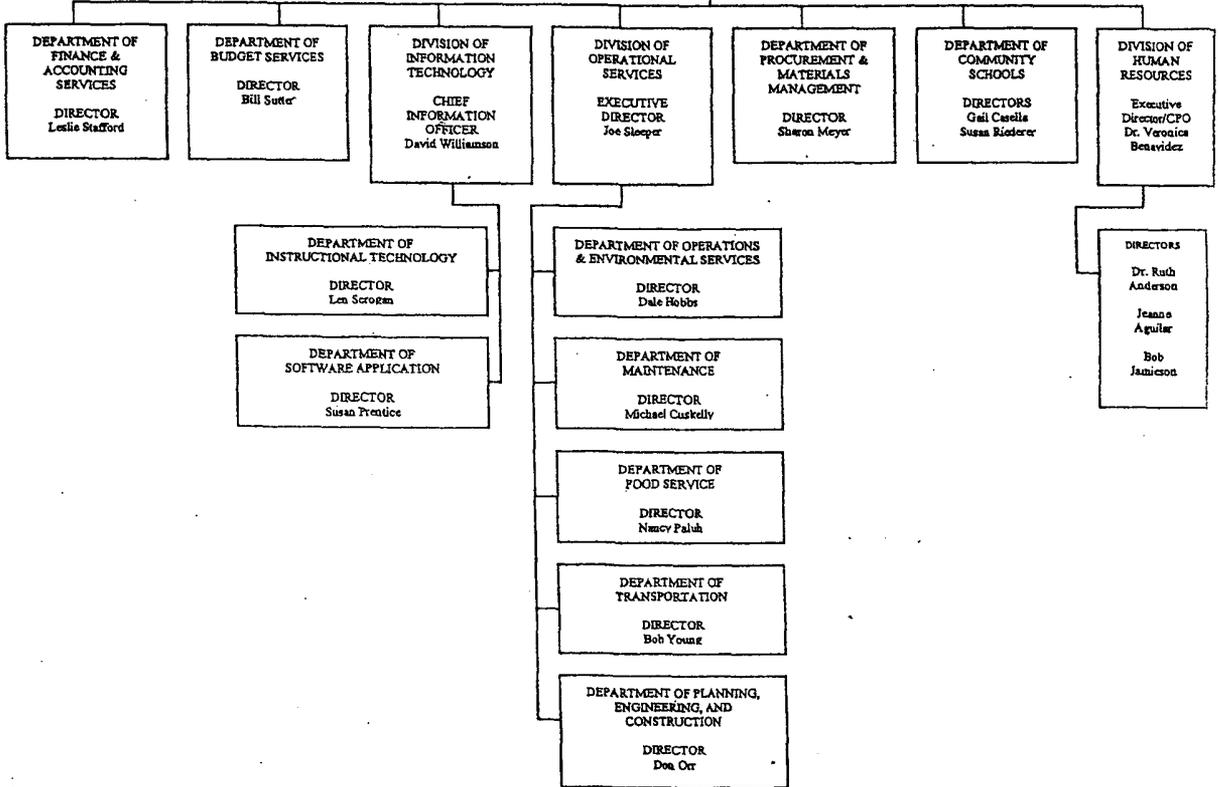
Effective September 7, 2004

BOARD OF EDUCATION
 President – Julie Phillips
 Vice President – Teresa Steele
 Treasurer – Helayne Jones, Ed.D.
 Members – Stan Garnett, Jean Paxton, Ken Roberge, Angelika Schroeder, Ph.D.

COMMUNICATIONS
 DIRECTOR
 TBD

SUPERINTENDENT OF SCHOOLS
 George F. Garcia, Ed.D.

CHIEF OPERATIONS OFFICER FOR ADMINISTRATION AND OPERATIONS
 Robert Hammond



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.

H. Mack Clark, Ed.D., Deputy Superintendent

Dr. Clark has served as Deputy Superintendent of Educational Programs in Boulder Valley since December 1997. He previously functioned as assistant superintendent in Beaverton, Oregon, and Colorado Springs, Colorado. Dr. Clark received a Doctorate of Education from the University of Northern Colorado, Greeley, Colorado, in June 1978 with a major in curriculum and instruction and a minor in social studies. Dr. Clark received his Master of Education degree in May 1972 from Central Missouri State University, Warrensburg, Missouri, with a major in social studies and a minor in educational administration.

Robert Hammond, Chief Operations Officer

Mr. Hammond joined Boulder Valley School District 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.



Strategic Plan Guides District Decision-Making

Nearly a decade ago, Boulder Valley School District hosted a community-wide discussion about its future. That was the first strategic planning process. Its purpose was to, in a deliberate way, reach agreement and commit to paper the beliefs and priorities that should drive educational decisions in Boulder Valley.

The current School Board returned to the strategic plan as a vehicle to re-emphasize key priorities in Boulder Valley. The Board wanted to create a roadmap to meet present-day demands for increased performance and accountability.

Drawing largely on the existing plan, the Board focused the priorities into six areas and developed belief statements related to each priority.

Below and on the following pages, you will find the adopted priorities and beliefs of the Boulder Valley School District, which were approved February 11, 1999, and revised to include the sixth priority in 2001. The district published the Report of Progress in March 2000, which includes strategies and indicators for each of the five priorities in the strategic plan.

In September of 2003, the “Achievement of Board Goals” report was published. The following text lists only a few selections from the report. The full detailed results can be found on the BVSD website at: <http://www.bvsvd.k12.co.us/general/achievegoals.shtml>.

The “Achievement of Board Goals” document will be updated for 2003-04 and published in September of 2004.

The BVSD Mission:

The Boulder Valley School District challenges students to achieve their academic, creative and physical potential in order to become responsible, contributing citizens.

The Priorities

1. Maximize Student Learning and Achievement
2. Foster Collaboration and Partnerships
3. Value Diversity and Promote Understanding
4. Provide a High-Quality, Committed Staff
5. Manage Assets Responsibly
6. Plan and Assess for Continuous Improvement

Definitions:

Many acronyms and terms are used in the Focused Outcomes section for each Priority. Please refer to the glossary in the last chapter of this book for definitions to these terms.



Priority 1: Maximize Student Learning and Achievement

Definition: All children will achieve academic success through high quality, challenging programs, research-based practices, supportive policies and committed people working together in a safe and nurturing world.

1a Beliefs:

- All students can learn when they are provided with resources and support.
- Different student needs require different resources.
- High, achievable expectations are essential for the success of all students.
- Staff has a critical responsibility for student success.
- Parents who have high expectations for their children's success maximize student achievement.
- A program that coordinates services and resources best meets students' educational needs.
- Learning is a continual, cooperative process among students, parents, the community and teachers.
- Diverse student characteristics are accommodated through a variety of learning options and classroom environments.
- Knowledge and skills must be combined with creative thinking and problem solving so that students can apply what they have learned and succeed in a changing, technologically advanced society.
- Students must be prepared for lifelong learning and citizenship in a free, democratic society.

1b 2002-03 Focused Outcomes:

- The 2002-2003 results of the Colorado Student Assessment Program (CSAP) tests show progress toward reducing the achievement gap for second language learners who have exited the district's ESL program. Scores were near the level of their native English speaking peers, based on the weighted index results.
- The District continued its emphasis on K-12 math achievement, including completion of a professional development plan. The math curriculum revisions are being revised and new materials adopted in 2003-04. The Carnegie Cognitive Tutor Program for Algebra, now in place at Monarch and Centaurus High Schools, will be added at Boulder High, Broomfield High and Nederland Middle Schools along with Integrated Math I. Instructional technology supported the Carnegie Math Initiative at Centaurus High School and saw positive academic gains. This initiative will be expanded to three more high schools next year, and into Algebra as well as Math Standards.
- Title I schools must be accountable for Adequate Yearly Progress (AYP) in math as well as reading under the No Child Left Behind (NCLB) law. Therefore, new math initiatives will be part of the 2003-04 Consolidated Grant application.
- The Secondary Literacy Committee completed a strategic plan which will be published soon. Components include high school content area reading and writing, preparing for 8th grade, Individual Learning Plans (ILPs), a teacher development grant for content area middle level writing for science and implementation of 7th Grade ILPs.
- Read to Achieve Grant support was provided through summer training in intervention strategies, SOAR and Guided Reading Plus. Literacy coaches provided a minimum of two coaching sessions to all Read to Achieve (R2A) teachers.
- Elementary literacy coaches conducted over 1,200 coaching sessions; centrally, we trained over 1,700 teachers in literacy implementation and new strategies. We also created a CLIP training center and trained 15 new teachers. District literacy results indicate continuous improvement in the percentage of students meeting standards
- The district worked on expanding minority Advanced Placement (AP) and Pre-AP programs. A survey was conducted to identify training levels of current AP teachers. The district identified schools with lower levels of formal AP teacher training and provided support for teacher attendance at 2003 summer institutes.



- Enrollment in Project Lead the Way (pre-engineering) classes exceeded expectations for the program's first year. Centaurus High School offered three classes in the program and will expand to five for 2003-04. CHS was certified as a Project Lead the Way School. Instructional technology helped implement Project Lead the Way at CHS, which resulted in increased enrollment and success in math and science courses by under-represented populations. The CHS program was recognized for having the highest percentage of female and minority students enrolled in PLTW sites across the country.
- The Kindergarten special education reading pilot has completed the second year, and results indicate that interventions are effective at reducing risk for not learning to read. In 2003-04, the Special Education Department will expand the Kindergarten Intervention Program to Crestview, Heatherwood and Sanchez.
- A new accreditation plan and accountability process has increased attendance at District Accountability Committee (DAC) meetings and makes improvement of student learning the central goal of DAC and all School Improvement Teams (SITs). The process is successfully involving parent leaders more in the accountability process.
- Planning began to bring the district into compliance with No Child Left Behind (NCLB) requirements. A homeless liaison was identified to monitor students. Other areas in progress include: high quality teacher procedures; policy review and revision; and AYP analysis. The district aligned NCLB and state accreditation requirements with district accreditation/accountability process.
- The Fluent Reader Pilot Project at Angevine Middle School resulted in increased reading comprehension and competency by ESL students.
- During 2002-03, the Special Education Department convened a group of principals at all levels to discuss FTE allocations.
- The Class Size Reduction Pilot was expanded to all elementary schools through Referendum 3A.

1c Customer Satisfaction:

- 92% of parents surveyed agreed or strongly agreed that BVSD schools set high and realistic expectations for students, and 93% feel that BVSD classes provide a solid foundation for their students' future.
- 95% of parents surveyed agreed or strongly agreed that BVSD students feel safe at school and 92% feel that the schools have clear rules for student behavior.
- 90% of parents and 95% of staff surveyed agreed or strongly agreed that students have a positive attitude about school.
- 84% of parents and 92% of staff surveyed agreed or strongly agreed that students are learning above the expected levels, a significant increase over a year ago.

1d Relationship to 2003-04 Budget:

- Efforts to improve student achievement are supported through the budgets in Learning Services, Planning and Assessment, Elementary and Secondary Instruction, and the schools.
- The 1998 referendum funding incorporated in this budget is tied to promises to improve student achievement.



Priority 2: Foster Collaboration and Partnerships

Definition: As part of a community that recognizes the importance of quality education for all students to the well-being of our neighborhoods, our economy, and the quality of life for our citizens, the district and its schools, the home, and the community collaborate to meet the educational and social needs of students and their families.

2a Beliefs:

- Schools welcome community members and encourage them to volunteer their time.
- Boulder Valley School District staff is accountable to the community for student progress toward established goals.
- The district and schools make decisions in partnership with parents, community members, teachers, administrators and School Board members.
- Community members - from parents, students and staff to business executives, elected officials and neighbors who no longer have children in school - contribute significantly to the success of Boulder Valley schools and should be involved in school activities.
- Parent involvement in activities that support the instructional program enhances their children's school performance.

2b 2002-03 Focused Outcomes:

- The Communications Division has provided assistance to principals, teachers and parents at individual schools to support parent communication and marketing strategies. The office also supplied more than 200 information packets to real estate agents and new BVSD families. The Communications Division is involved in Chambers of Commerce in five of the BVSD communities – Boulder, Broomfield, Lafayette, Louisville and Superior – to promote BVSD schools and community partnerships.
- In March, the Boulder City Council allocated up to \$30 million for a Parks and Recreation/School District joint needs assessment and \$1.85 million for the installation of synthetic turf systems and tracks at Recht and Fairview fields. In June, the Council approved policy guidelines for future use of Education Excise Tax revenues.
- The district has worked to foster relationships with charter schools. We assisted Summit with installation of a portable classroom and other building projects. Charter School principals were trained to prepare district End-of-Year Reports (EOY) and School Improvement Plans (SIPs), and charters that received “conditional approval” from the DAC review of EOY/SIP received technical assistance. We provided reports to CDE concerning the dissolution of Sojourner Charter School, and assisted in an appeal of accreditation status for Boulder Preparatory High School. The Colorado League of Charter Schools (CLCS) annual meeting was attended by a district representative, and BVSD administrators met with CLCS leadership to resolve differences in alignment of state accreditation requirements and CLCS expectations and charter contracts. The Legal Department is providing legal training and advise to charter school boards and administrators on various issues including employment and religion/free speech issues.
- A task force composed of representatives from youth agencies and school districts finalized an Interagency Agreement for Juvenile Records. The task force chair is finalizing the agreement and obtaining signatures from the agencies.
- Community partnerships were critical to the passage of a mill levy override referendum in November. Ellen Marshall and her husband David Harwood agreed to coordinate the campaign. Helayne Jones and Doug Carrington served as co-chairs and an initial committee of 25 individuals assisted in getting the campaign started.
- The district supports the work of the Parent Teacher Association on BVSD, and we have seen a growth of 13 new local PTA units. Dr. Sheri Williams serves as the superintendent's liaison to the new Boulder Council PTA and she was elected Parliamentarian.
- The District participated in a budget study to align business practices to non-profit parent organizations and developed new staffing allocation sheets to help principals and parents become more aware of fixed and targeted resources.



- The BVSD Special Education Department has jointly participated in three grants with the University of Colorado Center for Spoken Language Research and Institute of Cognitive Science. Total funds available to BVSD through these grants were \$272,714 for 2002-03. The Information Technology Research (ITR) grant provides funds to develop technology to create computerized animated interactive software to help students read, write and comprehend. The Interagency Education Research Institute-A grant provided funds to support computers, software, software development and implementation of Summary Street (an interactive summarization program for reading, writing, and comprehension) in the 5th through 12 grades. The Interagency Education Research Institute-B Grant is funding the implementation of animated interactive software in kindergarten, 1st and 2nd grades and providing computers and training for the pilot schools. All three grants will continue in 2003-04. Additionally, the Special Education Department participated in the Denver Metro Autism Grant, which provided training to BVSD special educators and parents of children diagnosed with autism.
- The Special Education Department implemented a grant that has improved services for students with hearing loss. The grant provided for sign language classes, a parent survey, an interpreter mentoring course, the development of an animated, computerized social skills curriculum, a social skills workshop, scholarships for trainings, and supplies. The Special Education Department also received a grant to provide therapeutic horseback riding to the SIED intensive classes at Mesa and Crestview Elementary Schools.

2c Customer Satisfaction:

- 94% of parents surveyed agreed or strongly agreed that they felt welcome at school and that teachers are available to discuss their child's work or behavior.
- 93% of parents surveyed agree or strongly agree that administrators are accessible to them when needed.
- 92% of parents surveyed agreed or strongly agreed that are encouraged to participate in school activities and that conferences with teachers involve them in their child's education.
- 90% of parents surveyed agreed or strongly agreed that they receive timely responses to questions and requests from their child's school.
- 89% of parents surveyed agreed or strongly agreed that they receive regular reports on their child's progress at school, a significant increase over a year ago.

2d Relationship to 2003-04 Budget:

- Efforts to support collaboration and partnerships are supported through the budgets in Communications, Superintendent, and the schools.



Priority 3: Value Diversity and Promote Understanding

Definition: The district ensures that staff and students work and learn in an environment where all people protect and respect the rights of all individuals.

3a: Beliefs

- All human beings have inherent worth.
- All students, regardless of race, ethnicity, gender, sexual orientation, age, disability or religion, deserve a quality education.
- BVSD will not tolerate discrimination, intimidation, harassment or violence based on race, ethnicity, gender, sexual orientation, age, disability or religion.
- Healthy school communities respect differences, welcome diversity and promote cultural plurality.
- Racial, ethnic and cultural diversity should be evident across all employee groups and central administration.

3b 2002-03 Focused Outcomes:

- Developed curriculum objectives and resources for a high school course, Understanding Diversity in the United States.
- Two Student Achievement Gap Summits were held this past year. Schools participating were those most affected by students who are in the achievement gap. The schools and education center staff will meet quarterly to review progress and problem-solve issues. Results of 2003 CSAP's show that BVSD is making headway toward reducing the achievement gap by reducing the number of diverse students in the non-profit categories.
- The Advancement Via Individual Determination (AVID) program has been implemented at two middle schools. A district coordinator and coordinators at each building have been trained. The program will be implemented at Centaurus High School in 2003-04. Vertical articulation teams were established at Casey Middle, Boulder High, Angevine Middle and Centaurus High Schools. The teams met throughout the year to discuss articulation issues and ways to accelerate student access to higher level classes.
- Colorado Literacy Corps (CLC) members were placed at high needs schools to reduce the student-teacher ratio in guided reading groups. CLC members also developed and implemented extended-day programs focused on writing development for disadvantaged students. Funding for Literacy Corps has been significantly reduced by the state for 2003-04.
- Efforts were made to expand BVSD diversity training to parents and the community. The District collaborated with community and parents of color to develop Youth Leadership Institutes. The District is continuing the support systems for the Multi-Ethnic Action Committee (MEAC), SAFE Schools Coalition and the Parent Coalition. The district provided support to American Indian families and developed strategies to meet the needs of American Indian Students through the federal grant.
- Human Resources held a welcome reception and dinner for all new administrators of color in October. HR also worked with MEAC to host a reception in early September for all employees of color. In January, HR met with the MEAC subcommittee to discuss ways to provide support from community members for employees of color. Plans to assign specific mentors to all new employees of color for the 2003-04 school year are under way.
- A comprehensive plan to meet the needs of second language learners is showing results. CSAP show progress toward reducing the achievement gap for second language learners who have exited the district's ESL program. Scores were near the level of their native English speaking peers, based on the weighted index results.



- As part of an integrated plan for improving school climate and safety, Safe and Drug Free Schools offered “Bully-Proofing Your School” training for 50 staff members from 18 elementary and middle schools. Eight of the schools implemented the program; 10 more will begin implementation in 2003-04. The youth subcommittee of the newly formed Drug and Alcohol Task Force was trained in facilitation skills, cultural competency, drug and alcohol information, and skill-building. The Office of Prevention and Health Initiatives was created and the Substance Abuse Prevention Program (SAPP) Coordinator position now reports to the Director of Institutional Equity to improve integration of programs.
- Special Education Advisory Committee (SEAC) continued to work on two-year goals and establish new goals for 2003-04. Goals were: to increase public awareness of special education by establishing a working relationship with the community, create and disseminate resources for parents of special needs students in BVSD, and improve the transition process to members, established relationships with community resources, developed a web page and calendar, explored peer tutor programs for local high schools, disseminated the “Financial Planning for Parents with Children with Disabilities” to families, wrote a draft brochure for families regarding special education services in BVSD, revised the Interagency Resource Book previously developed by BVSD and St. Vrain and distributed the book to BVSD schools this fall, made presentations at local meetings, kept parents informed through the PPP (Parent Professional Partnership) newsletter, “Special Edition.” A translation checklist for use by families and BVSD IEP teams is almost complete.



