

SCHOOL DISTRICT 27J,COLORADO

CoMPREHENSIVE ANNUAL FINANCIAL REPORT for the fiscal year ended June 30, 2013



**SCHOOL DISTRICT NUMBER 27J
ADAMS AND WELD COUNTIES
BRIGHTON, COLORADO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

Prepared by:
Finance Office

School District 27J, Colorado
Comprehensive Annual Financial Report
For The Year Ended June 30, 2013

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SCHOOL DISTRICT NUMBER 27J

List of Elected and Appointed Officials June 30, 2013

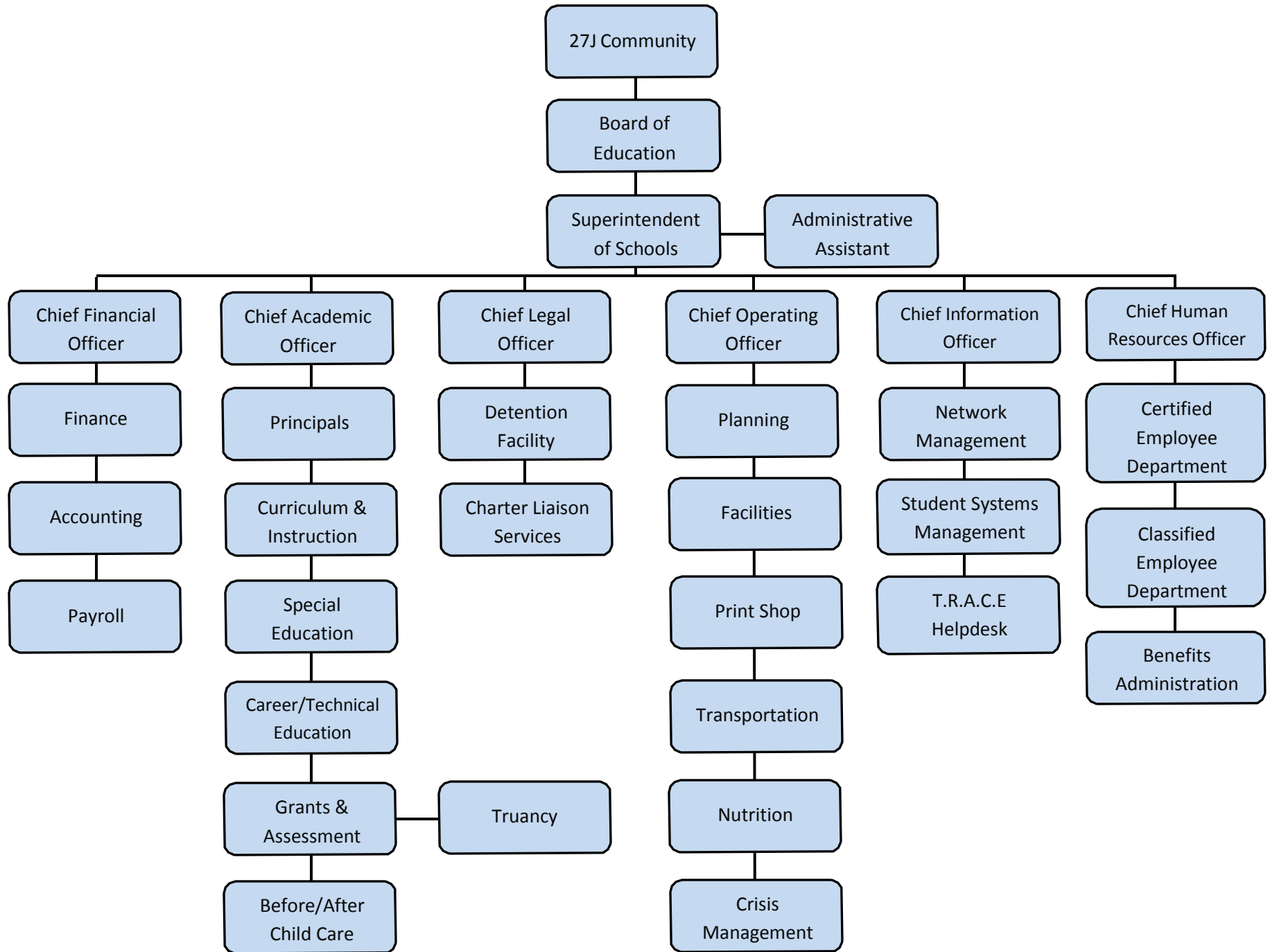
Board of Education

<u>Name</u>	<u>Office</u>	<u>Length of Service</u>	<u>Term Expires</u>
Joan Kniss	President	7 yrs.	2013
Patrick Day	Vice-President	3 yrs.	2013
Sheree Coates	Director	8 mos.	2015
Kristi Crisman	Director	3 yrs.	2013
Virginia Guzman	Director	8 mos.	2015
Donna Petrocco	Director	8 mos.	2015
Roberta Thimmig	Director	11 mos.	2015

Executive Administrative Staff

Chris Fiedler	Superintendent
Suzi DeYoung	Chief Financial Officer
Kelly Corbett	Chief Academic Officer
Janet Wyatt	Chief Legal Officer
Terry Lucero	Chief Operations Officer
Ruth DeCrescentis	Chief Human Resources Officer
Jeremy Heide	Chief Information Officer

School District 27J
2012-2013 Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**School District 27J
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Enew".

Executive Director/CEO

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SCHOOL DISTRICT 27J

"Reaching Out In All Directions"

18551 East 160th Avenue
Brighton, CO 80601-3295
(303) 655-2900 FAX (303) 655-2870
Chris Fiedler, Ed.D., Superintendent

BOARD OF EDUCATION

Joan Kniss, President
Patrick Day, Vice President
Kristi Crisman, Director
Teresa R. Gallegos, Director
Donna J. Petrocco, Director
Gregory Piotraschke, Director
Roberta Thimmig, Director

December 10, 2013

Members of the Board of Education
School District 27J
Brighton, CO 80601

The Local Government Audit Law requires Colorado local governments to have an annual audit of their financial statements and publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) is published to fulfill that requirement for the fiscal year ended June 30, 2013.

The District management assumes full responsibility for the completeness and reliability of the information contained in the CAFR, based upon a comprehensive framework of internal control that it has established for this purpose. The District's financial services department prepared this report which contains management's representations concerning the finances of the District. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects, reported in a manner to present fairly the financial position and results of operations of the District's funds. As the cost of internal controls should not outweigh the benefits, the outcome is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

The CAFR is presented in three sections: Introductory, Financial, and Statistical.

- The introductory section includes this letter of transmittal, the District's organizational chart, a list of principal officials and a reproduction of the 2012 GFOA Certificate of Achievement.
- The financial section includes the report of the independent auditor, management's discussion and analysis (MD&A), basic financial statements, required supplementary information and notes, combining statements, and individual fund statements and schedules.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

CliftonLarsonAllen LLP, Certified Public Accountants, have issued an unmodified (-clean) opinion on the School District 27J's financial statements for the year ended June 30, 2013. The independent auditors' report is located at the front of the financial section of this report.

MD&A immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of School District 27J

Adams/Weld School District 27J, commonly referred to as School District 27J, formed in 1959 upon the reorganization and consolidation of several former school districts. School District 27J is located northeast of the Denver, Colorado metropolitan area and encompasses approximately 212.4 square miles in northwest Adams County, northeast Broomfield County and southwest Weld County and serves a population of 85,716. The

District is the only school district serving the City of Brighton and also serves segments of the cities of Thornton and Commerce City, in addition to the surrounding unincorporated and generally rural areas.

The District is a legally separate, primary government entity that operates under a publicly elected seven-member Board of Education. The Board of Education members are elected to alternating four-year terms with elections held every two years. Board members represent a specific area of the District, but are elected at-large. The School District 27J Board of Education voted January 26, 2009 to adopt the Policy Governance model of board governance. The Board of Education adopts the budget, employs all personnel required to maintain the operations, determines the educational programs provided by the district, and is primarily accountable for fiscal matters.

The District provides a full range of educational programs and services authorized by Colorado State Statutes to approximately 16,000 enrolled students. Included are basic kindergarten through twelfth-grade (K-12) education as well as preschool, special, vocational, gifted and talented, bilingual education and numerous services and programs. The District's K-12 curriculum is delivered in its neighborhood school system of 11 elementary schools, 4 middle schools, 3 high schools (2 comprehensive and 1 alternative) and 5 charter schools.

School District 27J is financially accountable for five charter schools and one capital foundation that are legally separate entities; all financial activity of the six component units is discretely presented in the District's financial statements for the year ended June 30, 2013. The District's six component units, are Belle Creek Charter School, Bromley East Charter School, Eagle Ridge Academy, Foundations Academy and Landmark Academy (charter schools operated by National Heritage Academies), and the School District 27J Capital Facility Fee Foundation (CFFF). Additional information on all of these legally separate entities can be found in the notes to the financial statements (see note 1-A).

Colorado State Statutes require that the District adopt the budget by June 30 prior to the beginning of the subsequent fiscal year. Budget revisions may be adopted prior to January 31 of the current fiscal year. The District maintains extensive budgetary controls, to ensure compliance with legal requirements, Board of Education policies and District administrative guidelines. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund. Staffing levels are authorized for each site and are tracked monthly to insure usage within budgeted limits. Monthly reports are provided to each site's administrative staff, to allow monitoring of their discretionary budgets. As demonstrated by the statements and schedules included in the financials section of this report, the District continues to meet its responsibility for sound financial management.

Local economy

School District 27J provides educational services in the Metro Denver area inclusive of the cities of Brighton, Thornton and Commerce City. The District has a significant economic presence, employing in total more than 1,800 teachers, professionals and support staff.

Although Colorado's economy continues to outpace the national economy, the pace of growth slowed somewhat through the summer of 2013. Job gains continue in most sectors and regions of the state. However, the unemployment rate has begun to level off. Personal income, wages, and consumer spending continued to grow through the first half of the year, but at slower rates than in 2012 as households and businesses responded to changes in federal fiscal policy and economic uncertainty. The 16-day, partial federal government shutdown impacted Colorado strongly and led to reduced consumer confidence, according to data released by the Metro Denver Economic Development Corporation. Economic activity is expected to gain momentum in 2014 and 2015.

Strong growth throughout Metro Denver's economy has helped to highlight the region as a leading area in which to live and do business. *Forbes* recently ranked Colorado as the fifth-best state and Denver as the sixth-best city for business and careers. A Harris poll also found that Colorado was the fifth-most desired state to live in, with Denver ranking as the seventh most-desired city to live in nationally. *Forbes* predicts that Metro Denver will be part of the fastest-growing region in the nation over the next decade, as businesses and workers take advantage of the region's robust job growth and high quality of life. NerdWallet found that eight of the 10 best places in Colorado for job seekers are in Metro Denver, with Brighton ranking fourth and Thornton eighth. The study

looked at the cost of living, the unemployment rate, and the growth in the number of working-age people in each city.

Residential building permits in Metro Denver slowed in September 2013 but remained 42.7 percent above the level reported last year. The number of housing permits issued in Brighton in 2012 was 391 compared to 57 permits in 2011, 51 permits in 2010 and 37 permits in 2009. The large increase in permits is due to new multi-family housing units (280 permits in 2012, zero permits for 2011 through 2009). Population in Brighton has increased 4.8% from 2007 through 2012. In 2012, the city of Thornton issued 307 single family permits for residential construction with an estimated value of \$72,544,133 and the 2012 population number came in at 121,211, adding 1,064 residents for the year.

Colorado employment grew by 2.3 percent throughout 2013. An improving employment situation has also meant the unemployment rate in Metro Denver was noticeably lower compared with the rate in August 2012. Each of the seven Metro Denver counties reported a monthly decline, with the largest drop occurring in Adams County. Brighton City Council has continued its commitment to expanding both the employment base and range of retail opportunities by funding and working in cooperation with the Brighton Economic Development Corporation, Brighton Urban Renewal Authority, and Adams County Economic Development Corporation. In 2012, Transwest, Inc. announced plans to locate their corporate headquarters and consolidate other existing operations in Brighton, bringing 247 immediate jobs.

In July 2013 Standard and Poor's upgraded the credit rating for schools from "A" to "A+" and changed the outlook to stable. Credit ratings, provided by independent third parties, serve as an indicator of an organization's financial stability—as well as the safety and security of the debt sold by that organization. Standard and Poor's report referenced the District's access to, and participation in, the large and diverse Denver economy, coupled with very strong per capita wealth levels and good to very strong income indicators; which include continued growth in enrollment, the primary influence on the District's operating revenues; and consecutive years of positive operations with strong available general fund balances. In general, higher credit ratings often result in lower borrowing costs for the District because our interest rates are lower and there is a wider market of buyers.

Long-term financial planning and major initiative

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 14.69 percent of the total general fund revenues.

Student enrollment continues to increase annually and is expected to do so steadily over the next nine years. This growth in student population has allowed the District to maintain an overall revenue increase as calculated by the Colorado School Finance Act, despite the inclusion of the negative factor which has limited growth on a per pupil basis.

In November 2013 an income tax increase to fund K-12 education, Amendment 66, failed at the ballot box. At this time many believe that that funding for education initiatives in Colorado lies in the hands of local, not statewide, electorates. This is especially challenging because School District 27J has experienced limited success in the passage mill levy tax increase efforts. The District's one mill levy override was passed in 2000 for a flat amount of \$750,000.

The continued enrollment provides an additional challenge in regards to space and capacity issues in our school buildings. Recent successes for the passage of construction bonds have been limited to:

School construction bond – 2000
School construction bond – 2004
School construction bond – 2006

This limited success could be traced to a number of factors including downturns in the economy, strong anti-tax sentiment, ineffective communication from the District and a lack of cohesion among the District's three distinct communities.

In an effort to improve the District's opportunity for success in a future bond and/or mill levy, we launched the **Quality Schools Initiative**. This is a group of about 40 community members including parents, senior citizens, city leaders and various other community members, brought together to study the District's needs. An external facilitator was hired to steer this group's direction. At its core level, the work of this group is to look at the District's capacity needs, especially at a high school level, as well as its operational funding challenges and present recommendations on how the District should move forward. The larger hope with the Quality Schools Initiative is that the community's ability to take an active role in the District's decision-making process will create a greater sense of trust and ultimately lead to greater success bond and/or mill levy efforts.

The District recently formed a new community engagement group. **Engage 27J** is based on the belief that true parental involvement comes from empowering parents with information. Parents are selected on an application base and attend monthly meetings throughout the course of a school year that educate them on how the school District functions. Topics include school finance, District leadership and a variety of other topics. The goal of Engage 27J is to give parents personal, face-to-face interaction with District leaders and is based on two premises: Know How and Know Who. Parents gather knowledge of how SD27J functions and who makes decisions.

School District 27J's student achievement initiatives are all aligned to support the 27J Unified Improvement Plan as required by the Colorado Accountability Act. The Accredited with Improvement category issued by the Colorado Department of Education for 27J is based upon four performance indicators key to achieving the desired outcome of graduating students ready for postsecondary learning and enter the workforce. These indicators include:

- Academic Achievement
- Academic Growth
- Academic Growth Gaps
- Postsecondary and Workforce Readiness

The Unified Improvement Plan for School District 27J focuses on the following priority performance challenges:

Achievement

- Students in 27J are not scoring proficient or advanced on the Transitional Colorado Assessment Program (TCAP) as compared with the state.
- Students in 27J are scoring below the state average in nearly every assessment.
- These proficiency gaps widen as students approach graduation.
- There is a significant gap in performance with ELA students, Hispanic students, and free and reduced lunch students within 27J.

Growth

- Students in 27J are not making enough yearly growth.

Gaps

- Proficient or advanced 27J students are not "keeping up" with their proficiency at the same rate that other Colorado students are, nor are the proficient students "moving up" toward an advanced score.
- "Students with Disabilities" received a "Does Not Meet" rating in Reading, Math, and Writing at the elementary and middle school levels. They also received a "Does Not Meet" rating for Graduation rate.

The three major improvement strategies outlined in the 27J Unified Improvement Plan are:

Thinking Classrooms provide a framework for outlining the structures for 27J leaders. The Thinking Classroom is a classroom that transfers the definition of learning from the teacher delivering knowledge to the teacher being a driver of focused intentional learning, and students moving from a passive receiver of facts to a thinker using information.

All students will have access to the same goal derived from the adopted 27J standards which are based on Colorado Academic Standards and the Common Core Standards.

The Thinking Classroom will have student evidence that is thoughtfully considered for each goal and assessed against the desired learning. Adjusts will be made in the instruction, and accommodations are offered to ensure the goal attainment based on the evidence.

The Thinking Classroom will provide student with opportunities to interact with their learning in meaningful ways. The learning experience will be planned so that students have ownership of their own learning.

The second focus is the use of the **27J Evaluation System**. The 27J Evaluation System is aligned with the Educator Effectiveness rules, but maintains the evaluation values and beliefs of School District 27J. Those evaluation values include:

- Having a growth mindset
- Learning goals are valued about performance goals
- Reflective practices
- Focusing on specific areas of improvement rather than a long list
- Data is useful in evaluation
- Standards provide clear targets for evaluation
- Frequent visits provide more specific feedback than long occasional visits

The third area is improvement in the **Problem Solving Teams** and the continued intervention alignment. The schools and District need to develop systems and processes for supporting the academic and behavior needs of all students. The intervention needs of struggling students need to be continually refined.

Relevant financial policies

The District's accounting system is designed to provide reasonable assurance that its assets are adequately safeguarded and that transactions are accurately recorded and have proper authorization. The District's budgetary and accounting controls provide reasonable assurance that errors or irregularities of a material nature are prevented or are detected in a reasonable period of time. The District is required by state law to adopt an annual budget that represents a complete financial plan for the ensuing fiscal year. A detailed programmatic budget is used as a guideline for expenditures, and monthly financial variance reports are prepared and distributed to the Superintendent and District leadership. The monthly reports contain information for all funds regarding revenue and expenditures as compared to the approved budget and prior fiscal year. While minor deviations from budget at the line-item level are allowed, control of expenditures is maintained at the fund level to ensure that all budget areas stay within their total budgeted appropriations. School principals and department managers use the reports to monitor budgetary variances and significant differences are discussed with the appropriate supervisory staff as they occur. The Board of Education also receives monitoring reports throughout the fiscal year providing further detailed financial information on all funds as well as charter school operational and financial activity.

The financial accounting and budgetary system is automated and includes edits and balancing routines to ensure the integrity of the data entered. An evaluation of internal controls conducted by our auditors is included as part of this annual financial audit. The auditors' findings are presented to the Board of Education in the Single Audit report in the Compliance Section.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to School District 27J for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This is the twenty-fourth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in

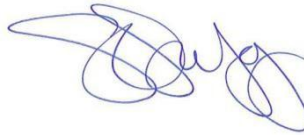
Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

This preparation of this report would not have been possible without the skill, effort, and dedication of the entire Finance Office staff. Each and every member of the Finance Office staff provides input into this report. We commend the Board of Education for their interest and unfailing support related to the planning and management of the District's finances in a responsible and progressive manner. Additionally, we would like to express our appreciation to the cities of Brighton, Commerce City, Thornton, Adams and Weld Counties, and other public entities which provided meaningful information in the preparation of this report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Chris Fiedler".

Dr. Chris Fiedler
Superintendent of Schools

A handwritten signature in blue ink, appearing to read "Suzanne DeYoung".

Suzanne DeYoung
Chief Financial Officer



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
School District 27J
Brighton, Colorado

Report on the Financial Statements

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 School District 27J, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Bromley East Charter School, Belle Creek Charter School, Landmark Academy at Reunion, Foundations Academy, or Capital Facility Fee Foundation, which represents 89 percent of the assets and 71 percent of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Bromley East Charter School, Belle Creek Charter School, Landmark Academy at Reunion, Foundations Academy, and Capital Facility Fee Foundation, is based solely on the report of the other auditors. 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 from material misstatement. The financial statements of Belle Creek Charter School and Capital Facility Fee Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective 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 School District 27J as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 15-26 and 79-81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise School District 27's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures report, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.


The combining and individual nonmajor fund financial statements and schedules, the Colorado Department of Education Auditor's Electronic Financial Data Integrity Check Figures report and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education
School District 27J

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013, on our consideration of School District 27J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District 27J's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Broomfield, Colorado
December 10, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of School District 27J, counties of Adams, Weld and Broomfield, Colorado (the School District), we offer readers of the School District's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-10 of this report, and the School District's financial statements, which follow this section.

Financial Highlights

- The assets of the School District exceeded its liabilities at June 30, 2013, by \$86.4 million (net position). Of this amount, \$18.5 million represents unrestricted net position, which may be used to meet the School District's ongoing responsibility for its educational program for students.
- The School District's total net position increased \$5.6 million. This increase in net position on a government-wide basis compares to decrease in fund balance on a governmental fund basis. The reconciliation between the two methods is found on page 33.
- At the close of the current fiscal year, the School District's governmental funds reported combined fund balances of \$34.4 million, a decrease of \$0.5 million in comparison with the prior year. Approximately 20.1% of this amount (\$6.9 million) is available for spending at the School District's discretion (unassigned fund balance).
- The School District's governmental funds liabilities decreased by \$0.9 million to \$14.6 million.
- The School District's total outstanding long-term debt decreased by \$8.6 million during the current fiscal year due to the planned pay down of existing principal and interest.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader of the School District's Comprehensive Annual Financial Report a broad overview of the School District's finances in a manner similar to a private sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents financial information on all of the School District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District as a whole is improving or deteriorating. Evaluation of the overall health of the School District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of School District infrastructure, in addition to the financial information provided in this report.

The statement of activities presents information showing how the School District's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods. The purpose of the statement of activities is to show the financial reliance of the School District's activities or functions on revenues provided by the School District's taxpayers.

In the government-wide financial statements, the School District's activities are divided into two categories:

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction and support services that are principally supported by property taxes and state funding.
- **Business-type activities:** The food service program is intended to recover all or a significant portion of its costs through user fees and charges, and governmental reimbursements.

The government-wide financial statements include not only financial data for the School District itself (known as the primary government), but also the legally separate Capital Facility Fee Foundation and five legally separate charter schools for which School District 27J is financially accountable. Financial information for these component units is presented separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 28-29 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. School District 27J uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report. All of the funds of the School 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 financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains eight individual governmental funds. The major funds are the general fund, the capital projects fund, the debt service fund and the government designated purpose grants 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. Individual fund information for the non-major funds is presented as supplementary information in this document.

The School District adopts an annual appropriated budget for each of the governmental funds. Budgetary comparison statements for eleven funds are included in the supplementary information to demonstrate compliance with the amended budget.

The basic governmental fund financial statements can be found on pages 30-33 of this report.

Proprietary funds: The School District maintains two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The fund financial statements of the enterprise funds provide the same information as the government-wide financial statements only in more detail. Internal service funds are used to accumulate and allocate costs internally among the governmental functions.

The School District uses enterprise funds to account for its nutrition services fund, which is listed individually and is considered a major fund. The School District uses internal service funds to account for the risk management/dental insurance fund.

The basic proprietary fund financial statements can be found on pages 34-36 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The School District has two fiduciary funds, the Private Purpose Trust Fund, which is primarily used for scholarship activity, and the Pupil Activities Agency Fund, which is for student clubs.

The fiduciary fund financial statements can be found on pages 37-38 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 39-77 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the School District's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the government designated purpose grant fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the School District's adopted budget. You will find the required supplementary information beginning on page 79 of this report.

As discussed, the School District reports major funds in the basic financial statements. Combining and individual fund statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 84.

Government-wide Overall Financial Analysis

Government-wide Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position. The School District's assets exceeded liabilities by \$86.4 million at the close of the current fiscal year.

The assets of the School District are classified as current assets, capital assets, net of depreciation and other noncurrent assets. Cash, investments, deposit with insurance pool, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. Cash and investments account for 89.6% percent of the current assets. Receivables are due in large part as a result of the property tax collection process. The School District receives close to ninety-three percent of the annual property tax assessment between March and June.

Current and noncurrent liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, early retirement payable, compensated absences payable, estimates for claims and premiums, and current debt obligations. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that become available during fiscal year 2013-2014. Noncurrent liabilities such as long-term debt obligations and compensated absences will be liquidated from resources that will become available after fiscal year 2013-2014.

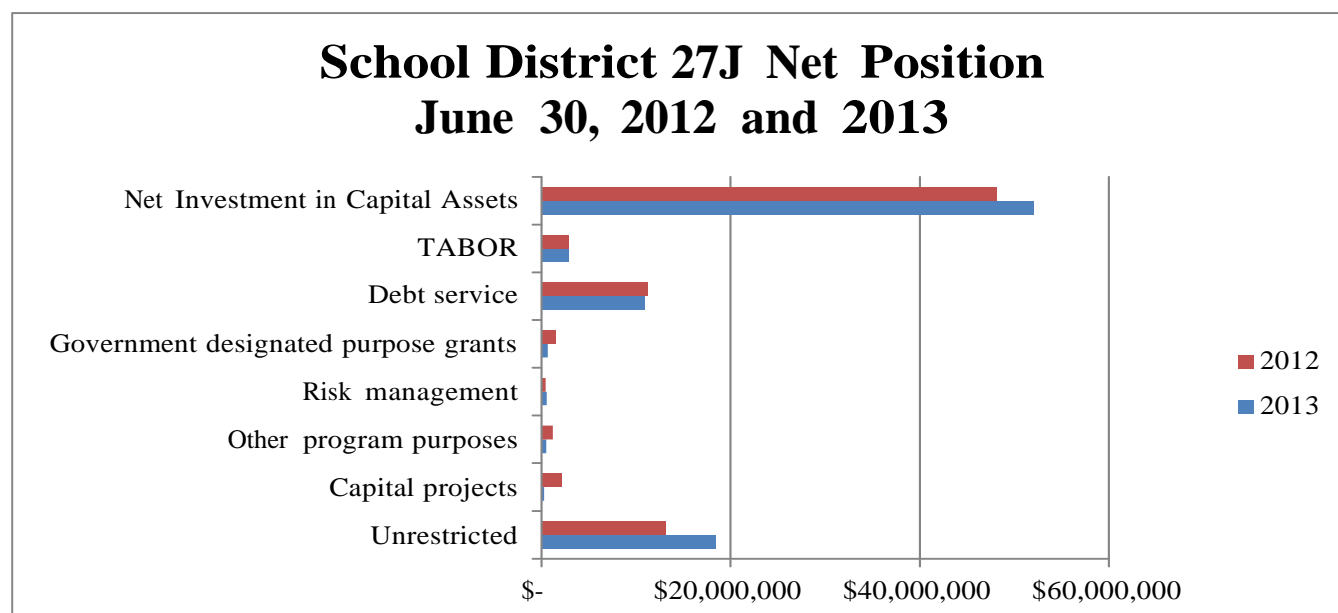
The largest portion of the School District's net position (60.3%) reflects its investment in capital assets net of accumulated depreciation and any related outstanding debt that was used to acquire those assets. The School District uses these capital assets to provide educational services to its students. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School District's net position (18.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18.5 million is unrestricted and may be used to meet the School District's ongoing obligations.

