

**Boulder Valley School District RE-2**

# **Comprehensive Annual Financial Report**

**For the fiscal year ending June 30, 2003**



**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, 2003**



**Prepared by: Finance and Accounting Department**

**Jan L. Harkins  
Finance Director**

**Leslie Stafford, C.P.A.  
Accounting Manager**

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## **INTRODUCTORY SECTION**



**Boulder Valley**  
**Public Schools**

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

Finance & Accounting

November 3, 2003

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, 2003. 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 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 2003 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 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 2002 was 27,818.

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.

Five charter schools are included as component units of the Boulder Valley School District for the 2003 CAFR: Boulder Preparatory High School, Horizons K-8 Alternative School, Peak to Peak K-12 Charter School, Sojourner 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.

Unemployment in the Denver metropolitan areas has risen from a low of 2.4% in 2000 to 5.6% through the first six months of 2003, a slight improvement from 2002. These levels are on par with the state of Colorado as a whole, at 5.7% in 2003, and remain lower than the nationwide level of 6.1%.

The US Bank 2004 Economic Forecast for Colorado states “nationally, the good news is that, although economic activity softened in the first two quarters of 2003, today the economy is fundamentally sound and some of the precursors to growth are evident. Colorado, because of its reliance on advanced technology and tourism, was hit hard by the national recession. Its recovery in 2004 is predicated on an expanding U.S. economy. There is nothing occurring in the state today to make it behave differently from the nation in this business cycle...when expansion is solidly underway, Colorado and the Mountain West will once again be the high growth region of the country”.

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 2002-03 fiscal year, the Colorado State Legislature approved a School Finance Act that provided an inflation increase of 4.7% plus 1% for a total of 5.7%. A size adjustment was also included in this year’s School Finance Act, giving the District a total funding increase of 6.55%.

Even with the increases mandated by Amendment 23, the District had to sustain reductions of almost \$5 million during 2002-03 in order to keep the District’s resources greater than expenditures. The stagnant economy, decrease in overall District growth rates, increase in charter school enrollment and higher personnel costs contributed to the budget reductions.

## **Major Initiatives**

Boulder Valley School District’s Mission:

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

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 the District. The Board wanted to create a roadmap to meet present-day demands for increased performance and accountability. The strategic plan serves as a compass for the District’s decision-making process and keeps all facets of the complex organization working in concert toward the same goals.

The Board of Education focused the priorities into six areas and developed belief statements related to each priority.

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*

In September 2001, the District initiated a project entitled “Visioning the New Century Graduate”. The visioning activity asked the Boulder Valley community what they believed would be the knowledge, skills and characteristics a graduate of our school system will need for the future. The Board of Education adopted the following vision statement and New Century Graduate profile in June 2002.

*The vision of the Boulder Valley School District is to graduate students in the New Century who have the knowledge, skills and personal characteristics that will prepare them for the challenges they will encounter as adults. In addition to skills and knowledge in reading, math, writing, and speaking, New Century Graduates will possess a multicultural and global perspective. New Century Graduates’ personal characteristics will include respect for others, initiative, creativity, ethical behavior and other characteristics that will enable them to become contributing members to society.*

The Class of 2003 is the first group of Boulder Valley students to graduate under the umbrella of the New Century Vision. This group of New Century graduates concluded their educational experience in the school district with an impressive level of achievement.

- ❖ The Class of 2003 had 1,884 graduates, the largest class on record.
- ❖ Seniors were awarded more than \$16 million in scholarships.
- ❖ The Class had 31 of Colorado’s 210 National Merit Finalists, three times the national average.
- ❖ The composite average ACT score for the Class of 2003 was 21.2, an increase of .3 from the year before and 2.4 points above the state average.
- ❖ Students from the Class of 2003 were accepted into more than 400 colleges and universities in 47 states, the District of Columbia and three foreign countries.

## **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, 2003 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, Boulder Valley continues to meet its responsibility for sound financial management.

### **Cash Management**

The cash management and investment practices of the school 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, 2003, totaled \$487,225.

### **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, 2003 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.

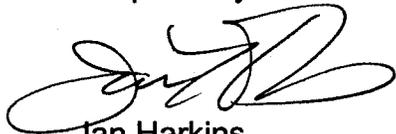
### Recognition for Financial Reporting

In previous years, the District has participated in the Certificate of Achievement for Excellence in Financial Reporting program, sponsored by the Government Finance Officers Association of the United States and Canada. The fiscal year ended June 30, 2001 was the eleventh consecutive year that the District received this prestigious award, the highest form of recognition for excellence in state and local government reporting. However, due to budget constraints, the District did not apply for recognition for the 2002 CAFR and will not apply for 2003.

### 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 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, Pam Rifkin, Chief Financial 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,



Jan Harkins  
Finance and Accounting Director



Leslie Stafford, CPA  
Accounting Manager

## 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>
Janusz Okolowicz	President	8	2003
Julie Phillips	Vice President	6	2005
Angelika Schroeder	Treasurer	4	2003
Stan Garnett	Director	6	2005
Teresa Steele	Director	4	2003
Jean Paxton	Director	2	2005
Helayne Jones	Director	0	2003*

\*Appointed to the School Board on June 24, 2003

LEGAL COUNSEL  
Darci Mohr

**DEPUTY SUPERINTENDENT FOR  
EDUCATIONAL PROGRAMS**  
Dr. Mack Clark

**DIVISION OF  
LEARNING  
SERVICES**  
ASSISTANT  
SUPERINTENDENT  
Dr. Barbara  
Coaroy

**DIVISION OF  
SCHOOL  
LEADERSHIP**  
ASSISTANT  
SUPERINTENDENT  
Dr. Chris  
King

**OFFICE OF  
PLANNING AND  
ASSESSMENT**

**DEPT. OF  
SPECIAL  
EDUCATION**

**DIRECTOR  
OF  
READING**  
Dr. Judy  
Skupa

**DIRECTOR OF  
ELEMENTARY  
EDUCATION**  
Dr. Sheri  
Williams

**ELEMENTARY  
PRINCIPALS  
AND  
SCHOOLS**

**DIRECTOR  
CAREER &  
TECH EDUC.**  
Dr. Mike  
Rask

**CHIEF OF  
PLANNING  
AND  
ASSESSMENT**  
Dr. Jonathan  
Diago

**DIRECTOR**  
Dr. Jean  
Riordan

**DEPTMENT OF  
LITERACY  
AND LANGUAGE  
DIRECTOR**  
Jorge  
Garcia

**DIRECTOR OF  
MIDDLE  
LEVEL AND  
SPECIAL  
PROGRAMS**  
Dr. Sammie  
Wheeler-  
Clouse

**MIDDLE  
LEVEL  
PRINCIPALS  
AND  
SCHOOLS**

**PRINCIPAL/  
DIRECTOR OF  
ALTERNATIVE  
PROGRAMS  
ARAPAHOE  
RIDGE  
CAMPUS**  
David  
Krasowski

**DIRECTOR  
INSTITUTIONAL  
EQUITY &  
MULTICULTURAL  
EDUC.**  
Pam  
Duran

**DIRECTOR OF  
ATHLETICS,  
ACTIVITIES  
AND SCHOOL  
DISCIPLINE**  
Adam Fels

**HIGH SCHOOL  
PRINCIPALS  
AND  
SCHOOLS**

**CHARTER  
SCHOOLS**

# Boulder Valley School District

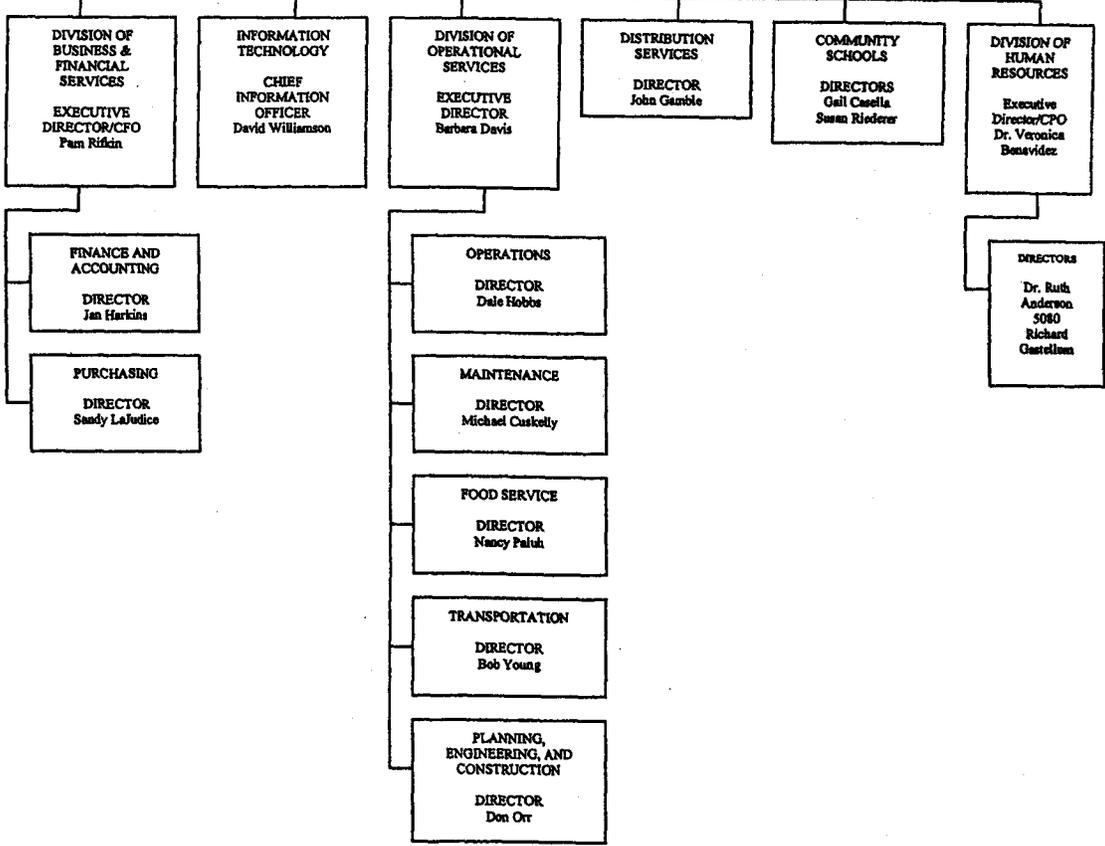
Effective July 1, 2003

**BOARD OF EDUCATION**  
 President – Janusz Okolowicz, Ph.D.  
 Vice President – Julie Phillips  
 Treasurer – Angelika Schroeder, Ph.D.  
 Members – Stan Garnett; Helayne Jones, Ph.D.  
 Jean Paxton; Teresa Steele

**COMMUNICATIONS**  
 DIRECTOR  
 Nancy Horst

**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.

On August 23, 2001, the “Achievement of Board Goals” report was published and results can be found on the BVSD website at: <http://www.bvsd.k12.co.us/general/achievegoals.shtml>.

The “Achievement of Board Goals” document has been updated for 2001-02 and will be published again in August of 2003.

### 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:**

- Boulder Valley School District:** Includes a large part of Boulder County, and small portions Broomfield and Gilpin Counties. The cities of Erie, Gold Hill, Jamestown, Lafayette, Louisville, Nederland, Superior, Ward and unincorporated South Boulder County.
- Beliefs:** An expression of value or ideal to be achieved.
- Strategy:** A statement, which commits to a set of actions over time in order to gain an advantage or improvement.
- Action Plan:** Statements of specific actions to be taken to make progress in strategic priority areas.
- Performance Indicators:** Selected data that, individually and as a body of evidence, measure performance and achievement.
- Parent(s):** Parent, guardian or other people responsible for making educational decisions for children.
- Academic Areas:** Math, science, social studies, language arts, physical education, foreign language, music and art.
- Diversity:** Encompasses the individual and group differences that contribute to the uniqueness of every human being. These differences include but are not limited to race, ethnicity, gender, sexual orientation, age, disability and religion.

## 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 environment

### 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 2001-02 Results:

- The 2001-2002 results of the Colorado Student Assessment Program (CSAP) tests showed that Boulder Valley schools continued to perform among the best in the state with scores above the state average in all grades tested and in all subjects. CSAP was designed to measure student achievement through a series of snapshots - tests in reading, writing, math and science.
- The District continued the "Gap Attack" plan which was developed in 2000-2001.
- In 2002-03, the District developed a K-12 math achievement plan, added middle level literacy coaches, and the began the pre-engineering program at Centarus.

### 1c Customer Satisfaction:

- 94% of BVSD parents surveyed either agreed or strongly agreed that BVSD students feel safe at school and 92% feel that the schools have clear rules for student behavior.
- 91% of BVSD parents surveyed either agreed or strongly agreed that their school set high and realistic expectations for their students and that classes provide a solid foundation for their student's future. Also, the same percentage of parents felt that their students had a positive attitude about his or her school.
- 82% of BVSD parents surveyed either agree or strongly agree that their student is learning at or above the level they expect.

### 1d Relationship to 2002-03 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 2001-02 Results:**

- A draft of the Boulder Valley School District strategic communications plan was completed and is in the review process.
- District and City of Boulder staffs continue to meet and discuss the Educational Excise Tax. Priorities for expenditure of the tax have been established. Development of a District Athletic Master Plan is underway.
- The District is continuing discussion with the cities of Boulder and Lafayette concerning affordable housing opportunities for district employees.
- District Legal Counsel is developing an interagency agreement for juvenile records.
- The district examined and more clearly defined its relationship with DAC and MEAC. DAC took over responsibility for school accreditation and MEAC became an official advisory committee to the district.

### **2c Customer Satisfaction:**

- 94% of the parents surveyed either agreed or strongly agreed that they felt welcome at BVSD schools.
- 90% of the parents surveyed either agreed or strongly agreed that they have been encouraged to participate in school activities.
- 86% of the parents surveyed agreed or strongly agreed that they receive regular reports about their student's academic progress.

### **2d Relationship to 2002-03 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 2001-02 Results:**

- The district's Office of Institutional Equity researched and evaluated options for diversity curriculum. "World of Difference" curriculum was selected.
- The Office of Institutional Equity was integrated into the District's Learning Services Department. An Equity Coordinator was hired.
- District Legal Counsel revised the non-discrimination policy. It now includes an opportunity for an external investigation.
- The district made a focused effort to involve more minority students in activities. The number of minority high school coaches increased to 18 from 2 last year. The percentage of minority participants increased by 2% at the middle level and 3% at the high school level.

#### **3c Customer Satisfaction:**

- 94% of the parents surveyed either agreed or strongly agreed that their students feel safe at BVSD schools. Of this percentage:
  - 92% of the Latino parents surveyed either agreed or strongly agreed that their students feel safe at BVSD schools.
  - 92% of the African American parents surveyed either agreed or strongly agreed that their students feel safe at BVSD schools.
  - 91% of the Native American parents surveyed either agreed or strongly agreed that their students feel safe at BVSD schools.
  - 94% of the Asian parents surveyed either agreed or strongly agreed that their students feel safe at BVSD schools.
  - 94% of the White parents surveyed either agreed or strongly agreed that their students feel safe at BVSD schools.

#### **3d Relationship to 2002-03 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 2001-02 Results:

- Boulder Valley employs 1,817 full and part-time teachers and a total of 2,056 licensed personnel. The District employs 126 full and part-time principals, assistant principals and program directors. The average teaching experience of BVSD teachers is 12 years. The average annual salary for a BVSD teacher is \$45,968. The minimum teacher's salary is \$29,214 while the maximum teacher's salary is \$70,147.
- The district implemented new administrative/teacher evaluations. The feedback received on the rubrics as well as other aspects of new evaluation instruments, standards and criteria are overwhelmingly positive. The 2002-03 year should provide more input and information for refinement.
- The district will now have the TAP program more closely integrated with the induction program next year. A survey was given to all teachers who were mentored during the year and the district received positive feedback.
- The Human Resources Department worked toward its goal to increase the number of employees of color. The department employed a variety of techniques toward this goal including diversity/equit training, utilizing a new hiring resource manual that contains guidelines and resources to assist in hiring people of color. This year Human Resources also provided Diversity training for staff, provided a Spanish class for staff, raised the hiring of people of color issue in negotiations with BVEA, made customer service on candidates including ethnicity, created a new marketing brochure and made recruitment and the hiring of candidates of color a topic for Human Resource's weekly meetings and department retreats. The department plans to continue to improve its tools and techniques in this area.

### 4c Customer Satisfaction:

- 92% of the BVSD parents surveyed either agreed or strongly agreed that teachers at school encouraged children to do their best as well as, the school principal or administrator have demonstrated personal and professional commitment to school improvement.
- 89% of the parents surveyed either agreed or strongly agreed that BVSD teachers are committed to maximizing student achievement.