3c Customer Satisfaction:

- 94% of the parents surveyed either agreed or strongly agreed that teachers treat their students with respect.
- 92% of the parents surveyed either agreed or strongly agreed that their school teaches students about the cultural heritage of many groups.
- 96% of the parents surveyed either agreed or strongly agreed that their children feel welcome at school.
- 95% of the parents surveyed either agreed or strongly agreed that boys and girls have equal opportunities at school.
- 96% of the parents surveyed either agreed or strongly agreed that students with disabilities are treated fairly at school.

3d Relationship to 2003-04 Budget:

- Efforts to focus attention and resources toward eliminating racism and developing an appreciation for cultural diversity are supported through the budgets for the schools, Superintendent and Learning Services through the Director of Cultural Diversity. 1998 referendum funding is also directed toward this priority.



Priority 4: Provide a High-Quality, Committed Staff

Definition: A highly qualified, caring, committed, and diverse staff is recruited, supported, retained, supervised and evaluated using strategies that focus on continuous improvement resulting in high levels of organizational performance.

4a: Beliefs

- Boulder Valley School District values all employees.
- A highly qualified, committed staff:
 - Maximizes student learning and achievement.
 - Fosters collaboration and partnerships.
 - Values diversity and promotes understanding.
 - Manages assets responsibly.

4b 2002-03 Focused Outcomes:

- Administrative and teacher evaluations are seen as a tool to reaching our goals of high student achievement and reducing the achievement gap. All new administrators attended Standards-Based Evaluator Training last fall.
- Tracking of completed evaluations is being monitored more closely by Elementary and Secondary Education. A follow-up tracking system from the Human Resource office is also in place. An administrator evaluation criteria rubric is being developed.
- All collective bargaining groups (BVEA, BVEOP, BVSEA and BVPA) settled with the District by June 19.
- Human Resources and Learning Services developed a plan to meet the requirements of the No Child Left Behind Act related to a high-quality staff.
- Human Resources personnel prepare a Hiring Report each October that reflects losses and gains in the hiring of people of color throughout the district. HR will continue to work with administrators recruit employees of color.
- Human Resources has improved the consistency in application of personnel decisions and utilizes technology that benefits principals and district staff. The department is working to improve internal recordkeeping, relations with all employee groups and follow-through on employee file clean-up and grievance procedures.
- Climate and morale issues have been actively discussed at Administrative and Operations staff meetings as well as ways to develop a supportive climate. The annual Administrative and Operations' survey to principals and selected staff also measures how the Administrative and Operations area is delivering services and working with our customers. The end-of-year DLT meeting was structured to support improved morale within the administrative team.
- The BVSD Special Education Department will finish by mid 2003-04 the complete paraeducator training presented by the University of Colorado/Denver. This will enable paraeducators who have completed this sequence to apply for their certificate through Co-TOPP. In addition, the BVSD Special Education Department has continued monthly basic trainings for those paraeducators who have recently been hired.



- The Special Education Department has increased its number of Spanish speaking service providers for 2002-03 and also for 2003-04.

4c Customer Satisfaction:

- 92% of parents surveyed agreed or strongly agreed that teachers encourage their children to do their best and 91% believe teachers are committed to maximizing student achievement.
- 91% of parents surveyed and 93% of staff agreed or strongly agreed that the building administrators demonstrate commitment to school improvement.
- 87% of parents surveyed and 89% of staff agreed or strongly agreed that their principals or administrators provides effective leadership.

4d Relationship to 2003-04 Budget:

- Efforts to provide a high-quality, committed staff are supported in the budget of Human Resources, and staff development funds in the departmental and school budgets.





Priority 5: Manage Assets Responsibly

Definition: All district fiscal and facility resources are maximized to provide equitable, quality learning environments, while maintaining public confidence in management practices and results.

5a: Beliefs

- Student achievement is the first priority in making budget decisions.
- Facilities should be maintained to provide environments that promote learning and protect the health and safety of students.
- The district is obligated to the taxpayers to spend money effectively and prudently.
- The district must address needs of individual students and maintain equitable resource allocations.

5b 2002-03 Focused Outcomes:

- The Board approved facility closures and consolidations in April. Staff will be monitoring enrollments in east Boulder County. Strategies for addressing surplus real estate will be developed this fall. Total estimated school closure general fund savings for 2003-04 is \$788,942 less \$200,000 in transition costs equals \$588,942.
- Education Specifications for Building Design were developed and approved by the Board of Education in December.
- Planning for the November 2002 referendum election began in October 2001. Referendum 3A asked for \$15 million to continue 1998 referendum programs for another five years, provide funding to maintain a competitive salary and benefit package in 2003-04, and provide for additional programs. Referendum 3B sought funds for an enhanced local-area and new wide-area network along with enhancing district application systems. The result was the successful passage of 3A by 56.9% and the loss of 3B by 51.4%.
- Significant changes in the 2003-04 and 2004-05 calendars were approved by the Board of Education. A uniform school calendar implemented across levels with designated student contact days was developed.
- Following an audit of BVSD security, several recommendations for central security have been implemented: uniforms of agents, marking of security vehicles, hiring of a security supervisor, short-term shift changes for better coverage, updated incident reporting software and data collection, on-the-job training for central monitors and agents, campus monitor training, radio communications plan, access control pilot at one school, and panic alarms in some Education Center offices.
- A new budget development process was used for the 2003-04 budget. The Superintendent, Deputy Superintendent, Chief Operations Officer, and Chief Financial Officer met with all principals and School Improvement Team representatives to discuss which programs are essential to the quality of education in BVSD, which are not essential and ways to help balance the budget.
- A new optional student fee schedule is smaller and clearer than schedules in past years. Schools were provided with a new "Facts about Fees" that better defines the uses of fee assessments.
- Six Education Center departments piloted a new automated time sheet system in April. All departments except Learning Services are using the system. All schools are expected to be on the system by the end of October, 2003.
- Standard procedures were established for funding trips for student competitions, combining funds from the Secondary Education Department and advanced academic services.



- In December 2002, the Board of Education approved purchase of new software to replace the district enterprise system. The hardware has been purchased and installed, and the business needs analysis phase of the project has begun. The system is expected to “go live” next summer at the start of the 2004-05 fiscal year.

5c Customer Satisfaction:

- 92% of parents and 91% of staff surveyed agreed or strongly agreed that the school provides students with the materials and resources necessary to learn.
- 92% of parents and 90% of staff surveyed agreed or strongly agreed that resources at the school are used effectively.

5d Relationship to 2003-04 Budget:

- Efforts to promote responsible management of resources are supported by budgets in the Division of Business and Financial Services, Operations and Maintenance, and all program budgets.



Priority 6: Plan and Assess for Continuous Improvement

Definition: The district commits itself to continuous improvement and enhanced organizational effectiveness through comprehensive planning based on data-driven decision making, which is focused on the district's mission and strategic initiatives

6a: Beliefs

- The district and its schools must regularly examine the effectiveness of practices, programs, procedures and policies.
- Continuous improvement occurs through planned change.
- The continuous improvement process is a cycle that includes data analysis, determination of needs, planning for improvement, implementation of the plan and analysis of results.
- School organizations are complex and variable.
- The district and its schools must be responsive to changing needs and expectations of its clients and the community.
- Cooperation, teamwork, and partnering are the norm.

6b 2002-03 Focused Outcomes:

- BVSD aligned the “New Century Graduate” mission with accreditation requirements to incorporate the mission with the Strategic Plan. The Board of Education also adopted Board Policy CFD – Leadership/Decision-Making Philosophy on February 11, 2003.
- Principals received data analysis training in August to assist in development of end-of year reports that used for continuous improvement planning with School Improvement Teams and that are submitted in the fall to DAC. Yet, principals rated end-of-year reporting lowest among areas served by Planning and Assessment. Teachers received student rosters showing individual student score gain on CSAP and Wookcock-Munoz. Efficient, user-friendly data entry was developed for the data warehouse (Data for Decisions). BVSD participated in an innovative web site of banded school results, Just for the Kids, and a longitudinal data analysis project. Simplified production of end-of-year reports should enable principals to spend less time on document assembly this fall, allowing greater opportunity for data analysis, incorporating survey data more efficiently. Support for principals will be increased during anticipated peak times for document production.
- During the last year, IT staff made a number of enhancements to the data warehouse to include:
 - Loaded the CSAP results for 2001-02 and worked with Planning and Assessment to develop and promote more than 200 canned pivot reports.
 - Overhauled the Literacy Assessment Data Entry process. Users now print reports out of the warehouse, give to the teachers for recording scores, then enter the scores in the data warehouse then re-print the reports and give back to the teachers for checking. With the new process, 40 more scores were entered this spring compared to last spring.
 - Added CSAP Accountability Index and One Year Score Gain Average to the CSAP cube.
 - Started to add financial data to the data warehouse. Currently four of the canned reports are complete and almost ready for testing.
 - Added literacy Level Equivalent and Priority Test to the Literacy cube.
 - Created data dictionary and moved all training documentation on-line.
 - Created Crystal Reports CSAP Roster reports for all CSAP tests for all teachers. These reports were printed and mailed last year but will be available on-line this August.
 - Hooked the Intranet web site to the data warehouse to extract employee address and phone number information.
 - All employee phone book and employee firectory information was extracted from the data warehouse.
 - Created a SDRT (Stanford Diagnostic Reading Test) cube and loaded historical data. We are waiting on Planning and Assessment’s verification of the data to roll out to production.



- Added Read to Achieve, Summer Literacy Academy, Literacy Tutor and Guided Reading Program, Residence area School, School Attendance Reason and School Permit Reason, Next School, Cohort Group BVSD dimensions to all cubes.
- Trained 123 people in the two-hour class and approximately 100 people in the one-hour class specifically for principals and APs.
- BVSD aligned the newly-developed accreditation/accountability process to district strategic initiatives. More detail is provided on the Accreditation Plan Implementation in the Maximize Learning & Achievement section.
- All BVSD staff members received information concerning issues related to multicultural education and diversity through a quarterly newsletter and the BVSD equity website. The data warehouse has made it so no child is invisible.
- An “Addendum to Board Goals” was published to ensure alignment with CDE requirements for reporting on accreditation indicators.
- The BVSD Special Education Department has successfully completed its third year of the CIMP (Continuous Improvement Monitoring Process) with CDE. The yearly master plan for the department has been submitted and the plan for 2003-04 is being developed. Due to budget cuts, significant re-configuration of services has taken place in order to ready the department for 2003-04. Specific program evaluation is still a goal for 2003-04.

6c Customer Satisfaction:

- 91% of parents and 81% of staff surveyed agreed or strongly agreed that they know how to become involved in school decision-making, if they chose.
- 85% of parents surveyed agreed or strongly agreed that they have been informed about the school's improvement goals.
- 73% of parents surveyed agreed or strongly agreed that the quality of programs at their child's school improved since last year, an increase over a year ago.

6d Relationship to 2003-04 Budget:

- Efforts toward continuous improvement are supported through budgets in Planning and Assessment and the Chief Operations Officer.

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, 2004, 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, 2004, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is 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 8, 2004, 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. 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 in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Swanhorst & Cutler LLC

October 8, 2004

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, 2004. 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, 2004:

- The primary government has government-wide net assets totaling over \$82.97 million.
- Governmental activities have an unrestricted net assets surplus of over \$8.8 million.
- Business-type activities have an unrestricted net assets surplus of over \$667,000.
- Fund balance of the District's governmental funds increased by nearly \$8.5 million resulting in an ending fund balance of over \$33.9 million. The increase in the Combined General Fund ending balance is a result of funding increases in the School Finance Act, the passage of a mill levy increase in November of 2002, increased tax collections, and the delay of certain expenditures until the 2004-2005 fiscal year.
- The District's long-term general obligation debt decreased by \$6,450,000 to \$147,065,000 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, Summer School Fund, Athletics Fund, Community Schools Fund, Tuition Preschool Fund, Colorado Preschool Fund, Governmental Designated-purpose Grants Fund, Capital Reserve Fund, Energy Conservation Fund, Building 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 five 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, Summer School 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, Capital Reserve Fund, Energy Conservation Fund and the Building 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 type to account for the insurance reserve fund activities related to the District's liability, property and workers' compensation insurance needs and the overall risk management activities of the District.

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 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 \$82.97 million with an unrestricted balance of over \$9.5 million. A net investment of \$47.93 million in land, buildings, equipment and vehicles represents 57.76% of the District's net assets.

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

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Current and other assets	\$ 64,132,580	\$ 55,137,496
Capital assets	<u>201,453,909</u>	<u>205,529,612</u>
Total Assets	\$265,586,489	\$260,667,108
Long-term liabilities outstanding	\$154,873,795	\$160,264,187
Other liabilities	<u>27,739,224</u>	<u>28,293,648</u>
Total Liabilities	182,613,019	188,557,835
Net assets		
Investment in capital assets, net of related debt	47,932,344	46,528,501
Restricted for:		
Debt Service	17,211,464	15,207,467
Capital Projects	2,141,390	4,001,547
Multiple Year Obligations	100,000	100,000
Emergencies	6,034,399	5,864,824
Unrestricted	<u>9,553,873</u>	<u>406,934</u>
Total Net Assets	82,973,470	72,109,273
Total Liabilities and Net Assets	\$265,586,489	\$260,667,108

Government-Wide Activities

Governmental activities increased the net assets of the District by \$10,677,676 during the fiscal year ended June 30, 2004.

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

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Revenues		
Charges For Services	\$ 8,225,500	\$ 8,277,607
Operating Grants and Contributions	18,703,302	17,588,509
General Revenues:		
Taxes:		
Local Property Taxes	152,701,086	146,454,502
Specific Ownership Taxes	11,551,266	11,605,270
School Finance Act	45,499,801	42,286,795
Other Revenues	6,215,533	2,212,217
Grants not Restricted to Specific Programs	0	1,635,693
Earnings on Investments	<u>230,215</u>	<u>487,225</u>
Total Revenue	243,126,703	228,845,139

Expenses

Instruction	152,350,470	138,634,470
Supporting Services	67,708,814	64,857,565
Depreciation, Unallocated	0	7,350,240
Interest Expense	7,251,857	7,717,201
Food Services	4,951,365	5,052,501
Total Expenses	232,262,506	223,611,977
Change in net assets	10,864,197	6,935,841
Net Assets - July 1	72,109,273	65,173,432
Net Assets - June 30	\$ 82,973,470	\$ 72,109,273

Business-Type Activities

Business-type activities increased the District's net assets by \$186,521 from Food Service Fund nutrition services.

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, Summer School Fund, Athletics Fund, Community Schools Fund, Tuition Preschool Fund and the Colorado Preschool Fund. As of June 30, 2004, the Combined General Fund shows an ending fund balance of \$14,398,819, up from the combined fund balance of \$6,110,154 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 \$7,380,853 to a balance of \$13,117,998. The Capital Projects Funds (which include the Capital Reserve Fund, Energy Conservation Fund and Building Fund) had a decrease in fund balance at the end of the year of \$1,744,127 to \$2,428,029 due to the completion of projects funded from the 1998 bond issue and close out of the Energy Conservation Fund due to the refunding of the 1992 and 1995 Certificates of Participation. The Bond Redemption Fund ended the fiscal year with a balance of \$17,075,783 which will carry forward into 2004-2005 to fund the District's long-term debt principal and interest payments.

General Operating Fund Budgetary Highlights

The District began the 2003-2004 budget development process in November, 2002 with discussions related to teacher negotiations. The budget development calendar was also presented to the Board of Education in that month.

In January 2003, early in the process, the Board of Education met in a work session to discuss their priorities around the issues facing the district in balancing the 2003-2004 budget. The Board of Education reviewed the implications of the following considerations given the uncertain financial climate:

- Increase district financial flexibility
- Additional district needs
- Restore additional critical reductions from 2002-03 amounting to approximately \$5 million
- Implement all or a portion of the 2002 referendum programs
- Additional compensation for District Staff.

The Board agreed unanimously to direct the Superintendent to use the following three concepts in balancing the budget:

- Reductions in selected districts programs/areas
- Phasing in the implementation of the 2002 referendum programs
- Closure and/or consolidation of schools.

Comprehensive budget hearings were conducted with all department heads, school principals and school improvement teams representatives. These discussions occurred throughout February and March 2003.

The 2002-2003 midyear analysis completed in February revealed that the District was headed for a budget shortfall by year end. This projected deficit was partially explained by the slowing economy's effect on district revenue sources. Salary expenditures were anticipated to be greater than budgeted. This 2002-2003 midyear estimate established the base of expenditure assumptions for 2003-2004.

After reviewing input from the budget hearings, enrollment projections prepared by the Planning Department and the most current revenue assumptions, the Superintendent and senior staff prepared a preliminary budget guided by the priorities of the Boulder Valley School District RE-2 Strategic Plan. The preliminary budget was presented to the Board of Education in April 2003.

Community input sessions were delayed until May due to the extensive community meetings related to closures and consolidations.

After presentation of the Proposed Budget on May 23, 2003, the Board of Education engaged in the budget discussions at all Board meetings. Adoption of the 2003-04 budget occurred on June 24, 2003.

The final phase of budget development was the modification of the June budget based on final 2002-2003 financial statements and updated enrollment information gained from the first month of school in the fall. 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 for the Board to adjust revenues and expenditures through October 15, 2003.

General Operating Fund Expenditure Highlights

General operating fund spending in 2003-2004 provided for the continuation of district programs and services. General Operating Fund percentages of every dollar spent in fiscal year 2003-2004 are shown in the following chart. 74.26% of expenditures are for regular program instruction, special program instruction and direct instructional support, 18.46% of expenditures are for school administration, operations and maintenance of District facilities and student transportation, and 7.28% of expenditures are for District wide services and community obligations.

Spending Your BVSD Dollar:

Boulder Valley School District RE-2

	Actual Expenditures for the Year Ended 6/30/04	Percent of Total
Instruction	\$ 98,903,803	51.36%
Regular Education		
Vocational Education		
Co-curricular Education		
Talented and Gifted Education		
Special Instruction	\$ 32,653,012	16.96%
Special Education		
Literacy and Language		
Support Services		
Instructional Support	\$ 11,429,447	5.94%
Student Services	4,987,255	2.59%
Instructional Staff Support	6,442,192	3.35%
School Administration and Operations	\$ 35,545,619	18.46%
School Administration	13,836,245	7.19%
Operations and Maintenance	15,201,649	7.89%
Student Transportation	6,507,725	3.38%
District Wide Services and Community Obligations	\$ 14,021,413	7.28%
General Administration	2,495,514	1.30%
Business Services	1,934,280	1.00%
Central Services	8,466,844	4.40%
Facility Acquisition	85,814	0.04%
Community Services	25,505	0.01%
Adult Basic Education	41,195	0.02%
Debt Services - Payments on Debt	617,520	0.32%
Debt Issue Costs	354,741	0.18%
Total General Operating Fund Expenditures for the Year Ended June 30, 2004	\$ 192,553,294	100.00%



For 2003-2004, personnel costs equal almost 83% of total expenditures.