Comparative Summary of Net Position As of June 30, 2013							
	Governmental Activities		Business-Type Activities		Total		Total % Change
	2013	2012	2013	2012	2013	2012	2012-2013
Assets:							
Total current assets	\$ 45,634,946	\$ 43,289,727	\$ 1,199,963	\$ 1,234,371	\$ 46,834,909	\$ 44,524,098	5.2%
Capital assets net of depreciation	210,016,823	212,988,822	153,740	126,867	210,170,563	213,115,689	-1.4%
Other non-current assets	1,391,125	3,806,168	-	-	1,391,125	3,806,168	-63.5%
Total Assets	257,042,894	260,084,717	1,353,703	1,361,238	258,396,597	261,445,955	-1.2%
Liabilities: Total							
current Total non-	20,919,334	21,208,701	179,033	122,211	21,098,367	21,330,912	-1.1%
current	150,867,301	159,278,538	37,249	35,486	150,904,550	159,314,024	-5.3%
Total Liabilities	171,786,635	180,487,239	216,282	157,697	172,002,917	180,644,936	-4.8%
Net Position:							
Net Investment in Capital Assets	51,929,200	48,083,168	153,740	126,867	52,082,940	48,210,035	8.0%
Restricted for:							
TABOR	2,900,960	2,889,369	-	-	2,900,960	2,889,369	0.4%
Debt service	10,943,553	11,271,282	-	-	10,943,553	11,271,282	-2.9%
Government designated purpose grants	639,549	1,489,423	-	-	639,549	1,489,423	-57.1%
Risk management	554,066	423,472	-	-	554,066	423,472	30.8%
Other program purposes	492,551	1,183,600	-	-	492,551	1,183,600	-58.4%
Capital projects	264,000	2,150,359	-	-	264,000	2,150,359	-87.7%
Unrestricted	17,532,380	12,106,805	983,681	1,076,674	18,516,061	13,183,479	40.4%
Total Net Position	\$ 85,256,259	\$ 79,597,478	\$ 1,137,421	\$ 1,203,541	\$ 86,393,680	\$ 80,801,019	6.9%

At the end of the current fiscal year, the School District is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior fiscal year.

The School District's overall net position increased \$5.6 million from the prior fiscal year. Further detail for this overall increase is provided in the following sections for governmental activities and business-type activities.



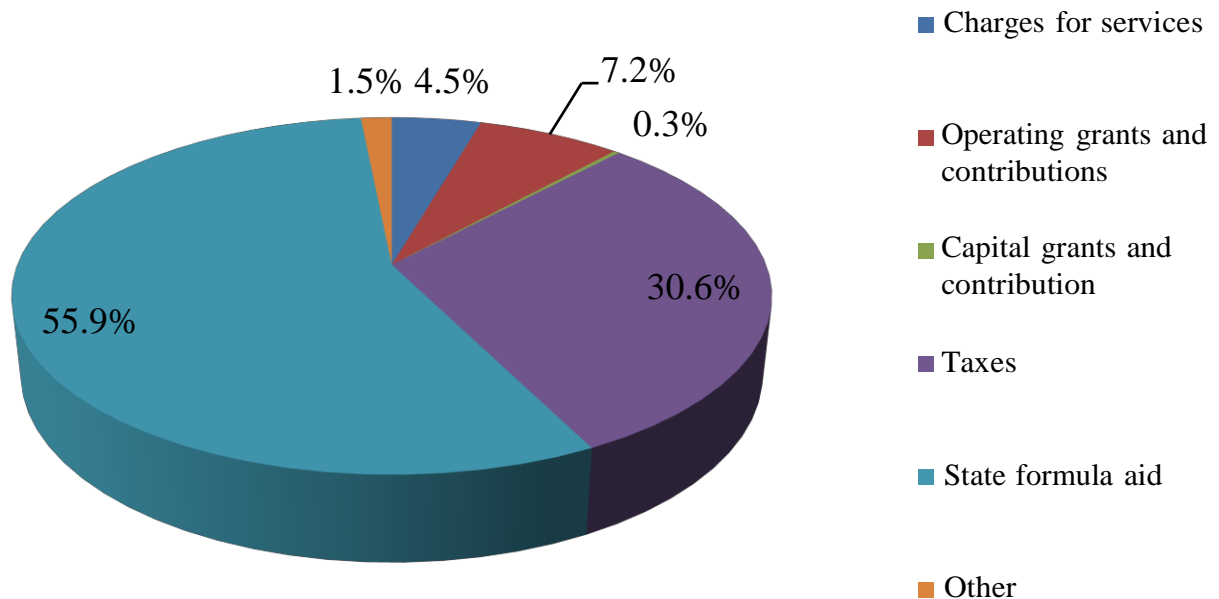
Governmental Activities

During the current fiscal year, net position for the governmental activities increased by \$5.7 million. While the continued loss in funding due to the inclusion of the negative factor in the Colorado Public School Finance Act (SFA) has certainly had an impact on the School District, management has been able to limit expenses to minimize the impact on governmental activities over the long term. The following schedules, charts and analysis focus on the change in net position.

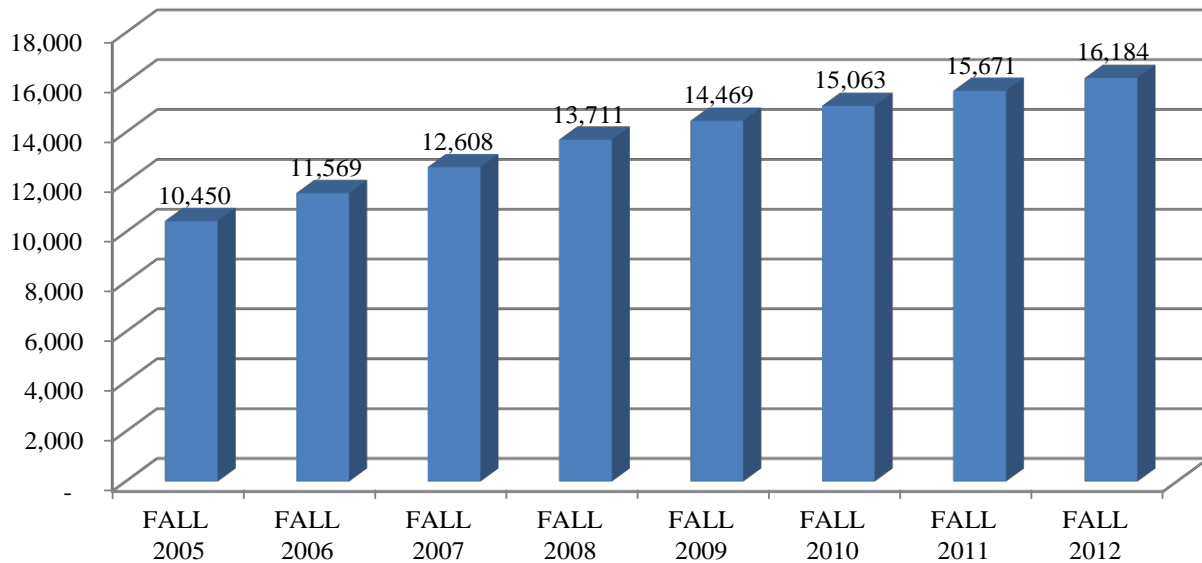
Comparative Schedule of Changes in Net Position For the Year Ended June 30, 2013							
	Governmental Activities		Business-Type Activities		Total		Total % Change
	2013	2012	2013	2012	2013	2012	2012-2013
Program Revenues:							
Charges for services	\$ 5,867,785	\$ 3,711,500	\$ 1,593,635	\$ 1,553,246	\$ 7,461,420	\$ 5,264,746	41.7%
Operating grants and contributions	9,430,620	8,886,793	3,118,990	2,961,483	12,549,610	11,848,276	5.9%
Capital grants and contribution	340,039	160,499	-	-	340,039	160,499	111.9%
General Revenues: Local							
Property Taxes Specific	37,153,396	35,249,385	-	-	37,153,396	35,249,385	5.4%
Ownership Taxes	2,675,368	2,460,444	-	-	2,675,368	2,460,444	
Equalization	72,854,971	70,412,540	-	-	72,854,971	70,412,540	3.5%
Other	<u>2,014,557</u>	<u>1,700,085</u>	<u>-</u>	<u>-</u>	<u>2,014,557</u>	<u>1,700,085</u>	<u>18.5%</u>
Total Revenues	130,336,736	122,581,246	4,712,625	4,514,729	135,049,361	127,095,975	6.3%
Expenses:							
Instruction	56,208,639	52,281,942	-	-	56,208,639	52,281,942	7.5%
Supporting services							
Pupil services	5,695,910	5,727,129	-	-	5,695,910	5,727,129	-0.5%
Instructional staff	2,702,021	2,398,258	-	-	2,702,021	2,398,258	12.7%
General administration	1,118,942	1,010,678	-	-	1,118,942	1,010,678	10.7%
School administration	6,729,792	6,120,805	-	-	6,729,792	6,120,805	9.9%
Operations and maintenance	8,608,872	8,214,894	-	-	8,608,872	8,214,894	4.8%
Pupil transportation	4,783,685	4,425,409	-	-	4,783,685	4,425,409	8.1%
Business supporting services	1,684,170	1,544,282	-	-	1,684,170	1,544,282	9.1%
Central supporting services	3,985,709	3,937,387	-	-	3,985,709	3,937,387	1.2%
Community Services	2,802,651	1,457,395	-	-	2,802,651	1,457,395	92.3%
Pupil Activities	3,146,673	2,819,923	-	-	3,146,673	2,819,923	11.6%
Charter Schools	20,339,699	19,037,798	-	-	20,339,699	19,037,798	6.8%
Debt Service - interest	6,871,192	6,901,656	-	-	6,871,192	6,901,656	-0.4%
Food Service	-	-	4,778,745	4,316,876	4,778,745	4,316,876	10.7%
Total Expenses	124,677,955	115,877,556	4,778,745	4,316,876	129,456,700	120,194,432	7.7%
Change in net position before transfers	5,658,781	6,703,690	(66,120)	197,853	5,592,661	6,901,543	19.0%
Transfers	-	<u>357,472</u>	-	<u>(357,472)</u>	-	-	<u>0.0%</u>
Change in net position	5,658,781	7,061,162	(66,120)	(159,619)	5,592,661	6,901,543	-19.0%
Beginning net position	<u>79,597,478</u>	<u>72,536,316</u>	<u>1,203,541</u>	<u>1,363,160</u>	<u>80,801,019</u>	<u>73,899,476</u>	<u>9.3%</u>
Ending net position	\$ 85,256,259	\$ 79,597,478	\$ 1,137,421	\$ 1,203,541	\$ 86,393,680	\$ 80,801,019	6.9%

The Colorado Public School Finance Act (SFA) provides for the majority of the funding of local school districts based on a funded pupil count formula and a maximum property tax mill levy determined for each school district. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. State equalization aid provided 56% of the School District's total governmental revenues, which is an increase of 6% over the prior fiscal year. Local taxes provided 29% of governmental revenue. The \$1.9 million increase in local property taxes is associated with a 3.9% increase in assessed valuation. The School District levies 26.262 mills annually for the SFA. The \$2.2 million increase in charges for services is associated with the expansion of the School District's tuition based full day kindergarten program and the \$1.9 million increase in equalization is due to the increase in enrollment. The program revenue funds 12.5% of the total expenses, which means that the taxpayers through either state, local taxes, or other general revenues fund 87.5% of the governmental activities. For school districts, in general, self-generated revenue is a relatively small percentage of total revenues.

Sources of Revenue for FY 13

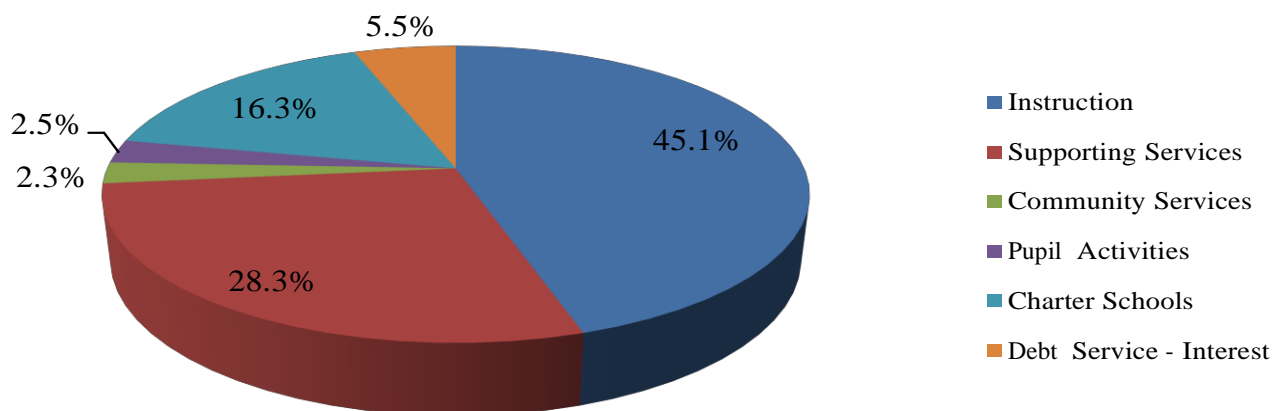


Student Enrollment



Direct governmental instructional expenses make up 45% of the total governmental expenses. This category includes direct instruction to students. The \$3.9 million increase is primarily due to increased salary and benefits expenses to support the increase in student enrollment. Support services, which includes but is not limited to operations and maintenance, transportation, pupil services, and other general support services is 28% of the total governmental expenses. Charter schools' governmental expenses constitute 16% of the total governmental expenses in fiscal year 2013. The remaining 11% of the total governmental expenses include community services, pupil activities, and debt service interest payments.

Expenses for FY 2013



Business-Type Activities

School District 27J has one business-type activity, the nutrition services program. The School District operates 19 breakfast and lunch programs providing over 1.6 million breakfast and lunch meals annually to students. Charges for meals cover approximately 33.8% of total revenue. Non-operating federal aid revenue and the USDA commodity food program cover the balance of food service program costs. School District resources do not subsidize the food service program.

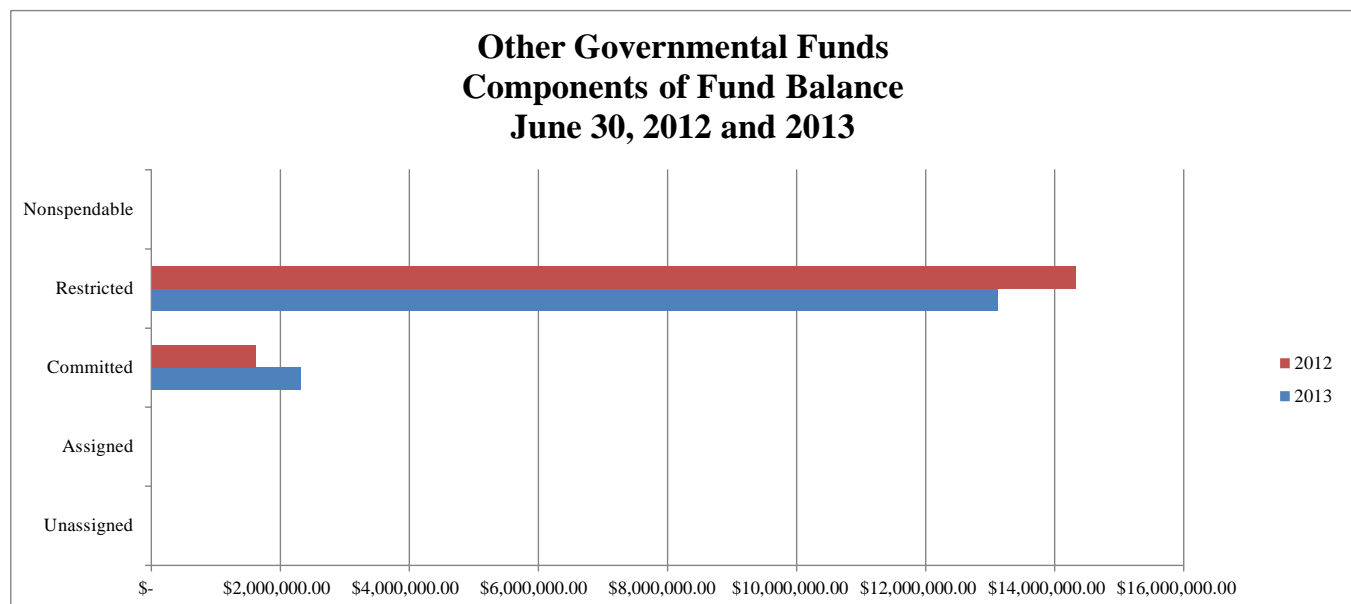
Financial Analysis of Governmental Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations.

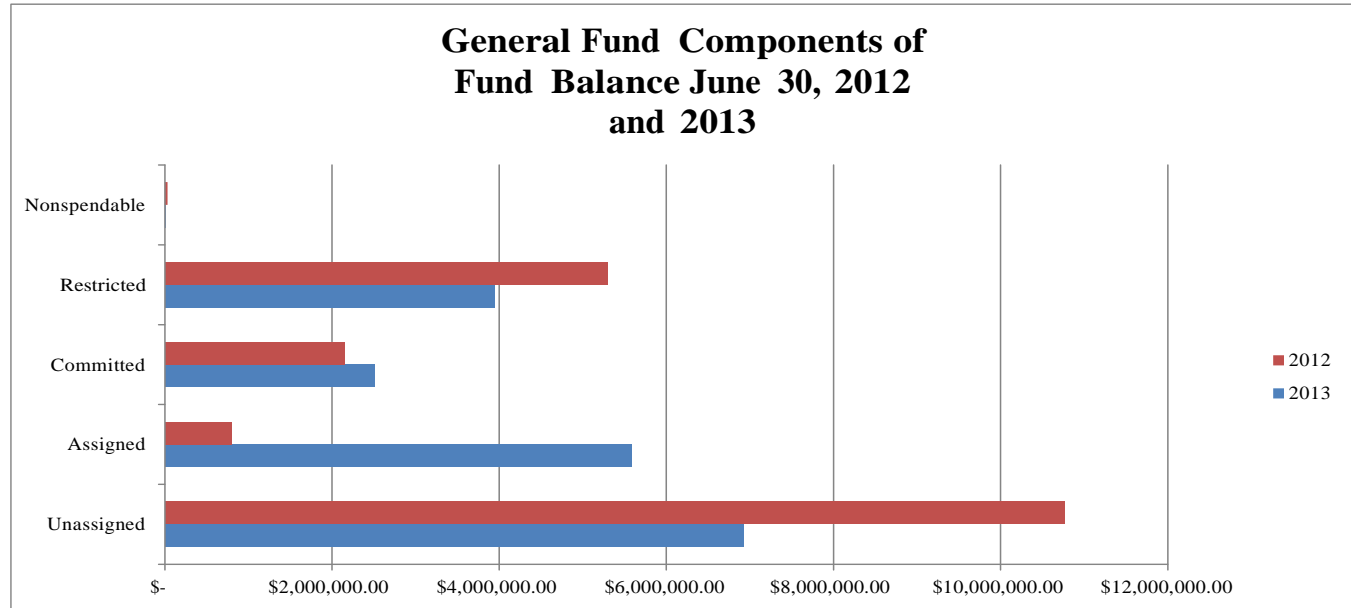
Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflow, and balances of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the School District, or a group or individual that has been delegated authority to assign resources for use for a particular purposes School District's Board of Education.

At June 30, 2013 the School District's governmental funds reported combined fund balances of \$34.4 million. This is a decrease of \$0.5 million over fiscal year 2012. This is due to the use of the restricted capital projects funds for the purchase of school buses and computer software and equipment. Of this year-end total, \$6.9 million is unassigned, indicating availability for continuing School District service requirements. Legally restricted fund balances include \$12.2 million for debt service, \$0.3 million for capital projects, \$0.6 million for risk management insurance, \$0.4 million for program purposes, \$2.9 million restricted pursuant to the TABOR Amendment and \$0.6 million for government-designated purpose grants. Article X 20(5) of the Colorado State Constitution (TABOR Amendment), requires that an amount equal to 3% or more of its fiscal year spending excluding debt service be set aside. Included in the \$2.9 million TABOR reserve is \$0.2 million for Eagle Ridge Academy due to the charter school's negative fund balance. Further financial information for this component unit can be found on pages 98-99. Committed fund balances include \$2.3 million for special revenue funds, and \$2.5 million for Board contingencies. \$0.4 million is assigned for capital reserve projects.



The General Fund is the School District's primary operating fund and the largest source of day-to-day service delivery. At the end of the current fiscal year, unassigned fund balance in the general fund was \$6.9 million, while total fund balance remained at \$19 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 8.7 percent of total general fund expenditures net of intergovernmental – charter schools, while total fund balance represents approximately 23.8 percent of that same amount.



Proprietary Funds

The School District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the food service operations at the end of the year was \$1.0 million and for the School District's self-insured dental plan it was \$0.4 million. Total net position declined to \$1.1 million for food services operations and increased to \$0.4 for the self-insured dental plan.

General Fund Budgetary Highlights

Revenue - Actual revenues were \$0.5 million more than the final approved budget. This is primarily due to higher than planned collection rates for property taxes, unplanned increase in investment earnings for the School District's investment in the insurance equity pool and additional funding from the State of Colorado for full day kindergarten in accordance with C.R.S. 22-54-130.

General Fund Revenue	Budgeted Amount	Actual Amount	Difference
Taxes	\$24,779,682	\$24,873,624	\$93,942
Intergovernmental revenue	75,483,710	75,616,941	133,231
Investment Earnings	36,000	169,923	133,923
Miscellaneous	1,339,066	1,510,384	171,318
Total	\$101,638,458	\$102,170,872	\$532,414

Expenditures – General fund expenditures were \$4.3 million less than budgeted. Cost-cutting measures enacted in January 2010 continued and both the TABOR and Board of Education contingency reserves were fully budgeted in the general fund. Examples of reductions in spending include, but are not limited to, restricted out of state travel, created a food policy that restricted the purchase of food at meetings, reduced overtime, and reduced materials and supplies. In addition, the School District recognized greater vacancy savings than budgeted as well as higher than anticipated unspent school supply funds.

Capital Assets and Debt Administration

Capital assets

The School District's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2013, was \$210 million and \$153,740 respectively. The overall decrease in this net investment was \$2.9 million of which governmental activities decreased \$2.9 million and business-type activities increased \$26,873. Additions to capital assets for the year ended June 30, 2013, included construction for Brantner Elementary, seventeen school buses and additional water rights for Prairie View Middle and High Schools. See Note 2-D on page 53 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity:

The District's Capital Asset						
As of June 30, 2013						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-depreciable assets:						
Land	\$ 9,218,212	\$ 9,231,346	\$ -	\$ -	\$ 9,218,212	\$ 9,231,346
Water Shares	1,496,673	1,079,902	-	-	1,496,673	1,079,902
Construction in progress	-	7,364,288	-	-	-	7,364,288
Total non-depreciable	10,714,885	17,675,536	-	-	10,714,885	17,675,536
Depreciable assets:						
Buildings	237,506,575	229,496,431	-	-	237,506,575	229,496,431
Equipment	13,988,561	12,424,775	447,596	390,275	14,436,157	12,815,050
Total depreciable assets	251,495,136	241,921,206	447,596	390,275	251,942,732	242,311,481
Less accumulated depreciation	52,193,198	46,607,920	293,856	263,408	52,487,054	46,871,328
Book Value - depreciable assets	199,301,938	195,313,286	153,740	126,867	199,455,678	195,440,153
Percentage depreciated	20.8%	19.3%	65.7%	67.5%	20.8%	19.3%
Book Value - all assets	\$ 210,016,823	\$ 212,988,822	\$ 153,740	\$ 126,867	\$ 210,170,563	\$ 213,115,689

Long-term debt

At the end of the fiscal year, the School District had total bonded debt outstanding of \$153.5 million net of premiums and loss on refunding. This is a reduction of \$8.4 million from fiscal year ended June 30, 2012 and primarily associated to the scheduled principal payments. This debt is backed by the full faith and credit of the School District (general obligation bonds) with debt service fully funded by voter-approved property taxes. The School District had Certificates of Participation with an outstanding balance of \$2.7 million, net of the discount as of the fiscal year end. At the end of the fiscal year, capital lease obligations had an outstanding balance of \$1.4 million. The School District has incurred liabilities for early retirement obligations and compensated absences earned by employees. The following chart provides summary information on the School District's long-term debt:

The District's Long Term Debt As of June 30, 2013							
	Governmental Activities		Business-Type Activities		Total		Total % Change
	2013	2012	2013	2012	2013	2012	2012-2013
Type of Debt:							
General obligation bonds	\$ 148,825,000	\$ 156,260,000	\$ -	\$ -	\$ 148,825,000	\$ 156,260,000	-4.8%
Promissory Note	416,771	-	-	-	416,771	-	0.0%
Certificates of participation	2,765,000	2,925,000	-	-	2,765,000	2,925,000	-5.5%
Capital lease obligations	1,410,087	1,886,359	-	-	1,410,087	1,886,359	-25.2%
Bond premium	9,630,248	10,647,169	-	-	9,630,248	10,647,169	-9.6%
Deferred amount on refunding	(4,941,822)	(5,009,271)	-	-	(4,941,822)	(5,009,271)	-1.3%
Certificates of participation discount	(17,661)	(19,019)	-	-	(17,661)	(19,019)	-7.1%
Total	<u>\$ 158,087,623</u>	<u>\$ 166,690,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,087,623</u>	<u>\$ 166,690,238</u>	-5.2%
Early retirement of obligation	\$ 1,092,095	\$ 1,319,359	\$ -	\$ -	\$ 1,092,095	\$ 1,319,359	-17.2%
Compensated absences	1,943,923	1,836,766	-	88,716	1,943,923	1,925,482	1.0%
Total	<u>\$ 3,036,018</u>	<u>\$ 3,156,125</u>	<u>\$ -</u>	<u>\$ 88,716</u>	<u>\$ 3,036,018</u>	<u>\$ 3,244,841</u>	-6.4%

The School District issued \$6.7 million in general obligation refunding bonds to refinance previously outstanding general obligation bonds presorted in governmental activities. This refinancing was done to take advantage of favorable interest rates. The result is expected to be a decrease in future debt service payments of \$470,387 or 6.3%.

The School District maintains an "A+" rating from Standard & Poor's and an "Aa3" from Moody's Investors Service for general obligation debt.

State statute limits the amount of general obligation debt the School District may issue to twenty-five percent of the latest valuation for assessment of the taxable property in such district, as certified by the county assessor. The current debt limitation for School District 27J is \$212.0 million, which is \$59 million in excess of the School District's outstanding general obligation debt as of June 30, 2013.

Additional information on the School District's long-term debt can be found in Note 2-G on pages 56-72 of this report.