### 4d Relationship to 2002-03 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 2001-02 Results:

- The budget process was revised and improved this year to include comprehensive budget hearings for schools. Principals and SIT members were asked to use data to determine the results they had received in the context of the strategic plan initiatives and what resources they required to better meet their goals.
- A long-range technology plan was developed through research and comprehensive interviews with district technology users.
- During July 2001, the Instructional Technology team and Management Information Systems (MIS) department were merged to form the division of Information Technology (IT).
- The District Facilities Planning Committee continued its work in evaluating district facilities. Public participation has been a significant component of the process.
- Cabinet began discussion of bond and referendum planning in March of 2002. Financial projections related to allowable dollars for different types of elections were prepared. Estimates related to referendum planning for a November 2002 election to continue referendum programs through FY 2008-09 have also been developed.
- The calendar for 2002-2003 was approved by the Board of Education. A calendar planning committee was formed.
- The district established in-house legal services through the Office of Legal Council. The mission of this office is to provide, coordinate and deliver legal services consistent with the Board's goals and BVSD's strategic plan..

### 5c Customer Satisfaction:

- 92% of the parents surveyed agreed or strongly agreed that resources at the school are used effectively.
- 91% of the parents surveyed agreed or strongly agreed that BVSD schools provide the materials and resources necessary for students to learn.

### 5d Relationship to 2002-03 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.

## The No Child Left Behind Act of 2001

The No Child Left Behind (NCLB) Act of 2001 was signed into law by President Bush on January 8, 2002. NCLB is placing emphasis on: greater district accountability for school and student achievement; faster progress by all students toward 100% proficiency on standardized tests of academic achievement; parental involvement; qualifications of teachers and staff; effective instructional strategies based on scientifically-based research; and local/district flexibility in the use of funds under certain Titles. The District may receive an increase in funding of as much as \$697,000 with the Consolidated Federal Program Application under NCLB. The actual gain/loss of Consolidated Federal funding for educational programs will not be known until BVSD administrators have received the final allocation, all regulatory guidelines, and analyzed the impact on programs. BVSD will be participating in the following Titles included in the Consolidated Application for 2002-2003: Title I for improving the academic achievement of the disadvantaged; Title II (former Eisenhower and Class Size Reduction) for preparing, training, and recruiting high quality teachers and principals; Title II-D (former Title III Technology) for enhancing education through technology; Title III (former Title VII Bilingual Education) for language instruction for limited English proficient and immigrant students; Title IV for promoting safe and drug-free schools and communities; Title V (former Title VI Innovative Education) for promoting informed parental choice and innovative programs. In addition, the District will continue to participate in several other Title programs through separate applications to the US Department of Education or CDE.

## 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 2001-02 Results:

- Through the New Century Graduate process a new vision statement was adopted.
- In the course of a year, the Data For Decisions (data warehouse access) system moved from general specifications on paper, to pilot, to roll-out, to refinement. The system was developed to include capabilities for principals and central office staff members to analyze their own data, as well as publishing “canned” reports that would eventually be accessible to teachers as well.
- The district has begun the adoption of a new accreditation process. All materials for the School Improvement Process are available on the district website.
- The Office of Institutional Equity utilized a variety of tools and techniques to provide diversity and equity throughout the district, including professional development, training at schools, community outreach, and changes in curriculum and instruction.
- As the state launched its first School Accountability Reports (SAR’s) the Communications Division and the Planning and Assessment Office kept principals and administrators informed on what they would include, how calculations were made, how the reports would be distributed, how they were to be used, and the timeline.
- The snapshot survey was conducted more extensively this year. One questionnaire for each school a family’s children were attending was sent to the household. Accordingly, the dramatic increase in number of questionnaires returned, from 5,475 last year, to 8,146 this year, translates into somewhat less dramatic gain in return rate: from 31% last year to 36% this year. The district is continuing to consider ways to improve the return rate of the surveys.

### 6c Customer Satisfaction:

- 90% of the parents surveyed agreed or strongly agreed that they know how to become involved in school decision-making, if they chose.
- 84% of the parents surveyed agreed or strongly agreed that they have been informed about the school's improvement goals.
- 72% of the parents surveyed agreed or strongly agreed that the program at their child’s school had improved since last year.

### 6d Relationship to 2002-03 Budget:

- Support for data driven decision making was provided through additional staff for information services to enhance data management capabilities as well as one time funding of \$1,000,000 for systems and plan development.
- Efforts toward continuous improvement are also supported through budgets in Planning and Assessment and the Chief Operations Officer.

## **FINANCIAL SECTION**



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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Boulder Valley School District RE-2, as of and for the year ended June 30, 2003, 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 District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2003, 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 a report dated October 10, 2003, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District'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.

October 10, 2003

## 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, 2003. 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

- The primary government has government-wide net assets totaling over \$72 million at the end of the current fiscal year.
- Governmental activities have an unrestricted net assets surplus of over \$66 thousand.
- Business-type activities have an unrestricted net assets surplus of \$441 thousand.
- Fund balance of the District's governmental funds increased by \$6.3 million resulting in an ending fund balance of \$25.4 million. The increase in the combined General Fund ending balance is a result of funding increases in the State Finance Act and the passage of a mill levy increase, along with almost \$5 million of spending reductions in the combined General Fund.
- The District's long-term general obligation debt decreased by \$5.985 million to \$153.5 million 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 Boulder Valley'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 Boulder Valley School District RE-2 funds: general fund, summer school fund, athletics fund, community schools fund, tuition-based 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 Boulder Valley School District RE-2 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 Boulder Valley School District, like other governments, uses fund accounting to ensure and demonstrate compliance. All of the funds of the District can be 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.

Boulder Valley School District RE-2 maintains two governmental funds called major funds: the general fund (which combines that District's general operating fund, summer school fund, athletics funds, 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 District's 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 Boulder Valley School District RE-2'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 Boulder Valley School District RE-2 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 \$72.1 million with an unrestricted balance of almost \$507 thousand. A net investment of \$46.5 million in land, buildings, equipment and vehicles represents 64.5% of the District's net assets.

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

	<u>Total</u> June 30, 2003	<u>Total</u> June 30, 2002
Current and other assets	\$ 55,137,496	\$ 47,278,266
Capital assets	<u>205,529,612</u>	<u>211,214,030</u>
<b>Total Assets</b>	<b>\$260,667,108</b>	<b>\$258,492,296</b>
Long-term liabilities outstanding	\$160,264,187	\$167,298,659
Other liabilities	<u>28,293,648</u>	<u>26,020,205</u>
Total Liabilities	188,557,835	193,318,864
Net assets		
Investment in capital assets, net of related debt	46,528,501	45,158,388
Restricted for:		
Debt Service	15,207,467	14,973,430
Capital Projects	4,001,547	4,000,873
Emergencies	5,864,824	343,121
Unrestricted	<u>506,934</u>	<u>697,620</u>
Total Net Assets	72,109,273	65,173,432
<b>Total Liabilities and Net Assets</b>	<b>\$260,667,108</b>	<b>\$258,492,296</b>

Government-wide Activities

Governmental activities increased the net assets of the District by \$7,089,668 during the fiscal year ended June 30, 2003.

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

	<u>Total</u> June 30, 2003	<u>Total</u> June 30, 2002
<b>Revenues</b>		
Charges For Services	\$ 8,277,607	\$ 8,182,888
Operating Grants and Contributions	17,588,509	18,619,614
Capital Grants and Contributions	0	0
General Revenues:		
Taxes:		
Local Property Taxes	146,454,502	132,987,761
Specific Ownership Taxes	11,605,270	12,221,725
School Finance Act	42,286,795	35,352,777
Other Revenues	2,212,217	2,148,195
Grants not Restricted to Specific Programs	1,635,693	0
Earnings on Investments	487,225	1,012,088
<b>Total Revenue</b>	<b>228,845,139</b>	<b>210,525,048</b>
<b>Expenses</b>		
Instruction	138,634,470	128,103,261
Supporting Services	64,857,565	64,674,994

Depreciation, Unallocated	7,350,240	7,571,955
Interest Expense	7,717,201	8,551,499
Food Services	5,052,501	5,123,170
<b>Total Expenses</b>	<b>223,611,977</b>	<b>214,024,879</b>
Change in net assets	6,935,841	(3,499,831)
Net Assets - July 1	65,173,432	68,673,263
<b>Net Assets - June 30</b>	<b>\$ 72,109,273</b>	<b>\$ 65,173,432</b>

### Business-type Activities

Business-type activities decreased the District's net assets by \$153,827 from food service fund nutrition services.

### Financial Analysis of the Government's Funds

The Boulder Valley School District RE-2 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, 2003, the combined general fund shows an ending fund balance of \$6,110,154, up from the combined fund balance of \$(104,267) 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 \$5,991,949 to a balance of \$5,792,002. The capital projects funds (which include the capital reserve fund, energy conservation fund and building fund) also had a decrease in fund balance at the end of the year of \$20,401 to \$4,172,156 due to the completion of projects funded from the 1998 bond issue. The debt service fund ended the fiscal year with a balance of \$15,131,986 which will carry forward into 2003-2004 to fund the District's long-term debt principal and interest payments.

### General Operating Fund Budgetary Highlights

The District began budget development for the 2002-2003 fiscal year in November 2001 with discussions related to teacher negotiations. A budget development calendar was also presented to the Board of Education in that month. The 2001-02 midyear analysis completed in February of 2002 revealed that the District was headed for a budget shortfall by year end. The possible deficit was partially explained by the slowing economy's effect on district revenue sources. At that time the Superintendent implemented budget reductions for the remainder of the 2001-02 fiscal year.

Comprehensive budget hearings were conducted related to development of the 2002-03 budget with all department heads and budget managers. These discussions occurred throughout January and February and into March.

The 2001-2002 mid-year analysis completed in February 2002 also established the base of expenditure assumptions for 2002-2003. After reviewing enrollment projections and the most current revenue assumptions, the Superintendent and his senior staff prepared a preliminary budget by prioritizing the needs expressed in the February hearings' process along with the anticipated resources available. The preliminary budget was presented to the Board of Education in April. The Boulder Valley School District Budget Committee, representing citizens, chambers of commerce, District standing committees and District organizations met twice; once in February to discuss the midyear analysis and then again in April to review the preliminary budget. After presentation of the Proposed Budget on May 14, 2002, The Board of Education engaged in budget discussions at all Board meetings. Adoption of the 2002-2003 District budget occurred on June 11, 2002.

The final phase of budget development was the modification of the June budget based on prior year financial information and updated enrollment information gained from the first month of school in the fall. Enrollment projections were lowered at that time from the numbers used in June. Budget adjustments were incorporated into the 2002-03 Revised Budget that was adopted on October 8, 2002.

The District's budget development process is consistent with current Colorado statutes that require a proposed budget be presented to Boards of Education by June 1, with budget adoption by June 30. The law provides for school boards to adjust revenues and expenditures through October 15<sup>th</sup> of each fiscal year.

Even with the generous increase approved by the voters when passing Amendment 23 in 2000, the District had to implement reductions of over \$5 million in items funded in the prior year in order to keep district programs and functions in tact for 2002-03. The 2002-2003 Revised Budget included the following:

- Increased most employee salaries by 5 percent
- Funded steps on employee salary schedules
- Funded five charter schools
- Reduced elementary, secondary and special education teachers to adjust to enrollment
- Reduced funds for textbooks
- Reduced non-personnel budgets at district central offices by 5-10 percent
- Reduced the school resource allocation by 5 percent

### **General Operating Fund Expenditure Highlights**

General operating fund spending in 2002-03 provided for the continuation of district programs and services. General Operating Fund percentages of every dollar spent in fiscal year 2002-03 are shown in the following chart. Expenditures for regular and special program instruction and direct instructional support total over 75%. Spending for school administration, operations of district school sites and student transportation totals an additional 17%. District wide services and community obligations makes up only 7.5 cents of every dollar spent during the 2003 fiscal year.

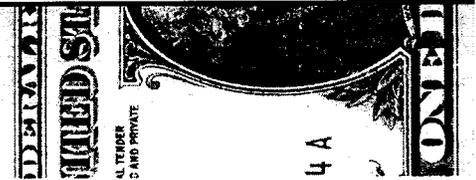
**Boulder Valley School District RE-2**

**Expenditures  
for the Year  
Ended 6/30/03      Percent  
of Total**

<b>Instruction</b>	<b>\$ 95,236,996</b>	<b>52.05%</b>
Regular Education		
Vocational Education		
Co-curricular Education		
Talented and Gifted Education		



<b>Special Instruction</b>	<b>\$ 31,122,534</b>	<b>17.01%</b>
Special Education		
Literacy and Language		
Support Services		



<b>Instructional Support</b>	<b>\$ 11,727,875</b>	<b>6.41%</b>
Student Services	4,850,432	2.65%
Instructional Staff Support	6,877,443	3.76%



<b>School Administration and Operations</b>	<b>\$ 31,136,038</b>	<b>17.02%</b>
School Administration	10,709,017	5.85%
Operations and Maintenance	14,222,279	7.77%
Student Transportation	6,204,742	3.39%



<b>District Wide Services and Community Obligations</b>	<b>\$ 13,750,408</b>	<b>7.51%</b>
General Administration	2,573,794	1.41%
Business Services	1,923,562	1.05%
Central Services	7,826,646	4.28%
Facility Acquisition	110,717	0.06%
Community Services	10,189	0.01%
Adult Basic Education	40,793	0.02%
Debt Services - Payments on Debt	1,264,707	0.69%



<b>Total General Operating Fund Expenditures for the Year Ended June 30, 2003</b>	<b>\$ 182,973,851</b>	<b>100.00%</b>
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Personnel costs for the 2003 fiscal year equal almost 90% of total expenditures

**Boulder Valley School District RE-2  
General Operating Expenditures  
2002-03**

	<b>BUDGET BASIS</b>		<b>GAAP BASIS</b>	
<u>Personnel Costs:</u>				
Salaries	129,631,543	76.0%	130,450,470	75.0%
Employee Benefits	<u>23,358,830</u>	<u>13.7%</u>	<u>23,486,670</u>	<u>13.5%</u>
Subtotal	152,990,373	89.7%	153,937,140	88.5%
<u>Non-Personnel Costs:</u>				
Purchased Services	6,914,621	4.1%	6,914,621	4.0%
Supplies	8,413,461	4.9%	8,413,461	4.8%
Property	1,192,985	0.7%	1,192,985	0.7%
Other & Allocation to Insurance Fund	<u>1,063,754</u>	<u>0.6%</u>	<u>3,537,037</u>	<u>2.0%</u>
Subtotal	17,584,821	10.3%	20,058,104	11.5%
<b>TOTAL Operating Expenditures</b>	<b>170,575,194</b>	<b>100.0%</b>	<b>173,995,244</b>	<b>100.0%</b>
<i>Allocations to Charters</i>	<i>8,978,607</i>		<i>8,978,607</i>	
<b>Total Expenditures</b>	<b>\$179,553,801</b>		<b>\$182,973,851</b>	

**Combined General Fund Fund Balance Analysis**

An analysis of the District's General Fund fund balance is shown in the following chart. The \$6.1 million fiscal year 2003 GAAP fund balance is at the highest level in the past five years. The challenge the District faces for the future is to maintain an adequate fund balance given funding constraints, declining enrollment and collective bargaining agreements.

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

<b>Fiscal Year Ended June 30,</b>	<b>BUDGET BASIS Ending Balance</b>	<b>- Summer Salary Accrual</b>	<b>+ Reserve for Inventory</b>	<b>=</b>	<b>GAAP BASIS Fund Balance</b>	<b>Annual Change in Fund Balance</b>
<b>2003</b>	22,292,828	16,557,701	375,027		6,110,154	<b>6,214,421</b>
<b>2002*</b>	15,064,051	15,610,934	442,616		(104,267)	<b>(4,789,327)</b>
<b>2001**</b>	18,917,605	14,694,706	462,161		4,685,060	<b>(1,161,673)</b>
<b>2000</b>	19,712,812	14,351,221	485,142		5,846,733	<b>(1,793,336)</b>
<b>1999</b>	20,916,931	13,691,862	415,000		7,640,069	<b>9,619,401</b>
<b>1998</b>	9,861,052	12,255,384	415,000		(1,979,332)	<b>413,454</b>
<b>1997</b>	9,188,705	12,071,491	490,000		(2,392,786)	<b>(1,283,722)</b>

<b>1996</b>	9,561,740	11,160,804	490,000	(1,109,064)	<b>4,478,142</b>
<b>1995</b>	5,067,378	11,144,584	490,000	(5,587,206)	<b>(2,576,763)</b>
<b>1994</b>	7,226,403	10,861,846	625,000	(3,010,443)	<b>(6,495,681)</b>
<b>1993***</b>	13,210,414	10,350,176	625,000	3,485,238	<b>3,783,729</b>

\* For fiscal years 1993 - 2001, the Combined General Fund included the General Operating Fund, Summer School Fund, Athletic Fund and Community School Fund. For years 2002 and 2003, the Combined General Fund also includes the Tuition Preschool and Colorado Preschool Funds.