General Operating Fund Expenditures
Year Ended June 30, 2004

	Budget Basis		GAAP Basis	
Personnel Costs:				
Salaries	\$ 131,977,972	68.69%	\$ 132,352,763	68.74%
Employee Benefits	<u>26,753,821</u>	<u>13.92%</u>	<u>26,799,528</u>	<u>13.92%</u>
Subtotal	158,731,793	82.62%	159,152,291	82.65%
Non-Personnel Costs:				
Purchased Services	6,983,768	3.63%	6,983,768	3.63%
Supplies	8,354,910	4.35%	8,354,910	4.34%
Property	1,316,451	0.69%	1,316,451	0.68%
Other	1,132,236	0.59%	1,132,236	0.59%
Allocation to Insurance Reserve	<u>3,330,304</u>	<u>1.73%</u>	<u>3,330,304</u>	<u>1.73%</u>
Subtotal	21,117,669	10.99%	21,117,669	10.97%
Operating Expenditures	\$ 179,849,462	93.61%	\$ 180,269,960	93.62%
Allocations to Charters	<u>12,283,334</u>	<u>6.39%</u>	<u>12,283,334</u>	<u>6.38%</u>
Total Expenditures	\$ <u><u>192,132,796</u></u>	<u>100.00%</u>	\$ <u><u>192,553,294</u></u>	<u>100.00%</u>

Combined General Fund Fund Balance Analysis

An analysis of the District's General Fund fund balance is shown in the following chart. The \$14.4 million fiscal year 2004 GAAP fund balance is at the highest level since 1995. During 2003-2004, in order to maintain a minimum fund balance level, the District revised Policy DB. The revised policy requires, among other things, that "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."

**Boulder Valley School District RE-2
Ten Year Analysis of Combined General Fund Fund Balance**

Year Ended	Budget Basis	Summer	Reserve for	GAAP Basis	Fund Balance
<u>June 30</u>	<u>Fund Balance</u>	- <u>Salary Accrual</u>	+ <u>Inventory</u>	= <u>Fund Balance</u>	<u>Change</u>
2004	30,904,045	16,978,199	472,973	14,398,819	8,288,665
2003	22,292,828	16,557,701	375,027	6,110,154	6,214,421
2002	15,064,051	15,610,934	442,616	(104,267)	(4,789,327)
2001	18,917,605	14,694,706	462,161	4,685,060	(1,161,673)
2000	19,712,812	14,351,221	485,142	5,846,733	(1,793,336)
1999	20,916,931	13,691,862	415,000	7,640,069	9,619,401
1998	9,861,052	12,255,384	415,000	(1,979,332)	413,454
1997	9,188,705	12,071,491	490,000	(2,392,786)	(1,283,722)
1996	9,561,740	11,160,804	490,000	(1,109,064)	4,478,142
1995	5,067,378	11,144,584	490,000	(5,587,206)	(2,576,763)

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

For the years ending June 30, 2001 and 2002, the Combined General Fund includes the General Operating Fund, Summer School Fund, Athletics Fund, Community Schools Fund, and the Charter Fund.

Capital Assets and Debt Administration

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2004 amounts to \$201,453,909.

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

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Land	\$2,802,833	\$ 2,802,833
Construction in Progress	0	676,961
Land Improvements	4,798,998	1,624,398
Buildings	188,871,595	195,597,271
Equipment	1,280,786	1,320,680
Vehicles	<u>3,699,697</u>	<u>3,507,469</u>
TOTAL ASSETS	\$201,453,909	\$205,529,612

Additional information on the District's capital assets can be found in note 5 of this report.

At June 30, 2004, the District had total bonded debt outstanding of \$147,065,000 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 \$7,865,843 still outstanding at the end of the current fiscal year. Certificates of participation in the amount of \$6,790,000 are collateralized by specific buildings owned by the District.

**Boulder Valley School District RE-2
Long-Term Debt**

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
General Obligation Bonds And Bond Premium	\$147,176,364	\$ 153,651,111
Certificates of Participation	6,790,000	5,350,000
Compensated Absences	<u>1,075,843</u>	<u>1,263,076</u>
Total	\$155,042,207	\$ 160,264,187

Additional information on the District's long-term obligations can be found in note 8 of this report.

Economic Factors and Next Year's Budget

In November 2000, voters in Colorado approved a provision to the Colorado Constitution providing that K-12 education funding would increase at pupil growth plus inflation plus one percent for 10 years and thereafter, growth plus inflation. This provision was intended to stabilize funding and provide predictability for District revenues for the future.

For the 2004-05 year the Colorado State Legislature approved School Finance Act funding that increases the statewide base per pupil funding by 2.1%. This includes an inflationary increase of 1.1% plus 1%. This funding level was intended to reflect the provisions set forth in Amendment 23 of the Colorado Constitution. Per pupil revenue for Boulder Valley Schools for the 2004-05 year is \$6,022 less a \$1 rescission for a total of \$6,021. Actual and projected student enrollment counts also influence the District's current and future operating budgets due to their impact on the funding and resource allocation process. Enrollments for 2004-2005 are estimated at 27,913, with a resulting FTE pupil count of approximately 26,712. This represents an increase of 46 in enrollment/heads and 55 in FTE from 2003-04. While the School Finance Act averaging softens the blow of reduced funding as enrollments decline, increased student FTE does not realize an increase in revenues on a one-for-one basis.

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, 2004

	<u>PRIMARY GOVERNMENT</u>			COMPONENT
	<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	\$ 53,576,582	\$ 548,048	\$ 54,124,630	\$ 4,131,461
Restricted Cash and Investments	764,932	-	764,932	3,185,757
Accounts Receivable	314,585	28,014	342,599	7,384
Taxes Receivable	5,297,503	-	5,297,503	-
Grants Receivable	2,440,854	157,116	2,597,970	-
Inventories	472,973	239,369	712,342	2,775
Prepaid Expenses and Deposits	16,217	-	16,217	-
Debt Issuance Costs	276,387	-	276,387	688,619
Capital Assets, Net of Accumulated Depreciation	<u>201,158,611</u>	<u>295,298</u>	<u>201,453,909</u>	<u>13,163,474</u>
TOTAL ASSETS	<u>264,318,644</u>	<u>1,267,845</u>	<u>265,586,489</u>	<u>21,179,470</u>
LIABILITIES				
Accounts Payable	9,316,213	13,834	9,330,047	146,742
Accrued Liabilities	38,595	-	38,595	108,619
Accrued Salaries and Benefits	17,860,161	90,675	17,950,836	556,303
Deferred Revenues	374,386	45,360	419,746	67,276
Noncurrent Liabilities				
Due Within One Year	7,245,000	-	7,245,000	-
Due in More Than One Year	<u>147,628,795</u>	<u>-</u>	<u>147,628,795</u>	<u>18,335,985</u>
TOTAL LIABILITIES	<u>182,463,150</u>	<u>149,869</u>	<u>182,613,019</u>	<u>19,214,925</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	47,637,046	295,298	47,932,344	(4,483,892)
Restricted for				
Debt Service	17,211,464	-	17,211,464	3,150,666
Capital Projects	2,141,390	-	2,141,390	-
Multiple Year Obligations	100,000	-	100,000	-
Emergencies	5,879,459	154,940	6,034,399	400,000
Unrestricted	<u>8,886,135</u>	<u>667,738</u>	<u>9,553,873</u>	<u>2,897,771</u>
TOTAL NET ASSETS	<u>\$ 81,855,494</u>	<u>\$ 1,117,976</u>	<u>\$ 82,973,470</u>	<u>\$ 1,964,545</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, 2004

<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	\$ 152,350,470	\$ 3,845,513	\$ 14,285,715
Supporting Services	67,708,814	787,690	2,871,998
Interest Expense	<u>7,251,857</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>227,311,141</u>	<u>4,633,203</u>	<u>17,157,713</u>
Business-Type Activities			
Food Services	<u>4,951,365</u>	<u>3,592,297</u>	<u>1,545,589</u>
Total Business-Type Activities	<u>4,951,365</u>	<u>3,592,297</u>	<u>1,545,589</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 232,262,506</u>	<u>\$ 8,225,500</u>	<u>\$ 18,703,302</u>
COMPONENT UNITS			
Charter Schools	<u>12,094,898</u>	<u>674,050</u>	<u>947,177</u>
TOTAL COMPONENT UNITS	<u>\$ 12,094,898</u>	<u>\$ 674,050</u>	<u>\$ 947,177</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
\$ (134,219,242)	\$ -	\$ (134,219,242)	\$ -
(64,049,126)	-	(64,049,126)	-
(7,251,857)	-	(7,251,857)	-
<u>(205,520,225)</u>	<u>-</u>	<u>(205,520,225)</u>	<u>-</u>
<u>-</u>	<u>186,521</u>	<u>186,521</u>	<u>-</u>
<u>-</u>	<u>186,521</u>	<u>186,521</u>	<u>-</u>
<u>(205,520,225)</u>	<u>186,521</u>	<u>(205,333,704)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,473,671)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,473,671)</u>
152,701,086	-	152,701,086	-
11,551,266	-	11,551,266	-
45,499,801	-	45,499,801	-
-	-	-	509,118
230,215	-	230,215	109,642
<u>6,215,533</u>	<u>-</u>	<u>6,215,533</u>	<u>10,233,765</u>
<u>216,197,901</u>	<u>-</u>	<u>216,197,901</u>	<u>10,852,525</u>
10,677,676	186,521	10,864,197	378,854
<u>71,177,818</u>	<u>931,455</u>	<u>72,109,273</u>	<u>1,585,691</u>
\$ <u>81,855,494</u>	\$ <u>1,117,976</u>	\$ <u>82,973,470</u>	\$ <u>1,964,545</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

	<u>GENERAL</u>	<u>BOND REDEMPTION</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Investments	\$ 33,634,553	\$ 16,758,902	\$ 3,090,832	\$ 53,484,287
Restricted Cash and Investments	764,932	-	-	764,932
Accounts Receivable	307,903	6,682	-	314,585
Taxes Receivable	4,851,623	445,880	-	5,297,503
Grants Receivable	-	-	2,440,854	2,440,854
Due from Other Funds	1,127,995	-	-	1,127,995
Inventories	472,973	-	-	472,973
Prepaid Items	14,840	-	1,377	16,217
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>41,174,819</u>	\$ <u>17,211,464</u>	\$ <u>5,533,063</u>	\$ <u>63,919,346</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 8,473,402	\$ -	\$ 827,829	\$ 9,301,231
Retainage Payable	-	-	38,595	38,595
Accrued Salaries and Benefits	16,978,199	-	846,355	17,824,554
Due to Other Funds	-	-	1,127,995	1,127,995
Deferred Revenues	110,126	-	264,260	374,386
Deferred Property Taxes	1,214,273	135,681	-	1,349,954
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	26,776,000	135,681	3,105,034	30,016,715
FUND BALANCES				
Reserved for Inventories	472,973	-	-	472,973
Reserved for Prepaid Items	14,840	-	-	14,840
Reserved for Multiple Year Obligations	100,000	-	-	100,000
Reserved for Emergencies	5,500,754	-	286,639	5,787,393
Unreserved, reported in				
General Fund	8,310,252	-	-	8,310,252
Debt Service Fund	-	17,075,783	-	17,075,783
Capital Projects Funds	-	-	2,141,390	2,141,390
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	14,398,819	17,075,783	2,428,029	33,902,631
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>41,174,819</u>	\$ <u>17,211,464</u>	\$ <u>5,533,063</u>	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 201,158,611

Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds. 1,349,954

The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 41,706

Long-term liabilities, including bonds payable (\$147,065,000), bond premium (\$111,364), certificates of participation (\$6,790,000), compensated absences (\$1,075,843), debt issuance costs \$276,387, and loss on refunding \$168,412 are not due and payable in the current period and therefore, are not reported in the funds. (154,597,408)

Net assets of governmental activities \$ 81,855,494

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, 2004**

	<u>GENERAL</u>	<u>BOND REDEMPTION</u>	<u>OTHER OVERNMENTAL FUNDS</u>	<u>TOTAL OVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 157,485,415	\$ 15,513,019	\$ 2,489,780	\$ 175,488,214
State Sources	51,974,770	-	1,283,960	53,258,730
Federal Sources	-	-	8,703,306	8,703,306
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	209,460,185	15,513,019	12,477,046	237,450,250
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current				
Instruction	133,626,296	-	8,953,523	142,579,819
Supporting Services	63,912,229	-	2,056,919	65,969,148
Debt Issuance Costs	354,741	-	-	354,741
Capital Outlay	-	-	7,628,053	7,628,053
Debt Service				
Principal	485,000	6,450,000	-	6,935,000
Interest and Fiscal Charges	132,520	7,119,222	-	7,251,742
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	198,510,786	13,569,222	18,638,495	230,718,503
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,949,399	1,943,797	(6,161,449)	6,731,747
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Debt Issuance	7,275,000	-	-	7,275,000
Payments to Escrow Agent	(5,518,412)	-	-	(5,518,412)
Transfers In	1,230,237	-	5,686,179	6,916,416
Transfers Out	(5,647,559)	-	(1,268,857)	(6,916,416)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(2,660,734)	-	4,417,322	1,756,588
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	8,288,665	1,943,797	(1,744,127)	8,488,335
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, Beginning	6,110,154	15,131,986	4,172,156	25,414,296
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, Ending	\$ 14,398,819	\$ 17,075,783	\$ 2,428,029	\$ 33,902,631
	<hr/>	<hr/>	<hr/>	<hr/>

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, 2004

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

Net change in fund balances, governmental funds	\$ 8,488,335
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 \$8,084,740 and loss on disposal \$12,883 exceed capital outlays (\$4,062,134).	(4,035,489)
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.	538,567
Repayments of debt principal \$6,935,000 and decreases in compensated absences \$187,233 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.	7,122,233
Proceeds from the issuance of debt and related costs are revenues and expenses in the governmental funds, but are long-term liabilities and assets in the statement of net assets and do not affect the statement of activities. This amount represents proceeds from the issuance of certificates of participation (\$7,275,000), payments to escrow agent \$5,518,412, and issuance costs \$139,649. Prior year bond issuances resulted in amortization of issuance costs (\$24,862) and amortization of bond premium \$24,747.	(1,617,054)
An internal service fund is used by management to charge the costs of insurance to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	<u>181,084</u>
Change in net assets of governmental activities	\$ <u><u>10,677,676</u></u>

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

BUDGETARY COMPARISON STATEMENT

GENERAL FUND

Year Ended June 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 147,707,865	\$ 147,523,349	\$ 148,317,073	\$ 793,724
Tuition	3,799,219	3,995,314	3,845,513	(149,801)
Earnings on Investments	250,000	250,000	80,227	(169,773)
Other Local Revenue	2,166,199	2,130,658	5,242,602	3,111,944
State Equalization	42,708,097	43,453,565	45,528,967	2,075,402
State Reimbursement Programs	2,649,198	2,795,516	2,597,689	(197,827)
Special Education	3,699,196	3,524,469	3,759,138	234,669
English Language Proficiency Act	92,250	92,250	88,976	(3,274)
TOTAL REVENUES	203,072,024	203,765,121	209,460,185	5,695,064
EXPENDITURES				
Current				
Instruction - Regular Programs	97,624,270	97,797,444	98,834,283	(1,036,839)
Instruction - Special Programs	33,750,948	35,300,683	35,212,511	88,172
Student Support Services	4,685,796	5,162,642	4,989,547	173,095
Instructional Staff Services	6,807,701	6,940,602	6,442,192	498,410
General Administration	2,321,239	2,392,993	2,519,392	(126,399)
School Administration	13,023,227	13,931,118	13,854,249	76,869
Business Services	1,961,413	1,971,010	1,934,280	36,730
Operations and Maintenance	14,589,586	14,931,041	15,203,507	(272,466)
Pupil Transportation	6,201,972	6,418,301	6,507,725	(89,424)
Central Support Services	4,535,451	5,175,987	5,136,540	39,447
Other Supporting Services	2,686,100	50,000	-	50,000
Enterprise Operations	80,671	62,749	85,814	(23,065)
Community Services	4,366,756	3,915,159	3,867,484	47,675
Adult Education	33,154	33,404	41,195	(7,791)
Cost of Issuance	-	-	354,741	(354,741)
Reserves	8,987,760	9,069,305	-	9,069,305
Debt Service				
Principal	1,362,341	1,252,498	485,000	767,498
Interest	-	-	132,520	(132,520)
TOTAL EXPENDITURES	203,018,385	204,404,936	195,600,980	8,803,956
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	53,639	(639,815)	13,859,205	14,499,020
OTHER FINANCING SOURCES (USES)				
Debt Issuance	-	-	7,275,000	7,275,000
Payments to Escrow Agent	-	-	(5,518,412)	(5,518,412)
Transfers In	-	-	1,230,237	1,230,237
Transfers Out	(6,741,387)	(6,766,277)	(8,977,863)	(2,211,586)
TOTAL OTHER FINANCING SOURCES (USES)	(6,741,387)	(6,766,277)	(5,991,038)	775,239
NET CHANGE IN FUND BALANCE	(6,687,748)	(7,406,092)	7,868,167	15,274,259
Salaries and Benefits Earned but Unpaid				
Beginning	-	-	(16,557,701)	(16,557,701)
Ending	-	-	16,978,199	16,978,199
FUND BALANCE, Beginning	21,227,157	22,074,022	6,110,154	(15,963,868)
FUND BALANCE, Ending	\$ 14,539,409	\$ 14,667,930	\$ 14,398,819	\$ (269,111)

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

BALANCE SHEET
PROPRIETARY FUNDS
June 30, 2004

	<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	\$ 548,048	\$ 92,295
Accounts Receivable	28,014	-
Grants Receivable	157,116	-
Inventories	<u>239,369</u>	<u>-</u>
Total Current Assets	<u>972,547</u>	<u>92,295</u>
Noncurrent Assets		
Equipment	1,073,362	-
Accumulated Depreciation	<u>(778,064)</u>	<u>-</u>
Total Noncurrent Assets	<u>295,298</u>	<u>-</u>
TOTAL ASSETS	<u>1,267,845</u>	<u>92,295</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	13,834	14,982
Accrued Salaries and Benefits	90,675	35,607
Deferred Revenues	<u>45,360</u>	<u>-</u>
TOTAL LIABILITIES	<u>149,869</u>	<u>50,589</u>
NET ASSETS		
Invested in Capital Assets	295,298	-
Restricted for Emergencies	154,940	92,066
Unrestricted	<u>667,738</u>	<u>(50,360)</u>
TOTAL NET ASSETS	\$ <u>1,117,976</u>	\$ <u>41,706</u>

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

BOULDER VALLEY SCHOOL DISTRICT

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

PROPRIETARY FUNDS

Year Ended June 30, 2004

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
OPERATING REVENUES		
Regular School Lunch	\$ 1,695,760	\$ -
Sandwich Line	1,880,419	-
Premiums and Services	-	3,330,304
Other Revenue	<u>16,118</u>	<u>8,762</u>
 TOTAL OPERATING REVENUES	 <u>3,592,297</u>	 <u>3,339,066</u>
OPERATING EXPENSES		
Salaries	1,914,947	1,069,461
Benefits	518,876	235,947
Purchased Food	2,020,228	-
USDA Donated Commodities	128,018	-
Nonfood Supplies	109,442	-
Purchased Services	23,436	1,824,804
Depreciation	57,601	-
Indirect Costs	117,755	-
Other	<u>61,062</u>	<u>27,770</u>
 TOTAL OPERATING EXPENSES	 <u>4,951,365</u>	 <u>3,157,982</u>
 OPERATING INCOME (LOSS)	 <u>(1,359,068)</u>	 <u>181,084</u>
NONOPERATING REVENUES		
USDA Donated Commodities	217,241	-
Federal Reimbursements	1,277,365	-
State Matching Funds	<u>50,983</u>	<u>-</u>
 TOTAL NONOPERATING REVENUES	 <u>1,545,589</u>	 <u>-</u>
 NET INCOME	 186,521	 181,084
NET ASSETS, Beginning	<u>931,455</u>	<u>(139,378)</u>
NET ASSETS, Ending	\$ <u><u>1,117,976</u></u>	\$ <u><u>41,706</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, 2004

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
Cash Flows From Operating Activities		
Contributions	\$ -	\$ 3,330,304
Cash Received from Operations	3,761,936	-
Other Operating Receipts	16,118	8,762
Cash Payments for Premiums and Claims	-	(1,828,881)
Cash Paid to Employees	(2,431,082)	(1,296,964)
Cash Paid to Suppliers	<u>(2,579,219)</u>	<u>(120,926)</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,232,247)</u>	<u>92,295</u>
Cash Flows From Noncapital Financing Activities		
Cash Received from Federal Reimbursements	1,120,249	-
Cash Received from State Matching Funds	<u>50,983</u>	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,171,232</u>	<u>-</u>
Cash Flows From Capital Financing Activities		
Purchases of Equipment	<u>(18,504)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(79,519)	92,295
CASH, Beginning	<u>627,567</u>	<u>-</u>
CASH, Ending	\$ <u><u>548,048</u></u>	\$ <u><u>92,295</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (1,359,068)	\$ 181,084
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	57,601	-
Loss on Disposal of Capital Assets	1,117	-
Donated Commodities	217,241	-
Changes in Assets and Liabilities Related to Operations		
Accounts Receivable	(21,941)	-
Inventories	(101,079)	-
Accounts Payable	(18,199)	(4,077)
Accrued Salaries and Benefits	1,624	8,444
Due to Other Funds	-	(93,156)
Deferred Revenues	<u>(9,543)</u>	<u>-</u>
Total Adjustments	<u>126,821</u>	<u>(88,789)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(1,232,247)</u></u>	\$ <u><u>92,295</u></u>
NON-CASH TRANSACTIONS		
Commodities Received	\$ <u><u>217,241</u></u>	\$ <u><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, 2004

	SCHOLARSHIP FUND	TRUST FUND	AGENCY FUND
ASSETS			
Cash and Investments	\$ 58,936	\$ 163,009	\$ 3,072,765
TOTAL ASSETS	<u>58,936</u>	<u>163,009</u>	<u>3,072,765</u>
LIABILITIES			
Accounts Payable	-	2,084	-
Due to Student Groups	-	-	3,072,765
TOTAL LIABILITIES	<u>-</u>	<u>2,084</u>	<u>3,072,765</u>
NET ASSETS			
Restricted for Scholarships	<u>58,936</u>	<u>160,925</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 58,936</u>	<u>\$ 163,009</u>	<u>\$ 3,072,765</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, 2004

	SCHOLARSHIP FUND	TRUST FUND
ADDITIONS		
Contributions	\$ 5,305	\$ 15,968
TOTAL ADDITIONS	<u>5,305</u>	<u>15,968</u>
DEDUCTIONS		
Scholarships and Awards	<u>4,633</u>	<u>1,806</u>
CHANGE IN NET ASSETS	672	14,162
NET ASSETS, Beginning	<u>58,264</u>	<u>146,763</u>
NET ASSETS, Ending	<u>\$ 58,936</u>	<u>\$ 160,925</u>

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

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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. 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 the State of Colorado to provide alternatives for parents, pupils and teachers. The schools have separate governing boards but are fiscally dependent on the District. The charter schools are considered non-major component units for external financial reporting purposes. Separate financial statements for the 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 of the nonfiduciary activities of the District and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees 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 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.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items 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.