Economic Factors and Budget Highlights

The School District is highly dependent upon the State of Colorado for operating revenue. Amendment 10 of the Colorado Constitution, TABOR, restricts the School District's ability to raise property taxes without a vote of the electorate. The School District has seen lower than expected funding from the state for four consecutive years, beginning with the 2008-2009 fiscal year. The state legislature approved new school finance legislation (Senate Bill 13-213), but Amendment 66 which was the corresponding \$950 million income tax increase for K-12 education failed in November 2013. In the current fiscal year, the negative factor in the Colorado Public School Finance Act reduced the School District's funding by \$19.2 million. As student enrollment growth continues without additional funding for both building and operating expenses, the School District will be forced to look towards adding more modulars, increasing student teacher ratios, year round education at some or all levels, and other options to educate our students.

The Board of Education established a course of action for 2013-2014 planning and budgeting. The direction from the Board is "Financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from the Board's Goals priorities, risk financial jeopardy, or fail to be derived from a multi-year plan." The Board's Global Goals are:

- The graduation/completer rate will increase by 2% per year until 95% is attained at which it will not drop lower.
- The district's average composite ACT score will increase by .5 points per year until the score reaches 22 at which it will not drop lower.

- Students with continuous enrollment during an academic year will achieve at least one year's academic growth grades 1-10 in reading, writing, math and science. The core content areas of social studies and world language will have this same academic growth expectations beginning one year after the state's assessment for these areas have been developed.

The key principles of the budget development process are:

- Maximize resources in direct and indirect instruction of students
- Increase parent involvement and communications
- Focus on enrollment growth and seat capacity where needed
- Maintain fiscal stability by keeping expenditures (of which employee compensation is the largest component) in-line with revenue expectations
- Continued support of current technology in schools
- Investment in asset protection and maintenance of facilities
- Maintenance of strategic long range financial plan

Contacting the School District's Financial Management

The intent of this financial report is to provide a general overview of the School District's finances, comply with finance-related laws and regulations, and demonstrate the School District's commitment to public accountability. If there are questions about this report or you would like to request additional information, contact the School District's Finance Office at the Educational Services Center located at 18551 E. 160th Avenue in Brighton, CO 80601. You can also visit the School District's website at www.sd27j.org for additional information about its schools, departments, and finances.

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School District 27J, Colorado
Statement of Net Position June
30, 2013

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
Assets				
Current Assets:				
Cash and Investments	\$ 41,231,460	\$ 708,232	\$ 41,939,692	\$ 4,509,833
Deposit with insurance pool	554,066	-	554,066	-
Receivables:				
Accounts	339,349	2,893	342,242	428,149
Notes	293,250	-	293,250	-
Property taxes	1,630,884	-	1,630,884	-
Intergovernmental	1,576,854	289,852	1,866,706	12,580
Interest on Investments	153	-	153	2,725
Inventory	-	198,986	198,986	1,509
Deposits and prepaids	8,930	-	8,930	38,087
Total Current Assets	45,634,946	1,199,963	46,834,909	4,992,883
Noncurrent Assets				
Capital Assets:				
Nondepreciable capital assets	10,714,885	-	10,714,885	198,120
Depreciable capital assets, net	199,301,938	153,740	199,455,678	21,258,002
Other Assets:				
Restricted Cash and Investments	264,360	-	264,360	3,210,239
Bond issuance costs	1,126,765	-	1,126,765	818,639
Total Noncurrent Assets	211,407,948	153,740	211,561,688	25,485,000
Total Assets	257,042,894	1,353,703	258,396,597	30,477,883
Liabilities				
Current Liabilities:				
Accounts payable	2,479,666	48,263	2,527,929	742,824
Accrued salary and benefits	6,586,776	74,897	6,661,673	513,435
Accrued interest payable	1,277,953	-	1,277,953	384,635
Loan payable	-	-	-	789,802
Arbitrage payable	264,000	-	264,000	-
Early retirement payable	1,092,095	-	1,092,095	-
Unearned revenue	-	-	-	42,473
Compensated absences payable	1,166,354	55,873	1,222,227	-
Claims payable	31,700	-	31,700	155,438
Capital leases obligations	589,537	-	589,537	-
COPS	165,000	-	165,000	-
General obligation bonds payable	7,160,000	-	7,160,000	-
Promissory Note	83,354	-	83,354	-
Deposits	22,899	-	22,899	-
Total Current Liabilities	20,919,334	179,033	21,098,367	2,628,607
Noncurrent Liabilities:				
Compensated absences payable (net of current portion)	777,569	37,249	814,818	-
Loan Payable (net of current portion)	-	-	-	26,892,852
Capital lease obligations (net of current portion)	820,550	-	820,550	-
COPS (net of current portion)	2,582,339	-	2,582,339	-
General obligation bonds payable (net of current portion)	146,353,426	-	146,353,426	-
Promissory Note (net of current portion)	333,417	-	333,417	-
Total Noncurrent Liabilities	150,867,301	37,249	150,904,550	26,892,852
Total Liabilities	171,786,635	216,282	172,002,917	29,521,459
Net Position				
Net investment in capital assets	51,929,200	153,740	52,082,940	(3,411,007)
Restricted for:				
TABOR	2,900,960	-	2,900,960	686,083
Debt service	10,943,553	-	10,943,553	1,276,533
Government designated purpose grants	639,549	-	639,549	-
Risk management	554,066	-	554,066	-
Other program purposes	492,551	-	492,551	209,936
Capital projects	264,000	-	264,000	186,288
Unrestricted	17,532,380	983,681	18,516,061	2,008,591
Total Net Position	\$ 85,256,259	\$ 1,137,421	\$ 86,393,680	\$ 956,424

See accompanying notes to the basic financial statements

School District 27J, Colorado
Statement of Activities
For the Year Ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Primary Government		Total	Component Units
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental Activities:								
Instructional services	\$ 56,208,639	\$ -	\$ 8,270,645	\$ 340,039	\$ (47,597,955)	\$ -	\$ (47,597,955)	\$ -
Supporting services								
Pupil services	5,695,910	-	-	-	(5,695,910)	-	(5,695,910)	-
Instructional staff	2,702,021	-	-	-	(2,702,021)	-	(2,702,021)	-
General administration	1,118,942	-	-	-	(1,118,942)	-	(1,118,942)	-
School administration	6,729,792	-	-	-	(6,729,792)	-	(6,729,792)	-
Operations and maintenance	8,608,872	-	-	-	(8,608,872)	-	(8,608,872)	-
Pupil transportation	4,783,685	360,318	1,159,975	-	(3,263,392)	-	(3,263,392)	-
Business supporting services	1,684,170	-	-	-	(1,684,170)	-	(1,684,170)	-
Central supporting services	3,985,709	-	-	-	(3,985,709)	-	(3,985,709)	-
Community services	2,802,651	2,589,011	-	-	(213,640)	-	(213,640)	-
Pupil activities	3,146,673	2,918,456	-	-	(228,217)	-	(228,217)	-
Charter school funding	20,339,699	-	-	-	(20,339,699)	-	(20,339,699)	-
Interest on long-term debt	6,871,192	-	-	-	(6,871,192)	-	(6,871,192)	-
Total Governmental Activities	124,677,955	5,867,785	9,430,620	340,039	(109,039,511)	-	(109,039,511)	-
Business-Type Activities:								
Food Service	4,778,745	1,593,635	3,118,990	-	-	(66,120)	(66,120)	-
Total - Primary Government	\$ 129,456,700	\$ 7,461,420	\$ 12,549,610	\$ 340,039	\$ (109,039,511)	\$ (66,120)	\$ (109,105,631)	\$ -
Component Units								
Eagle Ridge Academy	2,876,990	178,927	65,908	35,681	-	-	-	(2,596,47 4)
Bromley East Charter School	9,105,970	1,195,616	2,298,789	73,017	-	-	-	(5,538,54 8)
Belle Creek Charter School	4,527,711	12,882	198,843	27,156	-	-	-	(4,288,83 0)
Foundations Academy Charter School	5,053,083	104,380	254,218	-	-	-	-	(4,694,48 5)
Landmark Academy Charter School	5,066,474	107,720	57,499	-	-	-	-	(4,901,25 5)
Capital Facility Fee Foundation	436,872	251,100	44,757	-	-	-	-	(141,015)
Total - Component Units	\$ 27,067,100	\$ 1,850,625	\$ 2,920,014	\$ 135,854	-	-	-	\$ (22,160,607)
General Revenues								
Taxes:								
Local property taxes					37,153,396	-	37,153,396	-
Specific ownership taxes					2,675,368	-	2,675,368	-
Equalization					72,854,971	-	72,854,971	-
Equalization - Charter Schools					-	-	-	19,283,853
Mill levy override					-	-	-	135,675
Capital construction					-	-	-	1,232,074
Investment earnings					171,515	-	171,515	(37,509)
Other					1,843,042	-	1,843,042	1,339,819
Total General Revenues					114,698,292	-	114,698,292	21,953,912
Change in Net Position					5,658,781	(66,120)	5,592,661	(206,695)
Net Position Beginning of Year Restated					79,597,478	1,203,541	80,801,019	1,163,119
Net Position End of Year	\$ 85,256,259	\$ 1,137,421	\$ 86,393,680	\$ 956,424				

See accompanying notes to the basic financial statements

School District 27J, Colorado
Balance Sheet Governmental
Funds
June 30, 2013

	General	Capital Projects	Government Designated Purpose Grants	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Investments	\$ 27,453,839	\$ -	\$ -	\$ 12,033,937	\$ 1,711,984	\$ 41,199,760
Restricted cash and investments	-	264,360	-	-	-	264,360
Deposit with insurance pool	554,066	-	-	-	-	554,066
Receivables:						
Accounts	161,748	-	-	-	177,601	339,349
Notes	293,250	-	-	-	-	293,250
Property taxes	987,241	-	-	643,643	-	1,630,884
Intergovernmental	-	-	1,576,854	-	-	1,576,854
Interfund receivable	1,398,317	263,640	-	80,505	1,357,574	3,100,036
Interest on investment	-	-	-	153	-	153
Prepaid items	8,930	-	-	-	-	8,930
Total Assets	<u>\$ 30,857,391</u>	<u>\$ 528,000</u>	<u>\$ 1,576,854</u>	<u>\$ 12,758,238</u>	<u>\$ 3,247,159</u>	<u>\$ 48,967,642</u>
Liabilities and Fund Balances						
Liabilities						
Accounts and other current payables	1,973,512	-	317,262	-	182,204	2,472,978
Accrued salary and benefits	6,002,166	-	252,722	-	331,888	6,586,776
Interfund payable	2,773,206	-	367,321	-	415,797	3,556,324
Deferred revenue	1,116,714	-	-	536,732	-	1,653,446
Arbitrage Payable	-	264,000	-	-	-	264,000
Deposits	22,899	-	-	-	-	22,899
Total Liabilities	<u>11,888,497</u>	<u>264,000</u>	<u>937,305</u>	<u>536,732</u>	<u>929,889</u>	<u>14,556,423</u>
Fund Balances						
Nonspendable Prepaid Items	8,930	-	-	-	-	8,930
Restricted for Debt service	-	-	-	12,221,506	-	12,221,506
Restricted for Capital Projects	-	264,000	-	-	-	264,000
Restricted for TABOR	2,900,960	-	-	-	-	2,900,960
Restricted for Cash-in-Lieu of Land	132,904	-	-	-	-	132,904
Restricted for Risk Management Insurance	554,066	-	-	-	-	554,066
Restricted for Program Purposes	359,647	-	-	-	-	359,647
Restricted for Government Designated Purpose Grants	-	-	639,549	-	-	639,549
Committed, Reported in Special Revenue Funds	-	-	-	-	2,317,270	2,317,270
Committed for Board Contingencies	2,503,657	-	-	-	-	2,503,657
Committed for Contracted Services	610,510	-	-	-	-	610,510
Assigned for Capital Reserve Projects	408,341	-	-	-	-	408,341
Assigned for School Carry Forward	661,916	-	-	-	-	661,916
Assigned Operating Adopted Budget	3,900,344	-	-	-	-	3,900,344
Unassigned, Reported in General Fund	6,927,619	-	-	-	-	6,927,619
Total Fund Balances	<u>18,968,894</u>	<u>264,000</u>	<u>639,549</u>	<u>12,221,506</u>	<u>2,317,270</u>	<u>34,411,219</u>
Total Liabilities and Fund Balances	<u>\$ 30,857,391</u>	<u>\$ 528,000</u>	<u>\$ 1,576,854</u>	<u>\$ 12,758,238</u>	<u>\$ 3,247,159</u>	<u>\$ 48,967,642</u>

See accompanying notes to the basic financial statements

School District 27J, Colorado
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013

Total Governmental Fund Balances	\$	34,411,219
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds but are reported on the statement of activities.		
Cost	\$ 262,210,021	
Less accumulated depreciation	<u>(52,193,198)</u>	210,016,823
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes		1,360,197
An internal service fund is used by management to charge the costs of dental insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		449,599
Accrued interest on long-term debt is not reported at the fund financial reporting level, but is reported on the statement of net position.		
		(1,277,953)
Liabilities not due and payable in the current period are not reported in the funds but are reported in the statement of net position:		
COPS payable	\$ (2,765,000)	
Bonds payable	(148,825,000)	
Capital lease	(1,410,087)	
Compensated absences payable	(1,943,923)	
Early retirement payable	(1,092,095)	
Promissory Note	<u>(416,771)</u>	(156,452,876)
Premiums, discounts, bond issuance costs and refunding difference are reported as expenditures on the governmental fund type operating statement but capitalized on the statement of net position:		
Premiums/Discounts	\$ (9,612,587)	
Bond issuance	1,126,765	
Refunding	<u>4,941,822</u>	(3,544,000)
Notes receivable due from a discretely presented is deferred at the fund level but recognized as revenue at the government wide statement of activities as it was earned.		
		<u>293,250</u>
Net position of Governmental Activities	<u>\$</u>	<u>85,256,259</u>

See accompanying notes to the basic financial statements

School District 27J, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	Capital Projects	Government Designated Purpose Grants	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 24,873,624	\$ -	\$ -	\$ 14,497,046	\$ -	\$ 39,370,670
Intergovernmental revenue:						
Vocational education	499,745	-	-	-	-	499,745
Special education	2,262,225	-	-	-	-	2,262,225
Transportation	-	-	-	-	1,159,975	1,159,975
Federal grants	-	-	4,409,680	-	-	4,409,680
State grants	-	-	1,098,995	-	-	1,098,995
Equalization	72,854,971	-	-	-	-	72,854,971
Local grants	-	-	340,039	-	-	340,039
Pupil activities	-	-	-	-	2,957,393	2,957,393
Charges for services	-	-	-	-	2,949,329	2,949,329
Investment earnings	169,923	717	-	875	-	171,515
Miscellaneous	1,510,384	-	-	570	38,838	1,549,792
Total Revenues	102,170,872	717	5,848,714	14,498,491	7,105,535	129,624,329
Expenditures						
Current:						
Instructional services	48,963,359	-	2,688,434	-	-	51,651,793
Supporting services						
Pupil services	4,014,785	-	1,170,813	-	-	5,185,598
Instructional staff	2,353,535	-	331,533	-	-	2,685,068
General administration	1,076,842	-	-	-	-	1,076,842
School administration	6,093,647	-	283,474	-	-	6,377,121
Operations and maintenance	8,537,890	-	-	-	-	8,537,890
Pupil transportation	327,384	-	48,343	-	3,950,527	4,326,254
Business supporting services	803,310	-	542,431	-	172,970	1,518,711
Central supporting services	3,825,928	-	-	-	-	3,825,928
Community services	208,437	-	49,709	-	2,544,505	2,802,651
Pupil activities	-	-	-	-	3,146,673	3,146,673
Capital Outlay	2,439,698	717	481,554	-	410,292	3,332,261
Intergovernmental - Charter Schools	20,339,699	-	-	-	-	20,339,699
Debt Service:						
Principal retirement	749,690	-	-	14,165,000	-	14,914,690
Interest	129,276	-	-	7,113,655	-	7,242,931
Bond issuance costs	-	-	-	9,750	-	9,750
Fiscal charges	3,095	-	-	5,100	-	8,195
Total Expenditures	99,866,575	717	5,596,291	21,293,505	10,224,967	136,982,055
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,304,297	-	252,423	(6,795,014)	(3,119,432)	(7,357,726)
Other Financing Sources (Uses)						
Issuance of bonds	-	-	-	6,730,000	-	6,730,000
Capital Lease Proceeds	113,418	-	-	-	-	113,418
Transfers Out	(2,507,306)	-	(1,102,297)	-	-	(3,609,603)
Transfers In	18,196	-	-	-	3,591,407	3,609,603
Total Other Financing Sources (Uses)	(2,375,692)	-	(1,102,297)	6,730,000	3,591,407	6,843,418
Net Change in Fund Balances	(71,395)	-	(849,874)	(65,014)	471,975	(514,308)
Fund Balances Beginning of Year (Restated, see Note 3-D)	19,040,289	264,000	1,489,423	12,286,520	1,845,295	34,925,527
Fund Balances End of Year	\$ 18,968,894	\$ 264,000	\$ 639,549	\$ 12,221,506	\$ 2,317,270	\$ 34,411,219

See accompanying notes to the basic financial statements

School District 27J, Colorado
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net Changes In Fund Balances - Total Governmental Funds	\$	(514,308)
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Amounts reported for governmental activities in the statement of activities are different because governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation and loss on disposal of capital assets in the current period.

	Depreciation expense	\$ (5,611,773)	
	Loss on disposal of capital assets	(147,779)	
	Capital outlay	2,370,782	
	Contributed assets	<u>416,771</u>	(2,971,999)

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		514,542
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		14,914,690
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Premiums, bond issuance costs and bond refunding deferrals are reported in governmental funds but capitalized and amortized in the statement of net position.

	Amortization:		
	Premiums/Discounts	\$ 1,008,959	
	Bond Issuance	(112,135)	
	Bond Refunding	<u>(148,859)</u>	747,965

Bond Proceeds, premiums and Issuance Costs are recorded at the government fund level and capitalized in the statement of net position.

	Bond Proceeds	\$ (6,730,000)	
	Bond Issuance	9,750	
	Capital Lease	(113,418)	
	Promissory Note	<u>(416,771)</u>	(7,250,439)

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The change in the current years expenses are as follows:

	Compensated Absences		
	Liability 2012	\$ 1,836,766	
	Liability 2013	<u>(1,943,923)</u>	(107,157)
Accrued interest			
	Liability 2012	\$ 1,015,238	
	Liability 2013	<u>(1,277,953)</u>	(262,715)
Early Retirement			
	Liability 2012	\$ 1,319,359	
	Liability 2013	<u>(1,092,095)</u>	227,264

Internal service fund activity related to third parties is not reported in governmental funds but is reported as governmental activities in the statement of activities.		67,688
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Revenue that does not provide current financial resources are unearned revenue but recognized in the statement of activities as revenue earned.		<u>293,250</u>
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Change In Net Position Of Governmental Activities	\$	<u>5,658,781</u>
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See accompanying notes to the basic financial statements

School District 27J, Colorado
Statement of Net Position
Proprietary Funds June
30, 2013

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
Assets		
Current Assets:		
Cash and cash equivalents	\$ 708,232	\$ 31,700
Receivables:		
Accounts	2,893	-
Intergovernmental	289,852	-
Interfund receivable	-	449,599
Inventory	<u>198,986</u>	
Total Current Assets	1,199,963	481,299
Noncurrent Assets:		
Capital Assets:		
Depreciable capital assets, net	<u>153,740</u>	-
Total Noncurrent Assets	<u>153,740</u>	-
Total Assets	<u>1,353,703</u>	<u>481,299</u>
Liabilities		
Current Liabilities:		
Accounts payable	48,263	-
Accrued salary and benefits	74,897	-
Compensated absences payable	55,873	-
Claims payable	<u>-</u>	<u>31,700</u>
Total Current Liabilities	<u>179,033</u>	<u>31,700</u>
Noncurrent Liabilities		
Compensated absences payable (net of current portion)	<u>37,249</u>	-
Total Liabilities	<u>216,282</u>	<u>31,700</u>
Net Position		
Net investment in capital assets	153,740	-
Unrestricted	<u>983,681</u>	<u>449,599</u>
Total Net Position	<u>\$ 1,137,421</u>	<u>\$ 449,599</u>

See accompanying notes to the basic financial statements

School District 27J, Colorado
*Statement of Revenues, Expenses and
Changes in Net Position Proprietary
Funds
For the Year Ended June 30, 2013*

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
Operating Revenues		
Student lunches	\$ 1,593,635	\$ -
Dental insurance premiums	-	712,205
Total Operating Revenues	<u>1,593,635</u>	<u>712,205</u>
Operating Expenses		
Salaries and benefits	1,979,414	-
Purchased services	80,629	-
Materials and supplies	2,606,061	-
Indirect Costs	79,827	-
Depreciation	32,814	-
Risk management		
Dental	-	644,517
Total Operating Expenses	<u>4,778,745</u>	<u>644,517</u>
Income (Loss) from Operations	<u>(3,185,110)</u>	<u>67,688</u>
Non-Operating Revenues (Expenses)		
School breakfast and lunch program	2,642,092	-
USDA commodity food program	314,856	-
Summer food service program	66,802	-
Fresh fruits and vegetables program	21,120	-
State match	74,091	-
Interest on Investment	291	
(Loss) on disposal of capital assets	(262)	-
Total Non-operating revenues (expenses)	<u>3,118,990</u>	<u>-</u>
Change in Net Position	(66,120)	67,688
Net Position Beginning of Year	<u>1,203,541</u>	<u>381,911</u>
Net Position End of Year	<u><u>\$ 1,137,421</u></u>	<u><u>\$ 449,599</u></u>

See accompanying notes to the basic financial statements

School District 27J, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows From (Used for) Operating Activities		
Cash received from customers	\$ 1,591,003	\$ 712,205
Cash payments for personnel services	(1,966,718)	-
Cash payments for goods and services	(2,517,496)	-
Cash payments for insurance premiums and expenses	-	(634,358)
Net Cash From (Used for) Operating Activities	<u>(2,893,211)</u>	<u>77,847</u>
Cash Flows From (Used for) Noncapital Financing Activities		
Grants received	2,551,372	-
Interfund receivable activity	1,109,644	(67,688)
Net Cash from (Used for) Noncapital Financing Activities	<u>3,661,016</u>	<u>(67,688)</u>
Cash Flows From (Used for) Capital and Related Financing Activities		
Acquisition of capital assets	(59,949)	-
Net Increase (Decrease) in Cash and Cash Equivalents	707,856	10,159
Cash and Cash Equivalents Beginning of Year	<u>375</u>	<u>21,541</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 708,231</u></u>	<u><u>\$ 31,700</u></u>
Reconciliation of Operating Income (Loss) to Net Cash From (Used for) Operating Activities		
Operating Income (Loss)	\$ (3,185,110)	\$ 67,688
Adjustments:		
Depreciation	32,814	-
Donated food	314,856	-
(Increase) Decrease in Assets:		
Accounts receivable	(2,632)	-
Interfund Receivable	-	-
Inventory	(111,624)	-
Increase (Decrease) in Liabilities:		
Accounts payable	45,889	-
Accrued salary and benefits	8,290	-
Compensated absences payable	4,307	-
Claims payable	-	10,159
Net Cash From (Used for) Operating Activities	<u><u>\$ (2,893,210)</u></u>	<u><u>\$ 77,847</u></u>
Non-cash Non-capital Financing Activities		
Donated commodities	<u><u>\$ 314,856</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements

School District 27J, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private Purpose Trust - Fiduciary Fund	Pupil Activities - Agency Fund
Assets		
Cash and Investments	\$ 54,928	\$ 139,806
Accounts receivable	-	38,937
Total Assets	<u>54,928</u>	<u>178,743</u>
Liabilities		
Due to other groups	-	178,743
Total Liabilities	<u>-</u>	<u>178,743</u>
Net Position		
Held in Trust for Scholarships	<u>54,928</u>	<u>-</u>
Total Net Position	<u><u>\$ 54,928</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements

School District 27J, Colorado *Statement of
Changes in Fiduciary Net Position Fiduciary
Funds
For The Year Ended June 30, 2013*

	Private Purpose Trust - Fiduciary Fund
Additions	
Investment earnings	\$ 114
Total Additions	114
Deductions	
Support services	4,500
Change in Net Position	(4,386)
Net Position Beginning of Year	59,314
Net Position End of Year	<u>\$ 54,928</u>

See accompanying notes to the basic financial statements

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

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School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Counties of Adams and Weld School District 27J, Colorado (the School District) is a school district located Northeast of Denver, Colorado. The School District provides preschool through 12th grade public education.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for government accounting and financial reporting. The most significant of the School District's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this reporting entity includes the legal entity, School District 27J, Colorado and six discretely presented component units.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organizations; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the School District in that the School District approves the budget, levies their taxes or issues their debt. Finally, the School District may include separate legal entities that do not meet the above criterion; however, the School District would consider the financial statements to be misleading if omitted.

The component unit columns included on the government-wide financial statements identify the financial data of the School District's discretely presented component units. They are reported separately to emphasize that they are legally separate from the School District.

Significant transactions between the School District and its component unit Charter Schools consist of monthly payments to each Charter School for their share of mill levy override and state equalization money and charges from the School District to each Charter School for contracted purchased services. Brief descriptions of the discretely presented component units follow:

The Bromley East Charter School was established by contract with the School District during fiscal year 2000. The School is a legally separate entity. The contract between the Bromley East Charter School and the School District was executed on April 26, 2000, for the purpose of establishing and clarifying the relationship between the Bromley East Charter School and the School District. The Bromley East Charter School is deemed to be a component unit of the School District because the organization is dependent upon the School District for the majority of its funding and the School District approves the charter and excluding the Bromley East Charter School would result in misleading financial reporting. Financial activity of the Bromley East Charter School is included within the School District's financial statements for the year ended June 30, 2013.

The Belle Creek Charter School was established by contract with the School District during fiscal year 2002. The School is a legally separate entity. The contract between the Belle Creek Charter School and the School District was executed on June 25, 2002, for the purpose of establishing and clarifying the relationship between the Belle Creek Charter School and the School District. The Belle Creek Charter School is deemed to be a component unit of the School District because the organization is dependent upon the School District for the majority of its funding and the School District approves the charter and excluding the Belle Creek Charter School would result in misleading financial reporting. Financial activity of the Belle Creek Charter School is included within the School District's financial statements for the year ended June 30, 2013.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

The Landmark Academy Charter School was established by contract with the School District during fiscal year 2008. The School is a legally separate entity. The contract between the Landmark Academy Charter School and the School District was executed on January 23, 2007 for the purpose of establishing and clarifying the relationship between the Landmark Academy Charter School and the School District, but the school did not open until fiscal year 2008. Landmark Academy Charter School has entered into a management agreement with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Landmark Academy Charter School operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Landmark Academy Charter School from all revenue sources. The Landmark Academy Charter School is deemed to be a component unit of the School District because the organization is dependent upon the School District for the majority of its funding and the School District approves the charter and excluding the Landmark Academy Charter School would result in misleading financial reporting. Financial activity of the Landmark Academy Charter School is included within the School District's financial statements for the year ended June 30, 2013.