\*\* After fiscal year 2001, the Combined General Fund changed to exclude Charter Schools. Charters became Component Units of the District.

\*\*\* Prior to Fiscal Year 1993, the District operated on a transitional fiscal year basis for the six months ended June 30, 1992 and on fiscal years ending December 31 prior to 1992.

### Capital Assets and Debt Administration

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2003 amounts to \$205,529,612.

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

	<b>Total June 30, 2003</b>	<b>Total June 30, 2002</b>
Land	\$ 2,802,833	\$ 2,802,833
Construction in Progress	676,961	0
Land Improvements	1,624,398	1,641,961
Buildings	195,597,271	201,698,120
Equipment	1,320,680	1,488,572
Vehicles	<u>3,507,469</u>	<u>3,582,544</u>
<b>TOTAL ASSETS</b>	<b>\$205,529,612</b>	<b>\$211,214,030</b>

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

At June 30, 2003, the District had total bonded debt outstanding of \$153,515,000 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 \$6,613,076 still outstanding at the end of the current fiscal year. Certificates of participation in the amount of \$5,350,000 are collateralized by specific buildings owned by the District.

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

	<b>June 30, 2003</b>	<b>June 30, 2002</b>
General Obligation Bonds And Bond Premium	\$ 153,651,111	\$ 159,660,858
Certificates of Participation	5,350,000	6,255,000
Compensated Absences	1,263,076	1,243,017
Capital Lease Obligations	<u>-</u>	<u>139,784</u>
<b>Total</b>	<b>\$ 160,264,187</b>	<b>\$ 167,298,659</b>

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 2003-04 the Colorado State Legislature approved School Finance Act funding that increases the statewide base per pupil funding by 2.9%. This includes an inflationary increase of 1.9% plus 1%. While the increase to the base reflects the intentions of Amendment 23, the amount that the District will receive as stated in the Revised Adopted Budget for 2003-2004 is 2.36%. This is because the Colorado 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 factor formula. To mitigate the state's economic difficulties, the legislature lowered the formulas that are used to calculate additional funding added to the base, therefore the District received less than a 2.9% increase over the total per pupil revenue from the prior year. 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 2003-2004 are estimated at 27,669, with a resulting FTE pupil count of approximately 26,395.5. This represents a decrease of 149 in enrollment/heads and 240 FTE from 2002-03. Funding will be determined by averaging as allowable in the Colorado School Finance Act to a funded pupil count as used in the October Revised Budget of 26,570. The averaged funded pupil count represents a change of 107 fewer students than in 2002-03 or a decline of .4%.

### **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:

Jan Harkins, Director of Finance and Accounting  
Boulder Valley School District  
6500 East Arapahoe  
Boulder, Colorado 80301

## **BASIC FINANCIAL STATEMENTS**

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**STATEMENT OF NET ASSETS**  
**June 30, 2003**

	<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT</b>
	<b>GOVERNMENTAL</b>	<b>BUSINESS-TYPE</b>	<b>TOTAL</b>	<b>UNITS</b>
	<b>ACTIVITIES</b>	<b>ACTIVITIES</b>		<b>CHARTER</b>
				<b>SCHOOLS</b>
<b>ASSETS</b>				
Cash and Investments	\$ 44,084,242	\$ 627,567	\$ 44,711,809	\$ 2,843,839
Restricted Cash and Investments	1,393,356	-	1,393,356	3,500,380
Accounts Receivable	846,380	6,073	852,453	404,892
Taxes Receivable	4,970,770	-	4,970,770	57,016
Grants Receivable	2,512,289	-	2,512,289	-
Inventories	375,027	138,290	513,317	-
Prepaid Items and Deposits	21,902	-	21,902	10,316
Bond Issuance Costs	161,600	-	161,600	465,753
Capital Assets, Net of Accumulated Depreciation	<u>205,194,100</u>	<u>335,512</u>	<u>205,529,612</u>	<u>13,215,409</u>
<b>TOTAL ASSETS</b>	<u>259,559,666</u>	<u>1,107,442</u>	<u>260,667,108</u>	<u>20,497,605</u>
<b>LIABILITIES</b>				
Accounts Payable	9,704,041	32,033	9,736,074	95,929
Accrued Liabilities	417,867	-	417,867	77,341
Accrued Salaries and Benefits	17,536,316	89,051	17,625,367	494,915
Deferred Revenues	459,437	54,903	514,340	113,165
Noncurrent Liabilities				
Due Within One Year	7,410,000	-	7,410,000	90,000
Due in More Than One Year	<u>152,854,187</u>	<u>-</u>	<u>152,854,187</u>	<u>18,040,564</u>
<b>TOTAL LIABILITIES</b>	<u>188,381,848</u>	<u>175,987</u>	<u>188,557,835</u>	<u>18,911,914</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt Restricted for	46,192,989	335,512	46,528,501	(4,449,402)
Debt Service	15,207,467	-	15,207,467	-
Capital Projects	4,001,547	-	4,001,547	3,432,776
Emergencies	5,709,783	155,041	5,864,824	368,500
Unrestricted	<u>66,032</u>	<u>440,902</u>	<u>506,934</u>	<u>2,233,817</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 71,177,818</u>	<u>\$ 931,455</u>	<u>\$ 72,109,273</u>	<u>\$ 1,585,691</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, 2003**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>	
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>
<b>PRIMARY GOVERNMENT</b>			
<b>Governmental Activities</b>			
Instruction	\$ 138,634,470	\$ 3,800,291	\$ 13,112,591
Supporting Services	64,857,565	1,004,044	3,050,516
Depreciation, Unallocated	7,350,240	-	-
Interest Expense	7,717,201	-	-
Total Governmental Activities	<u>218,559,476</u>	<u>4,804,335</u>	<u>16,163,107</u>
<b>Business-Type Activities</b>			
Food Service	<u>5,052,501</u>	<u>3,473,272</u>	<u>1,425,402</u>
Total Business-Type Activities	<u>5,052,501</u>	<u>3,473,272</u>	<u>1,425,402</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 223,611,977</u>	<u>\$ 8,277,607</u>	<u>\$ 17,588,509</u>
<b>COMPONENT UNITS</b>			
Charter Schools	<u>12,613,199</u>	<u>247,221</u>	<u>1,025,713</u>
TOTAL COMPONENT UNITS	<u>\$ 12,613,199</u>	<u>\$ 247,221</u>	<u>\$ 1,025,713</u>
<b>GENERAL REVENUES</b>			
Local Property Taxes			
Specific Ownership Taxes			
State Equalization			
Grants not Restricted to Specific Programs			
Investment Earnings			
Other Revenues			
TOTAL GENERAL REVENUES			
CHANGE IN NET ASSETS			
<b>NET ASSETS, Beginning</b>			
<b>NET ASSETS, Ending</b>			

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

**NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS**

<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT</b>
<b>GOVERNMENTAL</b>	<b>BUSINESS-TYPE</b>	<b>TOTAL</b>	<b>UNITS</b>
<b>ACTIVITIES</b>	<b>ACTIVITIES</b>		<b>CHARTER</b>
			<b>SCHOOLS</b>
\$ (121,721,588)	\$ -	\$ (121,721,588)	\$ -
(60,803,005)	-	(60,803,005)	-
(7,350,240)	-	(7,350,240)	-
(7,717,201)	-	(7,717,201)	-
<u>(197,592,034)</u>	<u>-</u>	<u>(197,592,034)</u>	<u>-</u>
<u>-</u>	<u>(153,827)</u>	<u>(153,827)</u>	<u>-</u>
<u>-</u>	<u>(153,827)</u>	<u>(153,827)</u>	<u>-</u>
<u>(197,592,034)</u>	<u>(153,827)</u>	<u>(197,745,861)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,340,265)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,340,265)</u>
146,454,502	-	146,454,502	-
11,605,270	-	11,605,270	-
42,286,795	-	42,286,795	-
1,635,693	-	1,635,693	-
487,225	-	487,225	-
2,212,217	-	2,212,217	10,658,539
<u>204,681,702</u>	<u>-</u>	<u>204,681,702</u>	<u>10,658,539</u>
7,089,668	(153,827)	6,935,841	(681,726)
<u>64,088,150</u>	<u>1,085,282</u>	<u>65,173,432</u>	<u>2,267,417</u>
<u>\$ 71,177,818</u>	<u>\$ 931,455</u>	<u>\$ 72,109,273</u>	<u>\$ 1,585,691</u>

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2003**

	<u>GENERAL</u>	<u>BOND REDEMPTION</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>				
Cash and Investments	\$ 25,770,897	\$ 14,835,402	\$ 3,477,943	\$ 44,084,242
Restricted Cash and Investments	84,395	-	1,308,961	1,393,356
Accounts Receivable	334,127	-	512,253	846,380
Taxes Receivable	4,597,905	372,865	-	4,970,770
Grants Receivable	-	-	2,512,289	2,512,289
Due from Other Funds	1,131,245	-	-	1,131,245
Inventories	375,027	-	-	375,027
Prepaid Items	21,902	-	-	21,902
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>32,315,498</u>	\$ <u>15,208,267</u>	\$ <u>7,811,446</u>	\$ <u>55,335,211</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 8,785,814	\$ 800	\$ 898,368	\$ 9,684,982
Arbitrage Payable	-	-	417,867	417,867
Accrued Salaries and Benefits	16,557,701	-	951,452	17,509,153
Due to Other Funds	-	-	1,038,089	1,038,089
Deferred Revenues	125,923	-	333,514	459,437
Deferred Property Taxes	735,906	75,481	-	811,387
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>26,205,344</u>	<u>76,281</u>	<u>3,639,290</u>	<u>29,920,915</u>
<b>FUND EQUITY</b>				
Fund Balance				
Reserved for Inventories	375,027	-	-	375,027
Reserved for Prepaid Items	21,902	-	-	21,902
Reserved for Emergencies	5,439,769	-	170,609	5,610,378
Unreserved, reported in				
General Fund	273,456	-	-	273,456
Debt Service Fund	-	15,131,986	-	15,131,986
Capital Projects Funds	-	-	4,001,547	4,001,547
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>6,110,154</u>	<u>15,131,986</u>	<u>4,172,156</u>	<u>25,414,296</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	\$ <u>32,315,498</u>	\$ <u>15,208,267</u>	\$ <u>7,811,446</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.	205,194,100
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.	811,387
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.	(139,378)
Long-term liabilities, including bonds payable (\$153,515,000), bond premium (\$136,111), certificates of participation (\$5,350,000), compensated absences (\$1,263,076), and bond issuance costs \$161,600 are not due and payable in the current period and therefore, are not reported in the funds.	<u>(160,102,587)</u>
Net assets of governmental activities	\$ <u>71,177,818</u>

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

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2003**

	<u>GENERAL</u>	<u>BOND REDEMPTION</u>	<u>OTHER OVERNMENTAL FUNDS</u>	<u>TOTAL OVERNMENTAL FUNDS</u>
<b>REVENUES</b>				
Local Sources	\$ 151,070,815	\$ 13,525,797	\$ 1,306,459	\$ 165,903,071
State Sources	48,855,792	-	1,911,065	50,766,857
Federal Sources	-	-	8,920,076	8,920,076
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	199,926,607	13,525,797	12,137,600	225,590,004
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>				
Current				
Instruction	129,139,314	-	9,475,097	138,614,411
Supporting Services	58,984,551	-	2,155,443	61,139,994
Capital Outlay	-	-	4,851,075	4,851,075
Debt Service				
Principal	905,000	5,985,000	-	6,890,000
Interest and Fiscal Charges	359,707	7,382,241	-	7,741,948
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	189,388,572	13,367,241	16,481,615	219,237,428
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,538,035	158,556	(4,344,015)	6,352,576
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,068,630	-	4,323,614	6,392,244
Transfers Out	(6,392,244)	-	-	(6,392,244)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(4,323,614)	-	4,323,614	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	6,214,421	158,556	(20,401)	6,352,576
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, Beginning</b>	(104,267)	14,973,430	4,192,557	19,061,720
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, Ending</b>	\$ 6,110,154	\$ 15,131,986	\$ 4,172,156	\$ 25,414,296
	<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, 2003

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

Net change in fund balances, governmental funds	\$ 6,352,576
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 \$7,350,240 and loss on disposal \$38,396 exceed capital outlays (\$1,884,866) and disposal proceeds 24,874.	(5,528,644)
Deferred property tax revenue - Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but are recognized on the government-wide financial statements.	41,482
Repayments of bond principal of \$6,890,000 and capital lease payments of \$139,784 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. Increases in compensated absences (\$20,059) reduce expenditures in the governmental funds, but they increase long-term liabilities in the statement of assets and do not affect the statement of activities.	7,009,725
Proceeds from the issuance of bonds 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 amortization of bond issue costs (\$29,382) and amortization of bond premium \$24,747.	(4,635)
An internal service fund is used by management to charge the costs of liability and property insurance to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	<u>(780,836)</u>
Change in net assets of governmental activities	\$ <u><u>7,089,668</u></u>

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

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**GENERAL FUND**  
**BUDGETARY COMPARISON STATEMENT**  
**Year Ended June 30, 2003**

	<b><u>ORIGINAL</u></b>	<b><u>FINAL</u></b>	<b><u>ACTUAL</u></b>	<b><u>VARIANCE</u></b>
	<b><u>BUDGET</u></b>	<b><u>BUDGET</u></b>		<b><u>POSITIVE</u></b>
				<b><u>(NEGATIVE)</u></b>
<b>REVENUES</b>				
Taxes	\$ 136,306,900	\$ 136,464,740	\$ 144,638,405	\$ 8,173,665
Tuition	4,179,504	4,103,057	3,800,291	(302,766)
Earnings on Investments	400,000	250,000	152,177	(97,823)
Other Local Revenue	2,167,639	2,219,744	2,479,942	260,198
State Equalization	39,969,195	38,604,057	42,370,613	3,766,556
State Reimbursement Programs	3,072,738	3,541,041	2,742,249	(798,792)
Special Education	3,520,229	3,458,753	3,640,679	181,926
English Language Proficiency Act	<u>117,646</u>	<u>117,646</u>	<u>102,251</u>	<u>(15,395)</u>
 TOTAL REVENUES	 <u>189,733,851</u>	 <u>188,759,038</u>	 <u>199,926,607</u>	 <u>11,167,569</u>
<b>EXPENDITURES</b>				
Current				
Instruction - Regular Programs	93,090,701	93,866,484	94,385,687	(519,203)
Instruction - Special Programs	32,036,192	32,200,221	33,806,860	(1,606,639)
Student Support Services	4,529,541	4,523,213	4,852,947	(329,734)
Instructional Staff Services	7,297,603	7,086,152	6,877,443	208,709
General Administration	2,462,870	2,417,024	2,573,794	(156,770)
School Administration	12,712,660	12,933,951	10,732,203	2,201,748
Business Services	1,986,994	1,983,946	1,923,562	60,384
Operations and Maintenance	14,831,341	14,835,232	14,222,686	612,546
Pupil Transportation	5,598,810	5,599,809	6,204,742	(604,933)
Central Support Services	5,900,388	5,864,061	5,353,363	510,698
Enterprise Operations	67,012	67,197	110,717	(43,520)
Community Services	3,979,934	3,942,571	3,619,018	323,553
Adult Education	32,388	32,388	40,793	(8,405)
Reserves	8,729,403	8,858,400	-	8,858,400
Debt Service				
Principal	905,000	905,000	905,000	-
Interest	<u>352,773</u>	<u>347,498</u>	<u>359,707</u>	<u>(12,209)</u>
 TOTAL EXPENDITURES	 <u>194,513,610</u>	 <u>195,463,147</u>	 <u>185,968,522</u>	 <u>9,494,625</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(4,779,759)</u>	 <u>(6,704,109)</u>	 <u>13,958,085</u>	 <u>20,662,194</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(7,067,449)</u>	<u>(6,817,127)</u>	<u>(6,796,897)</u>	<u>20,230</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(7,067,449)</u>	 <u>(6,817,127)</u>	 <u>(6,796,897)</u>	 <u>20,230</u>
 NET CHANGE IN FUND BALANCE	 <u>(11,847,208)</u>	 <u>(13,521,236)</u>	 <u>7,161,188</u>	 <u>20,682,424</u>
Salaries and Benefits Earned but Unpaid				
Beginning	-	-	15,610,934	15,610,934
Ending	-	-	(16,557,701)	(16,557,701)
 <b>FUND BALANCE, Beginning</b>	 <u>14,335,596</u>	 <u>15,058,824</u>	 <u>(104,267)</u>	 <u>(15,163,091)</u>
 <b>FUND BALANCE, Ending</b>	 <u>\$ 2,488,388</u>	 <u>\$ 1,537,588</u>	 <u>\$ 6,110,154</u>	 <u>\$ 4,572,566</u>