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.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 funds:

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

The *Insurance Reserve Internal Service Fund* accounts for the resources used for the District's liability, property, and workers' compensation 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.

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.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets (Continued)

- 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 of Schools. 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. Budgets for all funds were adopted on a basis consistent with generally accepted accounting principles ("GAAP") except as follows:

- Expenditures for budgetary purposes exclude amounts for salaries and benefits earned but unpaid at year end.
- Payments from the General Fund to the Insurance Reserve Fund are treated as a transfer for budgetary purposes and as an expenditure and revenue for GAAP purposes.

Assets, Liabilities and Fund Balances

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 in short-term certificates of deposit, repurchase agreements, money market deposit accounts, government pools, and U.S. Treasury obligations. All investments are recorded at fair value. It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification.

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.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

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 Items - 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. 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.

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	5 to 20 years

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 accrued in the proprietary fund types and when paid in the governmental fund types. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Deferred Revenues - Deferred revenues include grant funds that have been collected but the corresponding expenditures have not been incurred and property taxes not collected within sixty days of year end.

Long-Term Debt - In the government-wide financial statements, and proprietary fund types 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 type 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 fund types 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.

Revenues and Expenditures/Expenses

Property Taxes - Under Colorado law, 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.

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information in the budgetary comparison statements and schedules has been prepared on a basis of accounting which differs from GAAP, as follows.

Salaries of teachers and certain other employees are paid over a 12 month period ending August 31. However, most salaries are earned over the school year of August through June. For salaries and benefits earned prior to June 30 but not paid until July and August of the following year, the District has consistently followed a practice of budgeting and appropriating these expenditures in the period paid.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Payments from the General Fund to the Insurance Reserve Fund are treated as a transfer for budgetary purposes and as an expenditure and revenue for GAAP purposes. Budget to GAAP differences for these funds are as follows.

	<u>General Fund</u>	<u>Grants Fund</u>
Expenditures		
Total Expenditures, GAAP Basis	\$ 198,510,786	\$ 10,878,627
Change in Salaries Earned but Unpaid	420,498	105,206
Transfers to Insurance Reserve Fund	<u>(3,330,304)</u>	<u>-</u>
 Expenditures, Budgetary Basis	 <u>\$ 195,600,980</u>	 <u>\$ 10,983,833</u>
	<u>Grants Fund</u>	<u>Internal Service Fund</u>
Revenues		
Revenues, GAAP Basis	\$ 10,878,627	\$ 3,339,066
Salaries Earned but Unpaid	(846,246)	-
Premiums and Services	<u>-</u>	<u>(3,330,304)</u>
 Revenues, Budgetary Basis	 <u>\$ 10,032,381</u>	 <u>\$ 8,762</u>
	<u>General Fund</u>	<u>Internal Service Fund</u>
Operating Transfers		
Operating Transfers, GAAP Basis	\$ (5,647,559)	\$ -
Premiums and Services	<u>(3,330,304)</u>	<u>3,330,304</u>
 Operating Transfers, Budgetary Basis	 <u>\$ (8,977,863)</u>	 <u>\$ 3,330,304</u>

Legal Compliance

For the year ended June 30, 2004, the Energy Conservation Fund had expenditures in excess of budgeted amounts of \$4,646. The Fund's remaining assets were transferred to other funds upon refunding of the Certificates of Deposit.

NOTE 3: CASH AND INVESTMENTS

At June 30, 2004, the District and Charter Schools had the following cash and investments.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 3: CASH AND INVESTMENTS (Continued)

	<u>District</u>	<u>Charter Schools</u>
Cash on Hand	\$ 27,694	\$ -
Deposits	4,461,824	1,385,453
Investments	56,431,444	3,195,075
Charter School Cash Held by District	<u>(2,736,690)</u>	<u>2,736,690</u>
 Total	 <u>\$ 58,184,272</u>	 <u>\$ 7,317,218</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. 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. Deposits are categorized by type of credit risk: (1) Insured or collateralized with securities held by the District or by its agent in the District's name. (2) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. (3) Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name.

At June 30, 2004, the District and Charter School deposits had a carrying balance of \$4,461,824 and \$1,385,453, respectively, and a corresponding bank balance as follows:

	<u>District</u>	<u>Charter Schools</u>
Insured (Category 1)	\$ 340,855	\$ 300,400
Deposits Collateralized in Trust Department or with Agent (Category 2)	<u>5,807,414</u>	<u>1,094,822</u>
 Total Deposits	 <u>\$ 6,148,269</u>	 <u>\$ 1,395,222</u>

Investments

Colorado statutes specify investment instruments meeting defined rating and 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

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- 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

Investments are categorized as follows: (1) Investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. (2) Uninsured and unregistered investments for which the securities are held by a counterparty's trust department or agent in the District's name. (3) Uninsured and unregistered investments for which the securities are held by a counterparty's trust department or agent, but not in the District's name.

The District and Charter Schools had the following investments at June 30, 2004.

	<u>District</u>	<u>Charter Schools</u>
US Agency Securities (Category 1)	\$ 5,686,824	\$ -
Guaranteed Investment Contract (Category 1)	-	1,541,345
Money Market Funds	11,932,370	85,469
Local Government Investment Pools	<u>38,812,250</u>	<u>1,568,261</u>
Total Investments	<u>\$ 56,431,444</u>	<u>\$ 3,195,075</u>

During the year ended June 30, 2004, the District and Charter Schools invested in the Colorado Government Liquid Asset Trust (Colostrust) and the Colorado Surplus Assets Fund Trust (CSAFE). These are investment trusts established for local government entities in Colorado to pool surplus funds, and are registered with the State Securities Commissioner. The Pools operate similarly to a money market fund, with each share equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services to the Pools in connection with the direct investment and withdrawal functions of the Pools. Substantially all securities owned by the Pools are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodians' internal records identify the investments owned by the District and the Charter Schools.

The investments in these Pools and the money market funds are not categorized because they are not evidenced by specific securities.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 3: CASH AND INVESTMENTS (Continued)

Restricted Cash and Investments

Cash and investments of \$722,264, representing required reserves for the Certificates of Participation, have been restricted in the General Fund. In addition, \$42,668 has been restricted in the General Fund for employee flexible spending benefits.

NOTE 4: INTERFUND BALANCES AND TRANSFERS

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Balance</u>
General Fund	Grants Fund	<u>\$ 1,127,995</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	\$ 5,647,559
General Fund	Energy Conservation Fund	1,230,237
Capital Reserve Fund	Energy Conservation Fund	<u>38,620</u>
Total		<u>\$ 6,916,416</u>

The General Fund is required by State law to allocate a portion of its funding to the Capital Reserve Fund to be used for capital purposes. In addition, proceeds from the Certificates of Participation were transferred to the Capital Reserve Fund to be used for turf installation at District athletic fields. The Energy Conservation Fund was closed during the year ended June 30, 2004 after refunding of the Certificates of Participation. Remaining assets were transferred to the General and Capital Reserve Funds.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 is summarized below.

	<u>Balances</u> <u>6/30/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>6/30/04</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 2,802,833	\$ -	\$ -	\$ 2,802,833
Construction in Progress	<u>676,961</u>	<u>-</u>	<u>676,961</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>3,479,794</u>	<u>-</u>	<u>676,961</u>	<u>2,802,833</u>
Capital Assets, Being Depreciated				
Land Improvements	1,756,335	3,320,085	-	5,076,420
Buildings	262,745,887	175,130	-	262,921,017
Equipment	3,023,459	232,539	207,306	3,048,692
Vehicles	<u>12,874,504</u>	<u>1,011,341</u>	<u>1,114,590</u>	<u>12,771,255</u>
Total Capital Assets, Being Depreciated	<u>280,400,185</u>	<u>4,739,095</u>	<u>1,321,896</u>	<u>283,817,384</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 5: CAPITAL ASSETS (Continued)

	<u>Balances</u> 6/30/03	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 6/30/04
Less Accumulated Depreciation For				
Land Improvements	131,937	145,485	-	277,422
Buildings	67,148,616	6,900,806	-	74,049,422
Equipment	2,038,291	219,336	194,423	2,063,204
Vehicles	<u>9,367,035</u>	<u>819,113</u>	<u>1,114,590</u>	<u>9,071,558</u>
Total Accumulated Depreciation	<u>78,685,879</u>	<u>8,084,740</u>	<u>1,309,013</u>	<u>85,461,606</u>
 Total Capital Assets, Being Depreciated, Net	<u>201,714,306</u>	<u>(3,345,645)</u>	<u>12,883</u>	<u>198,355,778</u>
 Governmental Activities Capital Assets, Net	<u>\$ 205,194,100</u>	<u>\$ (3,345,345)</u>	<u>\$ 689,844</u>	<u>\$ 201,158,611</u>
 Business-Type Activities				
Capital Assets, Being Depreciated				
Equipment	\$ 1,066,040	\$ 18,504	\$ 11,182	\$ 1,073,362
Less Accumulated Depreciation For				
Equipment	<u>730,528</u>	<u>57,601</u>	<u>10,065</u>	<u>778,064</u>
Business-Type Activities Capital Assets, Net	<u>\$ 335,512</u>	<u>\$ (39,097)</u>	<u>\$ 1,117</u>	<u>\$ 295,298</u>
 Charter Schools				
Capital Assets, Not Being Depreciated				
Land	\$ 1,103,000	\$ -	\$ -	\$ 1,103,000
Construction in Progress	-	4,160	-	4,160
Total Capital Assets, Not Being Depreciated	<u>1,103,000</u>	<u>4,160</u>	<u>-</u>	<u>1,107,160</u>
 Capital Assets, Being Depreciated				
Land Improvements	745,712	-	-	745,712
Buildings	11,835,795	411,050	-	12,246,845
Equipment	-	24,761	-	24,761
Total Capital Assets, Being Depreciated	<u>12,581,507</u>	<u>435,811</u>	<u>-</u>	<u>13,017,318</u>
Less Accumulated Depreciation For				
Land Improvements	74,571	74,571	-	149,142
Buildings	394,527	412,383	-	806,910
Equipment	-	4,952	-	4,952
Total Accumulated Depreciation	<u>469,098</u>	<u>491,906</u>	<u>-</u>	<u>961,004</u>
Charter Schools Capital Assets, Net	<u>\$ 13,215,409</u>	<u>\$ (51,935)</u>	<u>\$ -</u>	<u>\$ 13,163,474</u>

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

Governmental Activities

Instruction	\$ 6,901,133
Supporting Services	<u>1,183,607</u>

Total \$ 8,084,740

Business-Type Activities

Food Services	<u>\$ 57,601</u>
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BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 6: 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, 2004, were \$17,950,836 and \$556,303 for the District and Charter Schools, respectively. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

NOTE 7: SHORT-TERM DEBT

In August, 2003, the District issued \$70,000,000 Tax Anticipation Notes, Series 2003A. In October, 2003, the District issued \$20,000,000 Tax Anticipation Notes, Series 2003B. The Notes were issued for cash flow purposes and are payable solely from property taxes collected during the year. The notes were paid in full on June 30, 2004.

NOTE 8: LONG-TERM DEBT

Following is a summary of long-term debt transactions of the District for the year ended June 30, 2004.

	<u>Balances</u> 6/30/03	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> 6/30/04	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
General Obligation Bonds	\$ 153,515,000	\$ -	\$ 6,450,000	\$ 147,065,000	\$ 6,755,000
Bond Premium	136,111	-	24,747	111,364	-
Certificates of Participation	5,350,000	7,275,000	5,835,000	6,790,000	490,000
Loss on Refunding	-	(168,412)	-	(168,412)	-
Compensated Absences	<u>1,263,076</u>	<u>-</u>	<u>187,233</u>	<u>1,075,843</u>	<u>-</u>
Total	<u>\$ 160,264,187</u>	<u>\$ 7,106,588</u>	<u>\$ 12,496,980</u>	<u>\$ 154,873,795</u>	<u>\$ 7,245,000</u>

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

General Obligation Bonds

General obligation bonds payable at June 30, 2004 are comprised of the following issues.

\$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%.

\$ 18,155,000

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 8: LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

\$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%. 60,085,000

\$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%. 66,655,000

\$11,260,000 General Obligation Bonds, Series 1994A.
 Issued to implement a District capital improvement program. Principal payments due on December 1 and interest payments due on December 1 and June 1, through 2004. Interest accrues at rates ranging from 5.1% to 5.65%. 2,170,000

Total **\$ 147,065,000**

Bond payments, to maturity, are as follows.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 6,755,000	\$ 6,825,707	\$ 13,580,707
2006	7,060,000	6,529,990	13,589,990
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 - 2014	48,360,000	21,351,018	69,711,018
2015 - 2019	<u>61,720,000</u>	<u>7,889,633</u>	<u>69,609,633</u>
Total	<u>\$ 147,065,000</u>	<u>\$ 60,287,419</u>	<u>\$ 207,352,419</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 8: 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, Series 1995 and 1992, in the amount of \$5,350,000. Proceeds of \$5,518,412 were placed in escrow to pay the debt service of the refunded bonds. The refunding resulted in an accounting loss of \$168,412, and an economic gain of \$124,074. The refunded COPs were redeemed and paid on December 1, 2003. The remaining Certificate proceeds were transferred to the Capital Reserve Fund and used to fund 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>
2005	\$ 490,000	\$ 220,708	\$ 710,708
2006	495,000	206,008	701,008
2007	505,000	193,633	698,633
2008	515,000	181,008	696,008
2009	530,000	168,133	698,133
2010 - 2014	2,920,000	583,920	3,503,920
2015 - 2016	<u>1,335,000</u>	<u>79,780</u>	<u>1,414,780</u>
Total	<u>\$ 6,790,000</u>	<u>\$ 1,633,190</u>	<u>\$ 8,423,190</u>

Refunded Bonds

Proceeds of the General Obligation Refunding Bonds, Series 1997, have been placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the General Obligation Building Bonds, Series 1994. As a result, the refunded bonds are considered defeased and the liability has been removed from the statement of net assets. The outstanding balance of the refunded bonds at June 30, 2004, was \$60,295,000.

Component Units

The Peak to Peak Charter School has entered into a capital lease agreement with Prairie View, Inc. to construct facilities. The Colorado Educational and Cultural Facilities Authority has issued Charter School Reserve Bonds on behalf of Prairie View, Inc. The School makes monthly payments to Prairie View, Inc., and Prairie View, Inc. makes semi-annual bond payments. Bond payments, to maturity, are as follows:

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 8: LONG-TERM DEBT (Continued)

Component Units (Continued)

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ -	\$ 957,035	\$ 957,035
2006	390,000	1,142,592	1,532,592
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 - 2014	2,365,000	5,284,256	7,649,256
2015 - 2019	2,925,000	4,695,835	7,620,835
2020 - 2024	3,770,000	3,825,152	7,595,152
2025 - 2029	4,865,000	2,697,579	7,562,579
2030 - 2034	6,285,000	1,242,280	7,527,280
2035	<u>1,460,000</u>	<u>38,325</u>	<u>1,498,325</u>
Total	<u>\$ 23,300,000</u>	<u>\$ 23,238,232</u>	<u>\$ 46,538,232</u>

On April 15, 2004, the Colorado Educational and Cultural Facilities Authority issued \$23,300,000 Charter School Revenue and Refunding Bonds. Proceeds of the Bonds were used to advance refund the Authority's outstanding Charter School Revenue Bonds (Peak to Peak Charter School Project), Series 2001, in the amount of \$18,710,000. Proceeds of \$23,098,769 were placed in escrow to pay the debt service of the refunded bonds. These bonds will be fully extinguished on August 15, 2011. Prairie View, Inc. will make lease payments to the Authority to pay the debt service of the new bonds and Peak to Peak Charter School will make equal lease payments to Prairie View, Inc. Although the refunding resulted in the recognition of an accounting loss of \$5,523,957, the School obtained an economic gain of \$1,027,267. The outstanding balance of the refunded debt at June 30, 2004, was \$18,710,000.

NOTE 9: 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; natural disasters; and health and dental claims of its employees. 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.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 9: RISK MANAGEMENT (Continued)

Joint School District Workers' Compensation Self-Insurance Pool (Continued)

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.

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.

NOTE 10: 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, 2004

NOTE 10: 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 is 8.0% and for the District is between 8.15% and 10.15% of covered salary, depending on the employee contributions to a 401(k) plan (See Note 12). The District matches a portion of the 401(k) contribution and contributes the remaining percentage to the Plan. A portion of the District's contribution (1.1% of covered salary) is allocated for the Health Care Trust Fund (See Note 11). The District's contributions to CSSDTF for the years ending June 30, 2004, 2003, and 2002, were \$13,182,312, \$11,876,600, and \$10,681,898, respectively, equal to their required contributions for each year.

NOTE 11: 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 1.1% 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 health care fund is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The District's contributions to HCF for the years ending June 30, 2004, 2003, and 2002 were \$1,571,751, \$1,920,183, and \$2,043,162, respectively, equal to their required contributions for each year.