The Foundations Academy Charter School was established by contract with the School District during fiscal year 2011. The Foundations Academy Charter School is a legally separate entity. The contract between the Foundations Academy Charter School and the School District was executed on October 19, 2008, for the purpose of establishing and clarifying the relationship between the Foundations Academy Charter School and the School District, but the school did not open until fiscal year 2011. Foundations Academy Charter School has entered into a management agreement with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Foundations Academy Charter School operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Foundations Academy Charter School from all revenue sources. The Foundations Academy Charter School is deemed to be a component unit of the School District because the organization is dependent upon the School District for the majority of its funding and the School District approves the charter and excluding the Foundations Academy Charter School would result in misleading financial reporting. Financial activity of the Foundations Academy Charter School is included within the School District's financial statements for the year ended June 30, 2013.

The Eagle Ridge Academy Charter School was established by contract with the School District and is a legally separate entity. A contract between the Eagle Ridge Academy Charter School and the School District was executed in July 2010 for the purpose of establishing and clarifying the relationship between this Eagle Ridge Academy Charter School and the School District. The Eagle Ridge Academy Charter School is deemed to be a component unit of the School District because the organization is dependent upon the School District for the majority of its funding and the School District approves the charter and excluding Eagle Ridge Academy Charter School would result in misleading financial reporting. Financial activity of the Eagle Ridge Academy Charter School is included within the School District's financial statements for the year ended June 30, 2013.

The School District 27J Capital Facility Fee Foundation (Foundation) was established during fiscal year 2001 in response to rapid growth with the onset of the development of the Denver International Airport. The School District wanted to be proactive about the growth rather than reactive and began discussion in the late 1990's with the primary municipalities within the School District. This included Brighton, Commerce City and Thornton as well as a group of developers with projects within the School District. At the time, the primarily rural School District would not have had the financial capacity to raise enough capital through the sale of voter-approved bonds to meet the needs for new schools in a timely manner.

A small group of builders and developers and School District representatives formed a working group to find solutions to address the shortfall needs. A program of voluntary financial contributions was implemented. The Foundation is a 501(c)(3) organization whose purpose is to promote and assist in the development, financing, and acquisition of educational facilities and capital improvements in the School District. The Foundation consists of a nine-member board of directors and includes three representatives of contributing builders or developers, three School District representatives, and one city council representative of each city. Voluntary contributions are accepted by the Foundation and kept in foundation-managed accounts. The Board of Education makes requests for the release of Foundation funds for school construction purposes as needed. The Foundation Board determines if the request meets the requirements for disbursement of the funds.

The Capital Facility Fee Foundation is deemed to be a component unit of the School District because the Foundation may only distribute funds to the School District and only at the request of the School District. Because of this restricted use of

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Foundation Funds, The Foundation is a discretely presented component unit. Complete financial statements for each of the individual component units may be obtained at each entity's administrative offices.

Eagle Ridge Academy
3551 Southern Street
Brighton, CO 80601

Belle Creek Charter School
9290 E 107th Ave
Henderson, CO 80640

Landmark Academy Charter School
% National Heritage Academies, Inc.
3850 Broadmoor SE, Suite 201
Grand Rapids, MI 49512

Bromley East Charter School
% Bart A. Skidmore, CPA
356 Longspur Drive
Brighton, CO 80601

School District 27J
Capital Facility Fee Foundation
18551 East 160th Avenue
Brighton, CO 80601

Foundations Academy
% National Heritage Academies, Inc.
3850 Broadmoor SE, Suite 201
Grand Rapids, MI 49512

Related Organization - The Brighton Education Foundation provides opportunities for individuals and/or groups beyond what the School District can offer. Their mission is to preserve, support and improve the educational opportunities within the community by developing a community partnership among schools, businesses and individuals. Through this partnership, this Foundation encourages a wide variety of educational experiences through grants awarded to individuals and organizations. The Foundation is governed by a twelve-member board consisting of community members and education members. The School District Board does not appoint members of the Brighton Education Foundation, nor is this Foundation fiscally dependent on the School District and therefore, this Foundation is not considered a component unit and is not included in the School District's financial statements.

1-B. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the School District as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by grants and governmental general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Fiduciary activities are excluded from the government-wide financial statements because the School District holds these assets in a purely custodial capacity and cannot use these resources for School District programs.

The statement of net position presents the financial position of the governmental and business-type activities of the School District's discretely presented component units at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School District activities and for each identifiable activity of the business-type activities of the School District. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The School District does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the School District's services; (2) operating grants and contributions which finance annual operating activities including restricted investment earnings; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. When identifying which function program revenue pertains to, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is for which function the revenues are *restricted*.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Other revenue sources not properly included with program revenues are reported as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting - The School District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The School District uses three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - School District funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The School District reports the difference between governmental fund assets and liabilities as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - This fund accounts for bond proceeds and other revenues used for the construction and acquisition of major capital facilities other than those related to the food service fund.

Governmental Designated-Purpose Grants Fund - This fund accounts for grants received for designated programs funded by federal, state or local governments.

Debt Service Fund - This fund accounts for the accumulated resources (normally property taxes) used to retire principal and interest on general long-term debt.

The School District also has four non-major governmental funds that account for financial resources specific to each funds purpose.

Additionally, the School District reports the following fund types:

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The School District's proprietary funds are classified as an enterprise fund and an internal service fund.

Food Service Enterprise Fund - The food service fund accounts for all financial activity associated with the School District's food service program.

Internal Service Fund - The internal service fund accounts for the School District's self-insured dental plan.

Fiduciary Funds - The School District's fiduciary funds account for assets held in a trustee capacity or as an agent for individuals or private organizations. The key distinction between trust funds and agency funds is that the trust funds normally are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. An agency fund does not involve a formal trust agreement and the government's role is purely custodial.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

The school district's fiduciary funds are classified as a private purpose trust fund and an agency fund.

Fiduciary (Private Purpose Trust) - The School District's fiduciary fund provides scholarships to students.

Agency Fund – The pupil activity agency fund records financial transactions related to school-sponsored pupil organizations and activities.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities reports revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this general rule are charges between the School District's governmental and business-type activities and component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements - The governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. The School District's fiduciary fund is accounted for on an economic resources measurement focus.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. The fiduciary fund uses the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Revenues – Non-exchange Transactions - Non-exchange transactions in which the School District receives value without directly giving equal value in return, include grants, taxes and donations. Revenue from property taxes and specific ownership taxes is recognized in the fiscal year for which the taxes are levied (Note 2-C). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: timing requirements, which specify the year when the resources are required to be used or the year when use is first

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected by the School District within 60 days except for specific ownership taxes which use a 30 day available period, and grant revenues which use a 180 day available period) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, specific ownership taxes, interest and federal and state grants.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as unearned revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as unearned revenue at both reporting levels.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Balance/Net Position

1-E-1 Cash, Cash Equivalents, and Investments

The School District utilizes the pooled cash concept whereby cash balances of each of the School District's funds are pooled and invested by the School District in short-term certificates of deposit, repurchase agreements, money market deposit accounts, government pools, and U.S. Treasury obligations.

For the purposes of the statement of cash flows, cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the School District to be cash equivalents. Investments are stated at fair value based on quoted market prices.

Generally, the School District invests in governmental securities, local government investment pools, and collateralized certificates of deposits in Colorado banks and repurchase agreements.

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from/due to other funds". Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances".

1-E-4 Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

On the fund financial statements all inventories are stated at cost. For all fund level reporting, cost is determined on a first-in, first-out basis. Inventories of the proprietary funds are expensed when consumed. Donated surplus commodities received are valued based upon the cost furnished by the Federal Government.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is nonspendable in the governmental fund types as this amount is not available for general appropriation.

1-E-6 Capital Assets

Capital assets from governmental activities are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The School District reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the government-wide statement of net position and in the enterprise fund's statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized, if applicable. All reported capital assets are depreciated except for land, water rights and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. The adjustment for removal of salvage value is shown in the Capital Assets Note 2-D. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives	Component Units Estimated Lives
Buildings	25 – 50 years	----	50 Years
Equipment	5 – 20 years	5 – 15 years	7 – 20 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-7 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Temporary leave (sick leave, personal and bereavement) benefits are accrued as a liability using the termination payment method. An accrual for earned temporary leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

In fiscal year 2013, the District offered Early Separation Plans and Long Term Service Benefits to its employees. Only those employees who have completed fifteen or more years of service in the District as of July 1, 2009 are eligible after completing twenty years of service. These plans will end on June 30, 2014. Classified employees may receive 90% of their current year's salary at either July 31st or January 31st of the year following their retirement. Certified employees may receive the difference between their 31st of the year following the current salary and the average salary of all new teachers hired during fiscal year 2009 on January date of separation. Administrators may receive the average paid out to certified employees

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

during the year of their retirement. Seven employees received their early separation plan/long term service payments at a total cost of \$227,264 in fiscal year 2013. As of June 30, 2013, there are 33 employees who are eligible for future payments through June 30, 2014 at a total remaining cost of \$1,092,095.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only “when due.”

1-E-8 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Bonds are recognized as a liability in the governmental fund financial statements when due.

1-E-9 Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts, loss on refunding and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an “expenditure.”

1-E-10 Fund Balance/Net Position

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The School District restricts those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

Assignments are management’s intent to set aside these resources for specific services. For fiscal year ending 2013, the School District follows GASB 54, *Fund Balance Reporting and Government Fund Type Definition*, and record fund balances in the following classifications depicting the relative strength of the spending constraints placed on the purposed for which resources can be used:

Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact (such as the corpus of an endowment fund).

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts that can be used only for specific purposes determined by a formal action of the Board of Education, the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Education.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Assigned fund balance – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board of Education’s adopted policy, only the Superintendent or his/her designee may assign amounts for specific purposes.

Unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

The District’s order of fund balance spending policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The District reserves the right to selectively spend unassigned fund balance.

Net Position - Net position represent the difference between assets and liabilities. The net investment in capital assets consists of capital assets, net of accumulated depreciation and related debt. Net position are reported as restricted when there are limitations imposed on their use either through an election of the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

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

1-E-11 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. For the School District, these operating revenues are sales of meals in the food service program. Operating expenses are necessary costs incurred to provide the sale of meals, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expense.

1-E-12 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-13 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. The effect of interfund activity has been eliminated from the government-wide financial statements. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated.

Since the internal service fund revenues are employee payments for dental insurance, they are not eliminated (i.e., they do not relate to other funds, rather they relate to third parties).

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

1-E-14 Estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - Detailed Notes on All Funds

2-A. Cash and Investments

At June 30, 2013, the School District had the following cash and investments:

	District	Component Units
Cash on Hand	\$ 2,450	\$ 319,361
Deposits	1,140,548	1,132,661
Investments	41,255,789	6,268,050
	<hr/>	<hr/>
Total	<u>\$ 42,398,787</u>	<u>\$ 7,720,072</u>
	<hr/>	<hr/>
Governmental Activities	\$ 41,231,460	\$ 4,509,833
Business-Type Activities	708,233	-
Fiduciary Activities	194,734	-
Restricted Cash and Investments	264,360	3,210,239
	<hr/>	<hr/>
Total	<u>\$ 42,398,787</u>	<u>\$ 7,720,072</u>
	<hr/>	<hr/>

Restricted Cash and Investments – As of June 30, 2013, the School District has restricted cash and investments of \$264,360 recorded in the District’s Capital Projects fund for that purpose.

Cash Held in Trust – As of June 30, 2013, the School District has \$572,577 held in trust. Adams County and Weld County collected property taxes for the School District and holds the funds in trust until sent to the School District on a monthly basis. Cash held in trust is grouped in deposits in the Cash and Investments Note 2-A.

Deposits – The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2013, the State regulatory commissioners had indicated that all financial institutions holding deposits for the School District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure the School District’s deposits may not be returned to it. The School District and the discretely presented component units do not have a deposit policy for custodial credit risk. At June 30, 2013 the School District had no deposits exposed to credit risk.

The School District maintains a zero-balance clearing account for their outstanding accounts payable checks. Outstanding checks totaled \$267,031 as of June 30, 2013. An automatic cash transfer from the School District’s checking account automatically cleared the zero-balance account to zero on July 1, 2013. The clearing account total is grouped in deposits in the Cash and Investments Note 2-A.

The School District deposits total \$1,140,548 and are made up of General Fund checking and clearing accounts totaling \$887,996, cash with fiscal agent in the bond redemption fund totaling \$220,852, and internal service fund dental checking totaling \$31,700. These amounts are grouped in deposits in the cash and investments note 2-A.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Investments – Colorado statutes specify investment instruments meeting defined rating maturity and concentration risk criteria. The School District has adopted an investment policy which is more restrictive and limits investments to the following:

- Obligations of the United States and certain U.S. Agency securities
- Written repurchase agreements collateralized by certain authorized securities
- Certain time certificates of deposit of savings accounts in state or national banks
- Certain time certificates of deposit of savings accounts in state or federally chartered savings and loans
- Certain money market mutual funds
- Local government investment pools

Local Government Investment Pool - The School District has invested in the Colorado Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE). At June 30, 2013, the School District had \$28,595,316 invested in COLOTRUST and \$847,389 invested in CSAFE. These are investment trusts established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. These pools operate similarly to a money market fund and each share is equal in value to \$1. Investments of the pool consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by pools in connection with the direct investment and withdrawal functions of the pools. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial banks. The custodian's internal records identify the investments owned by the School District. Due to their high liquidity, these funds are classified as cash equivalents for reporting purposes. The Trusts are rated AAAm by Standard and Poor's.

Interest Rate Risk – The School District and the component units do not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado Revised Statute 24-75-601 limits investment maturities to five years or less without governing board approval. Based on the current rate environment, the School District and the component units assume that investments will be held to maturity. As of June 30, 2013, no coupon and discount securities had investment maturities greater than five years. The weighted average maturity of the local government entity investment pools investments was 60 days for COLOTRUST and CSAFE at June 30, 2013.

Credit Risk – State statute limit investments in U.S. Government Agency securities to the highest rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk – State statutes do not limit the amount the School District may invest in one issuer. The School District has adopted a policy which is more restrictive and limits investments to: not more than 25% of the School District's portfolio invested in the securities in any "one" government agency with the exception of United States Treasury securities; not more than 25% of the School District's portfolio invested in deposit accounts; money market mutual funds shall be diversified so that no fund shall hold more than 50% of the School District's portfolio; combined fund investments not to exceed 75% of the total portfolio and not exceeding 25% of the School District's total portfolio in repurchase agreements.

As of June 30, 2013, the School District had the following investments. Deposits and investments are internally pooled to maximize investment safety, liquidity and interest yield.

Type of Security	Fair Value	Concentration	S&P Rating	Maturity			
				12 Months or Less	12 - 24 Months	24 - 36 Months	36 - 60 Months
ColoTrust (external investment pool)	\$ 28,595,316	69.31%	AAAm	\$ 28,595,316	-	-	-
CSAFE (external investment pool)	847,389	2.05%	AAAm	847,389	-	-	-
Wells Fargo Advantage government money market fund	11,813,084	28.64%	AAAm	11,813,084	-	-	-
	<u>\$ 41,255,789</u>	<u>100.0%</u>		<u>\$ 41,255,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

At June 30, 2013, the School District's discretely presented component units' investments are as follows:

Eagle Ridge Academy	
CSAFE	\$ 467,539
Total	<u>\$ 467,539</u>
 Bromley East Charter School	
COLO TRUST and CSAFE	\$ 1,515,701
U.S. Agency Securities	1,375,712
Money Market Fund	596,598
Total	<u><u>\$ 3,488,011</u></u>
 Belle Creek Charter School	
CSAFE	\$ 1,584,731
Colotrust	762,535
Total	<u>\$ 2,347,266</u>
 Total Component Units	<u>\$ 6,302,816</u>

All of the Charter schools and the Capital Facility Fee Foundation have adopted an investment policy that does not vary significantly from Colorado State Statutes.

Belle Creek Charter CSAFE investment was rated AAAM by Standard & Poor's. Cash and investments of \$762,535 are unspent debt proceeds and are restricted in the Education Center for future debt service. In addition, the Charter School has restricted cash and investments of \$81,936 for building repairs, as required by the building lease agreement.

Bromley East Charter had invested \$1,515,701 in COLOTRUST and CSAFE investments at June 30, 2013. The COLOTRUST pool is rated AAAM by Standard and Poor's and CSAFE is rated AAAM by Standard and Poor's. Cash in the amount of \$1,899,229 is restricted for debt service.

Eagle Ridge Academy had \$467,539 invested in CSAFE at June 30, 2013. The pool is rated AAAM by Standard and Poor's. Cash and investments of \$466,539 have been restricted by the Brighton Charter School Building Corporation for future debt service. The restricted cash and investments are reported in the financial statements.

The Capital Facility Fee Foundation did not have investments in marketable securities or COLOTRUST and CSAFE investment pools at June 30, 2013.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

2-B. Receivables

Receivables at June 30, 2013, consisted of taxes, interest, accounts (billings for user charges) and School District receivables arising from grants.

Receivables and payables are recorded on the governmental financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

The School District has a notes receivable with Eagle Ridge Academy, a discretely presented component unit of the School District, in the amount of \$224,011 for grant expenditures that had to be paid back to the Colorado Department of Education. The School District has a second note receivable in the amount of \$69,239 with Eagle Ridge Academy related to central administrative overhead costs and direct costs, with the exception of Charter School liaison services. Both note receivables are recorded as notes receivables in the governmental funds and the Statement of Net Position. At the governmental fund level, these notes receivable are deferred as they do not provide current financial resources to the School District. At the governmental-wide level, these revenues are recognized as they meet the revenue recognition criteria as being earned by the School District. See Note 2-G. for discussion of these promissory notes for Eagle Ridge Academy.

2-C. Property Taxes

The Board of Education levies property taxes. The levy is based on assessed valuations determined by the County Assessors' offices generally as of January 1st of each year. The levy is set by December 15th by certification to the County Commissioners to put the tax lien on the individual properties as of December of each year. The County Treasurers' offices collect the determined taxes during the ensuing calendar year. The taxes are payable by April 30th or, if in equal installments, at the taxpayer's election on February 28th and June 15th. Delinquent taxpayers are notified in August and tax sales of the liens on delinquent properties are held in November. The County Treasurers' offices remit the taxes collected to the School District on the 10th of each month and on March 25th, May 25 and June 25th.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

2-D. Capital Assets – Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance 07/1/2012	Additions	Deductions	Transfers	Balance 6/30/2013
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 9,231,346	\$ -	\$ 13,134	\$ -	\$ 9,218,212
Water Shares	1,079,902	416,771	-	-	1,496,673
Construction in progress	7,364,288	534,852	131,915	7,767,225	-
Total capital assets not being depreciated	17,675,536	951,623	145,049	7,767,225	10,714,885
Other capital assets being depreciated:					
Buildings	229,496,431	242,919	-	7,767,225	237,506,575
Equipment	12,424,775	1,593,011	29,225	-	13,988,561
Total other capital assets	241,921,206	1,835,930	29,225	7,767,225	251,495,136
Total capital assets	259,596,742	2,787,553	174,274	7,767,225	262,210,021
Accumulated depreciation:					
Buildings	40,789,538	4,773,555	-	-	45,563,093
Equipment	5,818,382	838,218	26,495	-	6,630,105
Total accumulated depreciation	46,607,920	5,611,773	26,495	-	52,193,198
Book value - depreciable capital assets	195,313,286	(3,775,843)	2,730	7,767,225	199,301,938
Governmental activities capital assets, net	<u>\$ 212,988,822</u>	<u>\$ (2,824,220)</u>	<u>\$ 147,779</u>	<u>\$ -</u>	<u>\$ 210,016,823</u>
Governmental Activities Depreciation Expense					
Instructional services		\$ 4,105,738			
Pupil services		510,312			
Instructional staff support services		16,953			
General administration		6,670			
School administration		205,600			
Business supporting services		78,306			
Operation and maintenance		70,982			
Pupil Transportation		457,431			
Central supporting services		159,781			
Total governmental activities depreciation expense		<u>\$ 5,611,773</u>			
Business-type activities:					
Other capital assets:					
Machinery and equipment	\$ 390,275	\$ 59,949	\$ 2,628	\$ 447,596	
Accumulated depreciation:					
Machinery and equipment	263,408	32,814	2,366	293,856	
Business-type activities capital assets, net	<u>\$ 126,867</u>	<u>\$ 27,135</u>	<u>\$ 262</u>	<u>\$ 153,740</u>	

Continued

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Component Units Capital Assets	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
Eagle Ridge Academy				
Capital assets not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital assets not being depreciated	50,000	-	-	50,000
Capital assets being depreciated:				
Buildings and Improvements	9,031,412	-	-	9,031,412
Total capital assets being depreciated	9,031,412	-	-	9,031,412
Less accumulated depreciation	843,842	180,628	-	1,024,470
Net Eagle Ridge Academy	<u>\$ 8,237,570</u>	<u>\$ (180,628)</u>	<u>\$ -</u>	<u>\$ 8,056,942</u>
Bromley East Charter School:				
Capital assets not being depreciated:				
Land	\$ 144,120	\$ -	\$ -	\$ 144,120
Construction in Progress	-	4,000	-	4,000
Total capital assets not being depreciated	144,120	4,000	-	148,120
Capital assets being depreciated:				
Buildings	9,375,323	-	-	9,375,323
Vehicles and equipment	157,352	20,263	-	177,615
Building improvements	100,785	83,504	-	184,289
Total capital assets being depreciated	9,633,460	103,767	-	9,737,227
Less accumulated depreciation	2,093,058	203,811	-	2,296,869
Net Bromley East Charter School	<u>\$ 7,684,522</u>	<u>\$ (96,044)</u>	<u>\$ -</u>	<u>\$ 7,588,478</u>
Belle Creek Charter School:				
Capital assets being depreciated:				
Buildings and Improvements	\$ 7,419,195	\$ -	\$ -	\$ 7,419,195
Vehicles	123,871	-	-	123,871
Total capital assets being depreciated	7,543,066	-	-	7,543,066
Less accumulated depreciation	1,568,563	206,715	-	1,775,278
Net Belle Creek Charter School	<u>5,974,503</u>	<u>(206,715)</u>	<u>-</u>	<u>5,767,788</u>
Foundations Academy Charter School:				
Capital assets being depreciated:				
Equipment	\$ -	\$ 46,098	\$ -	\$ 46,098
Total capital assets being depreciated	-	46,098	-	46,098
Less accumulated depreciation	-	3,184	-	3,184
Net Foundations Academy Charter School	<u>-</u>	<u>42,914</u>	<u>-</u>	<u>42,914</u>
Total component unit capital assets	26,402,058	153,865	-	26,555,923
Total component unit accumulated depreciation	4,505,463	594,338	-	5,099,801
Total component unit capital assets, net	<u>\$ 21,896,595</u>	<u>\$ (440,473)</u>	<u>\$ -</u>	<u>\$ 21,456,122</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

2-E. Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances at June 30, 2013, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The School District expects to repay all interfund balances within one year.

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Nonmajor Funds	\$ 1,357,574	Government Designated Purpose Grant Fund	\$ 367,321
Capital Projects Fund	263,640	Nonmajor Funds	415,797
Internal Service Fund	449,599	General Fund	2,773,206
Debt Service Fund	80,505		
General Fund	1,405,005		
Total	<u>\$ 3,556,323</u>		<u>\$ 3,556,323</u>

Interfund transfers for the year ended June 30, 2013, consisted of the following:

	<u>Transfers In</u>			<u>Transfers In</u>
	Nonmajor Funds			Major Funds
	Pupil Activity <u>Fund</u>	Transportation <u>Fund</u>	Special Programs <u>Fund</u>	General <u>Fund</u>
<u>Transfers Out</u>				
General Fund	\$ 363,686	\$ 2,143,620	\$ -	\$ -
Government Designated Purpose Grants Fund	-	-	1,102,297	-
Other Special Programs Fund	-	-	-	18,196
Total	<u>\$ 363,686</u>	<u>\$ 2,143,620</u>	<u>\$ 1,102,297</u>	<u>\$ 18,196</u>

For clarification purposes, Other Special Programs Fund received \$1,102,297 from the Government Designated Purpose Grants Fund and transferred out \$18,196 to the General Fund.

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations.

All School District transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

2-F. Compensated Absences

School District policy limits the accumulation of earned employee vacation to the equivalent of 2 years earned vacation. Also, the School District grants temporary (sick, personal & bereavement, etc.) leave to all classes of employees. Unused leave balances are paid at termination. Upon termination, all certified personnel are paid at a rate of \$70.39 per day for all accumulated temporary leave days. Classified personnel are paid at a rate of \$5.80 per hour for the first 75 days; after 75 days they are paid \$6.90 per hour. Employees with more than 75 days of accrued temporary leave have the option of being paid for the excess days each June. In addition, eligible employees may elect to contract with the School District for early retirement upon terms and conditions specified by School District policy. Eligible employees may contract for early retirement benefits after twenty years of service to the School District.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

2-G. Long-Term Debt

Periodically, the School District issues bonds to finance the construction of its various facilities.

General Obligation Bond Series 2004 – General Obligation Bonds, series 2004, were issued in denominations of \$5,000, dated December 15, 2004, total issue of \$49,900,000. The bonds were issued for the purpose of constructing a new high school and making improvements to the School District's schools.

Interest at a rate of 2.5 – 5.0% is payable at each June 1 and December 1. Principal is payable on December 1, 2005 and each calendar year thereafter to 2014. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

The bonds maturing on or before December 1, 2014 are not subject to redemption prior to their respective maturity dates. Annual debt service requirements to maturity for the General Obligation Bonds, Series 2004, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 1,915,000	\$ 113,206	\$ 2,028,206
2015	1,990,000	39,175	2,029,175
Total	<u>\$ 3,905,000</u>	<u>\$ 152,381</u>	<u>\$ 4,057,381</u>

School District 27J, Colorado
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Certificates of Participation Series 2005– Certificate of Participation, series 2005, were issued with denominations of \$5,000, dated December 15, 2005, total issue of \$3,775,000. The proceeds from the sale of the Certificates were used to provide funds to acquire approximately 8.61 acres of land and the buildings thereon for use by the School District as an administration building and other educational purposes. The buildings and the land constitute leased property and will be leased to the Trustee (lessee) by the School District (lessor).

Interest on the Certificates at a rate of 3.5 – 4.25% is payable at each June 15 and December 15. Principal payments are payable on December 15, 2006 and each calendar year thereafter to 2025. The Certificates are payable solely from annually appropriated base rentals and any purchase option price paid by the School District under the lease.

The Certificates may be called for redemption, in whole, from either proceeds of general obligation bonds or other debt of the School District or moneys made available to the School District from a lease-purchase financing or refinancing with respect to the leased property, at the option of the School District, on or after December 15, 2015 at the redemption price of 100%, plus accrued interest to the redemption date.