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

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**BALANCE SHEET**  
**PROPRIETARY FUNDS**  
**June 30, 2003**

	<b><u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u></b>	<b><u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u></b>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 627,567	\$ -
Accounts Receivable	6,073	-
Inventories	<u>138,290</u>	<u>-</u>
Total Current Assets	<u>771,930</u>	<u>-</u>
Noncurrent Assets		
Equipment	1,066,040	-
Accumulated Depreciation	<u>(730,528)</u>	<u>-</u>
Total Noncurrent Assets	<u>335,512</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>1,107,442</u></u>	<u><u>-</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	32,033	19,059
Accrued Salaries and Benefits	89,051	27,163
Due to Other Funds	-	93,156
Deferred Revenues	<u>54,903</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>175,987</u>	<u>139,378</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	335,512	-
Reserved for Emergencies	155,041	99,405
Unreserved	<u>440,902</u>	<u>(238,783)</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 931,455</u></u>	<u><u>\$ (139,378)</u></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, 2003**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</b>	<b>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</b>
<b>OPERATING REVENUES</b>		
Regular School Lunch	\$ 1,580,425	\$ -
Sandwich Line	1,850,424	-
Premiums and Services	-	2,473,283
Other Revenue	<u>42,423</u>	<u>42,532</u>
 TOTAL OPERATING REVENUES	 <u>3,473,272</u>	 <u>2,515,815</u>
<b>OPERATING EXPENSES</b>		
Salaries	1,925,132	1,025,114
Benefits	466,508	219,415
Purchased Food	1,963,511	-
USDA Donated Commodities	198,242	-
Nonfood Supplies	154,503	-
Purchased Services	25,004	1,977,128
Depreciation	93,015	-
Loss on Disposal of Fixed Assets	73,948	-
Other	<u>152,638</u>	<u>74,994</u>
 TOTAL OPERATING EXPENSES	 <u>5,052,501</u>	 <u>3,296,651</u>
 OPERATING INCOME (LOSS)	 <u>(1,579,229)</u>	 <u>(780,836)</u>
<b>NONOPERATING REVENUES</b>		
USDA Donated Commodities	199,898	-
Federal Reimbursements	1,160,770	-
State Matching Funds	<u>64,734</u>	<u>-</u>
 TOTAL NONOPERATING REVENUES	 <u>1,425,402</u>	 <u>-</u>
 NET INCOME (LOSS)	 <u>(153,827)</u>	 <u>(780,836)</u>
<b>NET ASSETS, Beginning</b>	<u>1,085,282</u>	<u>641,458</u>
<b>NET ASSETS, Ending</b>	\$ <u><u>931,455</u></u>	\$ <u><u>(139,378)</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, 2003**

	<b><u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u></b>	<b><u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u></b>
<b>Cash Flows From Operating Activities</b>		
Contributions	\$ -	\$ 2,473,283
Cash Received from Operations	3,798,812	-
Other Operating Receipts	42,423	42,532
Cash Payments for Premiums and Claims	-	(1,496,195)
Cash Paid to Employees	(2,399,147)	(1,239,118)
Cash Paid to Suppliers	<u>(2,473,453)</u>	<u>(74,994)</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,031,365)</u>	<u>(294,492)</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Cash Received from Federal Reimbursements	1,160,770	-
Cash Received from State Matching Funds	64,734	-
Cash Received from Other Funds	<u>-</u>	<u>93,156</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,225,504</u>	<u>93,156</u>
<b>Cash Flows From Capital Financing Activities</b>		
Purchase of Equipment	<u>(11,189)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	182,950	(201,336)
<b>CASH, Beginning</b>	<u>444,617</u>	<u>201,336</u>
<b>CASH, Ending</b>	\$ <u><u>627,567</u></u>	\$ <u><u>-</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (1,579,229)	\$ (780,836)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	93,015	-
Loss on Disposal of Fixed Assets	73,948	-
Donated Commodities	199,898	-
Changes in Assets and Liabilities Related to Operations		
Accounts Receivable	152,943	-
Inventories	(6,782)	-
Prepaid Items	-	475,898
Accounts Payable	27,227	5,035
Accrued Salaries and Benefits	(7,507)	5,411
Deferred Revenues	<u>15,122</u>	<u>-</u>
Total Adjustments	<u>547,864</u>	<u>486,344</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	\$ <u><u>(1,031,365)</u></u>	\$ <u><u>(294,492)</u></u>
<b>NON-CASH TRANSACTIONS</b>		
Commodities Received	\$ <u><u>199,898</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, 2003**

	<b>SCHOLARSHIP FUND</b>	<b>TRUST FUND</b>	<b>AGENCY FUND</b>
<b>ASSETS</b>			
Cash and Investments	\$ 58,914	\$ 147,386	\$ 2,855,155
<b>TOTAL ASSETS</b>	<u>58,914</u>	<u>147,386</u>	<u>2,855,155</u>
<b>LIABILITIES</b>			
Accounts Payable	650	623	-
Due to Student Groups	<u>-</u>	<u>-</u>	<u>2,855,155</u>
<b>TOTAL LIABILITIES</b>	<u>650</u>	<u>623</u>	<u>2,855,155</u>
<b>NET ASSETS</b>			
Reserved for Scholarships	<u>58,264</u>	<u>146,763</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 58,914</u>	<u>\$ 147,386</u>	<u>\$ 2,855,155</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, 2003

	<u>SCHOLARSHIP FUND</u>	<u>TRUST FUND</u>
<b>ADDITIONS</b>		
Contributions	\$ 11,537	\$ 12,823
TOTAL ADDITIONS	<u>11,537</u>	<u>12,823</u>
<b>DEDUCTIONS</b>		
Scholarships and Awards	<u>3,160</u>	<u>12,446</u>
CHANGE IN NET ASSETS	8,377	377
<b>NET ASSETS, Beginning</b>	<u>49,887</u>	<u>146,386</u>
<b>NET ASSETS, Ending</b>	<u>\$ 58,264</u>	<u>\$ 146,763</u>

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

## BOULDER VALLEY SCHOOL DISTRICT RE-2

### NOTES TO FINANCIAL STATEMENTS

June 30, 2003

#### 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 five 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 each of 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 changes in net assets) 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, 2003**

**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, 2003**

**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, 2003**

**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 Equity**

*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 .5% 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, 2003**

**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 June 30, 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 days 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, 2003**

**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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

*Net Assets/Fund Equity* - 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* - The General Fund functions as a cash pool and paying agent for all District funds except the Building Fund and certain Agency Fund accounts. The interest income from the District's investments is recorded in the General Fund as earned and is distributed quarterly to other funds in amounts based upon the average investment throughout the quarter. Interest income from the Building Fund and certain Agency Fund accounts is recorded as earned in the related fund.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**NOTE 2:        STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary information in the budgetary comparison 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.

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>
<b>Expenditures</b>		
Total Expenditures, GAAP Basis	\$ 189,321,586	\$ 11,440,819
Change in Salaries Earned but Unpaid	(946,767)	(132,464)
Transfers to Insurance Reserve Fund	<u>(2,473,283)</u>	<u>-</u>
 Expenditures, Budgetary Basis	 <b><u>\$ 185,901,536</u></b>	 <b><u>\$ 11,308,355</u></b>
		Internal
	<u>Grants Fund</u>	<u>Service Fund</u>
<b>Revenues</b>		
Revenues, GAAP Basis	\$ 11,440,819	\$ 2,515,815
Salaries Earned but Unpaid	(951,452)	-
Premiums and Services	<u>-</u>	<u>(2,473,283)</u>
 Revenues, Budgetary Basis	 <b><u>\$ 10,489,367</u></b>	 <b><u>\$ 42,532</u></b>
		Internal
	<u>General Fund</u>	<u>Service Fund</u>
<b>Operating Transfers</b>		
Operating Transfers, GAAP Basis	\$ (4,323,614)	\$ -
Premiums and Services	<u>(2,473,283)</u>	<u>2,473,283</u>
 Operating Transfers, Budgetary Basis	 <b><u>\$ (6,796,897)</u></b>	 <b><u>\$ 2,473,283</u></b>

**Legal Compliance**

The Insurance Reserve Fund had a negative fund balance at June 30, 2003 of \$139,378. Management expects to cover the negative balance with future contributions from other funds.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**NOTE 3: CASH AND INVESTMENTS**

At June 30, 2003, the District and Charter Schools had the following cash and investments.

	<u>District</u>	<u>Charter Schools</u>
Cash on Hand	\$ 48,009	\$ -
Deposits	4,443,874	1,228,724
Investments	46,277,109	3,513,123
Charter School Cash Held by District	<u>(1,602,372)</u>	<u>1,602,372</u>
 Total	 <b><u>\$ 49,166,620</u></b>	 <b><u>\$ 6,344,219</u></b>

**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, 2003, the District and Charter School deposits had a carrying balance of \$4,443,874 and \$1,228,724, respectively, and a corresponding bank balance as follows:

	<u>District</u>	<u>Charter Schools</u>
Insured (Category 1)	\$ 374,097	\$ 313,254
Deposits Collateralized in Trust Department or with Agent (Category 2)	6,969,041	939,195
Uninsured, Uncollateralized (Category 3)	<u>-</u>	<u>106,963</u>
 Total Deposits	 <b><u>\$ 7,343,138</u></b>	 <b><u>\$ 1,359,412</u></b>

**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, 2003**

**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 reported at fair value as of June 30, 2003.

	<u>District</u>	<u>Charter Schools</u>
Repurchase Agreements, collateralized by securities with fair values totaling \$826,237 (Category 1)	\$ 826,237	\$ -
US Treasury Securities (Category 1)	-	1,004,682
US Agency Securities (Category 1)	482,724	-
Guaranteed Investment Contract (Category 1)	-	1,617,502
Money Market Funds	-	99,460
Local Government Investment Pools	<u>44,968,148</u>	<u>791,479</u>
 Total Investments	 <b><u>\$ 46,277,109</u></b>	 <b><u>\$ 3,513,123</u></b>

During the year ended June 30, 2003, 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, 2003**

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**Restricted Cash and Investments**

Cash and investments of \$1,308,961, representing required reserves for the Certificates of Participation, have been restricted in the Energy Conservation Fund. In addition, \$84,395 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>Amount</u>
General Fund	Grants Fund	\$ 1,038,089
General Fund	Insurance Reserve	<u>93,156</u>
Total		<b><u>\$ 1,131,245</u></b>

The General Fund has temporarily covered the negative cash balances of the Grants and Insurance Reserve Funds.

<u>Transfers In</u>	<u>Transfers Out</u>	
Capital Reserve Fund	General Fund	<b><u>\$ 4,323,614</u></b>

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.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2003 is summarized below.

	<u>Balances</u> <u>6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>6/30/03</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 2,802,833	\$ -	\$ -	\$ 2,802,833
Construction in Progress	<u>-</u>	<u>676,961</u>	<u>-</u>	<u>676,961</u>
Total Capital Assets, Not Being Depreciated	<u>2,802,833</u>	<u>676,961</u>	<u>-</u>	<u>3,479,794</u>
Capital Assets, Being Depreciated				
Land Improvements	1,756,335	-	-	1,756,335
Buildings	262,387,568	358,319	-	262,745,887
Equipment	3,614,295	225,926	816,762	3,023,459
Vehicles	<u>12,250,844</u>	<u>623,660</u>	<u>-</u>	<u>12,874,504</u>
Total Capital Assets, Being Depreciated	<u>280,009,042</u>	<u>1,207,905</u>	<u>816,762</u>	<u>280,400,185</u>

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**NOTE 5:        CAPITAL ASSETS (Continued)**

	<u>Balances</u> 6/30/02	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 6/30/03
Less Accumulated Depreciation For				
Land Improvements	114,374	17,563	-	131,937
Buildings	60,689,448	6,459,168	-	67,148,616
Equipment	2,617,009	174,774	753,492	2,038,291
Vehicles	8,668,300	698,735	-	9,367,035
Total Accumulated Depreciation	<u>72,089,131</u>	<u>7,350,240</u>	<u>753,492</u>	<u>78,685,879</u>
Total Capital Assets, Being Depreciated, Net	<u>207,919,911</u>	<u>(6,142,335)</u>	<u>63,270</u>	<u>201,714,306</u>
Governmental Activities Capital Assets, Net	<u><b>\$ 210,722,744</b></u>	<u><b>\$ (5,465,374)</b></u>	<u><b>\$ 63,270</b></u>	<u><b>\$ 205,194,100</b></u>
<b>Business-Type Activities</b>				
Capital Assets, Being Depreciated				
Equipment	\$ 1,362,976	\$ 11,189	\$ 308,125	\$ 1,066,040
Less Accumulated Depreciation For				
Equipment	<u>871,690</u>	<u>93,015</u>	<u>234,177</u>	<u>730,528</u>
Business-Type Activities Capital Assets, Net	<u><b>\$ 491,286</b></u>	<u><b>\$ (81,826)</b></u>	<u><b>\$ 73,948</b></u>	<u><b>\$ 335,512</b></u>
<b>Charter Schools</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,103,000	\$ -	\$ -	\$ 1,103,000
Construction in Progress	<u>9,422,177</u>	<u>2,413,618</u>	<u>11,835,795</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>10,525,177</u>	<u>2,413,618</u>	<u>11,835,795</u>	<u>1,103,000</u>
Capital Assets, Being Depreciated				
Land Improvements	-	745,712	-	745,712
Buildings	<u>752,500</u>	<u>11,835,795</u>	<u>752,500</u>	<u>11,835,795</u>
Total Capital Assets, Being Depreciated	<u>752,500</u>	<u>12,581,507</u>	<u>752,500</u>	<u>12,581,507</u>
Less Accumulated Depreciation For				
Land Improvements	-	74,571	-	74,571
Buildings	<u>25,083</u>	<u>419,610</u>	<u>50,166</u>	<u>394,527</u>
Total Accumulated Depreciation	<u>25,083</u>	<u>494,181</u>	<u>50,166</u>	<u>469,098</u>
Charter Schools Capital Assets, Net	<u><b>\$ 11,252,594</b></u>	<u><b>\$ 14,500,944</b></u>	<u><b>\$ 12,538,129</b></u>	<u><b>\$ 13,215,409</b></u>

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

**Governmental activities**

Unallocated **\$ 7,350,240**

**Business-Type Activities**

Food Services **\$ 93,015**

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**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, 2003, were \$17,625,367 and \$494,915 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**

During the year ended June 30, 2003, the District borrowed \$60,362,220 from the State-sponsored interest-free loan program to provide cash flows throughout the fiscal year. The loan was paid in full on June 25, 2003, primarily from property taxes collected in February through June.

**NOTE 8: LONG-TERM DEBT**

Following is a summary of long-term debt transactions of the District for the year ended June 30, 2003.

	<u>Balances</u> <u>6/30/02</u>	<u>Additions</u>	<u>Payments</u>	<u>Balances</u> <u>6/30/03</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 159,500,000	\$ -	\$ 5,985,000	\$ 153,515,000	\$ 6,450,000
Bond Premium	160,858	-	24,747	136,111	-
Certificates of Participation	6,255,000	-	905,000	5,350,000	960,000
Compensated Absences	1,243,017	20,059	-	1,263,076	-
Capital Lease Obligations	<u>139,784</u>	<u>-</u>	<u>139,784</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 167,298,659</u></b>	<b><u>\$ 20,059</u></b>	<b><u>\$ 7,054,531</u></b>	<b><u>\$ 160,264,187</u></b>	<b><u>\$ 7,410,000</u></b>

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, 2003 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%.