NOTE 12: DEFINED CONTRIBUTION PLAN

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

Funding Policy - The Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS. Beginning January 1, 2001, an employer match was legislated which would match 100% of a members' eligible tax-deferred retirement program contributions limited to 3% of the PERA includable salary (2% effective January 1, 2003 and 1% effective January 1, 2004). The contribution requirements for the District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. The District contribution to the Plan for the year ended June 30, 2004 was \$1,320,663. District contributions to the Plan were eliminated effective June 1, 2004.

BOULDER VALLEY SCHOOL DISTRICT RE-2

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 13: 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. As of June 30, 2004, 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.

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, 2004, net assets in the amount of \$6,034,399, were restricted to satisfy the reserve requirement. In addition, the Charter Schools had emergency reserves of \$400,000.

Operating Lease

The Boulder Preparatory Charter School has entered into an operating lease for instructional facilities. The lease term is through July 31, 2006, except that an option to purchase for \$800,000 may be exercised within 30 days of July 31, 2004, or at escalating values for three years thereafter. For the year ended June 30, 2004, the School paid approximately \$85,027 for rental of the facilities.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

BOULDER VALLEY SCHOOL DISTRICT RE-2

**GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2004**

	<u>GENERAL FUND</u>	<u>SUMMER SCHOOL FUND</u>	<u>ATHLETICS FUND</u>	<u>COMMUNITY SCHOOLS FUND</u>
ASSETS				
Cash and Investments	\$ 32,154,059	\$ 111,745	\$ 128,146	\$ 530,369
Restricted Cash and Investments	764,932	-	-	-
Accounts Receivable	237,906	1,504	68,493	-
Taxes Receivable	4,851,623	-	-	-
Due from Other Funds	1,127,995	-	-	-
Inventories	472,973	-	-	-
Prepaid Items and Deposits	<u>13,845</u>	<u>-</u>	<u>-</u>	<u>995</u>
TOTAL ASSETS	<u>\$ 39,623,333</u>	<u>\$ 113,249</u>	<u>\$ 196,639</u>	<u>\$ 531,364</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 8,312,863	\$ 70,951	\$ 26,835	\$ 60,120
Accrued Salaries and Benefits	16,978,199	-	-	-
Deferred Revenues	-	52,190	-	42,778
Deferred Property Taxes	<u>1,214,273</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>26,505,335</u>	<u>123,141</u>	<u>26,835</u>	<u>102,898</u>
FUND BALANCES				
Reserved for Inventories	472,973	-	-	-
Reserved for Prepaid Items	13,845	-	-	995
Reserved for Multiple Year Obligations	100,000	-	-	-
Reserved for Emergencies	5,299,298	4,104	69,047	111,372
Unreserved	<u>7,231,882</u>	<u>(13,996)</u>	<u>100,757</u>	<u>316,099</u>
TOTAL FUND BALANCES	<u>13,117,998</u>	<u>(9,892)</u>	<u>169,804</u>	<u>428,466</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 39,623,333</u>	<u>\$ 113,249</u>	<u>\$ 196,639</u>	<u>\$ 531,364</u>

See the accompanying Independent Auditors' Report.

<u>TUITION PRESCHOOL FUND</u>	<u>COLORADO PRESCHOOL FUND</u>	<u>CHARTER SCHOOLS UNALLOCATED</u>	<u>TOTAL GENERAL FUND</u>
\$ 47,016	\$ 6,397	\$ 656,821	\$ 33,634,553
-	-	-	764,932
-	-	-	307,903
-	-	-	4,851,623
-	-	-	1,127,995
-	-	-	472,973
-	-	-	14,840
<u>\$ 47,016</u>	<u>\$ 6,397</u>	<u>\$ 656,821</u>	<u>\$ 41,174,819</u>
\$ 1,117	\$ 1,516	\$ -	\$ 8,473,402
-	-	-	16,978,199
10,277	4,881	-	110,126
-	-	-	1,214,273
<u>11,394</u>	<u>6,397</u>	<u>-</u>	<u>26,776,000</u>
-	-	-	472,973
-	-	-	14,840
-	-	-	100,000
5,332	11,601	-	5,500,754
<u>30,290</u>	<u>(11,601)</u>	<u>656,821</u>	<u>8,310,252</u>
<u>35,622</u>	<u>-</u>	<u>656,821</u>	<u>14,398,819</u>
<u>\$ 47,016</u>	<u>\$ 6,397</u>	<u>\$ 656,821</u>	<u>\$ 41,174,819</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2004

	<u>GENERAL FUND</u>	<u>SUMMER SCHOOL FUND</u>	<u>ATHLETICS FUND</u>	<u>COMMUNITY SCHOOLS FUND</u>
REVENUES				
Local Sources	\$ 152,177,314	\$ 119,822	\$ 787,690	\$ 4,243,045
State Sources	<u>51,974,770</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>204,152,084</u>	<u>119,822</u>	<u>787,690</u>	<u>4,243,045</u>
EXPENDITURES				
Current				
Instruction - Regular Programs	98,903,803	111,946	-	-
Instruction - Special Programs	32,653,012	-	2,145,731	-
Supporting Services	4,987,255	2,292	-	-
Instructional Staff Services	6,442,192	-	-	-
General Administration	2,495,514	-	23,878	-
School Administration	13,836,245	16,570	1,434	-
Business Services	1,934,280	-	-	-
Operations and Maintenance	15,201,649	1,858	-	-
Pupil Transportation	6,507,725	-	-	-
Central Support Services	8,466,844	-	-	-
Facility Acquisition	85,814	-	-	-
Community Services	25,505	-	-	3,669,131
Adult Education	41,195	-	-	-
Bond Issuance Costs	354,741	-	-	-
Debt Service				
Principal	485,000	-	-	-
Interest and Fiscal Charges	<u>132,520</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>192,553,294</u>	<u>132,666</u>	<u>2,171,043</u>	<u>3,669,131</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,598,790</u>	<u>(12,844)</u>	<u>(1,383,353)</u>	<u>573,914</u>
OTHER FINANCING SOURCES (USES)				
Debt Issuance	7,275,000	-	-	-
Payments to Escrow Agent	(5,518,412)	-	-	-
Transfers In	1,630,237	-	1,559,697	-
Transfers Out	<u>(7,604,762)</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,217,937)</u>	<u>-</u>	<u>1,559,697</u>	<u>(400,000)</u>
NET CHANGE IN FUND BALANCES	7,380,853	(12,844)	176,344	173,914
FUND BALANCES (DEFICITS), Beginning	<u>5,737,145</u>	<u>2,952</u>	<u>(6,540)</u>	<u>254,552</u>
FUND BALANCES (DEFICITS), Ending	<u>\$ 13,117,998</u>	<u>\$ (9,892)</u>	<u>\$ 169,804</u>	<u>\$ 428,466</u>

See the accompanying Independent Auditors' Report.

<u>TUITION PRESCHOOL FUND</u>	<u>COLORADO PRESCHOOL FUND</u>	<u>CHARTER SCHOOLS UNALLOCATED</u>	<u>TOTAL GENERAL FUND</u>
\$ 157,544	\$ -	\$ -	\$ 157,485,415
-	-	-	51,974,770
<u>157,544</u>	<u>-</u>	<u>-</u>	<u>209,460,185</u>
-	-	(601,964)	98,413,785
-	413,768	-	35,212,511
-	-	-	4,989,547
-	-	-	6,442,192
-	-	-	2,519,392
-	-	-	13,854,249
-	-	-	1,934,280
-	-	-	15,203,507
-	-	-	6,507,725
-	-	-	8,466,844
-	-	-	85,814
172,848	-	-	3,867,484
-	-	-	41,195
-	-	-	354,741
-	-	-	485,000
-	-	-	132,520
<u>172,848</u>	<u>413,768</u>	<u>(601,964)</u>	<u>198,510,786</u>
<u>(15,304)</u>	<u>(413,768)</u>	<u>601,964</u>	<u>10,949,399</u>
-	-	-	7,275,000
-	-	-	(5,518,412)
-	397,506	-	3,587,440
-	-	-	(8,004,762)
<u>-</u>	<u>397,506</u>	<u>-</u>	<u>(2,660,734)</u>
(15,304)	(16,262)	601,964	8,288,665
<u>50,926</u>	<u>16,262</u>	<u>54,857</u>	<u>6,110,154</u>
\$ <u>35,622</u>	\$ <u>-</u>	\$ <u>656,821</u>	\$ <u>14,398,819</u>

NON MAJOR FUNDS

Special Revenue Fund

Governmental Designated-Purpose Grants Fund

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

Capital Projects Funds

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.

Energy Conservation Fund

This fund is provided for capital construction projects related to energy conservation programs funded by certificates of participation.

Building Fund

This fund is provided to account for specific capital construction projects funded by the sale of general obligation bonds.

BOULDER VALLEY SCHOOL DISTRICT RE-2

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2004**

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>			<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>GRANTS FUND</u>	<u>CAPITAL RESERVE FUND</u>	<u>ENERGY CONSERVATION FUND</u>	<u>BUILDING FUND</u>	
ASSETS					
Cash and Investments	\$ -	\$ 3,086,275	\$ 4,557	\$ -	\$ 3,090,832
Grants Receivable	2,440,854	-	-	-	2,440,854
Prepaid Items	1,377	-	-	-	1,377
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,442,231	\$ 3,086,275	\$ 4,557	\$ -	\$ 5,533,063
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 203,730	\$ 619,542	\$ 4,557	\$ -	\$ 827,829
Retainage Payable	-	38,595	-	-	38,595
Accrued Salaries and Benefits	846,246	109	-	-	846,355
Due to Other Funds	1,127,995	-	-	-	1,127,995
Deferred Revenues	264,260	-	-	-	264,260
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	2,442,231	658,246	4,557	-	3,105,034
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES					
Reserved for Emergencies	-	286,639	-	-	286,639
Unreserved	-	2,141,390	-	-	2,141,390
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	-	2,428,029	-	-	2,428,029
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,442,231	\$ 3,086,275	\$ 4,557	\$ -	\$ 5,533,063
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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, 2004**

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>			<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>GRANTS FUND</u>	<u>CAPITAL RESERVE FUND</u>	<u>ENERGY CONSERVATION FUND</u>	<u>BUILDING FUND</u>	
REVENUES					
Local Sources	\$ 891,361	\$ 1,564,738	\$ 33,681	\$ -	\$ 2,489,780
State Sources	1,283,960	-	-	-	1,283,960
Federal Sources	8,703,306	-	-	-	8,703,306
TOTAL REVENUES	<u>10,878,627</u>	<u>1,564,738</u>	<u>33,681</u>	<u>-</u>	<u>12,477,046</u>
EXPENDITURES					
Current					
Instruction - Regular Programs	2,758,325	-	-	-	2,758,325
Instruction - Special Programs	6,195,198	-	-	-	6,195,198
Student Support Services	343,220	-	-	-	343,220
Instructional Staff Services	898,358	-	-	-	898,358
General Administration	88,178	-	-	-	88,178
School Administration	265,516	-	-	-	265,516
Operations and Maintenance	3,366	-	131,815	-	135,181
Pupil Transportation	104,063	-	-	-	104,063
Central Support Services	28,676	-	-	-	28,676
Community Services	193,727	-	-	-	193,727
Capital Outlay	-	6,837,627	-	790,426	7,628,053
TOTAL EXPENDITURES	<u>10,878,627</u>	<u>6,837,627</u>	<u>131,815</u>	<u>790,426</u>	<u>18,638,495</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(5,272,889)</u>	<u>(98,134)</u>	<u>(790,426)</u>	<u>(6,161,449)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	5,686,179	-	-	5,686,179
Transfers Out	-	-	(1,268,857)	-	(1,268,857)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>5,686,179</u>	<u>(1,268,857)</u>	<u>-</u>	<u>4,417,322</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>413,290</u>	<u>(1,366,991)</u>	<u>(790,426)</u>	<u>(1,744,127)</u>
FUND BALANCES, Beginning	<u>-</u>	<u>2,014,739</u>	<u>1,366,991</u>	<u>790,426</u>	<u>4,172,156</u>
FUND BALANCES, Ending	<u>\$ -</u>	<u>\$ 2,428,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,428,029</u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Local Sources	\$ -	\$ -	\$ 891,361	\$ 891,361
State Sources	-	-	1,283,960	1,283,960
Federal Sources	<u>19,000,000</u>	<u>19,000,000</u>	<u>7,857,060</u>	<u>(11,142,940)</u>
TOTAL REVENUES	<u>19,000,000</u>	<u>19,000,000</u>	<u>10,032,381</u>	<u>(8,967,619)</u>
EXPENDITURES				
Current				
Instruction - Regular Programs	19,000,000	19,000,000	2,758,325	16,241,675
Instruction - Special Programs	-	-	6,300,404	(6,300,404)
Student Support Services	-	-	343,220	(343,220)
Instructional Staff Services	-	-	898,358	(898,358)
General Administration	-	-	88,178	(88,178)
School Administration	-	-	265,516	(265,516)
Operations and Maintenance	-	-	3,366	(3,366)
Pupil Transportation	-	-	104,063	(104,063)
Central Support Services	-	-	28,676	(28,676)
Community Services	<u>-</u>	<u>-</u>	<u>193,727</u>	<u>(193,727)</u>
TOTAL EXPENDITURES	<u>19,000,000</u>	<u>19,000,000</u>	<u>10,983,833</u>	<u>8,016,167</u>
NET CHANGE IN FUND BALANCE	-	-	(951,452)	(951,452)
Salaries and Benefits Earned but Unpaid				
Beginning	-	-	951,452	951,452
Ending	-	-	(846,246)	(846,246)
Revenues Accrued Due to Salaries and Benefits Earned but Unpaid	-	-	846,246	846,246
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditor's Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

CAPITAL RESERVE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Local Sources	\$ 2,123,971	\$ 2,285,085	\$ 1,564,738	\$ (720,347)
EXPENDITURES				
Capital Outlay				
Salaries and Benefits	475,202	535,077	514,655	20,422
Building Improvements	1,130,000	937,600	903,096	34,504
Instructional Technology	109,035	95,360	135,261	(39,901)
Operating Departments	2,636,051	2,990,616	1,358,405	1,632,211
School Projects	5,020,694	4,965,988	3,926,210	1,039,778
Reserves	281,129	316,639	-	316,639
TOTAL EXPENDITURES	<u>9,652,111</u>	<u>9,841,280</u>	<u>6,837,627</u>	<u>3,003,653</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,528,140)	(7,556,195)	(5,272,889)	2,283,306
OTHER FINANCING SOURCES				
Transfers In	5,724,925	5,541,456	5,686,179	144,723
NET CHANGE IN FUND BALANCE	(1,803,215)	(2,014,739)	413,290	2,428,029
FUND BALANCE, Beginning	<u>1,803,215</u>	<u>2,014,739</u>	<u>2,014,739</u>	<u>-</u>
FUND BALANCE, Ending	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,428,029</u>	\$ <u>2,428,029</u>

See the accompanying Independent Auditor's Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

ENERGY CONSERVATION FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Earnings on Investments	\$ 60,480	\$ 23,830	\$ 33,681	\$ 9,851
TOTAL REVENUES	<u>60,480</u>	<u>23,830</u>	<u>33,681</u>	<u>9,851</u>
EXPENDITURES				
Operations and Maintenance	152,930	123,465	131,815	(8,350)
Reserves	<u>4,588</u>	<u>3,704</u>	<u>-</u>	<u>3,704</u>
TOTAL EXPENDITURES	<u>157,518</u>	<u>127,169</u>	<u>131,815</u>	<u>(4,646)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(97,038)	(103,339)	(98,134)	5,205
OTHER FINANCING USES				
Transfers Out	<u>-</u>	<u>(1,230,237)</u>	<u>(1,268,857)</u>	<u>(38,620)</u>
NET CHANGE IN FUND BALANCE	(97,038)	(1,333,576)	(1,366,991)	(33,415)
FUND BALANCE, Beginning	<u>1,327,275</u>	<u>1,333,576</u>	<u>1,366,991</u>	<u>33,415</u>
FUND BALANCE, Ending	\$ <u><u>1,230,237</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

See the accompanying Independent Auditor's Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

BUILDING FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Earnings on Investments	\$ 3,747	\$ 10,500	\$ -	\$ (10,500)
TOTAL REVENUES	<u>3,747</u>	<u>10,500</u>	<u>-</u>	<u>(10,500)</u>
EXPENDITURES				
Capital Outlay				
Facilities Acquisition	<u>748,452</u>	<u>905,370</u>	<u>790,426</u>	<u>114,944</u>
TOTAL EXPENDITURES	<u>748,452</u>	<u>905,370</u>	<u>790,426</u>	<u>114,944</u>
NET CHANGE IN FUND BALANCE	(744,705)	(894,870)	(790,426)	104,444
FUND BALANCE, Beginning	<u>744,705</u>	<u>894,870</u>	<u>790,426</u>	<u>(104,444)</u>
FUND BALANCE, Ending	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

See the accompanying Independent Auditor's Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

BOND REDEMPTION FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Taxes	\$ 13,509,042	\$ 13,532,607	\$ 15,396,712	\$ 1,864,105
Earnings on Investments	300,000	200,000	116,307	(83,693)
TOTAL REVENUES	<u>13,809,042</u>	<u>13,732,607</u>	<u>15,513,019</u>	<u>1,780,412</u>
EXPENDITURES				
Debt Service				
Principal	6,450,000	6,450,000	6,450,000	-
Interest and Fiscal Charges	7,137,909	7,137,909	7,119,222	18,687
TOTAL EXPENDITURES	<u>13,587,909</u>	<u>13,587,909</u>	<u>13,569,222</u>	<u>18,687</u>
NET CHANGE IN FUND BALANCE	221,133	144,698	1,943,797	1,799,099
FUND BALANCE, Beginning	<u>15,209,760</u>	<u>15,131,987</u>	<u>15,131,986</u>	<u>(1)</u>
FUND BALANCE, Ending	<u>\$ 15,430,893</u>	<u>\$ 15,276,685</u>	<u>\$ 17,075,783</u>	<u>\$ 1,799,098</u>

See the accompanying Independent Auditor's Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

FOOD SERVICES FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
OPERATING REVENUES				
Regular School Lunch	\$ 1,797,758	\$ 1,727,146	\$ 1,695,760	\$ (31,386)
Sandwich Line	2,001,516	2,001,516	1,880,419	(121,097)
Other Revenue	7,500	7,500	16,118	8,618
TOTAL OPERATING REVENUES	3,806,774	3,736,162	3,592,297	(143,865)
OPERATING EXPENSES				
Salaries	1,954,372	1,954,667	1,914,947	39,720
Benefits	505,665	514,117	518,876	(4,759)
Purchased Food	1,945,870	2,054,377	2,020,228	34,149
USDA Donated Commodities	316,979	260,279	128,018	132,261
Nonfood Supplies	163,597	134,339	109,442	24,897
Purchased Services	18,750	18,750	23,436	(4,686)
Depreciation	80,000	70,000	57,601	12,399
Other	37,456	40,383	61,062	(20,679)
Indirect Costs	117,755	117,755	117,755	-
Reserves	154,213	154,940	-	154,940
TOTAL OPERATING EXPENSES	5,294,657	5,319,607	4,951,365	368,242
OPERATING INCOME (LOSS)	(1,487,883)	(1,583,445)	(1,359,068)	224,377
NONOPERATING REVENUES				
USDA Donated Commodities	212,822	212,822	217,241	4,419
Federal Reimbursement	1,284,178	1,284,178	1,277,365	(6,813)
State Matching Funds	53,714	53,714	50,983	(2,731)
TOTAL NONOPERATING REVENUES	1,550,714	1,550,714	1,545,589	(5,125)
NET INCOME (LOSS)	62,831	(32,731)	186,521	219,252
NET ASSETS, Beginning	1,191,251	1,066,670	931,455	(135,215)
NET ASSETS, Ending	\$ 1,254,082	\$ 1,033,939	\$ 1,117,976	\$ 84,037