The Certificates are subject to mandatory sinking fund redemption, prior to maturity, in part, by lot in such manner as the trustee shall determine and at a price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the date of redemption, on the following dates and in the following amounts:

Sinking Fund Redemption Date (December 15)	Principal Amount
2020	\$ 220,000
2021	* 230,000
2022	235,000
2023	* 245,000
2024	260,000
2025	* 270,000

* Maturity

Annual debt service requirements to maturity for the Certificates of Participation, Series 2005, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 165,000	\$ 113,211	\$ 278,211
2015	170,000	106,594	276,594
2016	180,000	99,594	279,594
2017	185,000	92,294	277,294
2018	195,000	84,572	279,572
2019	200,000	76,425	276,425
2020	210,000	67,838	277,838
2021	220,000	58,700	278,700
2022	230,000	49,137	279,137
2023	235,000	39,256	274,256
2024	245,000	29,056	274,056
2025	260,000	18,000	278,000
2026	270,000	6,075	276,075
Total	<u>\$ 2,765,000</u>	<u>\$ 840,752</u>	<u>\$ 3,605,752</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

General Obligation Refunding Bonds Series 2006A – General obligation refunding bonds, series 2006A, were issued in denominations of \$5,000, dated February 16, 2006, total issue of \$26,500,000. The bonds were issued to refund a portion of the School District's outstanding General Obligation Bonds, Series 2001, originally issued in the aggregate principal amount of \$28,500,000. The Refunded Bonds will be called for redemption on December 1, 2011 at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

Interest at a rate of 3.5 – 5.25% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2006 and each calendar year thereafter to 2024. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

The bonds maturing on or before December 1, 2016 are not subject to redemption prior to their respective maturity dates. The bonds maturing on or after December 1, 2017 are subject to redemption prior to maturity at the option of the School District, in whole or in part, and if in part in such order of maturity as the School District shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 1, 2016 and on any date thereafter, at the redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date. Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2006A, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 300,000	\$ 1,203,219	\$ 1,503,219
2015	305,000	1,189,619	1,494,619
2016	315,000	1,176,825	1,491,825
2017	330,000	1,163,119	1,493,119
2018	345,000	1,149,206	1,494,206
2019	3,380,000	1,070,481	4,450,481
2020	3,525,000	923,422	4,448,422
2021	3,670,000	751,850	4,421,850
2022	3,865,000	563,719	4,428,719
2023	4,050,000	375,738	4,425,738
2024	4,240,000	168,249	4,408,249
2025	1,340,000	28,475	1,368,475
Total	<u>\$ 25,665,000</u>	<u>\$ 9,763,922</u>	<u>\$ 35,428,922</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

General Obligation Bonds Series 2006C – General obligation bonds, series 2006C, were issued in denominations of \$5,000, dated December 12, 2006, issued December 20, 2006, total issue of \$74,000,000. The bonds were issued for the purpose of constructing a new elementary school, two new middle schools and to make improvements to existing School District's schools. The bond proceeds realized an original issue net premium of \$5,180,905.

Interest at a rate of 3.75 – 5.5% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2008 and each calendar year thereafter to 2026. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

The bonds maturing on or before December 1, 2016 are not subject to redemption prior to their respective maturity dates. The bonds maturing on or after December 1, 2017 are subject to redemption prior to maturity at the option of the School District, in whole or in part, and if in part in such order of maturity as the School District shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 1, 2016 and on any date thereafter, at the redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date. Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2006C, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 2,445,000	\$ 3,020,538	\$ 5,465,538
2015	2,545,000	2,901,650	5,446,650
2016	2,695,000	2,777,763	5,472,763
2017	2,800,000	2,667,863	5,467,863
2018	2,910,000	2,553,663	5,463,663
2019	3,025,000	2,419,837	5,444,837
2020	3,175,000	2,264,837	5,439,837
2021	3,340,000	2,114,487	5,454,487
2022	3,480,000	1,965,212	5,445,212
2023	3,635,000	1,796,037	5,431,037
2024	3,820,000	1,609,662	5,429,662
2025	4,005,000	1,434,063	5,439,063
2026	12,265,000	1,024,341	13,289,341
2027	12,925,000	347,360	13,272,360
Total	<u>\$ 63,065,000</u>	<u>\$ 28,897,313</u>	<u>\$ 91,962,313</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

General Obligation Building and Refunding Bonds Series 2008 – General obligation bonds, series 2008, were issued in denominations of \$5,000, dated and issued April 2, 2008, total issue of \$18,700,000. A portion of the bonds constitutes the remaining \$15,000,000 of authorization to incur general obligation indebtedness approved at the November 7, 2006 election, and the proceeds of such bonds are expected to be used to complete the construction of two new elementary schools, two new middle schools, and making improvements to existing School District's schools that was begun with proceeds of the Series 2006C Bonds. A portion of the proceeds of the Bonds will be used to refund, in advance of maturity, \$3,555,000 in aggregate principal amount of the School District's General Obligation Building and Refunding Bonds, Series 1998 and paying costs of issuance of the Bonds. The Refunding Bonds Series 2008 total debt service of \$4,768,241 will replace the prior debt service of \$4,972,108.

Interest at a rate of 3.25 – 4% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2008 and each calendar year thereafter to 2027. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

The bonds maturing on or before December 1, 2018 are not subject to redemption prior to their respective maturity dates. The bonds maturing on or after December 1, 2019 are subject to redemption prior to maturity at the option of the School District, in whole or in part, and if in part in such order of maturity as the School District shall determine and by lot within any maturity in such manner as the Paying Agent shall determine, on December 1, 2018 and on any date thereafter, at the redemption price (expressed as a percentage of principal amount) of 100%, plus accrued interest to the redemption date. Annual debt service requirements to maturity for the General Obligation Building and Refunding Bonds, Series 2008, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 265,000	\$ 857,065	\$ 1,122,065
2015	275,000	848,290	1,123,290
2016	275,000	839,009	1,114,009
2017	285,000	828,853	1,113,853
2018	2,055,000	782,409	2,837,409
2019	45,000	740,409	785,409
2020	50,000	738,509	788,509
2021	50,000	736,446	786,446
2022	55,000	734,201	789,201
2023	55,000	731,816	786,816
2024	60,000	729,262	789,262
2025	60,000	726,525	786,525
2026	65,000	723,594	788,594
2027	70,000	720,387	790,387
2028	13,690,000	359,362	14,049,362
Total	<u>\$ 17,355,000</u>	<u>\$ 11,096,137</u>	<u>\$ 28,451,137</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

General Obligation Refunding Bonds – Series 2011 General obligation bonds, Series 2011, were dated and issued November 03, 2011, total issue of \$1,515,000. The bonds were issued to refinance a portion of the School District's general obligation debt for the purpose of reducing debt service requirements. The obligation refunded consisted of the School District's General Obligation Bonds, Series 1998, originally issued in the principal aggregate amount of \$9,420,000.

Interest, at a rate of 2.10% is payable each June 1 and December 1. Principal is payable on December 1, 2011, and each calendar year thereafter to 2017. The Bonds are general obligations of the School District, and shall be payable from general ad valorem taxes required to be levied, without limitation as to rate and in amounts sufficient to pay the principal of and interest on both the Bonds and Registered Coupons, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2011, are as follows:

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 100,000	\$ 26,355	\$ 126,355
2015	100,000	24,255	124,255
2016	105,000	22,102	127,102
2017	110,000	19,845	129,845
2018	890,000	9,345	899,345
Total	<u>\$ 1,305,000</u>	<u>\$ 101,902</u>	<u>\$ 1,406,902</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

General Obligation Refunding Bonds Series 2012A – General obligation refunding bonds, series 2012A, were dated and issued April 24, 2012, total issue of \$31,340,000. The bonds were issued to refund a portion of the School District's outstanding general obligation debt for the purpose of reducing debt service requirements. The obligation refunded consisted of the School District's General Obligation Bonds, Callable Series 2004, originally issued in the principal aggregate amount of \$49,900,000.

Interest at a rate of 2.00% –5.00% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2012 and each calendar year thereafter to 2024. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2012A, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ -	\$ 1,366,150	\$ 1,366,150
2015	-	1,366,150	1,366,150
2016	2,065,000	1,326,600	3,391,600
2017	4,620,000	1,194,650	5,814,650
2018	2,270,000	1,069,550	3,339,550
2019	2,340,000	990,050	3,330,050
2020	2,430,000	887,875	3,317,875
2021	2,540,000	779,250	3,319,250
2022	2,650,000	660,125	3,310,125
2023	2,780,000	524,750	3,304,750
2024	2,915,000	382,375	3,297,375
2025	6,190,000	154,750	6,344,750
Total	<u>\$ 30,800,000</u>	<u>\$ 10,702,275</u>	<u>\$ 41,502,275</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

General Obligation Refunding Bonds Series 2012B – General obligation refunding bonds, series 2012B, were dated and issued November 1, 2012, total issue of \$6,730,000. The bonds were issued to refund a portion of the School District's outstanding general obligation debt for the purpose of reducing debt service requirements. The obligation refunded consisted of the School District's General Obligation Bonds, Callable Series 2002, originally issued in the principal aggregate amount of \$10,475,000.

Interest at a rate of 1.49% is payable at each June 1 and December 1. Principal payments are payable on December 1, 2013 and each calendar year thereafter to 2015. The bonds are general obligations of the School District and shall be payable from general ad valorem taxes required to be levied, without limitations as to rate and in amounts sufficient to pay for the principal of and interest on the bonds, on all taxable property of the School District, except to the extent other legally available funds are applied for such purpose.

On November 1, 2012, the School District current refunded a portion of the School District's Series 2002 general obligation bonds with an average interest rate of 5.0% with the proceeds from the issuance of Series 2012B general obligation bonds dated November 1, 2012, with an average interest rate of 1.49%. Total debt service on the 2012B refunding bonds will be \$6,884,725 through December 2016. The economic gain for the School District (difference between the present values of the debt service payments on the old and new debt) was minimal due to the short-term nature of the Series 2012B refunding bonds. This refunding decreases total debt service over the next three years resulting in a debt service savings of \$471,810.

The Bonds are subject to mandatory sinking fund redemption at a price equal to the principal amount plus accrued interest to the redemption date, selected by lot in such a manner as the Registrar shall determine, on the following dates and in the following amounts:

Sinking Fund Redemption Date (December 1)	Principal Amount
2013	\$ 2,135,000
2014	2,240,000

Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2012B, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 2,135,000	\$ 84,938	\$ 2,219,938
2015	2,240,000	52,125	2,292,125
2016	2,355,000	17,663	2,372,663
Total	<u>\$ 6,730,000</u>	<u>\$ 154,725</u>	<u>\$ 6,884,725</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Promissory Note - On October 2, 2012, The School District entered into a \$416,771 promissory note with the City of Brighton, Colorado for water augmentation/water rights. Interest at the rate of 2.5% is payable on July 1 and each calendar year thereafter to 2017. Annual debt service requirements to maturity for the Promissory Note are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 83,354	\$ 2,084	\$ 85,438
2015	83,354	2,084	85,438
2016	83,354	2,084	85,438
2017	83,354	2,084	85,438
2018	83,355	2,083	85,438
Total	<u>\$ 416,771</u>	<u>\$ 10,419</u>	<u>\$ 427,190</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Capital Leases - In July 2012, the School District entered into one capital lease agreement for the acquisition of District computer software. The School District's obligation to make annual payments under the leases is subject to annual appropriation authority as made by the Board of Education.

Sun Trust Capital Computer Software Lease – Lease terms are for 35 months with an annual percentage rate of 1.95%. Annual payments begin on July 25, 2012 and end on May 25, 2015.

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 38,850	\$ 1,119	\$ 39,969
2015	36,283	355	36,638
Total	\$ 75,133	\$ 1,474	\$ 76,607

JP Morgan Chase Capital Bus Lease – Lease terms are for 48 months with an annual percentage rate of 1.84%. Annual payments begin on July 15, 2012 and end on July 15, 2015, at which time title to the buses passes to the School District.

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 366,340	\$ 12,473	\$ 378,813
2015	338,081	6,210	344,291
2016	309,688	468	310,156
Total	\$ 1,014,109	\$ 19,151	\$ 1,033,260

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Valley Bank Teacher Computer Lease - Lease terms are for 36 months with an annual percentage rate of 2.00%. Annual payments begin on July 18, 2012 and end on July 1, 2014.

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 84,456	\$ 1,846	\$ 86,302
2015	85,826	141	85,967
Total	<u>\$ 170,282</u>	<u>\$ 1,987</u>	<u>\$ 172,269</u>

Sun Trust Student Computer Lease - Lease terms are for 37 months with an annual percentage rate of 1.95%. Monthly payments begin on May 25, 2012 and end on June 1, 2015.

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 74,548	\$ 2,272	\$ 76,820
2015	76,015	805	76,820
Total	<u>\$ 150,563</u>	<u>\$ 3,077</u>	<u>\$ 153,640</u>

Assets under capital leases net book value totaled \$2,136,505 at June 30, 2013 as follows:

Equipment	\$ 2,252,523
Accumulated Depreciation	<u>(116,018)</u>
Total	<u>\$ 2,136,505</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

A summary of the above bonds, certificates, capital lease, and promissory note outstanding at June 30, 2013 follows:

Bond Issuance	Principal	Interest	Total
Series 2004 general obligation bonds	\$ 3,905,000	\$ 152,381	\$ 4,057,381
Series 2005 certificates of participation	2,765,000	840,752	3,605,752
Series 2006A general obligation refunding bonds	25,665,000	9,763,922	35,428,922
Series 2006C general obligation bonds	63,065,000	28,897,313	91,962,313
Series 2008 general obligation refunding bonds	17,355,000	11,096,137	28,451,137
Series 2011 general obligation refunding bonds	1,305,000	101,902	1,406,902
Series 2012A general obligation refunding bonds	30,800,000	10,702,275	41,502,275
Series 2012B general obligation refunding bonds	6,730,000	154,725	6,884,725
Capital lease obligations	1,410,087	45,836	1,455,923
Promissory note	416,771	10,419	427,190
Total	\$ 153,416,858	\$ 61,765,662	\$ 215,182,520

Defeased Debt – The School District defeased certain bonds by placing the proceeds of refunding bond issues in irrevocable escrow accounts to provide for all future debt service payments on the defeased bonds. As a result, the refunded portions of those bonds are not reported at the government-wide financial reporting level. Outstanding defeased debt at June 30, 2013:

General Obligation Bonds	Outstanding Principal Balance
General Obligation Bonds - Series 2004	\$ 32,005,000
	<u>\$ 32,005,000</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Component Unit Long-Term Debt

Belle Creek Charter School: On June 14, 2007, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$9,200,000 Charter School Revenue Refunding Bonds, Series 2007A, and \$100,000 Taxable Charter School Revenue Bonds, Series 2007B, to advance refund CECFA's outstanding Series 2002 Bonds. Proceeds from the Series 2002 Bonds were loaned to the Education Center under a lease agreement to construct the Charter school's building. Belle Creek Charter School is obligated under a lease agreement to make monthly lease payments to the Education Center for use of the building. The Education Center is required to make equal loan payments to the Trustee, for payment of the Series 2007 bonds. Monthly principal and interest payments are due under the agreements, with interest accruing at rates ranging from 4.00% - 5.42%. The bonds mature in March, 2037. Future debt service requirements are as follows for Belle Creek Charter School Refunding Bonds, Series 2007:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 200,000	\$ 368,421	\$ 568,421
2015	210,000	360,421	570,421
2016	220,000	352,021	572,021
2017	225,000	343,221	568,221
2018	235,000	334,221	569,221
2019-2023	1,335,000	1,512,809	2,847,809
2024-2028	1,675,000	1,185,419	2,860,419
2029-2033	2,080,000	768,099	2,848,099
2034-2037	2,040,000	241,194	2,281,194
Total	<u>\$ 8,220,000</u>	<u>\$ 5,465,826</u>	<u>\$ 13,685,826</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Eagle Ridge Academy: In December, 2006, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$10,195,000 Charter School Revenue Bonds, Series 2006. Proceeds of the bonds were loaned to the Brighton Charter School Building Corporation under a mortgage and loan agreement to construct a new educational facility. The facility was previously used by another school prior to the Academy being formed in July of 2010. Eagle Ridge Academy is obligated under a lease agreement to make monthly lease payments to the Brighton Charter School Building Corporation for use of the educational facilities. The Brighton Charter School Building Corporation is required to make equal loan payments to UMB Bank ("the Trustee") for payment of the bonds. Monthly principal and interest payments are due under the agreements, with interest accruing at 6%. The bonds mature in November, 2036.

Brighton Collegiate Charter School and Corporation terminated the lease agreement effective June 30, 2010, and the Brighton Collegiate Charter School was released from all responsibility for future lease obligations and covenants. On July 1, 2010, the Brighton Charter School Building Corporation entered into a lease agreement with the successor school, Eagle Ridge Academy, whereby Eagle Ridge Academy agreed to lease the facilities under terms mentioned in the above paragraph.

Notes Payable: In fiscal year 2013, Eagle Ridge Academy entered into a Promissory Note with the District. In fiscal year 2012, the District repaid \$224,011 of grant expenditures on behalf of Eagle Ridge Academy back to the Colorado Department of Education (CDE). This repayment related to improper grant expenditures incurred by Eagle Ridge Academy during fiscal years 2011 and 2012 out of a federal grant, passed through CDE to the District then to Eagle Ridge Academy. These funds were required to be paid back to CDE during fiscal year 2013. The District repaid these funds directly to CDE due to Eagle Ridge Academy's cash flow issues. Starting on July 1, 2013 and continuing until the principal balance of the Note has been repaid in full, Eagle Ridge Academy is to pay \$3,733.52 per month for term of 60 months. The promissory note bears no interest. As of June 30, 2013, \$44,802 is due in fiscal year 2014 and the remaining balance of \$179,198 is recorded as long term. This note payable is record as debt at the government-wide level only and not in Eagle Ridge Academy's General Fund as there was no impact at the fund level as expenditures related to this grant were previously recognized by Eagle Ridge Academy in prior years and no proceeds were received as these were paid directly by the District to CDE.

In Fiscal year 2013, Eagle Ridge Academy entered into another Promissory Note with the District. Under the agreement, for fiscal years 2013-2015, the District waives collection of amounts due from Eagle Ridge Academy related to central administrative overhead costs and direct costs, with the exception of Charter School liaison services. For fiscal years 2016 and 2017, Eagle Ridge Academy is to submit payment to the District for one-half of total amounts accumulated during fiscal years 2013-2015 for central administrative overhead costs and direct costs, as well as all current payments due for these costs. Beginning in fiscal year 2018, Eagle Ridge Academy will resume the submission of current payments due for central administrative costs and direct costs, as well as any other currently due costs. During fiscal year 2013, \$45,177 in central administrative costs and \$24,062 in direct costs were incurred by the District and waived by the District relating to this agreement. As of June 30, 2013, a long term liability of \$69,239 is reported in Eagle Ridge Academy's financial statements. Future debt service requirements are as follows:

Ending June 30	Principal	Interest	Total
2014	\$ 214,802	\$ 585,450	\$ 800,252
2015	224,802	574,800	799,602
2016	234,802	563,550	798,352
2017	249,802	550,475	800,277
2018	329,041	538,725	867,766
2019 - 2023	1,280,000	2,474,700	3,754,700
2024 - 2028	1,715,000	2,022,225	3,737,225
2029 - 2033	2,290,000	1,417,650	3,707,650
2034 - 2037	3,640,000	506,100	4,146,100
Total	<u>\$ 10,178,249</u>	<u>\$ 9,233,675</u>	<u>\$ 19,411,924</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Bromley East Charter School: In June, 2005, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$14,370,000 Charter School Revenue Bonds Series 2005. Proceeds of the bonds were used to refund the CECFA Charter School Revenue Bonds, Series 2000. Proceeds from the bonds were loaned to CEC under a lease agreement to purchase the Charter School's building by refunding existing debt, and to make improvements to the building. The Charter School is obligated to make monthly lease payments to CEC for use of the building. CEC is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrued at rates ranging from 3% to 5.25%. The lease matures in September 2032. Future debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 375,000	\$ 599,500	\$ 974,500
2015	385,000	586,669	971,669
2016	400,000	572,932	972,932
2017	415,000	555,297	970,297
2018	435,000	533,515	968,515
2019 - 2023	2,550,000	2,318,188	4,868,188
2024 - 2028	3,275,000	1,554,228	4,829,228
2029 - 2033	4,230,000	578,026	4,808,026
Total	<u>\$ 12,065,000</u>	<u>\$ 7,298,355</u>	<u>\$ 19,363,355</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Changes in Long-term Debt - Changes in the School District's long-term obligations consisted of the following for the year ended June 30, 2013:

Governmental Activities:	Outstanding 7/1/2012	Additions	Reductions	Outstanding 6/30/2013	Amounts Due in One Year
General obligation bonds	\$ 156,260,000	\$ 6,730,000	\$ 14,165,000	\$ 148,825,000	\$ 7,160,000
Promissory Note	-	416,771	-	416,771	83,354
Certificates of participation	2,925,000	-	160,000	2,765,000	165,000
Capital lease obligations	1,886,359	113,418	589,690	1,410,087	589,537
Bond Premium	10,647,169	-	1,016,921	9,630,248	-
Deferred Amount on Refunding	(5,009,271)	(412,421)	479,870	(4,941,822)	-
Certificates of Participation					
Discount	(19,019)	-	1,358	(17,661)	-
Total	\$ 166,690,238	\$ 6,847,768	\$ 16,412,839	\$ 158,087,623	\$ 7,997,891
Bond Issuance Costs	\$ 1,260,717	\$ 9,750	\$ 143,702	\$ 1,126,765	\$ -
Early retirement obligation	\$ 1,319,359	\$ -	\$ 227,264	\$ 1,092,095	\$ 1,092,095
Compensated absences	1,836,766	1,348,576	1,241,419	1,943,923	1,166,354
Total	\$ 3,156,125	\$ 1,348,576	\$ 1,468,683	\$ 3,036,018	\$ 2,258,449
Business-Type Activities:					
Compensated absences	\$ 88,716	\$ 43,648	\$ 39,242	\$ 93,122	\$ 55,873
Total Business-Type Activities	\$ 88,716	\$ 43,648	\$ 39,242	\$ 93,122	\$ 55,873

Changes in the Component Units' long-term obligations consisted of the following for the year ended June 30, 2013:

Governmental Activities:	Outstanding 7/1/2012	Additions	Reductions	Outstanding 6/30/2013	Amounts Due in One Year
Bonds Payable	\$ 9,980,000	\$ -	\$ 95,000	\$ 9,885,000	\$ 170,000
Note Payable	-	293,250	-	293,250	44,802
Loan Agreement	-	-	-	-	-
Building Loan	12,425,000	-	360,000	12,065,000	375,000
Premium	588,192	-	29,587	558,605	-
Loss on Refunding	(2,174,384)	-	(109,729)	(2,064,655)	-
Total	\$ 20,818,808	\$ 293,250	\$ 374,858	\$ 20,737,200	\$ 589,802
Business-Type Activities:					
Building Loan	\$ 8,415,000	-	\$ 195,000	\$ 8,220,000	\$ 200,000
Discount	(98,191)	-	(4,909)	(93,282)	-
Loss on Refunding	(1,243,436)	-	(62,172)	(1,181,264)	-
Total Business-Type Activities	\$ 7,073,373	-	\$ 127,919	\$ 6,945,454	\$ 200,000
Total Component Units	\$ 27,892,181	\$ 293,250	\$ 502,777	\$ 27,682,654	\$ 789,802

(Restated Component Unit Beginning Long Term Debt, see Note 3-D)

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Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Principal and interest payments related to the School District's long-term debt are made from the Debt Service Fund and the General Fund.

The compensated absences liability is paid from the fund from which the related employees' salaries are paid. The early retirement obligations are paid from the General Fund. The significant fund that pays employees' salaries and liquidates the liability for compensated absences is the School District's General Fund.

Other – Payment of principal and interest for general obligation bonds is made from the Bond Redemption Debt Service Fund. The legal limit and debt margin as of June 30, 2013 are \$211,984,702 and \$58,984,615.

2-H. Defined Benefit Pension Plan

Plan Description

The School District contributes to the Combined State and School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the School District are members of the SDTF. 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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information for SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy

The School District is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the School 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 School District it is 16.55% of covered salary. A portion of the School District's contribution (1.02% of covered salary) is allocated for the Health Care Fund (see Note 2-I). For the year ending June 30, 2013, the rate was 16.55%. The School District is also required to pay an amortization equalization disbursement (AED) equal to 3.4% of the total payroll for the calendar year 2013 (3.04% of total payroll for the calendar year 2013, and 3% of total payroll for the calendar year 2012). Additionally, the School District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 3% of the total payroll for the calendar year 2013 (3% of total payroll for calendar year 2013 and 2.5% for calendar year 2012). If the School District rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions (including the AED and SAED) on the amounts paid for the retiree. For the year ending June 30, 2013, retiree members contributions equal 8.0%. For the years ending June 30, 2013, 2012 and 2011, the School District's employer contributions to the SDTF were \$9,287,628.91, \$8,222,415, and \$7,904,517 respectively, equal to their required contributions for each year.

2-I. Postemployment Healthcare Benefits

Plan Description

The School District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

School District 27J, Colorado
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Funding Policy

The School District is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School District are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. For the years ending June 30, 2013, 2012 and 2011, the School District's employer contributions to the HCTF were \$588,183, \$551,722, and \$608,612 respectively, equal to their required contributions for each year.

2-J. Defined Contribution Pension Plan

Plan Description

Employees of the School District who are members of the SDTF (see note 2-H) may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available Comprehensive Annual Financial Report for the 401(k) and DC Plans. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372). The School District does not contribute to the Voluntary Investment Program or the 401(k) defined contribution plan administered by the PERA.

Funding Policy

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$17,000 for calendar years 2013 and 2012). Catch-up contributions up to \$5,500 for calendar years 2013 and 2012 were allowed for participants who attained age 50 before the close of the plan year, subject to the limitations of IRC SS 414 (v). The contribution requirements for the School District are established under Title 24, Article 51, Section 1402 of the CRS, as amended. For the years ending June 30, 2013, 2012 and 2011, the 401(k) Plan member contributions from the School District were \$488,182 \$532,301, \$580,901 respectively.