\$ 21,350,000

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**NOTE 8: LONG-TERM DEBT (Continued)**

**General Obligation Bonds (Continued)**

<p>\$63,655,000 General Obligation Bonds, Series 1999.                  Issued to implement a District-wide capital improvement program. Principal payments due on December 1 and interest payments due on December 1 and June 1, through 2018. Interest accrues at rates ranging from 4% to 5.125%.</p>	<p>60,700,000</p>
<p>\$68,810,000 General Obligation Bonds, Series 1997.                  Issued to refund certain general obligation bonds. Principal payments due on December 1 and interest payments due on December 1 and June 1, through 2014. Interest accrues at rates ranging from 3.75% to 5.00%.</p>	<p>67,225,000</p>
<p>\$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%.</p>	<p><u>4,240,000</u></p>
<p>Total</p>	<p><b><u>\$ 153,515,000</u></b></p>

Bond payments, to maturity, are as follows.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 6,450,000	\$ 7,117,909	13,567,909
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 - 2013	45,805,000	23,613,487	69,418,487
2014 - 2018	58,780,000	10,543,360	69,323,360
2019	<u>13,575,000</u>	<u>644,813</u>	<u>14,219,813</u>
Total	<b><u>\$ 153,515,000</u></b>	<b><u>\$ 67,405,327</u></b>	<b><u>\$ 220,920,327</u></b>

**Certificates of Participation**

The District issued certificates of participation in 1992 and 1995 for energy conservation projects and to refinance a telecommunication lease. The terms are 15 and 12 years with interest rates ranging from 5.9% to 6.22%. The District's obligation will terminate December 1, 2006.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**NOTE 8: LONG-TERM DEBT (Continued)**

**Certificates of Participation (Continued)**

Future debt service requirements of the certificates of participation are as follows.

<u>Year Ended June 30,</u>	
2004	\$ 1,252,928
2005	1,249,162
2006	1,251,407
2007	<u>2,364,474</u>
 Total Minimum Lease Payments	 6,117,971
Less Interest Portion	<u>(767,971)</u>
 Principal Portion	 <b><u>\$ 5,350,000</u></b>

**Capital Lease Obligation**

Capital lease transactions for the year ended June 30, 2003 were as follows.

	<u>Balances</u>			<u>Balances</u>
	<u>06/30/02</u>	<u>Additions</u>	<u>Payments</u>	<u>06/30/03</u>
Capital lease for SASI software. Lease term of 5 years with an interest rate of 4.92%. Monthly payments of \$11,876.	<u>\$ 139,784</u>	<u>\$ -</u>	<u>\$ 139,784</u>	<u>\$ -</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 ("refunded bonds"). 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, 2003 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, 2003**

**NOTE 8: LONG-TERM DEBT (Continued)**

**Component Units (Continued)**

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 90,000	\$ 1,421,375	\$ 1,511,375
2005	195,000	1,410,688	1,605,688
2006	205,000	1,395,687	1,600,687
2007	225,000	1,379,563	1,604,563
2008	240,000	1,362,125	1,602,125
2009 - 2013	1,500,000	6,500,500	8,000,500
2014 - 2018	2,155,000	5,822,312	7,977,312
2019 - 2023	3,105,000	4,846,116	7,951,116
2024 - 2028	4,485,000	3,421,527	7,906,527
2029 - 2032	<u>6,600,000</u>	<u>1,226,863</u>	<u>7,826,863</u>
Total	<b><u>\$ 18,800,000</u></b>	<b><u>\$ 28,786,756</u></b>	<b><u>\$ 47,586,756</u></b>

**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.

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

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

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

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**NOTE 9: RISK MANAGEMENT (Continued)**

**Colorado School Districts Self-Insurance Pool**

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

**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).

**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 7.04% and 10.04% 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 (1.64% of covered salary from July 1, 2002 through December 31, 2002, and 1.1% of covered salary from January 1, 2003 through June 30, 2003) is allocated for the Health Care Trust Fund (See Note 11). The District's contributions to CSSDTF for the years ending June 30, 2003, 2002, and 2001, were \$11,876,600, \$10,681,898 and \$11,516,305, respectively, equal to their required contributions for each year.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**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 1.64% of covered salary from July 1, 2002 through December 31, 2002, and 1.1% from January 1, 2003 through June 30, 2003, 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, 2003, 2002, and 2001 were \$1,920,183, \$2,043,162 and \$1,536,554, 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's eligible tax-deferred retirement program contributions limited to 3% of the PERA includable salary (2% effective January 1, 2003). 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, 2003 was \$2,253,474.

**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, 2003, significant amounts of grant expenditures have not been audited by the grantor agency, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)**

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

**Tabor Amendment** - In November 1992, Colorado voters passed Article X, Section 20 (Tabor Amendment) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Tabor 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 Tabor Amendment. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Tabor Amendment requires the District to establish a reserve for emergencies. At June 30, 2003, net assets in the amount of \$5,864,824, were restricted to satisfy the reserve requirement. In addition, the Charter Schools had emergency reserves of \$368,500.

**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, 2003, the School paid approximately \$155,000 for rental of the facilities.

**NOTE 14: SUBSEQUENT EVENT**

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 to be collected during the 2003-2004 fiscal year. The Notes are due and payable on June 30, 2004.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**GENERAL FUND**

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**GENERAL FUND**  
**COMBINING BALANCE SHEET**  
**June 30, 2003**

	<u>GENERAL FUND</u>	<u>SUMMER SCHOOL FUND</u>	<u>ATHLETICS FUND</u>	<u>COMMUNITY SCHOOLS FUND</u>
<b>ASSETS</b>				
Cash and Investments	\$ 25,254,230	\$ 118,393	\$ (56,932)	\$ 370,027
Restricted Cash and Investments	84,395	-	-	-
Accounts Receivable	229,523	20	104,264	320
Taxes Receivable	4,597,905	-	-	-
Due from Other Funds	1,131,245	-	-	-
Inventories	375,027	-	-	-
Prepaid Items and Deposits	21,064	-	-	838
<b>TOTAL ASSETS</b>	<u>\$ 31,693,389</u>	<u>\$ 118,413</u>	<u>\$ 47,332</u>	<u>\$ 371,185</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 8,606,865	\$ 66,870	\$ 53,872	\$ 52,663
Accrued Salaries and Benefits	16,557,701	-	-	-
Deferred Revenues	915	48,591	-	63,970
Deferred Property Taxes	735,906	-	-	-
<b>TOTAL LIABILITIES</b>	<u>25,901,387</u>	<u>115,461</u>	<u>53,872</u>	<u>116,633</u>
<b>FUND BALANCES</b>				
Reserved for Inventories	375,027	-	-	-
Reserved for Prepaid Items	21,064	-	-	838
Reserved for Emergencies	5,239,497	3,525	65,589	110,779
Unreserved	156,414	(573)	(72,129)	142,935
<b>TOTAL FUND BALANCES</b>	<u>5,792,002</u>	<u>2,952</u>	<u>(6,540)</u>	<u>254,552</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 31,693,389</u>	<u>\$ 118,413</u>	<u>\$ 47,332</u>	<u>\$ 371,185</u>

See the accompanying Independent Auditors' Report.

<u>TUITION PRESCHOOL FUND</u>	<u>COLORADO PRESCHOOL FUND</u>	<u>TOTAL GENERAL FUND</u>
\$ 62,968	\$ 22,211	\$ 25,770,897
-	-	84,395
-	-	334,127
-	-	4,597,905
-	-	1,131,245
-	-	375,027
-	-	21,902
<u>\$ 62,968</u>	<u>\$ 22,211</u>	<u>\$ 32,315,498</u>
\$ 1,685	\$ 3,859	\$ 8,785,814
-	-	16,557,701
10,357	2,090	125,923
-	-	735,906
<u>12,042</u>	<u>5,949</u>	<u>26,205,344</u>
-	-	375,027
-	-	21,902
7,093	13,286	5,439,769
<u>43,833</u>	<u>2,976</u>	<u>273,456</u>
<u>50,926</u>	<u>16,262</u>	<u>6,110,154</u>
<u>\$ 62,968</u>	<u>\$ 22,211</u>	<u>\$ 32,315,498</u>

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**GENERAL FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**Year Ended June 30, 2003**

	<u>GENERAL FUND</u>	<u>SUMMER SCHOOL FUND</u>	<u>ATHLETICS FUND</u>	<u>COMMUNITY SCHOOLS FUND</u>
<b>REVENUES</b>				
Local Sources	\$ 145,902,252	\$ 129,800	\$ 782,578	\$ 4,104,791
State Sources	<u>48,855,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>194,758,044</u>	<u>129,800</u>	<u>782,578</u>	<u>4,104,791</u>
<b>EXPENDITURES</b>				
Current				
Instruction - Regular Programs	95,236,996	95,458	-	-
Instruction - Special Programs	31,122,534	-	2,177,296	-
Supporting Services	4,850,432	2,515	-	-
Instructional Staff Services	6,877,443	-	-	-
General Administration	2,573,794	-	-	-
School Administration	10,709,017	21,478	1,708	-
Business Services	1,923,562	-	-	-
Operations and Maintenance	14,222,279	407	-	-
Pupil Transportation	6,204,742	-	-	-
Central Support Services	7,826,646	-	-	-
Facility Acquisition	110,717	-	-	-
Community Services	10,189	-	-	3,445,521
Adult Education	40,793	-	-	-
Debt Service				
Principal	905,000	-	-	-
Interest and Fiscal Charges	<u>359,707</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>182,973,851</u>	<u>119,858</u>	<u>2,179,004</u>	<u>3,445,521</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>11,784,193</u>	<u>9,942</u>	<u>(1,396,426)</u>	<u>659,270</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	300,000	-	1,274,260	-
Transfers Out	<u>(6,092,244)</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(5,792,244)</u>	<u>-</u>	<u>1,274,260</u>	<u>(300,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	5,991,949	9,942	(122,166)	359,270
<b>FUND BALANCES (DEFICITS), Beginning</b>	<u>(199,947)</u>	<u>(6,990)</u>	<u>115,626</u>	<u>(104,718)</u>
<b>FUND BALANCES (DEFICITS), Ending</b>	<u>\$ 5,792,002</u>	<u>\$ 2,952</u>	<u>\$ (6,540)</u>	<u>\$ 254,552</u>

See the accompanying Independent Auditors' Report.

<u>TUITION PRESCHOOL FUND</u>	<u>COLORADO PRESCHOOL FUND</u>	<u>TOTAL GENERAL FUND</u>
\$ 151,394	\$ -	\$ 151,070,815
-	-	48,855,792
<u>151,394</u>	<u>-</u>	<u>199,926,607</u>
-	-	95,332,454
-	507,030	33,806,860
-	-	4,852,947
-	-	6,877,443
-	-	2,573,794
-	-	10,732,203
-	-	1,923,562
-	-	14,222,686
-	-	6,204,742
-	-	7,826,646
-	-	110,717
163,308	-	3,619,018
-	-	40,793
-	-	905,000
<u>-</u>	<u>-</u>	<u>359,707</u>
<u>163,308</u>	<u>507,030</u>	<u>189,388,572</u>
<u>(11,914)</u>	<u>(507,030)</u>	<u>10,538,035</u>
-	494,370	2,068,630
<u>-</u>	<u>-</u>	<u>(6,392,244)</u>
<u>-</u>	<u>494,370</u>	<u>(4,323,614)</u>
(11,914)	(12,660)	6,214,421
<u>62,840</u>	<u>28,922</u>	<u>(104,267)</u>
\$ <u>50,926</u>	\$ <u>16,262</u>	\$ <u>6,110,154</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, 2003**

	<b>SPECIAL</b>	<b>CAPITAL PROJECTS</b>			<b>TOTAL</b>
	<b>REVENUE</b>	<b>CAPITAL</b>	<b>ENERGY</b>	<b>BUILDING</b>	
	<b>GRANTS</b>	<b>RESERVE</b>	<b>CONSERVATION</b>	<b>FUND</b>	<b>NONMAJOR</b>
	<b>FUND</b>	<b>FUND</b>	<b>FUND</b>	<b>FUND</b>	<b>GOVERNMENTAL</b>
					<b>FUNDS</b>
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ 2,185,752	\$ 58,030	\$ 1,234,161	\$ 3,477,943
Restricted Cash and Investments	-	-	1,308,961	-	1,308,961
Accounts Receivable	-	501,316	-	10,937	512,253
Grants Receivable	<u>2,512,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,512,289</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,512,289</u>	<u>\$ 2,687,068</u>	<u>\$ 1,366,991</u>	<u>\$ 1,245,098</u>	<u>\$ 7,811,446</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 189,234	\$ 672,329	\$ -	\$ 36,805	\$ 898,368
Arbitrage Payable	-	-	-	417,867	417,867
Accrued Salaries and Benefits	951,452	-	-	-	951,452
Due to Other Funds	1,038,089	-	-	-	1,038,089
Deferred Revenues	<u>333,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,514</u>
<b>TOTAL LIABILITIES</b>	<u>2,512,289</u>	<u>672,329</u>	<u>-</u>	<u>454,672</u>	<u>3,639,290</u>
<b>FUND EQUITY</b>					
Fund Balance					
Reserved for Emergencies	-	165,160	5,449	-	170,609
Unreserved	<u>-</u>	<u>1,849,579</u>	<u>1,361,542</u>	<u>790,426</u>	<u>4,001,547</u>
<b>TOTAL FUND EQUITY</b>	<u>-</u>	<u>2,014,739</u>	<u>1,366,991</u>	<u>790,426</u>	<u>4,172,156</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 2,512,289</u>	<u>\$ 2,687,068</u>	<u>\$ 1,366,991</u>	<u>\$ 1,245,098</u>	<u>\$ 7,811,446</u>

See the accompanying Independent Auditors' Report.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2003**

	<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>	
<b>REVENUES</b>					
Local Sources	\$ 609,678	\$ 550,177	\$ 120,735	\$ 25,869	\$ 1,306,459
State Sources	1,911,065	-	-	-	1,911,065
Federal Sources	8,920,076	-	-	-	8,920,076
<b>TOTAL REVENUES</b>	<u>11,440,819</u>	<u>550,177</u>	<u>120,735</u>	<u>25,869</u>	<u>12,137,600</u>
<b>EXPENDITURES</b>					
Current					
Instruction - Regular Programs	3,865,504	-	-	-	3,865,504
Instruction - Special Programs	5,609,593	-	-	-	5,609,593
Student Support Services	317,944	-	-	-	317,944
Instructional Staff Services	1,033,000	-	-	-	1,033,000
General Administration	78,430	-	-	104,444	182,874
School Administration	384,634	-	-	-	384,634
Operations and Maintenance	-	-	85,277	-	85,277
Pupil Transportation	58,057	-	-	-	58,057
Central Support Services	24,438	-	-	-	24,438
Community Services	69,219	-	-	-	69,219
Capital Outlay	-	4,051,972	-	799,103	4,851,075
<b>TOTAL EXPENDITURES</b>	<u>11,440,819</u>	<u>4,051,972</u>	<u>85,277</u>	<u>903,547</u>	<u>16,481,615</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(3,501,795)</u>	<u>35,458</u>	<u>(877,678)</u>	<u>(4,344,015)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers In	-	4,323,614	-	-	4,323,614
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>4,323,614</u>	<u>-</u>	<u>-</u>	<u>4,323,614</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>821,819</u>	<u>35,458</u>	<u>(877,678)</u>	<u>(20,401)</u>
<b>FUND BALANCES, Beginning</b>	<u>-</u>	<u>1,192,920</u>	<u>1,331,533</u>	<u>1,668,104</u>	<u>4,192,557</u>
<b>FUND BALANCES, Ending</b>	<u>\$ -</u>	<u>\$ 2,014,739</u>	<u>\$ 1,366,991</u>	<u>\$ 790,426</u>	<u>\$ 4,172,156</u>

See the accompanying Independent Auditors' Report.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**GRANTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended June 30, 2003**

	<b><u>ORIGINAL BUDGET</u></b>	<b><u>FINAL BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b><u>VARIANCE POSITIVE (NEGATIVE)</u></b>
<b>REVENUES</b>				
Local Revenue	\$ -	\$ -	\$ 609,678	\$ 609,678
State Revenue	-	-	1,911,065	1,911,065
Federal Revenue	<u>13,500,000</u>	<u>18,500,000</u>	<u>7,968,624</u>	<u>(10,531,376)</u>
 TOTAL REVENUES	 <u>13,500,000</u>	 <u>18,500,000</u>	 <u>10,489,367</u>	 <u>(8,010,633)</u>
<b>EXPENDITURES</b>				
Current				
Instruction - Regular Programs	13,500,000	18,500,000	3,865,504	14,634,496
Instruction - Special Programs	-	-	5,477,129	(5,477,129)
Student Support Services	-	-	317,944	(317,944)
Instructional Staff Services	-	-	1,033,000	(1,033,000)
General Administration	-	-	78,430	(78,430)
School Administration	-	-	384,634	(384,634)
Pupil Transportation	-	-	58,057	(58,057)
Central Support Services	-	-	24,438	(24,438)
Community Services	<u>-</u>	<u>-</u>	<u>69,219</u>	<u>(69,219)</u>
 TOTAL EXPENDITURES	 <u>13,500,000</u>	 <u>18,500,000</u>	 <u>11,308,355</u>	 <u>7,191,645</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 (818,988)	 (818,988)
Salaries and Benefits Earned but Unpaid				
Beginning	-	-	818,988	818,988
Ending	-	-	(951,452)	(951,452)
Revenues Accrued Due to Salaries and Benefits Earned but Unpaid	-	-	951,452	951,452
 <b>FUND BALANCE, Beginning</b>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <b>FUND BALANCE, Ending</b>	 <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, 2003**