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

INSURANCE RESERVE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
OPERATING REVENUES				
Other Revenue	\$ 32,000	\$ 42,500	\$ 8,762	\$ (33,738)
OPERATING EXPENSES				
Salaries	1,015,918	995,518	1,069,461	(73,943)
Benefits	223,502	220,229	235,947	(15,718)
Other Expenses	95,570	38,580	27,770	10,810
Insurance Premiums and Claims	890,000	812,180	818,112	(5,932)
Workers Compensation Insurance	848,939	852,370	863,277	(10,907)
Capital Outlay	190,000	150,000	143,415	6,585
Reserves	97,918	92,066	-	92,066
TOTAL OPERATING EXPENSES	<u>3,361,847</u>	<u>3,160,943</u>	<u>3,157,982</u>	<u>2,961</u>
OPERATING LOSS	(3,329,847)	(3,118,443)	(3,149,220)	(30,777)
TRANSFERS IN				
General Fund	<u>2,957,821</u>	<u>3,257,821</u>	<u>3,330,304</u>	<u>72,483</u>
NET INCOME (LOSS)	(372,026)	139,378	181,084	41,706
NET ASSETS, Beginning	<u>372,026</u>	<u>(139,378)</u>	<u>(139,378)</u>	<u>-</u>
NET ASSETS, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,706</u>	<u>\$ 41,706</u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

PRIVATE PURPOSE TRUSTS

SCHEDULE OF ADDITIONS, DEDUCTIONS AND BALANCE AVAILABLE FOR SCHOLARSHIPS

Year Ended June 30, 2004

	Fund Balance				Fund Balance
	6/30/03	Additions	Deductions		6/30/04
SCHOLARSHIP FUND					
Parmerlee Greiner Scholarship	\$ 4,843	\$ 2,528	\$ 2,483	\$	4,888
Hoelscher Scholarship	1,714	9	50	\$	1,673
TEC Scholarships	1,206	6	500		712
CASB Scholarship Hilty Award	661	3	-		664
Cameron Memorial Fund	61	-	-		61
Jerry Buck Scholarship	3,068	16	-		3,084
Armijo Memorial Fund	591	505	-		1,096
Hamilton Scholarship Fund	10,939	56	500		10,495
Banman Memorial Scholarship	133	2	-		135
Armstrong Tech Theater Award	6,497	34	1,000		5,531
Urquidez Scholarship	1,647	8	-		1,655
CASB Scholarship Sandstead Award	1,672	8	-		1,680
Baldwin Memorial Scholarship	36	-	-		36
Taylor Memorial Scholarship	7,587	1,039	100		8,526
CASB Scholarship Young Award	158	1	-		159
Monarch HS Class of 2001	17,451	1,090	-		18,541
	<u>58,264</u>	<u>5,305</u>	<u>4,633</u>		<u>58,936</u>
TOTALS	\$ <u>58,264</u>	\$ <u>5,305</u>	\$ <u>4,633</u>	\$	<u>58,936</u>
TRUST FUND					
Carlson Scholarship	\$ 14,551	\$ 75	\$ -	\$	14,626
Bostrom Scholarship Fund	1,750	15,049	500		16,299
Japanese Exchange	130,462	844	1,306		130,000
	<u>146,763</u>	<u>15,968</u>	<u>1,806</u>		<u>160,925</u>
TOTALS	\$ <u>146,763</u>	\$ <u>15,968</u>	\$ <u>1,806</u>	\$	<u>160,925</u>

See the accompanying Independent Auditors' Report.

BOULDER VALLEY SCHOOL DISTRICT RE-2

AGENCY FUND

SCHEDULE OF ADDITIONS, DEDUCTIONS AND BALANCE DUE TO STUDENT GROUPS

Year Ended June 30, 2004

	Available Balance 6/30/03	Additions	Deductions	Available Balance 6/30/04
Manhattan Student Activities	\$ 63,757	\$ 250,675	\$ 252,568	\$ 61,864
Boulder High Student Activities	172,604	1,093,125	1,023,738	241,991
Boulder TEC Student Activities	17,426	32,076	30,553	18,949
Broomfield Heights Middle Student Activities	47,861	102,394	109,556	40,699
Broomfield High Student Activities	118,314	772,911	731,670	159,555
Casey Middle Student Activities	35,545	147,292	150,874	31,963
Centaurus High Student Activities	199,282	540,383	537,965	201,700
Centennial Middle Student Activities	35,718	173,490	174,898	34,310
Douglass Elementary Student Activities	9,446	28,002	26,336	11,112
Fairview High Student Activities	369,555	1,178,964	1,160,947	387,572
Foothills Elementary Student Activities	16,209	54,037	55,171	15,075
Heatherwood Elementary Student Activities	2,985	3,519	3,760	2,744
Angevine Middle Student Activities	17,357	92,269	93,781	15,845
Nederland Middle/Sr. Student Activities	41,821	198,667	203,727	36,761
Louisville Middle Student Activities	102,503	205,102	224,191	83,414
Nevin Platt Middle Student Activities	31,687	153,450	147,532	37,605
Monarch K-8 Student Activities	39,766	170,458	161,944	48,280
Monarch High Student Activities	211,965	1,071,727	1,046,687	237,005
Southern Hills Middle Student Activities	16,270	96,924	93,388	19,806
Chinook Alternative Student Activities	8,037	192	8,229	-
Mesa Elementary Student Activities	46,158	112,061	112,620	45,599
New Vista High Student Activities	35,211	104,701	103,201	36,711
Arapahoe Ridge High Student Activities	3,365	23,177	15,652	10,890
Aspen Creek K-8 Student Activities	29,337	139,612	125,736	43,213
Eldorado K-8 Student Activities	31,211	143,830	139,875	35,166
Community Schools Student Activities	2,726	9,961	11,929	758
Subtotal	1,706,116	6,898,999	6,746,528	1,858,587
Boulder High School	4,544	29,220	32,767	997
Broomfield Heights Middle School	-	-	-	-
Broomfield High School	13,941	-	35,373	(21,432)
Centaurus High School	7,964	-	2,920	5,044
Casey Middle School	8,501	9,406	8,040	9,867
Centennial Middle School	(8,678)	18,430	13,224	(3,472)
Jamestown Elementary	-	3,567	3,355	212
Angevine Middle School	(175)	1,227	-	1,052
Fairview High School	6,163	2,254	3,911	4,506
Louisville Middle School	4,199	5,057	1,334	7,922
Southern Hills Middle School	-	3,404	4,372	(968)
New Vista High School	16,609	15,764	1,490	30,883
Bear Creek Elementary School	5,759	1,495	2,721	4,533
Boulder Community School of Integrated Studies	1,522	-	42	1,480

See the accompanying Independent Auditor's Report.

	Available Balance 6/30/03	Additions	Deductions	Available Balance 6/30/04
Nederland Middle/High School	1,391	5,372	1,524	5,239
Crest View Elementary School	8,242	15,992	20,664	3,570
Nevin Platt Middle School	1,691	13,450	14,011	1,130
Douglass Elementary School	10,617	37,915	38,067	10,465
Sanchez Elementary School	18,596	15,639	16,943	17,292
Eisenhower Elementary School	12,422	70,573	49,260	33,735
Emerald Elementary School	14,811	21,818	24,735	11,894
Fireside Elementary School	22,076	28,645	37,971	12,750
Flatirons Elementary School	11,787	129,417	111,835	29,369
Aspen Creek K-8 School	63	-	63	-
Foothill Elementary School	8,396	4,165	3,697	8,864
Heatherwood Elementary School	7,303	52,773	37,874	22,202
Kohl Elementary School	14,838	38,420	36,180	17,078
Lafayette Elementary School	40,143	42,910	76,243	6,810
Ryan Elementary School	6,470	21,887	20,369	7,988
Louisville Elementary School	10,811	1,875	564	12,122
Coal Creek Elementary School	4,267	35,814	30,278	9,803
Arapahoe Ridge High School	439	15,334	12,868	2,905
Mapleton Elementary School	3,931	-	3,931	-
Columbine Elementary School	16,303	4,127	12,554	7,876
Creekside at Martin Park Elementary School	6,622	8,227	5,748	9,101
Mesa Elementary School	485	41	41	485
Nederland Elementary School	8,385	28,726	24,998	12,113
Pioneer Elementary School	1,075	-	1,103	(28)
Superior Elementary School	30,477	66,290	70,529	26,238
Birch Elementary School	3,380	28,044	25,552	5,872
University Hill Elementary School	8,631	49,000	25,876	31,755
Washington Bilingual Elementary School	10,126	-	10,126	-
Whittier Elementary School	2,686	23,280	20,464	5,502
Monarch K-8 School	(627)	-	-	(627)
Monarch High School	(2,993)	16,353	16,937	(3,577)
High Peaks Elementary School	5,668	3,074	3,457	5,285
Baseline Middle School	15,951	-	15,951	-
Community Montessori School	24,570	16,945	23,908	17,607
Halcyon	57	-	-	57
Manhattan Middle School of Arts & Academics	2,390	18,081	17,642	2,829
Gold Hill Elementary	-	700	185	515
Eldorado K-8 School	14,421	12,463	30,730	(3,846)
Other Departments	742,789	877,429	777,037	843,181
Subtotal	<u>1,149,039</u>	<u>1,794,603</u>	<u>1,729,464</u>	<u>1,214,178</u>
TOTALS	<u>\$ 2,855,155</u>	<u>\$ 8,693,602</u>	<u>\$ 8,475,992</u>	<u>\$ 3,072,765</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
June 30, 2004

	<u>BOULDER PREP</u>	<u>HORIZONS</u>	<u>PEAK TO PEAK</u>
ASSETS			
Cash and Investments	\$ 122,817	\$ 661,485	\$ 2,901,786
Restricted Cash and Investments	-	-	3,185,757
Accounts Receivable	-	-	7,384
Inventories	-	2,775	-
Debt Issuance Costs	-	-	688,619
Capital Assets, Net of Accumulated Depreciation	<u>19,809</u>	<u>-</u>	<u>13,087,573</u>
TOTAL ASSETS	\$ <u>142,626</u>	\$ <u>664,260</u>	\$ <u>19,871,119</u>
LIABILITIES			
Accounts Payable	\$ 9,477	\$ 66,480	\$ 52,954
Accrued Liabilities	-	20,591	83,729
Accrued Salaries and Benefits	-	159,283	295,502
Deferred Revenues	39,809	26,921	-
Noncurrent Liabilities			
Due Within One Year	-	-	-
Due in More Than One Year	<u>-</u>	<u>-</u>	<u>18,335,985</u>
TOTAL LIABILITIES	<u>49,286</u>	<u>273,275</u>	<u>18,768,170</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	19,809	-	(4,559,793)
Restricted for			
Debt Service	-	-	3,150,666
Emergencies	24,000	56,000	270,000
Unrestricted	<u>49,531</u>	<u>334,985</u>	<u>2,242,076</u>
TOTAL NET ASSETS	\$ <u>93,340</u>	\$ <u>390,985</u>	\$ <u>1,102,949</u>

See the accompanying Independent Auditors' Report.

<u>SOJOURNER</u>	<u>SUMMIT</u>	<u>TOTAL COMPONENT UNITS</u>
\$ -	\$ 445,373	\$ 4,131,461
-	-	3,185,757
-	-	7,384
-	-	2,775
-	-	688,619
-	56,092	13,163,474
<u>-</u>	<u>56,092</u>	<u>13,163,474</u>
\$ <u>-</u>	\$ <u>501,465</u>	\$ <u>21,179,470</u>
\$ -	\$ 17,831	\$ 146,742
-	4,299	108,619
-	101,518	556,303
-	546	67,276
-	-	-
-	-	18,335,985
<u>-</u>	<u>124,194</u>	<u>19,214,925</u>
-	56,092	(4,483,892)
-	-	3,150,666
-	50,000	400,000
-	271,179	2,897,771
<u>-</u>	<u>271,179</u>	<u>2,897,771</u>
\$ <u>-</u>	\$ <u>377,271</u>	\$ <u>1,964,545</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

	BOULDER PREP	HORIZONS	PEAK TO PEAK
EXPENSES			
Instruction - Regular Programs	\$ 542,737	\$ 1,206,981	\$ 3,524,556
Instruction - Special Programs	1,992	262,939	130,513
Student Support Services	63,731	-	150,598
Instructional Staff Services	43,021	120	84,245
General Administration	-	-	171,750
School Administration	20,703	362,851	687,681
Business Services	12,185	-	4,721
Operations and Maintenance	98,509	111,823	676,641
Central Support Services	-	-	76,264
Other Support Services	-	-	808,133
Community Services	-	-	105,994
Interest	-	-	1,449,107
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	782,878	1,944,714	7,870,203
PROGRAM REVENUES			
Charges for Services	-	134,162	518,959
Operating Grants and Contributions	372,909	110,148	459,023
	<hr/>	<hr/>	<hr/>
TOTAL PROGRAM REVENUES	372,909	244,310	977,982
	<hr/>	<hr/>	<hr/>
NET (EXPENSE) REVENUE	409,969	1,700,404	6,892,221
GENERAL REVENUES			
Per Pupil Revenues	396,332	1,646,834	6,015,152
Capital Construction Funding	25,012	65,976	325,614
Investment Earnings	68	1,871	106,034
Other Revenues	49,084	14,760	539,002
	<hr/>	<hr/>	<hr/>
TOTAL GENERAL REVENUES	470,496	1,729,441	6,985,802
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	60,527	29,037	93,581
NET ASSETS, Beginning	<hr/>	<hr/>	<hr/>
	32,813	361,948	1,009,368
NET ASSETS, Ending	<hr/>	<hr/>	<hr/>
	\$ 93,340	\$ 390,985	\$ 1,102,949

See the accompanying Independent Auditors' Report.

<u>SOJOURNER</u>	<u>SUMMIT</u>	<u>TOTAL COMPONENT UNITS</u>
\$ 19,707	\$ 1,010,585	\$ 6,304,566
-	34,413	429,857
-	43,528	257,857
-	92,298	219,684
-	510	172,260
-	196,357	1,267,592
-	-	16,906
-	94,829	981,802
-	4,876	81,140
-	-	808,133
-	-	105,994
-	-	1,449,107
<u>19,707</u>	<u>1,477,396</u>	<u>12,094,898</u>
-	20,929	674,050
-	<u>5,097</u>	<u>947,177</u>
-	<u>26,026</u>	<u>1,621,227</u>
<u>19,707</u>	<u>1,451,370</u>	<u>10,473,671</u>
-	1,418,861	9,477,179
-	92,516	509,118
-	1,669	109,642
<u>10,111</u>	<u>143,629</u>	<u>756,586</u>
<u>10,111</u>	<u>1,656,675</u>	<u>10,852,525</u>
(9,596)	205,305	378,854
<u>9,596</u>	<u>171,966</u>	<u>1,585,691</u>
<u>\$ -</u>	<u>\$ 377,271</u>	<u>\$ 1,964,545</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMPONENT UNITS
COMBINING BALANCE SHEET
June 30, 2004

	<u>BOULDER PREP</u>	<u>HORIZONS</u>	<u>PEAK TO PEAK</u>
ASSETS			
Cash and Investments	\$ 122,817	\$ 661,485	\$ 2,901,786
Restricted Cash and Investments	-	-	3,185,757
Accounts Receivable	-	-	7,384
Inventories	-	2,775	-
TOTAL ASSETS	<u>\$ 122,817</u>	<u>\$ 664,260</u>	<u>\$ 6,094,927</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 9,477	\$ 66,480	\$ 52,954
Accrued Liabilities	-	20,591	83,729
Accrued Salaries and Benefits	-	159,283	295,502
Deferred Revenues	39,809	26,921	-
TOTAL LIABILITIES	<u>49,286</u>	<u>273,275</u>	<u>432,185</u>
FUND BALANCES			
Reserved for Debt Service	-	-	3,150,666
Reserved for Emergencies	24,000	56,000	270,000
Unreserved	49,531	334,985	2,242,076
TOTAL FUND BALANCES	<u>73,531</u>	<u>390,985</u>	<u>5,662,742</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 122,817</u>	<u>\$ 664,260</u>	<u>\$ 6,094,927</u>
Amounts reported in the statement of net assets are difference because:			
Fund Balances	\$ 73,531	\$ 390,985	\$ 5,662,742
Capital Assets	19,809	-	13,087,573
Long-Term Debt	-	-	(23,300,000)
Debt Premium	-	-	(529,253)
Loss on Refunding	-	-	5,493,268
Debt Issuance Costs	-	-	688,619
Net Assets	<u>\$ 93,340</u>	<u>\$ 390,985</u>	<u>\$ 1,102,949</u>

See the accompanying Independent Auditors' Report.

<u>SOJOURNER</u>	<u>SUMMIT</u>	<u>TOTAL COMPONENT UNITS</u>
\$ -	\$ 445,373	\$ 4,131,461
-	-	3,185,757
-	-	7,384
-	-	2,775
<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>-</u>	\$ <u>445,373</u>	\$ <u>7,327,377</u>
\$ -	\$ 17,831	\$ 146,742
-	4,299	108,619
-	101,518	556,303
-	546	67,276
<u>-</u>	<u>-</u>	<u>-</u>
-	124,194	878,940
-	-	3,150,666
-	50,000	400,000
-	271,179	2,897,771
<u>-</u>	<u>-</u>	<u>-</u>
-	321,179	6,448,437
\$ <u>-</u>	\$ <u>445,373</u>	\$ <u>7,327,377</u>
\$ -	\$ 321,179	\$ 6,448,437
-	56,092	13,163,474
-	-	(23,300,000)
-	-	(529,253)
-	-	5,493,268
-	-	688,619
<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>-</u>	\$ <u>377,271</u>	\$ <u>1,964,545</u>

BOULDER VALLEY SCHOOL DISTRICT RE-2

COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2004

	<u>BOULDER PREP</u>	<u>HORIZONS</u>	<u>PEAK TO PEAK</u>
REVENUES			
Local Sources	\$ 495,522	\$ 1,893,499	\$ 7,608,393
State Sources	302,092	60,426	218,105
Federal Sources	<u>45,791</u>	<u>19,826</u>	<u>137,286</u>
 TOTAL REVENUES	 <u>843,405</u>	 <u>1,973,751</u>	 <u>7,963,784</u>
EXPENDITURES			
Current			
Instruction - Regular Programs	562,546	1,206,981	3,524,556
Instruction - Special Programs	1,992	262,939	130,513
Student Support Services	63,731	-	150,598
Instructional Staff Services	43,021	120	84,245
General Administration	-	-	171,750
School Administration	20,703	362,851	687,681
Business Services	12,185	-	4,721
Operations and Maintenance	98,509	111,823	676,641
Central Support Services	-	-	76,264
Other Support Service	-	-	323,564
Community Services	-	-	105,994
Debt Issuance Costs	-	-	692,466
Capital Outlay	-	-	352,886
Debt Service			
Principal	-	-	90,000
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>1,421,375</u>
 TOTAL EXPENDITURES	 <u>802,687</u>	 <u>1,944,714</u>	 <u>8,493,254</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>40,718</u>	 <u>29,037</u>	 <u>(529,470)</u>
OTHER FINANCING SOURCES (USES)			
Debt Issuance	-	-	23,300,000
Debt Premium	-	-	532,210
Payments to Escrow Agent	<u>-</u>	<u>-</u>	<u>(23,098,768)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>-</u>	 <u>733,442</u>
 NET CHANGE IN FUND BALANCES	 40,718	 29,037	 203,972
 FUND BALANCES, Beginning	 <u>32,813</u>	 <u>361,948</u>	 <u>5,458,770</u>
 FUND BALANCES, Ending	 <u>\$ 73,531</u>	 <u>\$ 390,985</u>	 <u>\$ 5,662,742</u>

Amounts reported in the statement of activities are different because:

Net Change in Fund Balances	\$ 40,718	\$ 29,037	\$ 203,972
Capital Outlay	24,761	-	352,886
Depreciation Expense	(4,952)	-	(480,722)
Debt Principal Payments	-	-	90,000
Debt Issuance	-	-	(23,300,000)
Debt Premium	-	-	(532,210)
Payments to Escrow Agent	-	-	23,098,768
Debt Issuance Costs	-	-	692,466
Amortization	<u>-</u>	<u>-</u>	<u>(31,579)</u>
 Change in Net Assets	 <u>\$ 60,527</u>	 <u>\$ 29,037</u>	 <u>\$ 93,581</u>

See the accompanying Independent Auditors' Report.