2-K. Net Position

Net Position on the Government-wide Statement of Net Position as of June 30, 2013 are as follows:

	Governmental Activities	Business Type Activities
Net investment in capital assets:		
Cost of Capital Assets	\$ 262,210,021	\$ 447,596
Less Accumulated Depreciation	(52,193,198)	(293,856)
Book Value	210,016,823	153,740
Less Capital Related Debt - Bonds	(148,825,000)	-
Less Capital Related Debt - Promissory Note	(416,771)	-
Less Capital Related Debt - Certificates of Participation	(2,765,000)	-
Less Capital Related Debt - Capital Lease	(1,410,087)	-
Less Bond Premiums	(9,630,248)	-
Add Bond Discount	17,661	-
Add Bond Deferred Amount on Refunding	4,941,822	-
	<u>\$ 51,929,200</u>	<u>\$ 153,740</u>

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

Note 3 - Other Notes

3-A. Risk Management

Self-Insurance Pool - The School District is exposed to various risks of loss related to torts, thefts or damage to, or destruction of assets; errors or omissions; workers' compensation; employee dental claims; and natural disasters. School District 27J has been a member of the Adams County BOCES Self Insurance Pool (the Pool) since its inception in 1979. The BOCES consists of 5 school districts in Adams County including Adams 1 – Mapleton, Adams 12 – Northglenn-Thornton, Adams 14 – Commerce City, Adams 50 – Westminster, and School District 27J. The Pool provides property and liability, workers' compensation, boiler and machinery, errors and omissions, and school board legal liability insurances for its member districts. Annually each district provides funding for the pool based on a pre-established amount that covers the cost of insurance, claims, operation of the Pool. Also, each district receives annual financial information on the equity interest and gains or losses. For the year ended June 30, 2013, the Brighton School District recorded an investment of \$554,066 and a gain of \$130,594. Pool members and percentage shares are as follows:

Adams County School Districts	% Shares in Pool
No. 1	8.05
No. 12	40.18
No. 14	18.54
No. 27J	13.71
No. 50	19.52

Following is an unaudited summary of financial information for the Pool as of and for the year ended June 30, 2013:

	Total	District's Share
Assets	\$ 9,069,244	\$ 1,243,451
Liabilities	5,044,684	689,385
Equity	<u>\$ 4,024,560</u>	<u>\$ 554,066</u>
Revenues	\$ 4,546,676	\$ 623,378
Expenditures	3,594,172	492,784
Net Income	952,504	130,594
Surplus, Beginning	4,024,560	423,472
Surplus, Ending	<u>\$ 4,977,064</u>	<u>\$ 554,066</u>

Percentage shares are as of June 30, 2013. Percentages will vary slightly from year-to-year depending upon premium allocation factors. The Pool's Board of Directors consists of one member appointed by the Board of Education of each participating school district. All members of the Pool's Board of Directors have an equal vote in the administration of the Pool's activities, are responsible for selection of management and have complete responsibility for all fiscal matters in the operation of the Pool. Separate financial statements for the Pool are available from the Adams County BOCES, 1400 W. 122nd Avenue, Suite 110, Westminster, Colorado 80234.

The School District pays annual premiums for property, liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. The Pool, which is subjected to actuarial review and annual audit, has various levels of self-insured retentions and purchases excess insurance for amounts above the retentions for liability, property and workers' compensation coverage.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

The following schedule shows the coverage for fiscal year 2013:

	School District <u>Deductible</u>	Pool's Self-Insured <u>Retention</u> (Per Occurrence)	<u>Excess</u> <u>Insurance</u> (Per Occurrence)
Liability	\$ -----	\$150,000	\$ 5,000,000 (auto) 10,000,000 (general)
Property	1,000	100,000	101,000,000
Workers' Compensation	-----	550,000	Statutory
Errors and Omissions	10,000	150,000	10,000,000
Boiler & Machinery	5,000	N/A	45,000,000
Crime	25,000	N/A	1,000,000

The School District is protected under the statutes of the Colorado Governmental Immunity Act to a maximum of \$150,000 per individual and \$600,000 per occurrence for liability exposure.

The School District continues to carry commercial insurance coverage for errors and omissions risks of loss and employee health. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Dental Self-Insurance Plan - The School District maintains a dental self-insurance plan (the "Plan") for employees who elect to purchase dental insurance through the plan. The Plan is entirely funded from employee contributions. Monthly premiums are \$40.86 per month for the employee. Dependent coverage is also available. The Plan is designed to minimize the risk to the School District by designing the plan to be dependent upon employee-paid premiums for all plan expenditures. The Plan limits participant claims to \$1,500 per year and a lifetime \$2,000 per person orthodontic claim. The School District consults with Lockton Companies to annually evaluate the plan. Claims are paid by the third party administrator acting on behalf of the School District. Claims due and payable within one year equal \$31,700 and are reported in the Proprietary Funds Statement of Net Position under current liabilities in the Governmental Activities Internal Service Fund.

Date	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2011	\$ 11,998	\$ 620,531	\$ 623,819	\$ 8,710
2012	8,710	645,926	633,095	21,541
2013	21,541	644,517	634,358	31,700

3-B. Tax, Spending and Debt Limitations

In November of 1992, Colorado voters approved a State Constitutional amendment, referred to as the Taxpayer's Bill of Rights (TABOR), containing tax, spending and debt limitations on the state and local governments. TABOR limits increases in revenues and expenditures to the rate of inflation and local growth. TABOR also requires local governments to establish emergency reserves to be used only for declared emergencies. On November 3, 1998, the Brighton School District Number 27J voters approved a ballot question "for Authorization of Collection, Retention and Expenditures of Revenue in Excess of the limitations set by Section 20 of Article X of the State Constitution". This ballot issue authorized the School District to retain and expend all excess revenue in fiscal year 1997/98 and in each fiscal year thereafter. This ballot question was approved by a vote of 4,357 in favor of the question and 2,512 opposing the question. As required by the Amendment, the School District has established a reserve for emergencies of \$2,900,960 at June 30, 2013. This reserve is recorded as a restricted fund balance in the General Fund.

Belle Creek Charter School reported an emergency reserve of \$135,000 at June 30, 2013 as a restricted fund balance in the General Fund. Eagle Ridge Academy reported a reserve of \$83,722 at June 30, 2013 as a restricted fund balance in the General Fund. Bromley East Charter School reported an emergency reserve of \$149,000 at June 30, 2013 as a restricted fund balance in the General Fund. Landmark Academy Charter School reported an emergency reserve of \$162,662 at June 30, 2013 as a restricted fund balance in the General Fund. Foundations Academy Charter School reported an emergency reserve of \$155,699 at June 30, 2013 as a restricted fund balance in the General Fund.

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

3-C. Designated For Cash-In-Lieu of Land Dedication

Pursuant to CRS 29-1-801, the School District has received land dedications or cash-in-lieu of land dedications from residential land developers to ensure that the cost of school site acquisition is borne by new residential construction and residential development. The School District entered into agreements with various cities and developers called the "Fair Contributions for Public School Sites" that restricts the use of the funds.

The following cash-in-lieu activities have been recognized in the School District's General Fund Balance – restricted for cash-in-lieu of land in the Governmental Funds Balance Sheet:

Beginning balance as of July 1, 2012	\$ 1,666
Cash received through June 30, 2013	131,238
Cash utilized through June 30, 2013	<u>0</u>
	<u>\$ 132,904</u>

3-D. Contingent Liabilities

Grants – The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. 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 School District may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited but the School District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School District.

Lease Agreements – On June 1, 2005 the School District entered into a 36-month operating lease agreement with Williams Scotsman for the use of three modular units. Under terms of the agreement, the School District made monthly rental payments through June 2008. The lease expired in fiscal year 2008 and the modulars are being rented on a month-by-month basis. Rent expense through June 30, 2013 was \$35,626.

On June 2, 2010, the School District entered into a 36-month operating lease agreement with Williams Scotsman for the use of one modular unit. Under terms of the agreement, the School District makes monthly rental payments through May, 2013. Rent expense through June 30, 2013 was \$5,539.

Litigation – The School District is not involved in any significant or potential litigation for the year ended June 30, 2013.

Stewardship, Compliance and Accountability

Restatement – The School District's Pupil Activity Program beginning fund balance decreased by \$115,578, the Pupil Activity Agency beginning fund balance increased by \$56,448, the Other Special Programs beginning fund balance increased by \$59,130.

	Pupil Activity Fund	Other Special Programs Fund	Pupil Activities Agency Fund
Fund Balance Beginning of the Year	\$ 1,131,499	\$ 168,342	\$ 139,988
Change	(115,578)	59,130	56,448
Restated Fund Balance Beginning of year	<u>\$ 1,015,921</u>	<u>\$ 227,472</u>	<u>\$ 196,436</u>

At June 30, 2013, Eagle Ridge Academy Charter School General Fund had deficit unrestricted net position of \$337,335. As of June 30, 2013, Eagle Ridge Academy was out of compliance with its unrestricted net position, as computed in accordance with generally accepted accounting principles, as of the end of the fiscal year is to be not less than 5% of its total operating expenses for the fiscal year, and the reserve for emergencies of \$83,722 was not an adequate reserve amount according to TABOR due to a deficit unassigned fund balance. This may be a violation of Colorado Law. An adjustment was made to the July 1, 2012 beginning net position for the governmental activities on the statement of activities and to the beginning fund

School District 27J, Colorado
Notes to the Basic Financial Statements
For The Year Ended June 30, 2013

balance for the General Fund for the net amount of \$ (185,478) relating to adjustments to record amounts due to the Special Revenue Fund and to restate the Incurred But Not Reported (IBNR) liability to a correct beginning amount. Beginning net position was also restated by \$64,022 for the IBNR liability. The beginning fund balance was also adjusted by a net amount of \$1,638,138 for the Special Revenue fund, which was the former Internal Service Fund. These adjustments were made to remove capital assets and debt activity to be on the modified accrual basis of accounting.

A restatement of Eagle Ridge Academy Long Term Debt beginning balance included the following: A note payable in the amount of \$249,500 was removed as long-term debt was misstated in the prior year due to the incorrect recording of this transaction. A bonds payable beginning long term balance of \$9,980,000 was moved to the beginning long term debt balance of the Governmental Activities section from the Business-Type Activities section when the Internal Service Fund activity of the Brighton Charter School Building Corporation debt was recorded as the Special Revenue Fund instead of a Business-Type Fund.

Construction – The School District completed all construction contracts during fiscal year 2013 and expended approximately \$345,847 in fiscal 2013. The remaining \$264,000 will be held for arbitrage rebate.

3-E. New Pronouncements

Governmental Accounting Standards Board Statement (GASBS) 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only the authoritative literature of the Governmental Accounting Standards Board (GASB) or to follow Financial Accounting Standards Board (FASB) and American institute of Certified Public Accountants (AICPA) pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASBS 62, all governmental accounting guidance is codified into the GASB literature.

GASBS 63, Financial Reporting of Deferred Outflows of Resources, Deferred inflows of Resources, and Net Position, provides guidance on reporting deferred outflows and inflows of resources. It also renames the residual of all other amounts presented in the statement of financial position from “net assets” to “net position.” The financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Adoption of future GASB standards will include reporting of some items previously reported as assets and liabilities as deferred outflows and inflows of resources.

The GASB issued Statement No. 68 *Accounting and Financial Reporting for Pensions* (Statement No. 68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The School District provides its employees with pension benefits through a multiple employer cost-sharing defined benefit retirement program administered by the Public Employees’ Retirement Association of Colorado (PERA).

Statement No. 68 is effective for fiscal year 2015 and at this time, management is unable to estimate the magnitude of this impact. Statement No. 68 requires cost-sharing employers participating in the PERA program, such as the School District, to record their proportionate share, as defined in Statement No. 68, of PERA’s unfunded pension liability. The School District has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by PERA. Information regarding PERA’s current funding status can be found in its Comprehensive Annual Financial Report.

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Required Supplementary Information

School District 27J, Colorado
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 23,512,421	\$ 24,779,682	\$ 24,873,624	\$ 93,942
Intergovernmental revenue:				
Vocational education	457,416	457,416	499,745	42,329
Special education	2,187,303	2,189,275	2,262,225	72,950
Equalization	74,145,424	72,837,019	72,854,971	17,952
Investment earnings	18,000	36,000	169,923	133,923
Miscellaneous	1,022,178	1,339,066	1,510,384	171,318
Total Revenues	<u>101,342,742</u>	<u>101,638,458</u>	<u>102,170,872</u>	<u>532,414</u>
Expenditures				
Current:				
Instructional services	50,089,043	50,645,641	48,963,359	1,682,282
Supporting services				
Pupil services	3,935,211	4,069,601	4,014,785	54,816
Instructional staff	2,461,841	2,482,184	2,353,535	128,649
General administration	1,107,305	1,252,798	1,076,842	175,956
School administration	6,127,604	6,175,644	6,093,647	81,997
Operations and maintenance	8,422,677	8,350,330	8,537,890	(187,560)
Pupil transportation	-	-	327,384	(327,384)
Business supporting services	2,342,759	2,343,801	803,310	1,540,491
Central supporting services	5,181,674	5,278,768	3,825,928	1,452,840
Community services	220,000	220,000	208,437	11,563
Contingency Reserves	4,864,675	858,611	-	858,611
Capital Outlay	1,133,000	1,138,414	2,439,698	(1,301,284)
Debt Service:				
Principal Retirement	545,692	715,032	749,690	(34,658)
Interest	129,643	137,968	129,276	8,692
Fiscal charges	2,369	2,369	3,095	(726)
Intergovernmental				
Charter schools	20,238,654	20,491,379	20,339,699	151,680
Total Expenditures	<u>106,802,147</u>	<u>104,162,540</u>	<u>99,866,575</u>	<u>4,295,965</u>
Excess Of Revenues Over Expenditures	(5,459,405)	(2,524,082)	2,304,297	4,828,379
Other Financing Sources (Uses)				
Capital Leases	-	-	113,418	113,418
Transfers in	-	-	18,196	18,196
Transfers out	(2,831,036)	(2,601,205)	(2,507,306)	93,899
Net Change in Fund Balances	<u>\$ (8,290,441)</u>	<u>\$ (5,125,287)</u>	(71,395)	<u>\$ 6,355,651</u>
Fund Balances Beginning of Year			19,040,289	
Fund Balances End of Year			<u>\$ 18,968,894</u>	

The notes to the required supplementary information are an integral part of this schedule

**School District 27J, Colorado Government
Designated Purpose Grants Fund Budgetary
Comparison Schedule
For the Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental:				
Federal grants	\$ 3,663,571	\$ 5,594,582	\$ 4,409,680	\$ (1,184,902)
State grants	624,720	1,327,003	1,098,995	(228,008)
Local Grants	2,685,575	172,632	340,039	167,407
Miscellaneous	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Total Revenues	<u>6,973,866</u>	<u>7,594,217</u>	<u>5,848,714</u>	<u>(1,745,503)</u>
Expenditures				
Current:				
Instructional services	2,396,602	2,695,024	2,688,434	6,590
Supporting services				
Pupil services	485,551	1,127,578	1,170,813	(43,235)
Instructional staff	343,313	431,883	331,533	100,350
School administration	-	241,576	283,474	(41,898)
Pupil transportation	-	36,837	48,343	(11,506)
Business supporting services	2,017,936	377,089	542,431	(165,342)
Community services	33,384	89,561	49,709	39,852
Capital Outlay	<u>1,697,080</u>	<u>2,981,795</u>	<u>481,554</u>	<u>2,500,241</u>
Total Expenditures	<u>6,973,866</u>	<u>7,981,343</u>	<u>5,596,291</u>	<u>2,385,052</u>
Excess Of Revenues Over (Under) Expenditures	-	(387,126)	252,423	639,549
Other Financing Sources (Uses)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(1,102,297)</u>	<u>(1,102,297)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (387,126)</u>	<u>\$ (849,874)</u>	<u>\$ (462,748)</u>
Fund Balances Beginning of Year			<u>1,489,423</u>	
Fund Balances End of Year			<u>\$ 639,549</u>	

The notes to the required supplementary information are an integral part of this schedule

School District 27J, Colorado
Notes to the Required Supplementary Information
For The Year Ended June 30, 2013

Stewardship, Compliance and Accountability

Budgetary Information – Budgets are required by state law for all funds. By June 1, the Superintendent submits to the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Education to obtain taxpayer comments. The budget must be adopted by formal resolution prior to June 30, although it may be subsequently revised by January 31.

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments, within any fund and the reallocation of budget line items within any department or within any fund rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education. Appropriations are based on total resources expected to be available in each budget year, including reserves as established by the Board of Education. Variances between budget and actual are the result from the non-expenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects and normal operating variances.

Budgets for all fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent of Schools and/or the Board of Education throughout the year.

Supplementary Information
Combining and Individual Fund
Financial Statements and Schedules

The Combining and Individual Fund Financial Statements represent the second level of financial reporting for the District. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type. For those fund types with a single fund, individual fund financial statements are presented.

Non-Major Governmental Funds

Special Revenue Funds:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Growth Impact Fund - This fund accounts for the revenues received from the City and County of Denver, Colorado as the result of an annexation by Denver of land previously within the School District boundaries.

Pupil Activity Fund - This fund accounts for financial transactions of all school activity funds in the District. Revenues are those raised by clubs and/or school building support groups. Expenditures are for school activity functions.

Pupil Transportation Fund - This fund accounts for fees collected for the payment of excess transportation costs without voter approval. Transportation categorical program revenues received from the state are also recorded in this fund.

Other Special Programs Fund - This fund accounts for all revenues and costs of providing day care to people who live within the District. This fund also accounts for the Detention Center school. The Brighton School District provides this program for the Adams County Detention Center. All other school districts that make up the catchment area for the center are billed an amount in proportion to their number of students. Also included are the district print shop, and the summer school programs.

Major Governmental Funds

Capital Projects Fund - This fund accounts for bond proceeds and other revenues used for the construction and acquisition of major capital facilities.

Governmental Designated-Purpose Grants Fund - This fund accounts for grants received for designated programs funded by federal, state or local governments.

Debt Service Fund - This fund accounts for the accumulated resources (normally, property taxes) used to retire principal and interest on general long-term debt.

School District 27J, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Growth Impact	Pupil Activity	Pupil Transportation	Other Special Programs	Nonmajor Governmental Funds
Assets					
Cash and investments	\$ 178,430	\$ 1,533,554	\$ -	\$ -	\$ 1,711,984
Receivables:					
Accounts	-	81,511	73,494	22,596	177,601
Interfund receivable	2,733	30,938	140,271	1,183,632	1,357,574
Total Assets	<u>181,163</u>	<u>1,646,003</u>	<u>213,765</u>	<u>1,206,228</u>	<u>3,247,159</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	-	28,017	3,070	151,117	182,204
Accrued salary and benefits	7	11,862	210,695	109,324	331,888
Interfund payable	-	415,797	-	-	415,797
Total Liabilities	<u>7</u>	<u>455,676</u>	<u>213,765</u>	<u>260,441</u>	<u>929,889</u>
Fund Balances					
Committed, reported in:					
Nonmajor Governmental Funds	<u>181,156</u>	<u>1,190,327</u>	<u>-</u>	<u>945,787</u>	<u>2,317,270</u>
(See Note 1-E-10)					
Total Fund Balances	<u>181,156</u>	<u>1,190,327</u>	<u>-</u>	<u>945,787</u>	<u>2,317,270</u>
Total Liabilities and Fund Balances	<u>\$ 181,163</u>	<u>\$ 1,646,003</u>	<u>\$ 213,765</u>	<u>\$ 1,206,228</u>	<u>\$ 3,247,159</u>

School District 27J, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	<u>Growth Impact</u>	<u>Pupil Activity</u>	<u>Pupil Transportation</u>	<u>Other Special Programs</u>	<u>Nonmajor Governmental Funds</u>
Revenues					
Transportation services	\$ -	\$ -	\$ 1,159,975	\$ -	\$ 1,159,975
Pupil activities	-	2,957,393	-	-	2,957,393
Charges for services	-	-	360,318	2,589,011	2,949,329
Miscellaneous	38,838	-	-	-	38,838
Total Revenues	<u>38,838</u>	<u>2,957,393</u>	<u>1,520,293</u>	<u>2,589,011</u>	<u>7,105,535</u>
Expenditures					
Current:					
Business supporting services	172,970	-	-	-	172,970
Transportation services	-	-	3,950,527	-	3,950,527
Community services	-	-	-	2,544,505	2,544,505
Pupil activities	-	3,146,673	-	-	3,146,673
Capital Outlay	-	-	-	410,292	410,292
Total Expenditures	<u>172,970</u>	<u>3,146,673</u>	<u>3,950,527</u>	<u>2,954,797</u>	<u>10,224,967</u>
Excess of Revenues Over (Under) Expenditures	<u>(134,132)</u>	<u>(189,280)</u>	<u>(2,430,234)</u>	<u>(365,786)</u>	<u>(3,119,432)</u>
Other Financing Sources (Uses)					
Transfers in (out)	-	363,686	2,143,620	1,084,101	3,591,407
Total Other Financing Sources (Uses)	<u>-</u>	<u>363,686</u>	<u>2,143,620</u>	<u>1,084,101</u>	<u>3,591,407</u>
Net Change in Fund Balances	(134,132)	174,406	(286,614)	718,315	471,975
Fund Balances Beginning of Year (Restated, see note 3-D)	<u>315,288</u>	<u>1,015,921</u>	<u>286,614</u>	<u>227,472</u>	<u>1,845,295</u>
Fund Balances End of Year	<u>\$ 181,156</u>	<u>\$ 1,190,327</u>	<u>-</u>	<u>\$ 945,787</u>	<u>\$ 2,317,270</u>

School District 27J, Colorado
Growth Impact Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment earnings	\$ 250	\$ 600	\$ 588	\$ (12)
Miscellaneous	<u>37,000</u>	<u>37,000</u>	<u>38,250</u>	<u>1,250</u>
Total Revenues	<u>37,250</u>	<u>37,600</u>	<u>38,838</u>	<u>1,238</u>
Expenditures				
Current:				
Supporting services	158,897	158,897	172,970	(14,073)
Contingency	<u>190,583</u>	<u>193,991</u>	<u>-</u>	<u>193,991</u>
Total Expenditures	<u>349,480</u>	<u>352,888</u>	<u>172,970</u>	<u>179,918</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(312,230)</u>	<u>(315,288)</u>	<u>(134,132)</u>	<u>181,156</u>
Net Change in Fund Balances	<u>\$ (312,230)</u>	<u>\$ (315,288)</u>	<u>(134,132)</u>	<u>\$ 181,156</u>
Fund Balances Beginning of Year			<u>315,288</u>	
Fund Balances End of Year			<u>\$ 181,156</u>	

School District 27J, Colorado
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Pupil activities	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>	<u>\$ 2,957,393</u>	<u>\$ (142,607)</u>
Total Revenues	<u>3,100,000</u>	<u>3,100,000</u>	<u>2,957,393</u>	<u>(142,607)</u>
Expenditures				
Current:				
Pupil activities	<u>4,551,142</u>	<u>4,635,499</u>	<u>3,146,673</u>	<u>1,488,826</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,451,142)	(1,535,499)	(189,280)	1,346,219
Other Financing Sources				
Transfers in	<u>404,000</u>	<u>404,000</u>	<u>363,686</u>	<u>(40,314)</u>
Net Change in Fund Balances	<u>\$ (1,047,142)</u>	<u>\$ (1,131,499)</u>	174,406	<u>\$ 1,305,905</u>
Fund Balances Beginning of Year (Restated, see note 3-D)			<u>1,015,921</u>	
Fund Balances End of Year			<u>\$ 1,190,327</u>	

School District 27J, Colorado
Transportation Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Pupil transportation	\$ 1,520,491	\$ 1,466,708	\$ 1,520,293	\$ 53,585
Total Revenues	<u>1,520,491</u>	<u>1,466,708</u>	<u>1,520,293</u>	<u>53,585</u>
Expenditures				
Current:				
Pupil transportation	<u>3,947,527</u>	<u>3,950,527</u>	<u>3,950,527</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,427,036)	(2,483,819)	(2,430,234)	53,585
Other Financing Sources				
Transfers in	<u>2,427,036</u>	<u>2,197,205</u>	<u>2,143,620</u>	<u>(53,585)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (286,614)</u>	<u>(286,614)</u>	<u>\$ -</u>
Fund Balances Beginning of Year			<u>286,614</u>	
Fund Balances End of Year			<u><u>\$ -</u></u>	

School District 27J, Colorado
Other Special Programs Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 2,016,442	\$ 2,380,625	\$ 2,589,011	\$ 208,386
Expenditures				
Current:				
Community services	2,216,226	3,651,264	2,544,505	1,106,759
Capital Outlay	-	-	410,292	(410,292)
Total Expenditures	2,216,226	3,651,264	2,954,797	696,467
Excess (Deficiency) of Revenues Over (Under) Expenditures	(199,784)	(1,270,639)	(365,786)	1,315,145
Other Financing Sources				
Transfers in	-	-	1,084,101	1,084,101
Net Change in Fund Balances	<u>\$ (199,784)</u>	<u>\$ (1,270,639)</u>	718,315	<u>\$ 1,988,954</u>
Fund Balances Beginning of Year (Restated, see Note 3-D)			<u>227,471</u>	
Fund Balances End of Year			<u>\$ 945,787</u>	

School District 27J, Colorado
Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment earnings	\$ -	-	\$ 717	\$ 717
Total Revenues	-	-	717	717
Expenditures				
Capital Outlay:				
Building fund	-	264,000	717	263,283
Total Expenditures	-	264,000	717	263,283
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(264,000)	-	264,000
Net Change in Fund Balances	-	\$ (264,000)	-	\$ 264,000
Fund Balances Beginning of Year			264,000	
Fund Balances End of Year			\$ 264,000	

School District 27J, Colorado
Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 13,999,581	\$ 14,541,871	\$ 14,497,046	\$ (44,825)
Investment earnings	-	-	875	875
Miscellaneous	25,000	1,000	570	(430)
Total Revenues	<u>14,024,581</u>	<u>14,542,871</u>	<u>14,498,491</u>	<u>(44,380)</u>
Expenditures				
Debt service:				
Principal retirement	7,435,000	7,435,000	14,165,000	(6,730,000)
Interest	7,156,111	7,156,111	7,113,655	42,456
Issue Costs	-	-	9,750	(9,750)
Fiscal charges	50,000	50,000	5,100	44,900
Contingency	<u>10,669,823</u>	<u>12,188,280</u>	<u>-</u>	<u>12,188,280</u>
Total Expenditures	<u>25,310,934</u>	<u>26,829,391</u>	<u>21,293,505</u>	<u>5,535,886</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	<u>(11,286,353)</u>	<u>(12,286,520)</u>	<u>(6,795,014)</u>	<u>5,491,506</u>
Other Financing Sources:				
Issuance of debt	<u>-</u>	<u>-</u>	<u>6,730,000</u>	<u>6,730,000</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>6,730,000</u>	<u>6,730,000</u>
Net Change in Fund Balances	<u>\$ (11,286,353)</u>	<u>\$ (12,286,520)</u>	<u>(65,014)</u>	<u>\$ 12,221,506</u>
Fund Balances Beginning of Year			<u>12,286,520</u>	
Fund Balances End of Year			<u>\$ 12,221,506</u>	

Proprietary Funds

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The School District's proprietary funds are classified as enterprise funds and internal service funds.

Non - Major Enterprise Fund - The food service fund accounts for all financial activity associated with the School District's food service program.

Internal Service Fund - The internal service fund accounts for the District's self-insured dental plan.

Fiduciary Fund - The School District's fiduciary fund provides scholarships to students and is classified as a private purpose trust fund.