	<b><u>ORIGINAL BUDGET</u></b>	<b><u>FINAL BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b><u>VARIANCE POSITIVE (NEGATIVE)</u></b>
<b>REVENUES</b>				
Taxes	\$ 13,143,057	\$ 13,119,974	\$ 13,379,885	\$ 259,911
Earnings on Investments	<u>298,551</u>	<u>254,548</u>	<u>145,912</u>	<u>(108,636)</u>
<b>TOTAL REVENUES</b>	<u>13,441,608</u>	<u>13,374,522</u>	<u>13,525,797</u>	<u>151,275</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	5,985,000	5,985,000	5,985,000	-
Interest and Fiscal Charges	<u>7,400,255</u>	<u>7,400,255</u>	<u>7,382,241</u>	<u>18,014</u>
<b>TOTAL EXPENDITURES</b>	<u>13,385,255</u>	<u>13,385,255</u>	<u>13,367,241</u>	<u>18,014</u>
<b>NET CHANGE IN FUND BALANCE</b>	56,353	(10,733)	158,556	169,289
<b>FUND BALANCE, Beginning</b>	<u>14,927,558</u>	<u>14,973,430</u>	<u>14,973,430</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	\$ <u>14,983,911</u>	\$ <u>14,962,697</u>	\$ <u>15,131,986</u>	\$ <u>169,289</u>

See the accompanying Independent Auditor's Report.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**CAPITAL RESERVE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended June 30, 2003**

	<b><u>ORIGINAL BUDGET</u></b>	<b><u>FINAL BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b>VARIANCE POSITIVE (NEGATIVE)</b>
<b>REVENUES</b>				
Other Local Sources	\$ 87,975	\$ 134,289	\$ 550,177	\$ 415,888
<b>EXPENDITURES</b>				
Capital Outlay				
Salaries and Benefits	487,416	487,416	469,964	17,452
Building Improvements	1,078,000	1,478,000	1,117,404	360,596
Instructional Technology	39,000	39,000	41,081	(2,081)
Operating Departments	2,233,977	2,186,885	1,111,096	1,075,789
School Projects	1,016,589	1,271,953	1,312,427	(40,474)
Reserves	197,150	207,226	-	207,226
<b>TOTAL EXPENDITURES</b>	<b>5,052,132</b>	<b>5,670,480</b>	<b>4,051,972</b>	<b>1,618,508</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,964,157)</b>	<b>(5,536,191)</b>	<b>(3,501,795)</b>	<b>2,034,396</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	4,111,509	4,343,844	4,323,614	(20,230)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>4,111,509</b>	<b>4,343,844</b>	<b>4,323,614</b>	<b>(20,230)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(852,648)</b>	<b>(1,192,347)</b>	<b>821,819</b>	<b>2,014,166</b>
<b>FUND BALANCE, Beginning</b>	<b>852,648</b>	<b>1,200,608</b>	<b>1,192,920</b>	<b>(7,688)</b>
<b>FUND BALANCE, Ending</b>	<b>\$ -</b>	<b>\$ 8,261</b>	<b>\$ 2,014,739</b>	<b>\$ 2,006,478</b>

See the accompanying Independent Auditor's Report.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**ENERGY CONSERVATION FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended June 30, 2003**

	<b><u>ORIGINAL BUDGET</u></b>	<b><u>FINAL BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b><u>VARIANCE POSITIVE (NEGATIVE)</u></b>
<b>REVENUES</b>				
Earnings on Investments	\$ 85,793	\$ 85,793	\$ 120,735	\$ 34,942
<b>TOTAL REVENUES</b>	<u>85,793</u>	<u>85,793</u>	<u>120,735</u>	<u>34,942</u>
<b>EXPENDITURES</b>				
Capital Outlay				
Operating Departments	165,632	181,639	85,277	96,362
Reserves	<u>4,969</u>	<u>5,449</u>	<u>-</u>	<u>5,449</u>
<b>TOTAL EXPENDITURES</b>	<u>170,601</u>	<u>187,088</u>	<u>85,277</u>	<u>101,811</u>
<b>NET CHANGE IN FUND BALANCE</b>	(84,808)	(101,295)	35,458	136,753
<b>FUND BALANCE, Beginning</b>	<u>1,315,045</u>	<u>1,331,532</u>	<u>1,331,533</u>	<u>1</u>
<b>FUND BALANCE, Ending</b>	\$ <u><u>1,230,237</u></u>	\$ <u><u>1,230,237</u></u>	\$ <u><u>1,366,991</u></u>	\$ <u><u>136,754</u></u>

See the accompanying Independent Auditor's Report.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**BUILDING FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended June 30, 2003**

	<b><u>ORIGINAL BUDGET</u></b>	<b><u>FINAL BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b><u>VARIANCE POSITIVE (NEGATIVE)</u></b>
<b>REVENUES</b>				
Earnings on Investments	\$ 19,128	\$ 19,128	\$ 25,869	\$ 6,741
<b>TOTAL REVENUES</b>	<u>19,128</u>	<u>19,128</u>	<u>25,869</u>	<u>6,741</u>
<b>EXPENDITURES</b>				
Arbitrage Expense	-	-	104,444	(104,444)
Capital Outlay				
Facilities Acquisition	<u>1,198,269</u>	<u>1,535,356</u>	<u>799,103</u>	<u>736,253</u>
<b>TOTAL EXPENDITURES</b>	<u>1,198,269</u>	<u>1,535,356</u>	<u>903,547</u>	<u>631,809</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,179,141)	(1,516,228)	(877,678)	638,550
<b>FUND BALANCE, Beginning</b>	<u>1,179,141</u>	<u>1,516,228</u>	<u>1,668,104</u>	<u>151,876</u>
<b>FUND BALANCE, Ending</b>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>790,426</u></u>	\$ <u><u>790,426</u></u>

See the accompanying Independent Auditor's Report.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**FOOD SERVICES FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended June 30, 2003**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>OPERATING REVENUES</b>				
Regular School Lunch	\$ 1,675,316	\$ 1,636,348	\$ 1,580,425	\$ (55,923)
Sandwich Line	1,942,226	1,942,226	1,850,424	(91,802)
Other Revenue	<u>51,694</u>	<u>90,662</u>	<u>42,423</u>	<u>(48,239)</u>
<b>TOTAL OPERATING REVENUES</b>	<u>3,669,236</u>	<u>3,669,236</u>	<u>3,473,272</u>	<u>(195,964)</u>
<b>OPERATING EXPENSES</b>				
Salaries	2,078,247	2,069,517	1,925,132	144,385
Benefits	518,464	517,460	466,508	50,952
Purchased Food	1,944,703	1,944,703	1,963,511	(18,808)
USDA Donated Commodities	141,512	141,512	198,242	(56,730)
Nonfood Supplies	136,855	136,855	154,503	(17,648)
Purchased Services	138,412	135,349	25,004	110,345
Depreciation	50,000	50,000	93,015	(43,015)
Other	176,662	172,627	152,638	19,989
Loss on Disposal of Fixed Assets	-	-	73,948	(73,948)
Reserves	<u>155,546</u>	<u>155,041</u>	<u>-</u>	<u>155,041</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>5,340,401</u>	<u>5,323,064</u>	<u>5,052,501</u>	<u>270,563</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,671,165)</u>	<u>(1,653,828)</u>	<u>(1,579,229)</u>	<u>74,599</u>
<b>NONOPERATING REVENUES</b>				
USDA Donated Commodities	203,036	203,036	199,898	(3,138)
Federal Reimbursement	1,148,987	1,148,987	1,160,770	11,783
State Matching Funds	<u>52,228</u>	<u>52,228</u>	<u>64,734</u>	<u>12,506</u>
<b>TOTAL NONOPERATING REVENUES</b>	<u>1,404,251</u>	<u>1,404,251</u>	<u>1,425,402</u>	<u>21,151</u>
<b>NET INCOME (LOSS)</b>	<u>(266,914)</u>	<u>(249,577)</u>	<u>(153,827)</u>	<u>95,750</u>
<b>NET ASSETS, Beginning</b>	<u>400,422</u>	<u>277,446</u>	<u>1,085,282</u>	<u>807,836</u>
<b>NET ASSETS, Ending</b>	<u>\$ 133,508</u>	<u>\$ 27,869</u>	<u>\$ 931,455</u>	<u>\$ 903,586</u>

See the accompanying Independent Auditors' Report.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**INSURANCE RESERVE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended June 30, 2003**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>OPERATING REVENUES</b>				
Other Revenue	\$ 20,000	\$ 20,000	\$ 42,532	\$ 22,532
<b>OPERATING EXPENSES</b>				
Salaries	947,069	947,069	1,025,114	(78,045)
Benefits	201,475	201,475	219,415	(17,940)
Other Expenses	236,543	186,543	74,994	111,549
Insurance Premiums and Claims	900,000	773,527	783,725	(10,198)
Workers Compensation Insurance	1,025,731	1,019,902	979,042	40,860
Capital Outlay	150,000	185,000	214,361	(29,361)
Reserves	103,825	99,405	-	99,405
<b>TOTAL OPERATING EXPENSES</b>	<u>3,564,643</u>	<u>3,412,921</u>	<u>3,296,651</u>	<u>116,270</u>
<b>OPERATING INCOME (LOSS)</b>	(3,544,643)	(3,392,921)	(3,254,119)	138,802
<b>OPERATING TRANSFER IN</b>				
General Fund	2,955,940	2,473,283	2,473,283	-
<b>NET INCOME (LOSS)</b>	(588,703)	(919,638)	(780,836)	138,802
<b>NET ASSETS, Beginning</b>	<u>588,703</u>	<u>919,638</u>	<u>641,458</u>	<u>(278,180)</u>
<b>NET ASSETS, Ending</b>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(139,378)</u></u>	\$ <u><u>(139,378)</u></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, 2003**

	<b>Fund Balance</b>				<b>Fund Balance</b>
	<b>6/30/02</b>	<b>Additions</b>	<b>Deductions</b>		<b>6/30/03</b>
<b>SCHOLARSHIP FUND</b>					
Parmerlee Greiner Scholarship	\$ 5,499	\$ 554	\$ 1,210		\$ 4,843
Hoelscher Scholarship	1,746	18	50		1,714
TEC Scholarships	1,689	17	500		1,206
CASB Scholarship Hilty Award	654	7	-		661
Cameron Memorial Fund	60	1	-		61
Jerry Buck Scholarship	3,037	31	-		3,068
Armijo Memorial Fund	287	504	200		591
Hamilton Scholarship Fund	10,828	111	-		10,939
Banman Memorial Scholarship	132	1	-		133
Armstrong Tech Theater Award	5,934	563	-		6,497
Urquidez Scholarship	1,630	17	-		1,647
CASB Scholarship Sandstead Award	1,655	17	-		1,672
Baldwin Memorial Scholarship	36	-	-		36
Taylor Memorial Scholarship	6,517	1,070	-		7,587
CASB Scholarship Young Award	157	1	-		158
Monarch HS Class of 2001	<u>10,026</u>	<u>8,625</u>	<u>1,200</u>		<u>17,451</u>
<b>TOTALS</b>	<b>\$ <u>49,887</u></b>	<b>\$ <u>11,537</u></b>	<b>\$ <u>3,160</u></b>		<b>\$ <u>58,264</u></b>
<b>TRUST FUND</b>					
Carlson Scholarship	\$ 14,403	\$ 148	\$ -		\$ 14,551
Bostrom Scholarship Fund	-	2,250	500		1,750
Japanese Exchange	<u>131,983</u>	<u>10,425</u>	<u>11,946</u>		<u>130,462</u>
<b>TOTALS</b>	<b>\$ <u>146,386</u></b>	<b>\$ <u>12,823</u></b>	<b>\$ <u>12,446</u></b>		<b>\$ <u>146,763</u></b>

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, 2003**

	<b>Available Balance 6/30/02</b>	<b>Additions</b>	<b>Deductions</b>	<b>Available Balance 6/30/03</b>
Base Line Middle Student Activities	\$ 44,390	\$ 138,576	\$ 145,930	\$ 37,036
Boulder High Student Activities	199,848	942,131	969,375	172,604
Boulder TEC Student Activities	15,909	49,074	47,557	17,426
Broomfield Heights Middle Student Activities	53,656	122,917	128,712	47,861
Broomfield High Student Activities	105,081	698,728	685,495	118,314
Burbank Middle Student Activities	29,957	109,903	113,139	26,721
Casey Middle Student Activities	36,482	143,245	144,182	35,545
Centaurus High Student Activities	206,773	545,377	552,868	199,282
Centennial Middle Student Activities	33,781	167,392	165,455	35,718
Douglass Elementary Student Activities	-	27,369	17,923	9,446
Fairview High Student Activities	268,760	1,483,448	1,382,653	369,555
Foothills Elementary Student Activities	11,936	49,151	44,878	16,209
Heatherwood Elementary Student Activities	2,740	3,628	3,383	2,985
Angevine Middle Student Activities	23,171	94,881	100,695	17,357
Nederland Middle/Sr. Student Activities	35,477	211,548	205,204	41,821
Louisville Middle Student Activities	107,769	192,022	197,288	102,503
Nevin Platt Middle Student Activities	24,905	144,599	137,817	31,687
Monarch K-8 Student Activities	37,561	184,523	182,318	39,766
Monarch High Student Activities	193,333	987,356	968,724	211,965
Southern Hills Middle Student Activities	19,433	67,719	70,882	16,270
Chinook Alternative Student Activities	-	28,649	20,612	8,037
Mesa Elementary Student Activities	44,990	89,412	88,244	46,158
New Vista High Student Activities	39,027	116,543	120,359	35,211
Arapahoe Ridge High Student Activities	10,554	13,020	20,209	3,365
Aspen Creek K-8 Student Activities	17,746	104,169	92,578	29,337
Eldorado K-8 Student Activities	25,115	137,684	131,588	31,211
Community Schools Student Activities	-	16,541	13,815	2,726
<b>Subtotal</b>	<b>1,588,394</b>	<b>6,869,605</b>	<b>6,751,883</b>	<b>1,706,116</b>
Boulder High School	2,924	24,243	22,623	4,544
Broomfield Heights Middle School	(214)	7,459	7,245	-
Broomfield High School	14,204	28,416	28,679	13,941
Centaurus High School	906	10,305	3,247	7,964
Casey Middle School	1,615	16,330	9,444	8,501
Centennial Middle School	5,247	16,233	30,158	(8,678)
Angevine Middle School	10,138	1,068	11,381	(175)
Fairview High School	4,194	10,181	8,212	6,163
Louisville Middle School	23,117	13,693	32,611	4,199
Southern Hills Middle School	(112)	4,802	4,690	-
New Vista High School	13,454	11,258	8,103	16,609
Bear Creek Elementary School	6,800	5,654	6,695	5,759
Boulder Community School of Integrated Studies	1,577	1,500	1,555	1,522

See the accompanying Independent Auditor's Report.