<u>SOJOURNER</u>	<u>SUMMIT</u>	<u>TOTAL COMPONENT UNITS</u>
\$ 10,111	\$ 1,585,088	\$ 11,592,613
-	56,412	637,035
-	41,201	244,104
<u>10,111</u>	<u>1,682,701</u>	<u>12,473,752</u>
19,707	1,010,585	6,324,375
-	34,413	429,857
-	43,528	257,857
-	92,298	219,684
-	510	172,260
-	252,449	1,323,684
-	-	16,906
-	94,829	981,802
-	4,876	81,140
-	-	323,564
-	-	105,994
-	-	692,466
-	-	352,886
-	-	90,000
-	-	1,421,375
<u>19,707</u>	<u>1,533,488</u>	<u>12,793,850</u>
<u>(9,596)</u>	<u>149,213</u>	<u>(320,098)</u>
-	-	23,300,000
-	-	532,210
-	-	(23,098,768)
-	-	733,442
(9,596)	149,213	413,344
<u>9,596</u>	<u>171,966</u>	<u>6,035,093</u>
\$ <u>-</u>	\$ <u>321,179</u>	\$ <u>6,448,437</u>
\$ (9,596)	\$ 149,213	\$ 413,344
-	62,324	439,971
-	(6,232)	(491,906)
-	-	90,000
-	-	(23,300,000)
-	-	(532,210)
-	-	23,098,768
-	-	692,466
-	-	(31,579)
\$ <u>(9,596)</u>	\$ <u>205,305</u>	\$ <u>378,854</u>

**BOULDER VALLEY SCHOOL DISTRICT RE-2
GENERAL FUND EXPENDITURES BY OBJECT
Last Ten Years**

(Unaudited)

	<u>Actual 1994/95</u>	<u>Actual 1995/96</u>	<u>Actual 1996/97 (a)</u>	<u>Actual 1997/98</u>
Salaries	\$ 82,682,838	\$ 81,531,594	\$ 91,353,222	\$ 97,385,100
Percent change from prior year	0.82	(1.39)	12.05	6.60
Employee benefits	15,847,341	14,702,980	16,030,722	16,642,275
Percent change from prior year	5.22	(7.22)	9.03	3.81
Purchased services	7,773,026	11,695,375	11,057,256	7,187,545
Percent change from prior year	(1.23)	50.46	(5.46)	(35.00)
Supplies and materials	5,206,476	2,660,743	4,817,209	7,277,785
Percent change from prior year	37.67	(48.90)	81.05	51.08
Capital outlay	261,044	362,504	496,083	435,089
Percent change from prior year	(57.22)	38.87	36.85	(12.30)
Other	466,230	376,343	1,579,599	802,476
Percent change from prior year	(43.69)	(19.28)	319.72	(49.20)
Net allocations to charter schools	-	-	-	-
Percent change from prior year	-	-	-	-
Pre-PERA retirement	21,962	11,436	12,238	13,000
Percent change from prior year	(34.40)	(47.93)	7.01	6.23
County fees for tax collection	400,367	420,420	432,080	466,996
Percent change from prior year	2.69	5.01	2.77	8.08
Retirement payoffs	686,798	762,836	406,504	849,607
Percent change from prior year	(8.31)	11.70	(46.71)	109.00
TOTAL GENERAL OPERATING FUND EXPENDITURES	<u>\$ 113,346,082</u>	<u>\$ 112,524,231</u>	<u>\$ 126,184,913</u>	<u>\$ 131,059,873</u>
PERCENT CHANGE FROM PRIOR YEAR	<u>5.79%</u>	<u>1.81%</u>	<u>12.14%</u>	<u>3.86%</u>

(a) As of 1996/97, The District eliminated the General Fund Subsidy Accounts. The balances represent total General Operating Fund expenditures from 1996/97 and thereafter.

Source: Boulder Valley School District RE-2 Audited Financial Statements 1994/95-2003/04.

TABLE I

Actual 1998/99	Actual 1999/00	Actual 2000/01	Actual 2001/02	Actual 2002/03	Actual 2003/04
\$ 104,732,608 7.54	\$ 114,512,943 9.34	\$ 119,789,541 4.61	\$ 123,794,477 3.34	\$ 130,450,470 5.38	\$ 132,352,763 1.46
17,843,964 7.22	20,286,097 13.69	21,410,503 5.54	22,611,621 5.61	22,876,106 1.17	26,224,978 14.64
8,955,449 24.60	7,468,825 (16.60)	7,568,103 1.33	6,612,818 (12.62)	6,645,457 0.49	6,983,768 5.09
8,054,703 10.68	9,209,969 14.34	9,846,458 6.91	8,550,185 (13.16)	8,413,461 (1.60)	8,354,910 (0.70)
628,495 44.45	1,432,177 127.87	1,452,045 1.39	1,813,620 24.90	1,192,985 (34.22)	1,316,451 10.35
1,244,665 55.10	3,177,706 155.31	2,754,619 (13.31)	3,397,436 23.34	3,288,447 (3.21)	4,120,251 25.29
- -	- -	- -	5,844,475 -	9,160,211 56.73	12,283,334 34.09
3,281 (74.76)	- (100.00)	- -	- -	- -	- -
525,629 12.56	276,694 (47.36)	281,337 1.68	295,412 5.00	336,150 13.79	342,289 1.83
764,660 (10.00)	914,668 19.62	1,024,725 12.03	551,681 (46.16)	610,564 10.67	574,550 (5.90)
<u>\$ 142,753,454</u>	<u>\$ 157,279,079</u>	<u>\$ 164,127,331</u>	<u>\$ 173,471,725</u>	<u>\$ 182,973,851</u>	<u>\$ 192,553,294</u>
<u>8.92%</u>	<u>10.18%</u>	<u>4.35%</u>	<u>5.69%</u>	<u>5.48%</u>	<u>5.24%</u>

**BOULDER VALLEY SCHOOL DISTRICT RE-2
GENERAL FUND REVENUE BY SOURCE
Last Ten Years**

(Unaudited)

	<u>Actual 1994/95</u>	<u>Actual 1995/96</u>	<u>Actual 1996/97 (a)</u>	<u>Actual 1997/98</u>
Local Revenue				
Current property taxes	\$ 80,001,057	\$ 83,979,637	\$ 86,433,327	\$ 92,650,365
Specific ownership taxes	6,363,965	6,776,864	7,205,038	7,746,082
Delinquent taxes and penalties	201,426	167,769	117,529	194,816
Tuition	226,105	191,701	269,515	3,304,518
Interest income	282,185	478,482	421,707	418,924
Miscellaneous	504,741	1,923,444	994,988	1,149,519
Total local revenue	87,579,479	93,517,897	95,442,104	105,464,224
State Revenue				
State equalization	21,714,750	21,199,877	23,664,149	24,506,373
Special education	2,714,409	2,772,541	2,771,485	2,939,892
Transportation	1,544,589	1,613,185	1,562,182	1,448,265
Vocational education	843,431	805,146	782,306	927,638
Medicaid	-	-	-	-
Miscellaneous	196,045	149,950	251,213	330,697
Total state revenue	27,013,224	26,540,699	29,031,335	30,152,865
Federal Revenue	28,149	24,273	-	6,075
TOTAL GENERAL FUND REVENUE	<u>\$ 114,620,852</u>	<u>\$ 120,082,869</u>	<u>\$ 124,473,439</u>	<u>\$ 135,623,164</u>
PERCENT CHANGE FROM PRIOR YEAR	<u>0.76%</u>	<u>4.74%</u>	<u>3.66%</u>	<u>8.96%</u>

(a) As of 1996/97, the District eliminated the General Fund Subsidy Accounts. The balances represent total General Fund expenditures from 1996/97 and thereafter.

Source: Boulder Valley School District RE-2 Audited Financial Statements 1994/95-2003/04

TABLE II

Actual 1998/99	Actual 1999/00	Actual 2000/01	Actual 2001/02	Actual 2002/03	Actual 2003/04
\$ 105,206,316	\$ 108,575,064	\$ 111,867,694	\$ 117,861,142	\$ 132,645,345	\$ 136,429,558
9,961,118	11,324,836	11,936,063	12,221,725	11,605,270	11,551,266
93,653	322,645	837,968	921,330	387,791	336,249
3,408,518	3,191,887	3,110,424	170,581	142,288	108,654
499,766	507,953	802,566	252,916	152,177	80,227
3,780,598	1,310,833	2,013,252	712,996	969,381	3,671,360
122,949,969	125,233,218	130,567,967	132,140,690	145,902,252	152,177,314
27,821,878	29,110,241	31,174,893	35,352,777	42,286,795	45,499,801
2,956,640	3,005,528	3,076,734	3,253,442	3,458,753	3,562,820
1,353,305	1,534,018	1,605,018	1,641,720	1,740,381	1,666,126
697,546	729,487	997,821	1,093,446	836,724	740,919
-	-	-	-	211,016	195,883
340,482	149,359	127,057	861,089	322,123	309,221
33,169,851	34,528,633	36,981,523	42,202,474	48,855,792	51,974,770
17,086	-	-	-	-	-
<u>\$ 156,136,906</u>	<u>\$ 159,761,851</u>	<u>\$ 167,549,490</u>	<u>\$ 174,343,164</u>	<u>\$ 194,758,044</u>	<u>\$ 204,152,084</u>
<u>15.13%</u>	<u>2.32%</u>	<u>4.87%</u>	<u>4.05%</u>	<u>11.71%</u>	<u>4.82%</u>

**BOULDER VALLEY SCHOOL DISTRICT RE-2
PROPERTY TAX LEVIES AND COLLECTIONS - ALL FUNDS
Last Ten Years**

(Unaudited)

<u>Levy Year</u>	<u>Collection Year</u>	<u>Total Tax Levied</u>	<u>Total Current Tax Collections</u>	<u>Total Current Tax Collections as a Percentage of Total Tax Levied</u>	<u>Delinquent Tax Collections</u>	<u>Delinquent Tax Collections as a Percentage of Total Tax Levied</u>
1993	1994	86,388,187	86,049,635	99.60	225,966	0.26
1994	1995	91,670,259	92,168,033	99.45	187,108	0.20
1995	1996	95,233,893	94,791,270	99.54	171,986	0.18
1996	1997	101,016,769	99,430,408	98.43	194,817	0.19
1997	1998	106,247,007	103,162,683	97.10	93,653	0.09
1998	1999	120,618,953	119,967,464	99.46	142,920	0.12
1999	2000	123,278,175	123,084,710	99.84	356,068	0.29
2000	2001	127,106,029	126,382,188	99.43	71,953	0.06
2001	2002	131,684,926	130,756,272	99.29	387,790	0.29
2002	2003	148,573,194	147,631,486	99.37	336,249	0.23

Source: Boulder County, Broomfield County and Gilpin County Assessor's Offices and Boulder Valley School District RE-2.

**BOULDER VALLEY SCHOOL DISTRICT RE-2
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
Last Ten Years**

(Unaudited)

Levy Year	Property Values					Estimated Actual Value
	Amount Assessed in Boulder County	Amount Assessed in Broomfield County	Amount Assessed in Gilpin County	Total Assessed Valuation Amount		
1994	1,804,103,330	-	16,593,400	1,820,696,730	10,491,766,469	
1995	2,070,225,420	-	16,406,770	2,086,632,190	13,416,773,470	
1996	2,143,943,580	-	17,166,510	2,161,110,090	14,815,570,254	
1997	2,281,778,250	-	19,381,190	2,301,159,440	15,207,498,800	
1998	2,375,324,790	-	19,999,560	2,395,324,350	15,879,878,955	
1999	2,776,736,100	-	25,040,610	2,801,776,710	18,407,178,810	
2000	2,937,953,310	-	25,582,000	2,963,535,310	20,616,439,773	
2001	3,215,728,800	537,935,180	29,624,610	3,783,288,590	26,157,867,737	
2002	3,255,103,009	569,409,440	32,127,420	3,856,639,869	26,525,947,278	
2003	3,339,113,674	604,917,750	38,677,800	3,982,709,224	30,780,211,997	

Source: Boulder County, Broomfield County and Gilpin County Assessor's Offices.

**BOULDER VALLEY SCHOOL DISTRICT RE-2
RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Years**

(Unaudited)

	<u>June 1995</u>	<u>June 1996</u>	<u>June 1997</u>	<u>June 1998</u>
Gross bonded deb	\$ 128,960,000	\$ 124,795,000	\$ 119,515,000	\$ 119,015,000
Debt service moneys availabl	10,150,420	10,223,940	12,464,494	13,211,549
Net bonded debt outstandin	118,809,580	114,571,060	107,050,506	105,803,451
District's estimated population	Not available	Not available	Not available	Not available
Boulder County per capita incom	Not available	Not available	Not available	Not available
District's total assessed valuation	1,820,696,730 *	2,086,632,190 *	2,161,110,090 *	2,301,159,440
Net bonded debt per capit	Not available	Not available	Not available	Not available
Net bonded debt as a percent c assessed valuator	6.53	5.49	4.95	4.60
Total per capita income as : percent of net bonded deb	Not available	Not available	Not available	Not available

* Assessed valuation as of December 31 of the previous yea

Source: Boulder Valley District RE-2 Audited Financial Statements 1994/95 to 2003/0

TABLE V

	June 1999	June 2000	June 2001	June 2002	June 2003	June 2004
	\$ 176,270,000	\$ 170,405,000	\$ 165,070,000	\$ 159,500,000	\$ 153,515,000	\$ 147,065,000
	14,467,115	14,172,985	14,952,229	14,973,430	15,131,986	17,075,783
	161,802,885	156,232,015	150,117,771	144,526,570	138,383,014	129,989,217
	Not available	Not available	189,000	202,000	202,000	202,000
	Not available	Not available	37,523	39,347	40,840	41,936
*	2,395,324,350	2,801,776,710	2,963,535,310	3,783,288,590	3,856,639,869	3,982,709,224
	Not available	Not available	794.27	715.48	685.06	643.51
	6.75	5.58	5.07	3.82	3.59	3.26
	Not available	Not available	0.02	0.03	0.03	0.03

**BOULDER VALLEY SCHOOL DISTRICT RE-2
COMPUTATION OF LEGAL DEBT MARGIN**

(Unaudited)

2003 taxable assessed valuation	\$ 3,982,709,224
Debt limit percentage (1)	<u>20%</u>
Legal debt limit	796,541,845
Amount of debt applicable to debt limit - total bonded debt as of June 30, 2004	<u>147,065,000</u>
LEGAL DEBT MARGIN	<u><u>\$ 649,476,845</u></u>

- (1) Colorado Statute No. 22-42-104: Each school district shall have a limit of bonded indebtedness of 20% of the latest valuation for assessment of the taxable property in such district, as certified by the assessor to the Board of County Commissioners, or 25% if enrollment has increased by 3% or more over each preceding year in the last three years, or 6% of actual value.

Source: Boulder Valley School District RE-2.

BOULDER VALLEY SCHOOL DISTRICT RE-2
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
Last Ten Years

(Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Other Expenditures</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures (b)</u>	<u>Ratio of Debt Service to Total General Fund Expenditures</u>
1994/95	4,415,000	5,754,887	10,169,887	113,346,082	8.97
1995/96	4,165,000	7,589,905	11,754,905	112,524,231	10.46
1996/97	5,280,000	7,310,668	12,590,668	119,362,800	10.55
1997/98	69,310,000 (a)	11,960,474	81,270,474	129,460,071	62.78
1998/99	6,400,000	7,065,854	13,465,854	142,753,454	9.43
1999/00	5,865,000	8,886,603	14,751,603	157,279,079	9.38
2000/01	5,335,000	8,601,250	13,936,250	164,127,331	8.49
2001/02	5,625,000	8,341,108	13,966,108	173,471,725	8.05
2002/03	5,985,000	7,382,241	13,367,241	182,973,851	7.31
2003/04	6,450,000	7,119,222	13,569,222	192,553,294	7.05

(a) Refunding of debt occurred

(b) As of 1996/97, the District eliminated the General Fund Subsidy Accounts. The balances represent total General Fund expenditures from 1996/97 and thereafter

Source: Boulder Valley School District RE-2 Audited Financial Statements 1994/95-2003/04

**BOULDER VALLEY SCHOOL DISTRICT RE-2
DISTRICT MILL LEVY HISTORY
Last Ten Years**

(Unaudited)

Levy Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Collection Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General Fund	44.049	40.640	40.437	40.525	44.356	38.978	38.191	31.274	35.006	34.38
Bond Redemption Fund	6.300	5.000	6.306	4.819	6.000	5.022	4.699	3.533	3.518	3.88
TOTAL LEVY	<u>50.349</u>	<u>45.640</u>	<u>46.743</u>	<u>45.344</u>	<u>50.356</u>	<u>44.000</u>	<u>42.890</u>	<u>34.807</u>	<u>38.524</u>	<u>38.255</u>

Source: Boulder, Broomfield and Gilpin Counties Abstracts of Assessment and Summary of Tax Levies, 1994-2003.

**BOULDER VALLEY SCHOOL DISTRICT RE-2
PROPERTY TAX RATES (MILLS)*
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Years**

(Unaudited)

Levy Year	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Boulder Valley School District RE-2	50.349	45.640	46.743	46.743	45.344	44.000	42.890	34.807	38.524	38.255
Boulder County	22.245	20.897	21.447	21.243	21.762	19.382	19.835	17.621	20.087	20.088
City of Boulder	9.981	9.189	9.666	11.428	11.438	10.502	10.908	9.301	9.640	9.860
City and County of Broomfield	13.894	13.894	13.894	13.894	13.894	13.894	13.894	28.986	28.986	28.968
City of Lafayette	13.629	13.629	13.009	13.817	13.034	11.352	11.860	11.130	10.994	10.832
City of Louisville	5.820	5.457	5.246	5.246	5.184	4.643	4.767	5.292	5.184	6.710
Northern Colorado Water Conservancy District	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Town of Nederland	14.440	14.440	14.440	15.486	16.210	14.982	15.546	15.408	15.455	14.462
Urban Drainage & Flood Control District	<u>0.696</u>	<u>0.696</u>	<u>0.696</u>	<u>0.668</u>	<u>0.676</u>	<u>0.583</u>	<u>0.594</u>	<u>0.521</u>	<u>0.531</u>	<u>0.533</u>
TOTAL	<u><u>132.054</u></u>	<u><u>124.842</u></u>	<u><u>126.141</u></u>	<u><u>129.525</u></u>	<u><u>128.542</u></u>	<u><u>120.338</u></u>	<u><u>121.294</u></u>	<u><u>124.066</u></u>	<u><u>130.401</u></u>	<u><u>130.708</u></u>

* Does not include all Special Districts.

Source: Boulder County Abstract of Assessment and Summary of Tax Levies, 1994-2003.