School District 27J, Colorado
Food Service Fund Budgetary
Comparison Schedule For the Year
Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Student Lunches	\$ 1,598,240	\$ 1,598,240	\$ 1,593,635	\$ (4,605)
State Match	86,030	86,030	74,091	(11,939)
Federal Sources:				
School Lunches	1,863,937	1,863,937	2,073,392	209,455
Breakfast Program	490,637	490,637	568,700	78,063
Fruit and Vegetable Program	-	-	21,120	21,120
Summer Program	37,100	37,100	66,802	29,702
Commodity Donations	309,511	309,511	314,856	5,345
Investment Income	-	800	291	(509)
Total Revenues	<u>4,385,455</u>	<u>4,386,255</u>	<u>4,712,887</u>	<u>326,632</u>
Expenses				
Salaries	1,483,838	1,483,838	1,574,153	(90,315)
Benefits	430,315	430,315	405,261	25,054
Purchased Services	80,550	80,550	80,629	(79)
Food and Milk	2,215,115	2,215,115	2,372,595	(157,480)
General and Office Supplies	300,425	300,425	233,466	66,959
Depreciation	27,675	27,675	32,814	(5,139)
Loss on Disposal of Asset	-	-	262	(262)
Indirect costs	137,000	137,000	79,827	57,173
Contingency	1,230,650	914,878	-	914,878
Total Expenses	<u>5,905,568</u>	<u>5,589,796</u>	<u>4,779,007</u>	<u>810,789</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>(1,520,113)</u>	<u>(1,203,541)</u>	<u>(66,120)</u>	<u>(484,157)</u>
Net Change in Income	<u>\$ (1,520,113)</u>	<u>\$ (1,203,541)</u>	<u>(66,120)</u>	<u>\$ 1,137,421</u>
Net Position Beginning of Year			<u>1,203,541</u>	
Net Position End of Year			<u>\$ 1,137,421</u>	

School District 27J, Colorado
Risk Management Fund Budgetary
Comparison Schedule For the
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for Services				
Dental insurance premiums	\$ 750,000	\$ 750,000	\$ 712,205	\$ (37,795)
Total Revenues	<u>750,000</u>	<u>750,000</u>	<u>712,205</u>	<u>(37,795)</u>
Expenses				
Dental insurance claims	725,000	725,000	644,517	80,483
Contingency	417,542	406,911	-	406,911
Total Expenses	<u>1,142,542</u>	<u>1,131,911</u>	<u>644,517</u>	<u>487,394</u>
Income (Loss), Budgetary Basis	<u>(392,542)</u>	<u>(381,911)</u>	<u>67,688</u>	<u>449,599</u>
Change in Net Position	<u><u>\$ (392,542)</u></u>	<u><u>\$ (381,911)</u></u>	<u>67,688</u>	<u><u>\$ 449,599</u></u>
Net Position Beginning of Year			<u>381,911</u>	
Net Position End of Year			<u><u>\$ 449,599</u></u>	

School District 27J, Colorado
Schedule of Changes in Net Position - Budget to Actual (Private Trust)
Fiduciary Funds
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Additions				
Investment earnings	\$ -	\$ -	\$ 114	\$ 114
Miscellaneous	2,500	2,500	-	(2,500)
Total Additions	<u>2,500</u>	<u>2,500</u>	<u>114</u>	<u>(2,386)</u>
Deductions				
Support services	<u>62,106</u>	<u>61,815</u>	<u>4,500</u>	<u>57,315</u>
Total Deductions	<u>62,106</u>	<u>61,815</u>	<u>4,500</u>	<u>57,315</u>
Change in Net Position	<u><u>\$ (59,606)</u></u>	<u><u>\$ (59,315)</u></u>	<u>(4,386)</u>	<u><u>\$ 54,929</u></u>
Net Position Beginning of Year			<u>59,314</u>	
Net Position End of Year			<u><u>\$ 54,928</u></u>	

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Component Units

The component units consist of a foundation and five charter schools: Capital Facility Fee Foundation, Bromley East Charter School, Belle Creek Charter School, Landmark Academy Charter School, Foundations Academy Charter School and Eagle Ridge Charter School.

The Foundation is a 501(c)(3) organization whose purpose is to promote and assist in the development, financing and acquisition of educational facilities and capital improvements in the school district. The Foundation consists of a nine-member board of directors and includes three representatives of contributing builders or developers, three school district representatives, and one city council representative of each city. Voluntary contributions are accepted by the Foundation and kept in foundation-managed accounts. The Board of Education makes requests for the release of Foundation funds for school construction purposes as needed. The Foundation Board determines if the request meets the requirements for disbursement of the funds.

The charter schools have separate governing boards but are dependent upon the District for the majority of their funding.

School District 27J, Colorado
Component Units
Combining Statement of Net Position
For the Year Ended June 30, 2013

	Capital Facility Fee Foundation	Bromley East Charter School	Eagle Ridge Academy Charter School	Belle Creek Charter School	Foundations Academy Charter School	Landmark Academy Charter School	Total Component Units
Assets							
Cash and Investments	\$ 153,372	\$ 1,992,382	\$ 224,459	\$ 1,821,259	155,699	\$ 162,662	\$ 4,509,833
Restricted Cash and Investments	-	1,899,229	466,539	844,471	-	-	3,210,239
Accounts Receivable	33,600	293,177	1,650	8,741	76,461	14,520	428,149
Grants Receivable	-	12,580	-	-	-	-	12,580
Interest on Investments and Receivables	-	2,725	-	-	-	-	2,725
Prepaid Expenses	-	13,592	-	4,125	-	3,051	20,768
Inventory	-	1,509	-	-	-	-	1,509
Bond Issuance Costs	-	316,416	195,593	306,630	-	-	818,639
Deposits	-	17,319	-	-	-	-	17,319
Capital Assets:							
Capital Assets, Not Being Depreciated	-	148,120	50,000	-	-	-	198,120
Leasehold and Building Improvements	-	9,559,612	9,031,412	7,419,195	-	-	26,010,219
Vehicles	-	-	-	123,871	-	-	123,871
Equipment	-	177,615	-	-	46,098	-	223,713
Less accumulated depreciation	-	(2,296,869)	(1,024,470)	(1,775,278)	(3,184)	-	(5,099,801)
Total Assets	<u>186,972</u>	<u>12,137,407</u>	<u>8,945,183</u>	<u>8,753,014</u>	<u>275,074</u>	<u>180,233</u>	<u>30,477,883</u>
Liabilities							
Accounts Payable	684	403,987	75,535	190,071	64,106	8,441	742,824
Accrued Liabilities	-	23,502	10,408	50,932	-	-	84,842
Accrued Salaries and Benefits	-	227,061	31,228	170,304	-	-	428,593
Claims Payable	-	144,909	10,529	-	-	-	155,438
Unearned Revenue	-	20,988	-	-	12,355	9,130	42,473
Accrued Interest Payable	-	177,729	99,450	107,456	-	-	384,635
Noncurrent Liabilities:							
Due within one year	-	375,000	214,802	200,000	-	-	789,802
Due in more than one year	-	10,183,950	9,963,448	6,745,454	-	-	26,892,852
Total Liabilities	<u>684</u>	<u>11,557,126</u>	<u>10,405,400</u>	<u>7,464,217</u>	<u>76,461</u>	<u>17,571</u>	<u>29,521,459</u>
Net Position							
Invested in Capital Assets Net of Related Debt	-	(754,827)	(1,828,058)	(871,036)	42,914	-	(3,411,007)
Restricted for:							
Capital Projects	186,288	-	-	-	-	-	186,288
Special Education	-	-	-	128,000	-	-	128,000
Building Maintenance	-	-	-	81,936	-	-	81,936
Emergencies	-	149,000	83,722	135,000	155,699	162,662	686,083
Debt Service	-	-	621,454	655,079	-	-	1,276,533
Unrestricted	-	1,186,108	(337,335)	1,159,818	-	-	2,008,591
Total Net Position	<u>\$ 186,288</u>	<u>\$ 580,281</u>	<u>\$ (1,460,217)</u>	<u>\$ 1,288,797</u>	<u>\$ 198,613</u>	<u>\$ 162,662</u>	<u>\$ 956,424</u>

School District 27J, Colorado
Component Units
Combining Statement of Activities
For the Year Ended June 30, 2013

	Capital Facility Fee Foundation	Bromley East Charter School	Eagle Ridge Academy Charter School	Belle Creek Charter School	Foundations Academy Charter School	Landmark Academy Charter School	Total Component Units
Revenues							
Intergovernmental revenue:							
Per Pupil Operating Revenue	\$ -	\$ 5,467,409	\$ 2,532,879	\$ 4,109,854	\$ 3,355,498	\$ 3,818,213	\$ 19,283,853
Mill Levy Override	-	42,300	-	25,425	31,650	36,300	135,675
Capital Construction	-	-	-	57,897	549,226	624,951	1,232,074
Investment Earnings	170	(41,848)	473	3,696	-	-	(37,509)
Charges for Services	251,100	1,195,616	178,927	12,882	104,380	107,720	1,850,625
Operating Grants and Contributions	44,757	2,298,789	65,908	198,843	254,218	57,499	2,920,014
Capital Grants and Contributions	-	73,017	35,681	27,156	-	-	135,854
Other	-	100,479	8,159	7,731	801,335	422,115	1,339,819
Total Revenues	<u>296,027</u>	<u>9,135,762</u>	<u>2,822,027</u>	<u>4,443,484</u>	<u>5,096,307</u>	<u>5,066,798</u>	<u>26,860,405</u>
Expenses							
Current:							
Instruction	-	3,135,925	1,213,133	2,522,470	2,239,439	2,215,448	11,326,415
Support services	436,872	2,070,164	1,060,029	1,353,946	2,804,560	2,845,326	10,570,897
Interest on Long-term Debt	-	689,177	603,828	-	-	-	1,293,005
Business-type activities	-	3,210,704	-	651,295	9,084	5,700	3,876,783
Total Expenses	<u>436,872</u>	<u>9,105,970</u>	<u>2,876,990</u>	<u>4,527,711</u>	<u>5,053,083</u>	<u>5,066,474</u>	<u>27,067,100</u>
Change in Net Position	(140,845)	29,792	(54,963)	(84,227)	43,224	324	(206,695)
Net Position Beginning of Year, as Restated	<u>327,133</u>	<u>550,489</u>	<u>(1,405,254)</u>	<u>1,373,024</u>	<u>155,389</u>	<u>162,338</u>	<u>1,163,119</u>
Net Position End of Year	<u>\$ 186,288</u>	<u>\$ 580,281</u>	<u>\$ (1,460,217)</u>	<u>\$ 1,288,797</u>	<u>\$ 198,613</u>	<u>\$ 162,662</u>	<u>\$ 956,424</u>

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STATISTICAL SECTION



School District 27J Statistical Section

This part of the District's comprehensive and financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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SOURCE: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The District implemented GASB34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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Adams and Weld Counties School District Number 27J
SEC Bond Issue Requirement
Undertaking to Provide Ongoing Disclosure

Pursuant to the requirements of Section (b) (5) (i) of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, 240.15c2-12) (the “Rule”), the District has agreed to provide certain financial information and other operating data (the “Undertaking”) to nationally recognized municipal securities information repositories (“NRMSIRs”).

The following tables are the information specified in the covenants to bond holders. The information is on June 30, 2012. This information was prepared by the District and has not been subjected to the audit process.

School District 27J
Net Position by Component
Last Ten Fiscal Years
(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$17,291,598	\$29,744,767	\$23,470,143	\$36,352,934	\$42,614,612	\$44,230,545	\$44,758,012	\$38,645,785	\$ 48,083,168	\$ 51,929,200
Restricted	8,766,075	8,851,810	18,233,287	11,732,606	12,963,040	13,785,135	13,937,175	22,249,080	19,407,505	15,794,679
Unrestricted	3,812,398	(1,762,237)	3,594,136	8,813,497	9,663,896	5,208,592	7,906,169	11,641,451	12,106,805	17,532,380
Total governmental activities net position	29,870,071	36,834,340	45,297,566	56,899,037	65,241,548	63,224,272	66,601,356	72,536,316	79,597,478	85,256,259
Business-type activities										
Net investment in capital assets	147,178	129,784	122,001	136,310	151,295	182,357	169,378	146,261	126,867	153,740
Unrestricted	731,858	871,431	1,081,773	1,372,200	1,535,476	1,678,957	1,292,318	1,216,899	1,076,674	983,681
Total business-type activities net position	879,036	1,001,215	1,203,774	1,508,510	1,686,771	1,861,314	1,461,696	1,363,160	1,203,541	1,137,421
Primary governmental										
Net investment in capital assets	17,438,776	29,874,551	23,592,144	36,489,244	42,765,907	44,412,902	44,927,390	38,792,046	48,210,035	52,082,940
Restricted	8,766,075	8,851,810	18,233,287	11,732,606	12,963,040	13,785,135	13,937,175	22,249,080	19,407,505	15,794,679
Unrestricted	4,544,256	(890,806)	4,675,909	10,185,697	11,199,372	6,887,549	9,198,487	12,858,350	13,183,479	18,516,061
Total primary government net position	\$30,749,107	\$37,835,555	\$46,501,340	\$58,407,547	\$66,928,319	\$65,085,586	\$68,063,052	\$73,899,476	\$ 80,801,019	\$ 86,393,680

School District 27J
Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenditures:										
Instruction	\$ 29,430,400	\$ 31,458,646	\$ 35,111,453	\$ 41,840,573	\$ 47,298,727	\$ 57,121,363	\$ 58,505,091	\$ 58,283,462	\$ 52,281,942	\$ 56,208,639
Supporting services										
Pupil services	2,643,955	2,585,035	3,174,778	3,497,191	3,860,008	4,828,891	5,931,702	5,954,687	5,727,129	5,695,910
Instructional staff	1,081,329	1,660,268	1,777,949	1,952,530	2,883,556	3,398,915	2,974,897	2,289,136	2,398,258	2,702,021
General administration	924,327	880,587	913,657	860,499	1,152,151	1,391,743	1,225,790	1,138,125	1,010,678	1,118,942
School administration	2,994,863	3,862,124	4,007,164	4,874,183	5,479,223	6,875,040	7,072,636	6,311,175	6,120,805	6,729,792
Operations and maintenance	5,100,100	4,912,133	5,352,736	6,351,241	7,223,178	8,219,103	8,174,673	8,119,576	8,214,894	8,608,872
Pupil transportation	1,729,639	2,127,064	2,564,635	2,842,333	3,526,803	3,993,596	4,291,929	4,756,441	4,425,409	4,783,685
Business supporting services	595,427	961,214	977,376	911,071	1,239,868	1,738,792	1,929,783	1,701,482	1,544,282	1,684,170
Central supporting services	2,539,888	2,828,743	2,443,554	2,981,991	3,748,025	3,499,962	3,931,487	4,085,525	3,937,387	3,985,709
Community services	1,126,115	1,378,679	1,282,564	1,343,555	1,584,053	2,012,481	1,880,468	1,712,629	1,457,395	2,802,651
Pupil activities	1,469,183	1,825,278	1,712,271	2,232,089	2,545,052	3,077,383	3,035,073	3,262,241	2,819,923	3,146,673
Charter schools	7,053,165	8,396,853	9,176,474	9,880,496	13,148,583	14,184,429	15,465,132	17,573,744	19,037,798	20,339,699
Debt service - interest	2,881,262	3,773,757	5,351,656	6,212,102	8,141,416	8,370,757	8,153,857	7,850,584	6,901,656	6,871,192
Total Governmental Activities	59,569,653	66,650,381	73,846,267	85,779,854	101,830,643	118,712,455	122,572,518	123,038,807	115,877,556	124,677,955
Business-Type Activities:										
Food Service	1,714,470	1,773,506	1,973,783	2,307,659	3,097,548	3,562,389	4,306,182	4,327,381	4,316,876	4,778,745
Total Business-Type Activities	1,714,470	1,773,506	1,973,783	2,307,659	3,097,548	3,562,389	4,306,182	4,327,381	4,316,876	4,778,745
Total - Primary Government	61,284,123	68,423,887	75,820,050	88,087,513	104,928,191	122,274,844	126,878,700	127,366,188	120,194,432	129,456,700
Program Revenues:										
Governmental Activities:										
Charges for services:										
Instruction	62,060	62,060	-	-	-	-	-	-	-	-
Community Services	846,997	1,074,356	939,827	1,095,910	1,203,695	1,434,946	1,543,545	1,334,399	1,274,739	2,589,011
Operations and Maintenance	-	-	-	-	-	-	-	-	-	-
Pupil activities	1,260,017	1,633,708	1,725,004	2,054,544	2,297,094	2,664,867	2,853,993	3,083,493	2,221,891	2,918,456
Operating grants and contributions:										
Instruction	5,070,754	3,969,821	4,892,873	5,704,690	7,354,538	7,281,868	8,195,839	12,969,834	7,673,493	8,270,645
Pupil Transportation	403,503	424,671	540,434	684,950	551,846	783,877	934,775	1,191,287	1,428,170	1,159,975
Capital grants and contributions:										
Instruction	-	2,576,628	4,015,846	959,408	349,111	99,966	621,641	1,964,178	160,499	360,318
Operations and Maintenance	-	-	-	-	-	-	42,600	-	-	-
Total Governmental Activities	7,643,331	9,741,244	12,113,984	10,499,502	11,756,284	12,265,524	14,192,393	20,543,191	12,758,792	15,298,405
Business-Type Activities:										
Charges for services:										
Food Service	849,859	867,203	933,966	1,156,753	1,415,988	1,425,565	1,436,845	1,575,143	1,553,246	1,593,635
Operating grants and contributions:										
Food Service	891,510	1,020,049	1,229,774	1,448,715	1,859,821	2,311,367	2,469,719	2,653,702	2,961,483	3,118,990
Capital grants and contributions:										
Food Service	-	8,433	12,602	6,927	-	-	-	-	-	-
Total Business-Type Activities	1,741,369	1,895,685	2,176,342	2,612,395	3,275,809	3,736,932	3,906,564	4,228,845	4,514,729	4,712,625
Total - Primary Government	9,384,700	11,636,929	14,290,326	13,111,897	15,032,093	16,002,456	18,098,957	24,772,036	17,273,521	20,011,030
Net (Expense)/Revenue										
Governmental Activities	51,926,322	56,909,137	61,732,283	75,280,352	90,074,359	106,446,931	108,380,125	102,495,616	103,118,764	109,379,550
Business-type Activities	(26,899)	(122,179)	(202,559)	(304,736)	(178,261)	(174,543)	399,618	98,536	(197,853)	66,120
Total - Primary Government	51,899,423	56,786,958	61,529,724	74,975,616	89,896,098	106,272,388	108,779,743	102,594,152	102,920,911	109,445,670
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes:										
General Purposes	14,856,374	16,847,908	18,786,173	22,454,579	23,988,215	24,696,358	24,530,429	24,225,084	23,379,529	24,220,246
Debt Service	6,111,548	8,835,442	7,381,933	12,482,407	14,024,673	14,276,269	14,711,894	14,378,674	14,330,300	15,608,518
Equalization	31,166,491	36,052,560	41,530,558	47,612,755	54,611,242	62,627,379	70,306,824	67,327,287	70,412,540	72,854,971
Earnings on Investments	186,269	942,879	1,238,838	2,936,780	3,698,834	1,237,771	207,969	89,598	48,838	171,515
Miscellaneous	1,850,437	1,194,617	1,258,015	1,395,302	2,093,906	1,591,878	2,404,536	2,409,933	1,651,247	1,843,042
Total Governmental Activities	54,153,119	63,873,406	70,195,517	86,881,823	98,416,870	104,429,655	112,161,652	108,430,576	109,822,454	114,698,292
Change in Net Position										
Governmental Activities	2,226,797	6,964,269	8,463,234	11,601,471	8,342,511	(2,017,276)	3,377,085	5,934,960	6,703,690	5,658,781
Business-Type Activities	26,899	122,179	202,559	304,736	178,261	174,543	(399,618)	(98,536)	197,853	(66,120)
Business-Type Transfers	-	-	-	-	-	-	-	-	(357,472)	-
Total - Primary Government	\$ 2,253,696	\$ 7,086,448	\$ 8,665,793	\$ 11,906,207	\$ 8,520,772	\$ (1,842,733)	\$ 2,977,467	\$ 5,836,424	\$ 6,901,543	\$ 5,592,661

School District 27J
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ 3,461,271	\$ 2,324,920	\$ 3,091,110	\$ 541,950	\$ 3,180,775	\$ 5,298,917	\$ 3,947,577
Nonspendable Prepaid Item	-	-	-	-	-	-	-	-	31,209	8,930
Committed	-	-	-	-	-	-	-	2,153,544	2,153,544	3,114,167
Assigned	-	-	-	-	-	-	-	1,121,059	797,269	4,970,601
Unassigned	1,421,036	1,215,182	3,923,488	4,170,319	3,920,765	(836,180)	3,464,188	6,559,483	10,759,350	6,927,619
Total General Fund	<u>1,421,036</u>	<u>1,215,182</u>	<u>3,923,488</u>	<u>7,631,590</u>	<u>6,245,685</u>	<u>2,254,930</u>	<u>4,006,138</u>	<u>13,014,861</u>	<u>19,040,289</u>	<u>18,968,894</u>
All Other Governmental Funds										
Restricted	8,493,884	53,430,697	16,818,817	77,529,633	56,089,912	24,585,786	20,612,357	18,962,386	12,837,134	12,485,506
Committed for Government Designated Purpose Grants	-	-	-	-	-	-	-	1,837,000	1,489,423	639,549
Committed, reported in: Special Revenue Funds	2,680,895	2,903,567	1,414,470	4,864,371	5,558,907	4,195,550	3,331,544	1,541,255	1,615,129	2,317,270
Total All Other Governmental Funds	<u>11,174,779</u>	<u>56,334,264</u>	<u>18,233,287</u>	<u>82,394,004</u>	<u>61,648,819</u>	<u>28,781,336</u>	<u>23,943,901</u>	<u>22,340,641</u>	<u>15,941,686</u>	<u>15,442,325</u>
Total Fund Balances of Governmental Funds	<u>\$ 12,595,815</u>	<u>\$ 57,549,446</u>	<u>\$ 22,156,775</u>	<u>\$ 90,025,594</u>	<u>\$ 67,894,504</u>	<u>\$ 31,036,266</u>	<u>\$ 27,950,039</u>	<u>\$ 35,355,502</u>	<u>\$ 34,981,975</u>	<u>\$ 34,411,219</u>

NOTE 1 - Tabor Reserve moved from General Fund Reserved to Capital Projects Fund Reserved in fiscal year 2010.

Tabor Reserve moved back to General Fund Reserved in fiscal year 2011.

NOTE 2 - For fiscal year ending 2011, the District follows GASB 54, Fund Balance Reporting and Governmental Fund Type Definition.

School District 27J
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:											
Taxes	\$ 19,095,595	\$ 21,342,630	\$ 25,970,866	\$ 26,324,536	\$ 33,713,705	\$ 37,799,748	\$ 38,497,123	\$ 39,569,230	\$ 38,331,394	\$ 38,136,956	\$ 39,370,670
Intergovernmental ¹	31,614,120	36,640,748	40,447,052	46,963,865	54,002,395	62,517,626	70,693,124	79,437,438	81,488,408	78,086,033	82,285,591
Local Grants	-	-	2,576,628	4,015,846	959,408	349,111	99,966	621,641	1,964,178	160,499	340,039
Pupil Activities	1,038,597	1,260,017	1,633,708	1,725,004	2,054,544	2,297,094	2,664,867	2,853,993	3,083,493	4,150,370	2,957,393
Charges for Services	893,962	909,057	1,136,416	939,827	1,095,910	1,203,695	1,434,946	1,543,545	1,334,399	1,274,739	2,949,329
Investment Earnings	398,789	168,269	942,879	1,238,838	2,936,780	3,698,834	1,237,771	207,969	89,598	48,838	171,515
Miscellaneous	1,065,640	1,850,437	1,194,617	1,258,013	1,395,303	2,093,907	1,591,879	2,404,537	2,409,933	1,651,247	1,549,792
Total Revenues	54,106,703	62,171,158	73,902,166	82,465,929	96,158,045	109,960,015	116,219,676	126,638,353	128,701,403	123,508,682	129,624,329
Expenditures:											
Instruction	24,016,605	27,014,607	29,847,776	32,801,420	39,058,398	44,625,735	52,244,003	53,903,484	48,678,629	47,882,445	51,651,793
Supporting services:											
Pupil services	2,102,832	2,519,390	2,460,114	3,040,668	3,329,484	3,688,947	4,496,457	5,495,141	5,460,322	5,232,927	5,185,598
Instructional staff	1,734,915	1,078,923	1,657,862	1,775,012	1,940,555	2,871,581	3,384,478	2,959,640	2,272,183	2,381,305	2,685,068
General administration	635,230	1,329,693	811,371	799,367	826,728	1,091,914	1,230,139	1,110,757	1,061,277	968,575	1,076,842
School administration	2,410,050	2,935,133	3,450,540	3,537,926	4,623,626	5,112,708	5,905,700	6,328,515	5,768,379	5,757,566	6,377,121
Operations and maintenance	3,937,610	4,629,151	4,865,497	5,338,938	6,292,924	7,165,585	8,151,575	8,477,569	8,040,818	8,134,904	8,537,890
Pupil transportation	1,444,423	1,569,362	2,095,950	2,356,720	2,609,591	3,193,468	3,671,850	3,901,229	4,353,368	4,076,863	4,326,254
Business supporting services	561,081	577,008	574,034	700,241	795,042	1,059,550	1,224,527	1,561,839	1,439,748	1,370,725	1,518,711
Central supporting services	1,422,785	1,829,231	2,194,971	1,810,792	2,855,034	3,578,002	3,309,175	3,749,941	3,901,346	3,767,128	3,825,928
Community services	862,464	1,126,115	1,378,679	1,282,564	1,343,555	1,584,053	2,012,481	1,880,468	1,712,629	1,457,395	2,802,651
Pupil activities	1,236,231	1,469,183	1,825,278	1,712,271	2,232,089	2,545,052	3,077,383	3,035,073	3,262,241	2,819,923	3,146,673
Capital Outlay	17,052,381	6,849,179	14,348,875	47,871,096	22,424,675	46,690,498	35,761,595	7,644,453	2,608,805	8,781,545	3,332,261
Charter schools	4,980,734	7,053,165	8,396,853	9,176,474	9,880,496	13,148,583	14,184,429	15,465,132	17,573,744	19,037,798	20,339,699
Debt service ²											
Principal	1,495,000	1,875,000	2,620,000	3,360,000	4,030,000	4,177,057	6,942,756	7,440,329	7,108,287	7,210,790	14,914,690
Interest	2,767,114	3,420,215	3,742,044	5,243,904	6,071,883	8,056,115	8,558,782	8,326,555	8,047,386	7,087,158	7,242,931
Administrative Fees	134,151	2,834	3,735	4,053	512	6,480	4,250	4,250	6,779	5,251	8,195
Payment to Escrow	-	(489,304)	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	410,532	694,686	271,032	-	-	-	-	9,750
Advance refunding	-	-	-	1,595,130	-	-	-	-	-	-	-
Total Expenditures	66,793,606	64,788,885	80,273,579	122,817,108	109,009,278	148,866,360	154,159,580	131,284,375	121,295,941	126,247,390	136,982,055
Percentage of debt service expenditures to noncapital expenditures ³	6.8%	9.1%	8.8%	7.8%	10.3%	9.1%	11.4%	13.9%	14.5%	12.9%	12.3%
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,686,903)	(2,617,727)	(6,371,413)	(40,351,179)	(12,851,233)	(38,906,345)	(37,939,904)	(4,646,022)	7,405,462	(2,738,708)	(7,357,726)
Other Financing Sources (Uses)											
Other Financing Sources (Uses)											
Issuance of bonds	10,475,000	-	-	26,500,000	81,660,000	18,700,000	-	-	-	32,855,000	6,730,000
Premium on bond issuance	817,227	-	-	1,095,675	5,309,526	602,417	-	-	-	5,280,148	-
Discount on COPS	-	-	-	(27,167)	-	-	-	-	-	-	-
Payment to bond escrow	(11,879,421)	-	-	(25,735,000)	(7,684,635)	(3,734,922)	-	-	-	(37,860,056)	-
Issuance of COPS	-	-	-	3,775,000	-	-	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-	1,207,760	1,081,666	1,137,795	-	1,886,359	113,418
Sale of Capital Assets	99,000	-	-	-	-	-	-	379,400	-	-	-
Land Contribution Proceeds	-	-	-	-	-	-	-	42,600	-	-	-
Transfers in	2,252,753	2,365,353	-	2,553,110	4,582,323	3,128,206	3,456,771	2,137,350	288,875	5,533,678	3,609,603
Transfers out	(2,718,753)	(2,365,353)	-	(3,203,110)	(3,147,161)	(3,128,206)	(3,456,771)	(2,137,350)	(288,875)	(5,176,206)	(3,609,603)
Total Other Financing Sources (Uses)	(954,194)	-	-	4,958,508	80,720,053	16,775,255	1,081,666	1,559,795	-	2,518,923	6,843,418
Net Change in Fund Balances	\$ (13,641,097)	\$ (2,617,727)	\$ (6,371,413)	\$ (35,392,671)	\$ 67,868,820	\$ (22,131,090)	\$ (36,858,238)	\$ (3,086,227)	\$ 7,405,462	\$ (219,785)	\$ (514,308)

Note 1 - Intergovernmental Revenue total includes vocational education, special education, transportation, federal and state grants and equalization revenue.