	<b>Available Balance 6/30/02</b>	<b>Additions</b>	<b>Deductions</b>	<b>Available Balance 6/30/03</b>
Nederland Middle/High School	1,391	-	-	1,391
Crest View Elementary School	6,784	21,821	20,363	8,242
Nevin Platt Middle School	22	5,297	3,628	1,691
Douglass Elementary School	8,599	39,797	37,779	10,617
Sanchez Elementary School	20,956	26,041	28,401	18,596
Eisenhower Elementary School	17,425	20,228	25,231	12,422
Emerald Elementary School	6,576	34,127	25,892	14,811
Fireside Elementary School	10,888	28,096	16,908	22,076
Flatirons Elementary School	16,193	23,675	28,081	11,787
Aspen Creek K-8 School	-	2,013	1,950	63
Foothill Elementary School	9,215	-	819	8,396
Heatherwood Elementary School	9,788	35,370	37,855	7,303
Kohl Elementary School	12,516	15,058	12,736	14,838
Lafayette Elementary School	59,467	83,043	102,367	40,143
Ryan Elementary School	2,830	23,436	19,796	6,470
Louisville Elementary School	(2,703)	17,399	3,885	10,811
Coal Creek Elementary School	4,973	7,837	8,543	4,267
Arapahoe Ridge High School	333	106	-	439
Mapleton Elementary School	3,165	2,039	1,273	3,931
Columbine Elementary School	8,383	21,284	13,364	16,303
Creekside at Martin Park Elementary School	6,957	5,916	6,251	6,622
Mesa Elementary School	1,031	-	546	485
Nederland Elementary School	18,881	18,197	28,693	8,385
Pioneer Elementary School	11,052	2,100	12,077	1,075
Superior Elementary School	22,672	61,721	53,916	30,477
Birch Elementary School	2,240	11,245	10,105	3,380
University Hill Elementary School	12,600	10,191	14,160	8,631
Washington Bilingual Elementary School	14,021	3,725	7,620	10,126
Whittier Elementary School	10,990	14,943	23,247	2,686
Monarch K-8 School	(627)	-	-	(627)
Monarch High School	250	12,360	15,603	(2,993)
High Peaks Elementary School	6,444	-	776	5,668
Baseline Middle School	10,106	15,951	10,106	15,951
Community Montessori School	24,257	14,362	14,049	24,570
Halcyon	55	55	53	57
Burbank Middle School	8,754	1,385	7,749	2,390
Eldorado K-8 School	768	15,259	1,606	14,421
Other Departments	617,997	485,804	361,012	742,789
<b>Subtotal</b>	<u>1,049,099</u>	<u>1,231,023</u>	<u>1,131,083</u>	<u>1,149,039</u>
<b>TOTALS</b>	<u>\$ 2,637,493</u>	<u>\$ 8,100,628</u>	<u>\$ 7,882,966</u>	<u>\$ 2,855,155</u>

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**COMPONENT UNITS**  
**COMBINING BALANCE SHEET**

**June 30, 2003**

	<b><u>BOULDER PREP</u></b>	<b><u>HORIZONS</u></b>	<b><u>PEAK TO PEAK</u></b>
<b>ASSETS</b>			
Cash and Investments	\$ 113,074	\$ 545,993	\$ 1,927,446
Restricted Cash and Investments	-	-	3,500,380
Accounts Receivable	23,707	11,338	335,063
Grants Receivable	615	-	53,899
Prepays	-	10,041	275
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	\$ <u>137,396</u>	\$ <u>567,372</u>	\$ <u>5,817,063</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 20,615	\$ 334	\$ 66,432
Accrued Liabilities	271	19,903	52,138
Accrued Salaries and Benefits	-	156,574	239,723
Deferred Revenues	83,697	28,613	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<u>104,583</u>	<u>205,424</u>	<u>358,293</u>
<b>FUND BALANCES</b>			
Reserved for Prepays	-	10,041	275
Reserved for Capital Projects	-	-	3,432,776
Reserved for Emergencies	21,000	58,000	236,000
Unreserved	11,813	293,907	1,789,719
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUND BALANCES</b>	<u>32,813</u>	<u>361,948</u>	<u>5,458,770</u>
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ <u>137,396</u>	\$ <u>567,372</u>	\$ <u>5,817,063</u>

See the accompanying Independent Auditors' Report.

<u>SOJOURNER</u>	<u>SUMMIT</u>	<u>TOTAL COMPONENT UNITS</u>
\$ (1,639)	\$ 258,965	\$ 2,843,839
-	-	3,500,380
11,041	23,743	404,892
2,502	-	57,016
-	-	10,316
<u>11,904</u>	<u>282,708</u>	<u>6,816,443</u>
\$ 2,308	\$ 6,240	\$ 95,929
-	5,029	77,341
-	98,618	494,915
-	855	113,165
<u>2,308</u>	<u>110,742</u>	<u>781,350</u>
-	-	10,316
-	-	3,432,776
7,500	46,000	368,500
2,096	125,966	2,223,501
<u>9,596</u>	<u>171,966</u>	<u>6,035,093</u>
<u>11,904</u>	<u>282,708</u>	<u>6,816,443</u>

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

Total Fund Balances, Component Units	\$ 6,035,093
Capital Assets	13,215,409
Debt Issuance Costs	465,753
Long-Term Debt	(18,800,000)
Discount on Long-Term Debt	<u>669,436</u>
Net Assets, Component Units	<u>\$ 1,585,691</u>

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**COMPONENT UNITS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**Year Ended June 30, 2003**

	<b><u>BOULDER PREP</u></b>	<b><u>HORIZONS</u></b>	<b><u>PEAK TO PEAK</u></b>
<b>REVENUES</b>			
Local Sources	\$ 456,480	\$ 1,918,186	\$ 7,518,825
State Sources	244,658	11,338	335,716
Federal Sources	81,259	-	276,559
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	782,397	1,929,524	8,131,100
<b>EXPENDITURES</b>			
Current			
Instruction - Regular Programs	281,588	1,174,743	2,768,293
Instruction - Special Programs	303	242,316	154,277
Student Support Services	295,993	-	333,113
Instructional Staff Services	51,753	-	76,294
General Administration	-	-	3,008
School Administration	57,210	380,848	734,266
Business Services	8,229	-	-
Operations and Maintenance	166,206	42,017	602,997
Central Support Services	5,036	-	27,788
Other Support Service	-	-	33,757
Community Services	-	-	118,727
Capital Outlay	-	-	4,595,923
Debt Service			
Interest	-	-	1,424,750
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	866,318	1,839,924	10,873,193
NET CHANGE IN FUND BALANCES	(83,921)	89,600	(2,742,093)
<b>FUND BALANCES (DEFICITS), Beginning</b>	<hr/>	<hr/>	<hr/>
	116,734	272,348	8,200,863
<b>FUND BALANCES, Ending</b>	<u>\$ 32,813</u>	<u>\$ 361,948</u>	<u>\$ 5,458,770</u>

See the accompanying Independent Auditors' Report.

<u>SOJOURNER</u>	<u>SUMMIT</u>	<u>TOTAL COMPONENT UNITS</u>
\$ 237,895	\$ 1,492,398	\$ 11,623,784
11,041	31,161	633,914
18,291	-	376,109
<u>267,227</u>	<u>1,523,559</u>	<u>12,633,807</u>
89,191	963,526	5,277,341
10,247	17,325	424,468
-	41,313	670,419
4,765	79,349	212,161
-	1,430	4,438
78,782	281,580	1,532,686
-	-	8,229
57,789	11,181	880,190
-	3,866	36,690
-	-	33,757
202	-	118,929
-	18,096	4,614,019
<u>-</u>	<u>-</u>	<u>1,424,750</u>
<u>240,976</u>	<u>1,417,666</u>	<u>15,238,077</u>
26,251	105,893	(2,604,270)
<u>(16,655)</u>	<u>66,073</u>	<u>8,639,363</u>
\$ <u>9,596</u>	\$ <u>171,966</u>	\$ <u>6,035,093</u>

Amounts reported in the statement of activities  
are different because:

Net Change in Fund Balances	\$ (2,604,270)
Capital Outlay	3,159,330
Proceeds from Sale of Capital Assets	(762,883)
Gain on Sale of Capital Assets	60,549
Depreciation Expense	(494,181)
Amortization of Debt Issuance Costs	(16,523)
Amorization of Debt Discount	<u>(23,748)</u>
Change in Net Assets	\$ <u>(681,726)</u>

## **STATISTICAL SECTION**

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**GENERAL FUND EXPENDITURES BY OBJECT**

**Last Ten Years**

(Unaudited)

	<u>Actual 1993/94</u>	<u>Actual 1994/95</u>	<u>Actual 1995/96</u>	<u>Actual 1996/97 (a)</u>
Salaries	\$ 82,011,642	\$ 82,682,838	\$ 81,531,594	\$ 91,353,222
Percent change from prior year	5.58	0.82	(1.39)	12.05
Employee benefits	15,061,303	15,847,341	14,702,980	16,030,722
Percent change from prior year	6.10	5.22	(7.22)	9.03
Purchased services	7,870,194	7,773,026	11,695,375	11,057,256
Percent change from prior year	0.52	(1.23)	50.46	(5.46)
Supplies and materials	3,781,714	5,206,476	2,660,743	4,817,209
Percent change from prior year	0.95	37.67	(48.90)	81.05
Capital outlay	610,205	261,044	362,504	496,083
Percent change from prior year	22.00	(57.22)	38.87	36.85
Other	827,920	466,230	376,343	1,579,599
Percent change from prior year	328.50	(43.69)	(19.28)	319.72
Net allocations to charter schools	-	-	-	-
Percent change from prior year	-	-	-	-
Pre-PERA retirement	33,480	21,962	11,436	12,238
Percent change from prior year	2.31	(34.40)	(47.93)	7.01
County fees for tax collection	389,888	400,367	420,420	432,080
Percent change from prior year	9.92	2.69	5.01	2.77
Retirement payoffs	749,010	686,798	762,836	406,504
Percent change from prior year	5.26	(8.31)	11.70	(46.71)
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<u>\$ 111,335,356</u>	<u>\$ 113,346,082</u>	<u>\$ 112,524,231</u>	<u>\$ 126,184,913</u>
<b>PERCENT CHANGE FROM PRIOR YEAR</b>	<u>90.54%</u>	<u>5.79%</u>	<u>1.81%</u>	<u>12.14%</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 1993/94-2002/03.

**TABLE I**

<b>Actual 1997/98</b>	<b>Actual 1998/99</b>	<b>Actual 1999/00</b>	<b>Actual 2000/01</b>	<b>Actual 2001/02</b>	<b>Actual 2002/03</b>
\$ 97,385,100 6.60	\$ 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
16,642,275 3.81	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
7,187,545 (35.00)	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
7,277,785 51.08	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)
435,089 (12.30)	628,495 44.45	1,432,177 127.87	1,452,045 1.39	1,813,620 24.90	1,192,985 (34.22)
802,476 (49.20)	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)
- -	- -	- -	- -	5,844,475 -	9,160,211 56.73
13,000 6.23	3,281 (74.76)	- (100.00)	- -	- -	- -
466,996 8.08	525,629 12.56	276,694 (47.36)	281,337 1.68	295,412 5.00	336,150 13.79
849,607 109.00	764,660 (10.00)	914,668 19.62	1,024,725 12.03	551,681 (46.16)	610,564 10.67
<u>\$ 131,059,873</u>	<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>3.86%</u>	<u>8.92%</u>	<u>10.18%</u>	<u>4.35%</u>	<u>5.69%</u>	<u>5.48%</u>

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**GENERAL FUND REVENUE BY SOURCE**

Last Ten Years

(Unaudited)

	<u>Actual 1993/94</u>	<u>Actual 1994/95</u>	<u>Actual 1995/96</u>	<u>Actual 1996/97 (a)</u>
<b>Local Revenue</b>				
Current property taxes	\$ 77,855,009	\$ 80,001,057	\$ 83,979,637	\$ 86,433,327
Specific ownership taxes	5,893,608	6,363,965	6,776,864	7,205,038
Delinquent taxes and penalties	280,631	201,426	167,769	117,529
Tuition	268,831	226,105	191,701	269,515
Interest income	378,071	282,185	478,482	421,707
Miscellaneous	2,266,256	504,741	1,923,444	994,988
<b>Total local revenue</b>	<b>86,942,406</b>	<b>87,579,479</b>	<b>93,517,897</b>	<b>95,442,104</b>
<b>State Revenue</b>				
State equalization	21,402,261	21,714,750	21,199,877	23,664,149
Special education	2,229,552	2,714,409	2,772,541	2,771,485
Transportation	1,457,390	1,544,589	1,613,185	1,562,182
Vocational education	867,108	843,431	805,146	782,306
Medicaid	-	-	-	-
Miscellaneous	751,572	196,045	149,950	251,213
<b>Total state revenue</b>	<b>26,707,883</b>	<b>27,013,224</b>	<b>26,540,699</b>	<b>29,031,335</b>
<b>Federal Revenue</b>	<b>107,194</b>	<b>28,149</b>	<b>24,273</b>	<b>-</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b><u>\$ 113,757,483</u></b>	<b><u>\$ 114,620,852</u></b>	<b><u>\$ 120,082,869</u></b>	<b><u>\$ 124,473,439</u></b>
<b>PERCENT CHANGE FROM PRIOR YEAR</b>	<b><u>1.46%</u></b>	<b><u>0.76%</u></b>	<b><u>4.74%</u></b>	<b><u>3.66%</u></b>

(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 1993/94-2002/03.

**TABLE II**

<b>Actual 1997/98</b>	<b>Actual 1998/99</b>	<b>Actual 1999/00</b>	<b>Actual 2000/01</b>	<b>Actual 2001/02</b>	<b>Actual 2002/03</b>
\$ 92,650,365	\$ 105,206,316	\$ 108,575,064	\$ 111,867,694	\$ 117,861,142	\$ 132,645,345
7,746,082	9,961,118	11,324,836	11,936,063	12,221,725	11,605,270
194,816	93,653	322,645	837,968	921,330	387,791
3,304,518	3,408,518	3,191,887	3,110,424	170,581	142,288
418,924	499,766	507,953	802,566	252,916	152,177
1,149,519	3,780,598	1,310,833	2,013,252	712,996	969,381
105,464,224	122,949,969	125,233,218	130,567,967	132,140,690	145,902,252
24,506,373	27,821,878	29,110,241	31,174,893	35,352,777	42,286,795
2,939,892	2,956,640	3,005,528	3,076,734	3,253,442	3,458,753
1,448,265	1,353,305	1,534,018	1,605,018	1,641,720	1,740,381
927,638	697,546	729,487	997,821	1,093,446	836,724
-	-	-	-	-	211,016
330,697	340,482	149,359	127,057	861,089	322,123
30,152,865	33,169,851	34,528,633	36,981,523	42,202,474	48,855,792
6,075	17,086	-	-	-	-
<u>\$ 135,623,164</u>	<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>8.96%</u>	<u>15.13%</u>	<u>2.32%</u>	<u>4.87%</u>	<u>4.05%</u>	<u>11.71%</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>
1992	1993	84,498,380	84,264,160	99.72	419,277	0.50
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

**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	
1993	\$ 1,749,967,840	\$ -	\$ 15,939,500	\$ 1,765,907,340	\$ 10,110,335,788
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

**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)

	<b>June 1994</b>	<b>June 1995</b>	<b>June 1996</b>	<b>June 1997</b>
Gross bonded debt	\$ 44,375,000	\$ 128,960,000	\$ 124,795,000	\$ 119,515,000
Debt service moneys available	7,738,553	10,150,420	10,223,940	12,464,494
Net bonded debt outstanding	36,398,062	118,809,580	114,571,060	107,050,506
District's estimated population	Not available	Not available	Not available	Not available
Boulder County per capita income	Not available	Not available	Not available	Not available
District's total assessed valuation *	1,765,907,340	1,820,696,730	2,086,632,190	2,161,110,090
Net bonded debt per capita	Not available	Not available	Not available	Not available
Net bonded debt as a percent of assessed valuation	2.06	6.53	5.49	4.95
Total per capita income as a percent of net bonded debt	Not available	Not available	Not available	Not available

\* Assessed valuation as of December 31 of the previous year.

**Source:** Boulder Valley District RE-2 Audited Financial Statements 1993/94 to 2002/03.

**TABLE V**

<b>June 1998</b>	<b>June 1999</b>	<b>June 2000</b>	<b>June 2001</b>	<b>June 2002</b>	<b>June 2003</b>
\$ 119,015,000	\$ 176,270,000	\$ 170,405,000	\$ 165,070,000	\$ 159,500,000	\$ 153,515,000
13,211,549	14,467,115	14,172,985	14,952,229	14,973,430	15,131,986
105,803,451	161,802,885	156,232,015	150,117,771	144,526,570	138,383,014
Not available	Not available	Not available	189,000	202,000	202,000
Not available	Not available	Not available	37,523	39,347	40,840
2,301,159,440	2,395,324,350	2,801,776,710	2,963,535,310	3,783,288,590	3,856,639,869
Not available	Not available	Not available	794.27	715.48	685.06
4.60	6.75	5.58	5.07	3.82	3.59
Not available	Not available	Not available	0.02	0.03	0.03

## BOULDER VALLEY SCHOOL DISTRICT RE-2

COMPUTATION OF LEGAL DEBT MARGIN

(Unaudited)

2002 Taxable Assessed Valuation	\$ 3,856,639,869
Debt Limit Percentage (1)	<u>20%</u>
Legal Debt Limit	771,327,974
Amount of Debt Applicable to Debt Limit - Total Bonded Debt as of June 30, 2003	<u>153,515,000</u>
<b>LEGAL DEBT MARGIN</b>	<u><u>\$ 617,812,974</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>
1993/94	6,225,000	2,979,356	9,204,356	111,335,356	8.27
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

(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 1993/94-2002/03.