**BOULDER VALLEY SCHOOL DISTRICT RE-2
COMPUTATION OF OVERLAPPING BONDED
GENERAL OBLIGATION DEBT
June 30, 2004**

(Unaudited)

	Gross	Net	Net Outstanding		
	Outstanding	Outstanding	General Obligation Debt		
	General	General	Chargeable to Properties		
Obligation	Obligation	within the District			
Debt (1)	Debt (1)	Percent	Amount		
Baseline Water District	\$ -	\$ -	100.00	\$ -	
Boulder Central General Improvement District	29,140,000	29,140,000	100.00	29,140,000	
Boulder Rural Fire Protection District	-	-	100.00	-	
Brownsville Water & Sanitation District	-	-	34.90	-	
Cherryvale Fire Protection District	-	-	100.00	-	
City of Boulder	71,865,000	71,500,000	74.80	53,482,000	
City of Broomfield	16,364,798	4,215,000	100.00	4,215,000	
City of Lafayette	9,990,979	4,345,979	100.00	4,345,979	
City of Louisville	19,847,500	2,020,000	100.00	2,020,000	
Coal Creek Canyon Fire Protection District	-	-	10.80	-	
Colorado Tech Center Metropolitan District	11,948,528	11,948,528	87.20	10,419,116	
Four Mile Canyon Fire District	-	-	100.00	-	
Gilpin County Library District	315,000	315,000	100.00	315,000	
Gold Hill Fire Protection District	-	-	100.00	-	
Gunbarrel Improvement District	810,000	810,000	100.00	810,000	
High Country Fire Protection District	-	-	88.80	-	
Interlocken Consolidated Metropolitan District	19,544,145	19,544,145	100.00	19,544,145	
Louisville Fire Protection District	-	-	100.00	-	
Mountain View Fire Protection District	980,000	980,000	6.50	63,700	
Northern Colorado Water Conservancy District	3,807,462 (2)	3,807,462	100.00	3,807,462	
Pine Brook Water District	480,000	480,000	42.20	202,560	
Pine Brook Hills Fire District	-	-	100.00	-	
Superior Metropolitan District No. 1	-	-	100.00	-	
Superior Metropolitan District No. 2	5,842,200	5,842,200	100.00	5,842,200	
Superior Metropolitan District No. 3	3,570,000	3,750,000	100.00	3,750,000	
Town of Nederland	-	-	100.00	-	
University Hills General Improvement District	-	-	100.00	-	
North Metro Fire Rescue District	-	-	42.70	-	
			Total	<u>\$ 137,957,162</u>	

(1) "Gross outstanding general obligations debt" includes general obligation debt historically paid from system revenues ("self-supporting general obligation debt"). "Net outstanding general obligation debt" is gross outstanding general obligation debt minus self-supporting general obligation debt.

(2) This amount constitutes a contractual obligation of the district.

Sources: Boulder County Assessor's Office, and information obtained from individual entities

**BOULDER VALLEY SCHOOL DISTRICT RE-2
BOULDER COUNTY POPULATION ESTIMATES**

(Unaudited)

	1960	1970	1980	1990	2000	Percent Increase (Decrease)	
						1980- 1990	1990- 2000
Boulder	37,718	66,870	76,685	83,312	94,673	8.64 %	13.64 %
Broomfield (1)	-	7,261	14,514	16,458	21,474	13.39	30.48
Erie (1)	-	7	23	21	4,282	(4.50)	20,290.48
Longmont	11,489	23,209	42,942	51,555	71,069	20.05	37.85
Louisville	2,073	2,409	5,593	12,361	18,937	121.01	53.20
Lafayette	2,612	3,498	8,985	14,548	23,197	61.91	59.45
Lyons	706	958	1,137	1,227	1,585	7.92	29.18
Nederland	272	492	1,212	1,099	1,394	(9.32)	25.02
Jamestown	107	185	223	251	205	12.56	(18.33)
Superior	173	171	208	255	9,008	22.59	3,432.55
Ward	9	32	129	159	169	23.25	6.29
Unincorporated							
Boulder County	17,900	26,797	37,974	34,676	45,295	(8.68)	30.62
Estimated Boulder County Total (2)	74,254	131,889	189,625	215,922	291,288	13.87	34.90

(1) Population includes only that portion located in Boulder County. As of 2000, approximately 56 of the 38,272 residents of Broomfield (approximately 21,474 persons) and approximately 68% of 16,291 residents of Erie (approximately 4,282 persons) resided in Boulder County.

(2) The estimated Boulder County total reflects an unduplicated count.

Source: Colorado Division of Local Affairs; United States Bureau of the Census. 1950, 1960, 1970, and 1980 are Census figures; 1990 and 2000 figures are estimates from the Colorado Department of Local Affairs.

**BOULDER VALLEY SCHOOL DISTRICT RE-2
CHARACTERISTICS OF EMPLOYMENT IN BOULDER COUNTY**

TABLE XII

(Unaudited)

<u>Industry</u>	<u>As of December 31, 2002</u>		<u>As of December 31, 2003</u>	
	<u>Estimated Average Monthly Employment</u>	<u>Percent of Total Employment</u>	<u>Estimated Average Monthly Employment</u>	<u>Percent of Total Employment</u>
Mining and construction	7,331	4.71 %	6,323	4.18 %
Manufacturing	22,345	14.35	19,744	13.04
Transportation	1,557	1.00	1,733	1.14
Wholesale and retail trade	21,628	13.89	21,676	14.31
Information	10,822	6.95	9,749	6.44
Finance, insurance and real estate	7,162	4.60	7,167	4.73
Services	61,330	39.39	61,524	40.62
Government	23,521	15.11	23,530	15.54
TOTAL	<u>155,696</u>	<u>100.00 %</u>	<u>151,446</u>	<u>100.00 %</u>

Source: State Department of Labor and Employment, Division of Employment and Training.

**BOULDER VALLEY SCHOOL DISTRICT RE-2
MAJOR EMPLOYERS IN BOULDER AND BROOMFIELD COUNTIES**

TABLE XIII

(Unaudited)

<u>Company</u>	<u>Activity</u>	<u>Estimated Number of Employees</u>
University of Colorado	Four-year college and graduate school	6,937
International Business Machines	Software development, custom information systems	4,700
Boulder Valley School District	One of two public school districts in Boulder County	4,600
Sun Microsystems, Inc.	Software development and custom information systems	3,100
Ball Aerospace	Electronic space exploration systems and defense products	2,600
Boulder Community Hospital	Medical facility	2,400
Level 3 Communications, Inc.	Communications and information services	2,200
Storage Technology Corporation	Manufacturer of tape-based computer storage devices	1,800
City of Boulder	Local Government	1,600
Seagate Technology	Manufacturer of hard disc drives	1,200

Source: Daily Camera Business Plus and individual entities

**BOULDER VALLEY SCHOOL DISTRICT RE-2
PROPERTY VALUES AND CONSTRUCTION
Last Ten Years**

(Unaudited)

<u>Tax Year</u>	<u>Property Values</u>		<u>Construction</u>	
	<u>Assessed Valuation</u>	<u>Estimated Actual Value</u>	<u>Residential Permits</u>	<u>Value</u>
1994	1,820,696,730	10,491,766,469	3,453	161,227,873
1995	2,086,632,190	13,416,773,470	3,247	250,505,183
1996	2,161,110,090	14,815,570,254	3,237	133,160,668
1997	2,301,159,440	15,207,498,800	3,030	154,316,806
1998	2,395,324,350	15,879,878,955	n/a	n/a
1999	2,801,776,710	18,407,178,810	3,965	193,159,717
2000	2,963,535,310	20,616,439,773	3,602	166,897,609
2001	3,783,288,590	26,157,867,737 (3)	n/a	n/a
2002	3,856,639,869	26,525,947,278 (3)	n/a	n/a
2003	3,982,709,224	30,780,211,997 (3)	n/a	n/a

(2) The method of calculating estimated actual value has changed to provide more accurate values.

(3) The Assessor's office changed it's accounting system and is, at this time, not able to provide data in this format.

Source: Boulder County Assessor's Office.

TABLE XIV

Construction			
Nonresidential		Total	Total
Permits	Value	Permits	Value
256	23,973,619	3,944	185,201,492
395	56,317,925	3,848	306,823,108
472	77,131,744	3,709	210,292,412
450	77,360,518	3,480	231,677,324
n/a	n/a	n/a	n/a
316	84,328,680	4,281	277,488,397
212	87,399,041	3,814	254,296,650
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a

**BOULDER VALLEY SCHOOL DISTRICT RE-2
PRINCIPAL TAXPAYERS OVER A SPECIFIED
AMOUNT OF ASSESSED VALUATION
December 31, 2003**

(Unaudited)

<u>Name</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Xcel Energy	Supplier of electricity and natural gas to consumers	\$59,930,900	1.50 %
Flatiron Holding LLC	Regional Retail Center	51,954,710	1.30 %
Level 3 Communications	Telecommunications	34,376,110	0.86 %
International Business Machines Corporation	Manufacturer of computer software and hardware	33,306,130	0.84 %
Qwest	Telecommunications	29,121,970	0.73 %
Sun Microsystems	Computer Technology	28,611,820	0.72 %
Flatiron Property Holding LLC	Regional Retail Center	21,828,350	0.55 %
Storage Technology Corporation	Manufacturer of peripheral equipment	21,159,150	0.53 %
Roche Colorado Corporation	Processing of pharmaceuticals	18,514,670	0.46 %
DDR Flatirons LLC	Regional Retail Center	13,196,090	0.33 %
Hunter Douglas Inc	Manufacturing	12,421,070	0.31 %
FSP 380Interlocken Corporation	Interlocken Office Building	10,440,000	0.26 %
Sub-total		334,860,970	8.41 %
Taxpayers under \$		3,647,848,254	91.59 %
TOTAL		\$ 3,982,709,224	100.00 %

Source: Boulder County Assessor's Office and City of Broomfield Assessor's Office

**BOULDER VALLEY SCHOOL DISTRICT RE-2
INSURANCE IN FORCE
June 30, 2004**

(Unaudited)

As of June 30, 2004, the District maintained the types and amounts of insurance coverage summarized below. The District's insurance premiums are accounted for in the Insurance Reserve Internal Service Fund. Funding of the Insurance Reserve Internal Service Fund comes primarily from a transfer from the General Fund. In addition to the insurance coverage described below, the Colorado Governmental Immunity Act provides the District with substantial protection from liability.

<u>Coverage Area</u>	<u>Coverage Amounts/Deductibles</u>
Property	Coverage: \$449,202,349 per occurrence limit for real and business personal property and inland marine; \$72,500,000 per occurrence and annual aggregate limit for floods and earthquakes; \$13,411,218 terminal per occurrence limit; \$45,000 garagekeepers coverage per accident or occurrence limit; \$50,000 property damage to non-owned property per occurrence limit; \$1,000,000 property in the course of construction or builders' risk limit. Deductibles: \$100,000 real and business personal property, inland marine and non-owned property; \$1,000 terminal per vehicle \$10,000 per occurrence; \$250 garagekeepers per vehicle \$500 per occurrence.
Equipment Breakdown	Coverage: \$52,500,000 per accident limit; sublimits apply as follows: \$5,000,000 expediting expense, \$250,000 perishable goods and ammonia contamination, \$2,500,000 hazardous substance, \$100,000 computer equipment. Deductibles: \$10,000 damage to covered property, \$10,000 perishable goods 12 hours indirect coverage (business income/extra expense).
School Entity	Coverage: Liability-\$2,000,000 each occurrence or wrongful act limit, \$5,000,000 annual aggregate limit; medical payments-\$1,000 any one person \$10,000 each accident; AHERA and pollution coverage-\$25,000 each occurrence and annual aggregate limit Deductibles: Liability coverage-\$10,000 each occurrence, limit of defense-\$2,000,000 limit per occurrence of wrongful act.
Auto Liability	Coverage: Liability, including non-owned auto and hired, borrowed, leased and auto medical payments \$1,000,000 limit per accident; auto medical payments \$5,000 per person limit; limit of defense \$2,000,000 per accident. Deductible: \$10,000 per accident
Crime	Coverage: Employee theft \$100,000 per loss, employee theft Chief Financial Officer and Director of Finance and Accounting \$100,000 per employee; forgery or alteration \$25,000 per loss; theft of money, securities and other property \$10,000 per loss; computer fraud, counterfeit currency and money order \$5,000 per loss; Public Official coverage-Secretary Board of Education and Treasurer Board of Education \$25,000 per loss. Deductibles: Employee theft \$500 per occurrence; forgery or alteration, theft of money, securities, and other property, computer fraud, and counterfeit currency and money order \$100 per occurrence; Public Official coverage \$100 per occurrence.

Source: Boulder Valley School District RE-2

**BOULDER VALLEY SCHOOL DISTRICT RE-2
DISTRICT ENROLLMENT
June 30, 2003**

(Unaudited)

Boulder Valley School District RE-2's total enrollment for the school years 1994-95 through 2003-04 is as follows:

<u>School Year</u> *	<u>Enrollment</u>
1994-95	24,871
1995-96	25,359
1996-97	25,815
1997-98	26,288
1998-99	26,951
1999-00	27,085
2000-01	27,500
2001-02	27,924
2002-03	27,818
2003-04	27,867

* Data from the official pupil count on October 1 of each school year.

Source: Boulder Valley School District RE-2.

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the 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, 2004, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated October 8, 2004. 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.

Compliance

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, grant agreements and other matters, 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 that are required to be reported under *Government Auditing Standards*.

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 assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 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.

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.

Swanhorst & Cutler LLC

October 8, 2004

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, 2004. 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, 2004.

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 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 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.

Shanley & Carter, LLC

October 8, 2004

BOULDER VALLEY SCHOOL DISTRICT RE-2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no

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

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no

- Reportable conditions identified that are not considered to be material weaknesses? _____ yes x 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 Circular A-133? _____ yes x no

Identification of major programs:

- 84.027 Special Education
- 84.173 Special Education Preschool
- 84.290 Bilingual Education

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? x yes _____ no

Findings Related to Financial Statements

The audit of the financial statements did not disclose any reportable conditions in internal control that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those basic financial statements.

Findings and Questioned Costs for Federal Awards

The audit of federal awards did not disclose any reportable conditions in internal control that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants 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 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, 2004, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated October 8, 2004. 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 that 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.

Swanhorst & Cutler, LLC

October 8, 2004

BOULDER VALLEY SCHOOL DISTRICT RE-2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2004

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Accrued (Deferred) Revenue 6/30/03	Receipts	Disburse- ments	Accrued (Deferred) Revenue 6/30/04
U.S. Department of Education					
Direct Programs:					
Indian Education	84.060A	\$ 4,092	\$ 27,369	\$ 25,487	\$ 2,210
Bilingual Education	84.290	98,692	540,284	497,850	56,258
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	-	44,281	44,281	-
Foreign Language Incentive Program	84.294	4,916	17,042	12,126	-
21st Century Community Learning Centers	84.287	-	187,765	239,877	52,112
Passed Through State Department of Education:					
Title I	84.010	701,541	2,019,049	1,856,287	538,779
Adult Education	84.002	29,929	91,062	92,037	30,904
Deaf and Hard of Hearing	84.025	65		(65)	-
Special Education	84.027	712,246	3,289,302	3,619,281	1,042,225
Special Education Preschool	84.173	20,021	180,362	190,174	29,833
Safe and Drug Free Schools and Communities National Programs	84.184	(41,323)	48,951	70,629	(19,645)
Safe and Drug Free Schools and Communities State Grants	84.186	16,930	94,138	96,190	18,982
Even Start	84.213	27,243	127,818	154,988	54,413
Charter Schools	84.282	53,899	50,108	(3,791)	-
Innovative Education Program Strategies	84.298	48,707	144,262	134,483	38,928
Comprehensive School Reform Demonstration	84.332	-	53,329	71,368	18,039
Title II-D Education Technology	84.318	18,955	70,236	58,752	7,471
Reading Excellence	84.338	43,295	43,833	538	-
English Language Acquisition	84.365	28,289	141,539	150,867	37,617
Improving Teacher Quality	84.367	291,390	887,050	874,990	279,330
Passed Through State Department of Human Services:					
Rehabilitation Services Vocational Rehabilitation	84.126A	30,622	149,930	149,713	30,406
Passed Through State Community Colleges & Occupational Education System:					
Vocational Education	84.048A	68,277	174,756	138,143	31,664
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>2,157,786</u>	<u>8,382,466</u>	<u>8,474,205</u>	<u>2,249,526</u>
U.S. Department of Agriculture					
Passed Through State Department of Human Services:					
Food Donation	10.550	(54,903)	217,241	226,784	(45,360)
Passed Through State Department of Education:					
National School Lunch Program	10.555	-	1,141,423	1,280,740	139,317
School Breakfast Program	10.553	786	136,719	153,732	17,799
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>(54,117)</u>	<u>1,495,383</u>	<u>1,661,256</u>	<u>111,756</u>
U.S. Department of Health and Human Services					
Passed Through State Department of Education:					
Refugee and Entrant Assistance	93.576	-	15,605	45,558	29,953
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>-</u>	<u>15,605</u>	<u>45,558</u>	<u>29,953</u>
Corporation for National and Community Service					
Passed Through State Department of Education:					
Learn and Serve America Higher Education	94.004	(3,179)	20,800	23,979	-
Passed Through State Community Colleges & Occupational Education System:					
AmeriCorps	94.006	68,402	78,248	9,846	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		<u>65,223</u>	<u>99,048</u>	<u>33,825</u>	<u>-</u>
U.S. Department of Treasury					
Passed Through State Department of Education:					
Capital Construction	21.999	-	244,149	244,149	-
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 2,168,892</u>	<u>\$ 10,236,651</u>	<u>\$ 10,458,993</u>	<u>\$ 2,391,235</u>

See the accompanying Independent Auditors' Report.

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

**INDEPENDENT AUDITORS' REPORT ON ELECTRONIC FINANCIAL
DATA INTEGRITY CHECK FIGURES**

We have audited the 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, 2004, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated October 8, 2004. 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 electronic financial data integrity check figures 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 that 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.

Swanhorst & Cutler LLC

October 8, 2004

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Colorado Department of Education

Fiscal Year 2003-2004

BOULDER BOULDER VALLEY

District Code:

Colorado School District/BOCES
 Auditor's Electronic Financial Data Integrity Check Figures

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources -	0001 - 0999 Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) & Ending Fund Balance
Governmental				
10 General Fund	12,078,059	209,356,221	200,622,646	20,811,634
19 Colorado Preschool Program Fund	16,262	397,507	413,769	0
20 Special Revenue Fund	50,926	157,544	172,848	35,622
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	10,878,628	10,878,628	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Insurance Reserve Spec Revenue Fund	0	0	0	0
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	0	0	0	0
31 Bond Redemption Fund	15,131,986	15,513,019	13,569,222	17,075,784
41 Building Fund	2,157,417	-1,235,176	922,241	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	2,014,739	7,250,917	6,837,627	2,428,029
TOTALS	31,449,389	242,318,660	233,416,981	40,351,069
Proprietary				
51 Food Service Fund	931,456	5,137,885	4,951,365	1,117,976
50 Other Enterprise Funds	0	0	0	0
64 Risk-Related Activity Fund	-139,378	3,339,066	3,157,983	41,705
60, 65-69 Other Internal Service Funds	0	0	0	0
TOTALS	792,078	8,476,951	8,109,348	1,159,681
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
71 Expendable Trust Fund	58,264	5,305	4,633	58,937
72 Non-Expendable Trust Fund	146,763	15,968	1,807	160,924
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	2,855,156	8,693,602	8,475,992	3,072,766
TOTALS	3,060,183	8,714,876	8,482,432	3,292,627

*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.