## BOULDER VALLEY SCHOOL DISTRICT RE-2

**DISTRICT MILL LEVY HISTORY**  
Last Ten Years

(Unaudited)

<b>Levy Year</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Collection Year</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
General Fund	44.149	44.049	40.640	40.437	40.525	44.356	38.978	38.191	31.274	35.006
Bond Redemption Fund	4.771	6.300	5.000	6.306	4.819	6.000	5.022	4.699	3.533	3.518
<b>TOTAL LEVY</b>	<b>48.920</b>	<b>50.349</b>	<b>45.640</b>	<b>46.743</b>	<b>45.344</b>	<b>50.356</b>	<b>44.000</b>	<b>42.890</b>	<b>34.807</b>	<b>38.524</b>

**Source:** Boulder, Broomfield and Gilpin Counties Abstracts of Assessment and Summary of Tax Levies, 1993-2002.

## BOULDER VALLEY SCHOOL DISTRICT RE-2

**PROPERTY TAX RATES (MILLS)\***  
**DIRECT AND OVERLAPPING GOVERNMENTS**

Last Ten Years

(Unaudited)

	<u>1993</u>	<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>
Boulder Valley School District RE-2	48.920	50.349	45.640	46.743	46.743	45.344	44.000	42.890	34.807	38.524
Boulder County	22.245	22.245	20.897	21.447	21.243	21.762	19.382	19.835	17.621	20.087
City of Boulder	9.981	9.981	9.189	9.666	11.428	11.438	10.502	10.908	9.301	9.640
City and County of Broomfield	13.894	13.894	13.894	13.894	13.894	13.894	13.894	13.894	28.986	28.986
City of Lafayette	13.629	13.629	13.629	13.009	13.817	13.034	11.352	11.860	11.130	10.994
City of Louisville	5.820	5.820	5.457	5.246	5.246	5.184	4.643	4.767	5.292	5.184
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	14.440	15.486	16.210	14.982	15.546	15.408	15.455
Urban Drainage & Flood Control District	0.696	0.696	0.696	0.696	0.668	0.676	0.583	0.594	0.521	0.531
<b>TOTAL</b>	<u>130.625</u>	<u>132.054</u>	<u>124.842</u>	<u>126.141</u>	<u>129.525</u>	<u>128.542</u>	<u>120.338</u>	<u>121.294</u>	<u>124.066</u>	<u>130.401</u>

\* Does not include all Special Districts.

Source: Boulder County Abstract of Assessment and Summary of Tax Levies, 1993-2002.

## BOULDER VALLEY SCHOOL DISTRICT RE-2

COMPUTATION OF OVERLAPPING BONDED  
GENERAL OBLIGATION DEBT

June 30, 2003

(Unaudited)

	Gross Outstanding General Obligation Debt (1)	Net Outstanding General Obligation Debt (1)	Net Outstanding General Obligation Debt Chargeable to Properties within the District	
			Percent	Amount
Baseline Water District	\$ 5,900	\$ 2,800	100.00 %	\$ 2,800
Boulder Central General Improvement Di	30,810,000	30,810,000	100.00	30,810,000
Boulder Rural Fire Protection District	-	-	100.00	-
Brownsville Water & Sanitation District	-	-	34.90	-
Cherryvale Fire Protection District	-	-	100.00	-
City of Boulder	77,300,000 (2)	76,585,000	74.80	57,285,580
City of Broomfield	18,555,042	4,725,000	100.00	4,725,000
City of Lafayette	13,560,616	7,535,616	100.00	7,535,616
City of Louisville	2,215,000	2,215,000	100.00	2,215,000
Coal Creek Canyon Fire Protection Distri	-	-	10.80	-
Colorado Tech Center Metropolitan Distri	11,665,000	11,665,000	87.20	10,171,880
Four Mile Canyon Fire District	-	-	100.00	-
Gilpin County Library District	466,100	466,100	100.00	466,100
Gold Hill Fire Protection District	-	-	100.00	-
Gunbarrel Improvement District	1,185,000	1,185,000	100.00	1,185,000
High Country Fire Protection District	-	-	88.80	-
Interlocken Consolidated Metropolitan Di	72,215,869	-	100.00	-
Louisville Fire Protection District	-	-	100.00	-
Mountain View Fire Protection District	1,320,000	1,320,000	6.50	85,800
Northern Colorado Water Conservancy C	1,855,000 (3)	1,855,000	100.00	1,855,000
Pine Brook Water District	585,000	-	42.20	-
Pine Brook Hills Fire District	-	-	100.00	-
Superior Metropolitan District No. 1	-	-	100.00	-
Superior Metropolitan District No. 2	7,990,000	-	100.00	-
Superior Metropolitan District No. 3	5,940,000	-	100.00	-
Town of Nederland	-	-	100.00	-
University Hills General Improvement Dis	-	-	100.00	-
West Adams County Fire District No. 1	45,000	45,000	42.70	19,215
			Total	<u>\$ 116,356,991</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 reflects the city's outstanding general obligation debt based on the present value of its capital appreciation bonds which are term bonds which bear no stated interest and which were sold by the city at a substantial original issue discount.

(3) 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 the 6,291 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

(Unaudited)

<u>Industry</u>	<u>As of December 31, 2001</u>		<u>As of December 31, 2002</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	8,524	4.61 %	7,331	4.71 %
Manufacturing	28,681	15.52	22,345	14.35
Transportation	1,664	0.90	1,557	1.00
Wholesale and retail trade	27,440	14.85	21,628	13.89
Information	15,159	8.20	10,822	6.95
Finance, insurance and real estate	7,975	4.32	7,162	-
Services	71,873	38.90	61,330	39.39
Government	23,439	12.69	23,521	15.11
<b>TOTAL</b>	<u>184,755</u>	<u>100.00 %</u>	<u>155,696</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**

(Unaudited)

<b>Company</b>	<b>Activity</b>	<b>Estimated Number of Employees</b>
University of Colorado	Four-year college and graduate school	7,500
International Business Machines	Software development, custom information systems	4,800
Boulder Valley School District	One of two public school districts in Boulder County	4,200
Sun Microsystems, Inc.	Software development and custom information systems	3,200
Storage Technology Corporation	Manufacturer of tape-based computer storage devices	2,735
Ball Aerospace	Electronic space exploration systems and defense products	2,250
Boulder Community Hospital	Medical facility	2,102
Electronic Data Systems	Global information technology services	2,000
Level 3 Communications, Inc.	Communications and information services	1,900
City of Boulder	Local Government	1,600

**Source:** Boulder Chamber of Commerce

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**PROPERTY VALUES AND CONSTRUCTION**

**Last Ten Years**

(Unaudited)

<b>Tax Year</b>	<b>Property Values</b>			<b>Construction</b>	
	<b>Assessed Valuation</b>	<b>Estimated Actual Value</b>		<b>Residential</b>	
				<b>Permits</b>	<b>Value</b>
1993	1,765,907,340	10,110,335,788	(2)	3,688	210,062,993
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

(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**

<b>Construction</b>			
<b>Nonresidential</b>		<b>Total</b>	<b>Total</b>
<b>Permits</b>	<b>Value</b>	<b>Permits</b>	<b>Value</b>
173	25,899,023	3,470	235,962,016
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

## BOULDER VALLEY SCHOOL DISTRICT RE-2

**PRINCIPAL TAXPAYERS OVER A SPECIFIED  
AMOUNT OF ASSESSED VALUATION**

December 31, 2002

(Unaudited)

<b>Name</b>	<b>Type of Business</b>	<b><u>2002</u> Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Xcel Energy	Supplier of electricity and natural gas to consumers	\$60,580,300	1.57 %
Sun Microsystems	Computer Technology	60,023,980	1.56 %
Qwest	Telecommunications	56,855,800	1.47 %
Level 3 Communications	Telecommunications	56,551,140	1.47 %
International Business Machines Corporation	Manufacturer of computer software and hardware	53,699,320	1.39 %
Flatiron Holding LLC	Regional Retail Center	21,404,060	0.55 %
Storage Technology Corporation	Manufacturer of peripheral equipment	18,777,730	0.49 %
Roche Colorado Corporation	Processing of pharmaceuticals	14,983,000	0.39 %
Amgen Boulder Inc.	Biotechnology	13,401,000	0.35 %
Hunter Douglas Inc	Manufacturing	12,961,720	0.34 %
Sub-total		369,238,050	9.57 %
Taxpayers under \$12,961,720		3,487,401,819	90.43 %
<b>TOTAL</b>		<b>\$3,856,639,869</b>	<b>100.00 %</b>

**Source:** Boulder County Assessor's Office.

**BOULDER VALLEY SCHOOL DISTRICT RE-2**  
**INSURANCE IN FORCE**  
**June 30, 2003**

(Unaudited)

As of June 30, 2003, the District maintained the types and amounts of insurance coverage summarized below. Moneys for payment of the District's insurance are accounted for in the Insurance Reserve Internal Service Fund. Funding is provided for the Insurance Reserve Internal Service Fund primarily 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.

<b>Type</b>	<b>Coverage</b>
Property Damage	\$419,876,922 annual property limit, inclusive of contents; \$100,000 deductible per occurrence. (This is inclusive of "equipment breakdown", previously broken out as separate coverage.) \$65,000,000 flood/earthquake limits per occurrence and aggregate; \$50,000 limit for non-owned property per occurrence; \$1,000 deductible inland marine; \$100,000 computer equipment limits; \$250,000 hazardous substance limits; all coverage's subject to appropriate deductible and designated peril(s).
School Entity Liability	\$2,000,000 per occurrence; \$5,000,000 annual aggregate; \$1,000 medical expense any one person; \$10,000 medical expense each accident; \$10,000 deductible per occurrence. Pollution annual aggregate \$25,000; AHERA annual aggregate \$25,000.
Automobile Liability	Covers bodily injury and property damage caused by the District's vehicles, including \$1,000,000 limit per accident; \$1,000,000 combined single limit for bodily injury caused by uninsured motorist and statutory coverage for personal injury protection; \$10,000 deductible per occurrence; \$1,000 medical payment allowable.
Garagekeepers Physical Damage	\$45,000 annual limit on collision/comprehensive; \$500 deductible.
Terminal Coverage	Catastrophic Coverage - Specified Perils; \$12,912,658 limit; \$1,000 deductible, \$10,000 aggregate.
Crime	Public Employee Dishonesty \$100,000; Public Official Dishonesty \$25,000; Board Treasurer and Secretary each \$25,000; \$100,000 each for Chief Operation Officer, Chief Financial Officer, and Director of Finance and Accounting; \$500 or \$100 deductible; theft inside/outside as well as computer fraud \$5,000 with \$100 deductible, depending on levels of disappearance/destruction.

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 1993-94 through 2002-03 is as follows:

<u>School Year</u> *	<u>Enrollment</u>
1993-94	24,303
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	27,531
2001-02	27,953
2002-03	27,818

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

**Source:** Boulder Valley School District RE-2.

## **COMPLIANCE SECTION**

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Boulder Valley School District RE-2 as of and for the year ended June 30, 2003, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated October 10, 2003. 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 and grants, 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 10, 2003

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, 2003. 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 and grants 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, 2003.

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.

*Stamant & Arthur LLC*

October 10, 2003

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2003**

**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:

- 84.010    Title I
- 84.367    Title II Improving Teacher Quality
- 10.555    National School Lunch Program

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Boulder Valley School District RE-2, as of and for the year ended June 30, 2003, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated October 10, 2003. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *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 District'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 presented in all material respects in relation to the basic financial statements taken as a whole.

*Swanhorst & Cutler, LLC*

October 10, 2003

**BOULDER VALLEY SCHOOL DISTRICT RE-2**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2003

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Accrued (Deferred) Revenue 6/30/02	Receipts	Disbursements	Accrued (Deferred) Revenue 6/30/03
<b>U.S. Department of Education</b>					
Direct Programs					
Title IX	84.060A	\$ 6,563	\$ 24,893	\$ 22,422	\$ 4,092
Title VII	84.290	76,795	246,474	214,064	44,385
Gear Up	84.334A	11,738	49,713	37,975	-
Foreign Language Incentive Program	84.294	-	18,708	23,624	4,916
Passed through State Department of Education					
Title I	84.010	516,900	1,985,111	2,169,752	701,541
Adult Literacy	84.002	25,612	84,398	88,715	29,929
Deaf and Hard of Hearing	84.025	1,711	11,428	9,782	65
IDEA Part C	84.181	(15)	(15)	-	-
Special Education	84.027	852,731	3,400,933	3,260,448	712,246
Emergency Immigrant Education	84.162	39,908	81,269	41,361	-
Special Education-Preschool	84.173	33,560	184,876	171,337	20,021
Title VII Community Service	84.184	-	49,364	8,041	(41,323)
Drug Free Schools	84.186	18,952	100,805	98,783	16,930
Even Start Family Literacy	84.213	30,874	168,519	164,888	27,243
Title II Eisenhower	84.281	30,959	31,401	442	-
Charter Schools Grant	84.282	(222,660)	-	276,559	53,899
Title VII Bilingual Education	84.290	33,515	268,500	289,292	54,307
Title VI Innovative Education Program Strategies	84.298	33,825	142,978	157,860	48,707
Comprehensive School Reform	84.332	6,625	21,007	14,382	-
Title II-D Technology	84.318	-	28,118	47,073	18,955
Title VI-D Class Size Reduction	84.340	163,481	163,060	(421)	-
Reading Excellence	84.338	56,247	187,955	175,003	43,295
Title III English Language Acquisition	84.365	-	124,891	153,180	28,289
Title II Improving Teacher Quality	84.367	-	495,512	786,902	291,390
Passed through State Department of Human Services					
School to Work Alliance Program	84.126A	52,030	184,020	162,612	30,622
Passed through State Community Colleges & Occupational Education System					
Carl Perkins	84.048A	27,757	106,939	147,459	68,277
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<u>1,797,108</u>	<u>8,160,857</u>	<u>8,521,535</u>	<u>2,157,786</u>
<b>U.S. Department of Agriculture</b>					
Passed through State Department of Human Services					
Food Distribution	10.550	(39,781)	210,288	195,166	(54,903)
Passed through State Department of Education					
National School Lunch	10.555	147,308	1,228,587	1,081,279	-
School Breakfast Program	10.553	10,782	90,273	80,277	786
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<u>118,309</u>	<u>1,529,148</u>	<u>1,356,722</u>	<u>(54,117)</u>
<b>U.S. Department of Health and Human Services</b>					
Passed through State Department of Education					
Refugee and Entrant Assistance	93.576	23,328	37,567	14,239	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>23,328</u>	<u>37,567</u>	<u>14,239</u>	<u>-</u>
<b>Corporation for National and Community Service</b>					
Passed through State Department of Education					
Learn and Serve America	94.004	(3,126)	4,000	3,947	(3,179)
Passed through State Community Colleges & Occupational Education System					
AmeriCorps	94.006	66,104	221,566	223,864	68,402
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		<u>62,978</u>	<u>225,566</u>	<u>227,811</u>	<u>65,223</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>		<u>\$ 2,001,723</u>	<u>\$ 9,953,138</u>	<u>\$ 10,120,307</u>	<u>\$ 2,168,892</u>

See the accompanying Independent Auditors' Report.

## **STATE COMPLIANCE**

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Boulder Valley School District RE-2, as of and for the year ended June 30, 2003, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated October 10, 2003. These financial statements are the responsibility of the Boulder Valley School District RE-2 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 District'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 presented in all material respects in relation to the basic financial statements taken as a whole.

*Swanhorst & Cutler LLC*

October 10, 2003

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Colorado Department of Education  
Fiscal Year 2002-2003  
Colorado School District/BOCES

BOULDER BOULDER VALLEY RE 2  
District Code: 0480

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 Total Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880) Ending Fund Balance
<b>Governmental</b>				
10 General Fund	8,443,334	195,957,541	192,322,815	12,078,059
19 Colorado Preschool Program Fund	28,922	494,370	507,030	16,262
20 Special Revenue Fund	62,840	151,394	163,308	50,926
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	0	11,440,819	11,440,819	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	14,973,430	13,525,797	13,367,240	15,131,986
41 Building Fund	2,999,637	146,604	988,823	2,157,417
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,192,920	4,873,791	4,051,972	2,014,739
TOTALS	27,701,082	226,590,315	222,842,008	31,449,389
<b>Proprietary</b>				
51 Food Service Fund	1,085,282	4,898,674	5,052,501	931,455
50 Other Enterprise Funds	0	0	0	0
64 Risk-Related Activity Fund	641,458	2,515,815	3,296,651	-139,378
60,65-69 Other Internal Service Funds	0	0	0	0
TOTALS	1,726,740	7,414,489	8,349,152	792,077
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
71 Expendable Trust Fund	49,887	11,537	3,160	58,264
72 Non-Expendable Trust Fund	146,386	12,823	12,446	146,763
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	2,637,493	8,100,628	7,882,966	2,855,155
TOTALS	2,833,766	8,124,988	7,898,572	3,060,182