Note 2 - Debt service expenditures are recorded as principal retirement, interest and fiscal charges, advance refunding and bond issuance costs.

Note 3 - Percentage of debt service expenditures to noncapital expenditures is calculated using capital outlay amount from the Reconciliation of the Statement of Revenues, Expenditures and Changes. Principal and interest are divided by total expenditures less capital outlay plus reconciliation capital outlay less principal, interest, issue costs and fees.

School District 27J Governmental Funds
Revenues by Source Last Ten Fiscal Years
(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Local Sources										
Taxes	\$ 21,342,630	\$ 25,970,866	\$ 26,324,536	\$ 33,713,705	\$ 37,799,748	\$ 38,497,123	\$ 39,569,230	\$ 38,331,394	\$ 38,136,956	\$ 39,370,670
Grants	648,404	2,576,628	4,015,846	959,408	349,111	99,966	621,641	1,964,178	160,499	340,039
Interest	168,269	942,879	1,238,838	2,936,780	3,698,834	1,237,771	207,969	89,598	48,838	171,515
Pupil Activities	1,260,017	1,633,708	1,725,004	2,054,544	2,297,094	2,664,867	2,853,993	3,083,493	2,722,200	2,957,393
Charges for Services	909,057	1,136,416	939,827	1,095,910	1,203,695	1,434,946	1,543,545	1,334,399	1,274,739	2,949,329
Miscellaneous	<u>1,202,033</u>	<u>1,194,617</u>	<u>1,258,013</u>	<u>1,395,303</u>	<u>2,093,907</u>	<u>1,591,879</u>	<u>2,404,537</u>	<u>2,409,933</u>	<u>1,651,247</u>	<u>1,549,792</u>
Total Local Sources	25,530,410	33,455,114	35,502,064	42,155,650	47,442,389	45,526,552	47,200,915	47,212,995	43,994,479	47,338,738
State Sources										
Equalization	31,166,491	36,052,560	41,530,558	47,612,755	54,611,242	62,627,379	70,306,824	67,327,287	70,412,540	72,854,971
Vocational Education	156,700	172,132	166,809	340,464	381,622	416,529	606,514	633,100	457,146	499,745
Transportation	403,503	424,671	540,434	684,950	551,846	783,877	934,775	1,191,287	1,428,170	1,159,975
Special Education	665,038	724,671	1,271,512	1,471,375	1,720,092	1,867,659	2,052,101	2,103,579	2,189,703	2,262,225
Grants	<u>603,359</u>	<u>609,458</u>	<u>596,736</u>	<u>910,359</u>	<u>1,654,284</u>	<u>637,529</u>	<u>757,827</u>	<u>861,752</u>	<u>707,546</u>	<u>1,098,995</u>
Total State Sources	32,995,091	37,983,492	44,106,049	51,019,903	58,919,086	66,332,973	74,658,041	72,117,005	75,195,105	77,875,911
Federal Sources										
Grants	<u>3,645,657</u>	<u>2,463,560</u>	<u>2,857,816</u>	<u>2,982,492</u>	<u>3,598,540</u>	<u>4,360,151</u>	<u>4,779,397</u>	<u>9,371,403</u>	<u>4,319,098</u>	<u>4,409,680</u>
Total Federal Sources	3,645,657	2,463,560	2,857,816	2,982,492	3,598,540	4,360,151	4,779,397	9,371,403	4,319,098	4,409,680
Total Revenues by Source	<u>\$ 62,171,158</u>	<u>\$ 73,902,166</u>	<u>\$ 82,465,929</u>	<u>\$ 96,158,045</u>	<u>\$109,960,015</u>	<u>\$116,219,676</u>	<u>\$126,638,353</u>	<u>\$128,701,403</u>	<u>\$123,508,682</u>	<u>\$129,624,329</u>

School District 27J
Governmental Funds Expenditures by Function
Last Ten Fiscal Years
(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction	\$ 27,014,607	\$ 29,847,776	\$ 32,801,420	\$ 39,058,398	\$ 44,625,735	\$ 52,244,003	\$ 53,903,484	\$ 48,678,629	\$ 47,882,445	\$ 51,651,793
Pupil Services	2,519,390	2,460,114	3,040,668	3,329,484	3,688,947	4,496,457	5,495,141	5,460,322	5,232,927	5,185,598
Instructional Staff	1,078,923	1,657,862	1,775,012	1,940,555	2,871,581	3,384,478	2,959,640	2,272,183	2,381,305	2,685,068
General Administration	1,329,693	811,371	799,367	826,728	1,091,914	1,230,139	1,110,757	1,061,277	968,575	1,076,842
School Administration	2,935,133	3,450,540	3,537,926	4,623,626	5,112,708	5,905,700	6,328,515	5,768,379	5,757,566	6,377,121
Operations and Maintenance	4,629,151	4,865,497	5,338,938	6,292,924	7,165,585	8,151,575	8,477,569	8,040,818	8,134,904	8,537,890
Pupil Transportation	1,569,362	2,095,950	2,356,720	2,609,591	3,193,468	3,671,850	3,901,229	4,353,368	4,076,863	4,326,254
Central Supporting Services	2,406,239	2,769,005	2,511,033	3,650,076	4,637,552	4,533,702	5,311,780	5,341,094	5,137,853	5,344,639
Community Services	1,126,115	1,378,679	1,282,564	1,343,555	1,584,053	2,012,481	1,880,468	1,712,629	1,457,395	2,802,651
Pupil Activities	1,469,183	1,825,278	1,712,271	2,232,089	2,545,052	3,077,383	3,035,073	3,262,241	2,819,923	3,146,673
Capital Outlay	6,849,179	14,348,875	47,871,096	22,424,675	46,690,498	35,761,595	7,644,453	2,608,805	8,781,545	3,332,261
Charter Schools	7,053,165	8,396,853	9,176,474	9,880,496	13,148,583	14,184,429	15,465,132	17,573,744	19,037,798	20,339,699
Debt Services:										
Principal	1,875,000	2,620,000	3,360,000	4,030,000	4,177,057	6,942,756	7,440,329	7,108,287	7,210,790	14,914,690
Interest and Fiscal Charges	2,933,745	3,745,779	5,247,957	6,072,395	8,062,595	8,563,032	8,330,805	8,054,165	7,092,409	7,251,126
Bond Issuance Costs	-	-	410,532	694,686	271,032	-	-	-	275,092	9,750
Advance Refunding	-	-	1,595,130	-	-	-	-	-	-	-
Total Expenditures by Function	<u>\$ 64,788,885</u>	<u>\$ 80,273,579</u>	<u>\$ 122,817,108</u>	<u>\$ 109,009,278</u>	<u>\$ 148,866,360</u>	<u>\$ 154,159,580</u>	<u>\$ 131,284,375</u>	<u>\$ 121,295,941</u>	<u>\$ 126,247,390</u>	<u>\$ 136,982,055</u>

School District 27J
Assessed Value and Actual Value of Taxable Property in the District
Last Ten Fiscal Years
(Unaudited)

Levy Year/ Collection Year	Residential Property	Personal Property ¹	Commercial Property	Oil and Gas	Agricultural Property	Vacant Land
2003/2004	216,965,630	61,470,570	60,259,350	12,812,080	6,393,370	60,089,040
2004/2005	258,907,050	59,235,620	62,941,560	25,165,770	6,356,330	69,142,670
2005/2006	330,655,360	66,052,010	69,281,930	31,899,880	5,584,920	84,441,870
2006/2007	392,663,110	66,905,740	74,109,730	40,675,490	5,584,990	90,544,150
2007/2008	443,403,230	73,122,250	89,183,950	39,122,790	5,545,730	97,250,150
2008/2009	469,834,730	83,775,440	104,172,480	31,390,600	5,617,880	85,601,780
2009/2010	452,112,290	98,181,610	112,173,930	56,438,240	5,294,450	64,974,250
2010/2011	460,364,110	98,744,640	117,378,900	24,744,360	4,597,560	57,516,450
2011/2012	447,667,730	96,851,400	124,917,140	36,407,990	5,043,360	48,680,090
2012/2013	455,113,890	106,671,110	126,708,040	48,820,850	4,961,130	44,776,456

¹ Represents personal property in Adams County only. Personal property in Weld County is distributed throughout other categories.

Tax Rates by category

Levy Year	Residential	Commercial	Oil & Gas	Collection Year
2003	7.96%	29.00%	87.50%	2004
2004	7.96%	29.00%	87.50%	2005
2005	7.96%	29.00%	87.50%	2006
2006	7.96%	29.00%	87.50%	2007
2007	7.96%	29.00%	87.50%	2008
2008	7.96%	29.00%	87.50%	2009
2009	7.96%	29.00%	87.50%	2010
2010	7.96%	29.00%	87.50%	2011
2011	7.96%	29.00%	87.50%	2012
2012	7.96%	29.00%	87.50%	2013

SOURCE: Adams, Broomfield and Weld Counties Assessors' Offices.

Industrial Property	State Assessed	Natural Resources	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Assessed Value as a Percentage of Actual Value
7,181,510	2,396,790	4,886,310	432,454,650	44.491	3,439,225,246	12.57%
7,097,530	3,870,960	5,299,910	498,017,400	48.022	4,019,101,942	12.39%
7,199,700	4,962,650	4,868,890	604,947,210	39.244	5,026,253,194	12.04%
6,770,980	5,360,890	3,933,780	686,548,860	45.562	5,852,578,745	11.73%
7,818,830	5,654,590	6,290,510	767,392,030	45.264	6,597,400,683	11.63%
7,879,620	5,710,700	4,051,600	798,034,830	45.215	6,961,802,362	11.46%
8,557,680	6,270,110	4,265,170	808,267,730	45.284	6,778,134,057	11.92%
8,733,240	6,163,826	2,783,720	781,026,806	45.703	6,832,444,892	11.43%
8,722,800	6,155,215	3,012,250	777,457,975	45.629	6,640,373,366	11.71%
8,877,650	8,910,956	2,817,280	807,657,362	45.629	6,829,414,724	11.83%

School District 27J
Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Levy/ Collection Year	Total Tax Levy	Current Tax Collection	Percentage of Levy Collection	Delinquent Tax Collection	Total Tax Collection	% of Total Tax Collection to Levy
2002/2003	17,028,205	16,698,744	98.07%	30,950	16,729,694	98.25%
2003/2004	19,340,254	19,170,232	99.12%	16,444	19,186,676	99.21%
2004/2005	23,915,777	23,845,558	99.71%	504,257	24,349,815	101.81%
2005/2006	23,740,351	23,826,744	100.36%	21,706	23,848,450	100.46%
2006/2007	31,280,564	31,091,469	99.40%	24,206	31,115,675	99.47%
2007/2008	34,735,232	34,419,251	99.09%	45,084	34,464,335	99.22%
2008/2009	36,082,688	35,599,972	98.66%	117,738	35,717,710	98.99%
2009/2010	36,601,597	36,450,467	99.59%	114,802	36,565,269	99.90%
2010/2011	35,694,935	35,451,518	99.32%	78,828	35,530,346	99.54%
2011/2012	35,474,631	35,582,083	100.30%	98,303	35,680,386	100.58%

Note 1 - County treasurers' fees of 0.25% have not been deducted from these amounts. Abatements made to taxpayers for overpayment of taxes have not been deducted from these amounts. The percent of total tax collection to levy includes amounts collected as delinquent taxes and therefore, may result in total collections of more than 100% of taxes levied. Both levy and collection years are a calendar year beginning January 1.

Note 2 - Information is not available from the counties as it relates to the year that delinquent taxes apply. In accordance with modified accrual accounting, delinquent taxes are recorded in the year collected, not the year assessed.

SOURCE: Adams, Broomfield and Weld Counties Treasurer's Offices reports.

School District 27J
History of District's Assessed Valuation
Last Ten Fiscal Years (Unaudited)

Levy/ Collection Year	Assessed Valuation				Percent Increase
	Adams County	Broomfield County	Weld County	Total	
2003/2004	415,148,500	15,080	17,291,070	432,454,650	20.1%
2004/2005	478,754,540	530	19,262,330	498,017,400	15.2%
2005/2006	582,845,390	540	22,101,280	604,947,210	21.5%
2006/2007	663,133,200	540	23,415,660	686,549,400	13.5%
2007/2008	740,646,480	540	26,745,010	767,392,030	11.8%
2008/2009	772,256,070	540	25,778,220	798,034,830	4.0%
2009/2010	779,829,870	15,440	28,422,420	808,267,730	1.3%
2010/2011	756,033,520	13,386	24,979,900	781,026,806	-3.4%
2011/2012	753,613,410	10,655	23,833,910	777,457,975	-0.5%
2012/2013	775,126,010	11,476	32,519,876	807,657,362	3.9%

NOTES: Estimated statutory actual valuation is not intended to represent market value. The estimate is based on the breakdown of major classification of property in the district and the percentage set by state law for the computation of assessed value and does not include tax increment financing properties. The assessment rates for commercial property is 29% of actual valuation. Both levy and collection year are calendar year beginning January 1.

The assessment rates for residential property have been:

<u>Years</u>	<u>Percent</u>
1983-1986	21.00
1987	18.00
1988	16.00
1989-1990	15.00
1991-1992	14.34
1993-1994	12.86
1995-1996	10.36
1997-2000	9.74
2001-2002	9.15
2003-2012	7.96

SOURCE: Adams, Broomfield and Weld Counties Assessors' Offices.

School District 27J
Property Tax Rates
(In Mills)
Last Ten Fiscal Years
(Unaudited)

Levy/ Collection Year	General Fund				Bond Redemption Fund	Total Levy
	Finance Act	Credits and Abatements	Mill Levy Override	Total		
2003/2004	28.748	0.009	1.734	30.491	14.000	44.491
2004/2005	28.323	0.193	1.506	30.022	18.000	48.022
2005/2006	26.262	0.076	1.240	27.578	11.666	39.244
2006/2007	26.262	0.208	1.092	27.562	18.000	45.562
2007/2008	26.262	0.025	0.977	27.264	18.000	45.264
2008/2009	26.262	0.013	0.940	27.215	18.000	45.215
2009/2010	26.262	0.094	0.928	27.284	18.000	45.284
2010/2011	26.262	0.186	0.96	27.408	18.295	45.703
2011/2012	26.262	0.077	0.965	27.304	18.325	45.629
2012/2013	26.262	0.433	0.929	27.624	18.005	45.629

NOTES: Both levy and collection year are a calendar year beginning January 1.

SOURCE: Adams, Broomfield and Weld Counties Assessors' Offices.

School District 27J
Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2012		2003	
	Assessed Valuation	Percent of District's Assessed Valuation	Assessed Valuation	Percent of District's Assessed Valuation
United Power, Inc	15,838,950	1.96%	5,861,120	1.36%
D and M Division of STC	14,554,820	1.80%		0.00%
Kerr-McGee Oil and Gas Onshore LP	13,055,270	1.62%		0.00%
Tri-State Generation	11,800,800	1.46%	7,459,540	1.72%
Public Service Co of Colorado	8,732,500	1.08%	5,068,900	1.17%
Brighton Lease Management LLC	7,685,000	0.95%	7,250,000	1.68%
Wal-Mart Real Estate Business Trust	7,367,470	0.91%		0.00%
Prairie Center Retail One LLC	8,893,800	1.10%		0.00%
Kerr-Mcgee Gathering LLC	8,058,930	1.00%		0.00%
Noble Energy Inc	5,440,640	0.67%		0.00%
Qwest Corporation FKA US West			5,937,800	1.37%
Ardmore Palizzi LLC			2,943,040	0.68%
Central Products Co.			2,912,310	0.67%
Kerr-McGee Rocky Mountain			2,680,140	0.62%
K-Mart Corporation #8290			2,580,480	0.60%
Merit Energy Company			2,517,780	0.58%
Total	<u>101,428,180</u>	<u>12.56%</u>	<u>45,211,110</u>	<u>10.45%</u>

NOTES: The 2012 Principal taxpayers assessed valuation amounts are as of December 31, 2012, the latest date for which information is available.

SOURCE: Adams County Assessor's Office.

School District 27J
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)

School District No. 27J	2003	2004	2005
General Fund	30.491	30.022	27.578
Bond Redemption Fund	14.000	18.000	11.666
Total School District No. 27J	44.491	48.022	39.244
Adams County	26.779	26.903	26.804
City of Brighton	6.650	6.650	6.650
City of Commerce City	3.033	3.280	3.280
City of Thornton	10.210	10.210	10.210
Belle Creek Metro #1	47.900	47.900	47.900
Bennett Fire Protection District No. 7	6.257	6.257	6.410
Box Elder Water and Sanitation District	3.250	3.224	3.314
Brighton Area Fire Protection District No. 6	9.295	9.295	9.295
Brighton Crossing #4 FKA Bromley Park #4	38.000	44.000	44.000
Brighton Downtown Development Authority	1.488	1.488	1.383
Bromley Park #1	38.000	--	--
Bromley Park #2	43.682	49.500	61.725
Bromley Park #3	43.682	44.180	46.368
Bromley Park #5	25.000	25.000	25.000
Bromley Park #6	18.000	18.000	18.000
Buffalo Ridge	42.872	42.827	42.653
Central Colorado Water Conservation District	0.871	0.703	0.607
Central Colorado Ground Water Management	3.850	3.518	3.350
Commerce City GID	30.000	30.000	27.000
First Creek Metropolitan District	10.845	10.845	--
Fronterra Village	44.255	46.500	46.500
Fronterra Village #2	44.255	44.255	44.255
Great Rock Water and Sanitation District	35.000	35.000	35.000
Hazeltine Heights Water and Sanitation District	4.125	5.000	5.500
Hi-Land Acres Water and Sanitation District	4.354	4.285	3.788
Lost Creek Water Management District	0.761	0.745	0.714
North Metro Fire District	7.955	7.930	8.135
North Metro Fire District Pension Fund	0.500	0.500	0.500
North Metro Fire District Bonds	--	--	--
North Range Metro #1	60.000	60.000	60.000
Prairie Center Metro #1	--	--	--
Prairie Center Metro #4	--	--	--
Prairie Center Metro #5	--	--	--
Rangeview Library FKA Adams County Library	1.387	1.394	1.388
Riverdale Dunes #1	45.000	45.000	45.000
Sable-Altura Fire District No. 11	7.000	7.000	7.000
South Adams Fire District No. 4	4.300	4.300	4.300
S. Adams Water and Sanitation District	3.215	3.292	3.102
Southeast Weld County Fire District No. 5	5.764	5.764	5.764
Todd Creek Farms #2	16.500	15.000	15.000
Todd Creek Village Parks and Rec.	10.000	10.000	10.000
Urban Drainage and Flood Control District	0.533	0.538	0.532
Urban Drainage and Flood Control District South Platte	0.065	0.066	0.065
Wright Farms Metropolitan District	20.000	20.000	20.000

NOTES: Overlapping governments may or may not have overlapped the District for the entire ten years shown. Totals are not shown since individual properties are not subject to all levies. Overlapping governments which do not have a property tax are not shown. Numbers shown represent the mill levy, amount assessed per \$1,000. The above figures are as of December 31, 2012, the latest date for which information is available. The year is the levy year.

SOURCE: Adams, Broomfield and Weld County Assessors' Offices.

2006	2007	2008	2009	2010	2011	2012
27.562	27.264	27.215	27.284	27.408	27.304	27.304
18.000	18.000	18.000	18.000	18.295	18.325	18.325
45.562	45.264	45.215	45.284	45.703	45.629	45.629
26.974	26.899	26.809	26.824	26.883	26.806	26.903
6.650	6.650	6.650	6.650	6.650	6.650	6.650
3.280	3.280	3.280	3.280	3.206	3.280	3.269
10.210	10.210	10.210	10.210	10.210	10.210	10.597
47.900	47.900	69.900	72.900	73.900	74.900	74.900
6.257	6.338	8.907	8.907	8.907	8.907	8.907
3.314	3.159	1.800	1.800	36.000	42.000	42.000
11.795	11.795	11.795	11.795	11.795	11.795	11.795
44.000	44.000	44.000	44.000	44.000	50.000	50.000
1.288	--	--	--	--	--	--
--	--	--	--	--	--	--
61.725	61.725	61.725	71.025	71.025	81.025	86.025
46.368	46.368	46.368	55.000	54.932	54.932	54.932
25.000	25.000	25.000	25.000	25.000	40.000	40.000
18.000	18.000	18.000	18.000	18.000	18.000	18.000
42.827	42.827	42.827	42.827	42.827	42.827	42.827
0.550	0.487	0.540	0.425	0.425	0.392	1.856
3.221	0.746	1.306	1.338	1.339	1.319	1.291
27.000	27.000	27.000	27.000	27.000	27.000	27.000
--	--	--	--	--	--	--
46.500	45.500	46.529	49.000	53.500	58.500	58.500
44.255	46.500	53.475	57.475	59.475	59.475	59.475
35.000	35.000	35.000	35.000	42.500	45.500	45.500
4.500	4.500	4.500	4.500	4.500	4.500	4.500
3.620	3.387	3.275	3.645	3.559	3.178	3.171
0.719	0.773	0.818	0.849	0.906	0.964	0.897
11.179	11.301	11.268	11.307	11.225	11.176	11.375
0.500	0.500	0.500	0.500	0.500	0.500	0.500
--	--	1.400	1.400	1.400	1.400	1.400
60.000	60.000	63.000	69.400	69.400	69.400	73.400
--	35.000	35.000	60.000	60.000	60.000	60.000
--	35.000	35.000	60.000	60.000	60.000	60.000
--	50.000	50.000	50.000	50.000	50.000	50.000
3.659	3.504	3.659	3.659	3.659	3.659	3.659
31.200	31.700	31.700	38.000	38.000	43.650	75.650
21.000	21.000	21.000	21.000	21.000	21.000	21.000
4.300	4.300	4.300	4.300	4.300	4.300	4.300
3.102	3.100	3.102	3.102	3.102	3.102	3.102
5.764	5.764	5.764	5.764	5.764	5.764	5.764
11.000	11.000	11.000	11.000	11.000	11.000	11.000
10.000	10.000	10.000	10.000	10.000	10.000	10.000
0.542	0.507	0.528	0.508	0.523	0.566	0.599
0.066	0.061	0.063	0.061	0.053	0.057	0.058
20.000	20.000	20.000	20.000	20.000	20.000	20.000

School District 27J
Ratio of Net Bonded Debt to Actual Value
and Total Outstanding Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated District Population	Estimated Personal Income	Assessed Value	Actual Value	Governmental Activities			Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Net Bonded Debt to Actual Value	Percentage of Personal Income	Total Outstanding Debt Per Capita
					Certificates of Participation	Promissory Note	Capital Leases						
2004	43,307	-	432,454,650	3,439,225,246	-	-	-	55,047,608	4,483,068	50,564,540	1.47%	N/A	1,271
2005	48,499	-	498,017,400	4,019,101,942	-	-	-	104,737,711	7,006,855	97,730,856	2.43%	N/A	2,160
2006	51,144	-	604,947,210	5,026,253,194	3,775,000	-	-	101,550,284	5,858,303	95,691,981	1.90%	N/A	2,059
2007	56,119	-	686,549,400	5,852,578,745	3,645,000	-	-	176,744,154	8,522,578	168,221,576	2.87%	N/A	3,214
2008	64,826	-	767,392,030	6,597,400,683	3,485,549	-	815,702	188,373,558	11,023,999	177,349,559	2.69%	N/A	2,972
2009	65,927	26,652	798,034,830	6,961,802,362	3,346,907	-	959,612	182,183,186	11,070,420	171,112,766	2.46%	9.74%	2,829
2010	69,622	27,508	808,267,730	6,778,134,057	3,208,265	-	952,078	175,699,946	11,492,174	164,207,772	2.42%	8.57%	2,583
2011	71,581	20,348	781,026,806	6,832,444,892	3,059,623	-	390,790	168,976,705	11,578,516	157,398,189	2.30%	10.81%	2,409
2012	84,695	25,790	777,457,975	6,640,373,366	2,905,981	-	1,886,359	161,897,898	12,286,520	149,611,378	2.25%	6.85%	1,968
2013	86,406	27,158	807,657,362	6,829,414,724	2,747,339	416,771	1,410,087	153,513,426	12,221,506	141,291,920	2.07%	6.02%	1,830

SOURCE: Estimated District Population is based on numbers provided by Claritas, Inc. Population information for the District is generally not available until the United States decennial census has been published.

Notes: Information on personal income not available for years 2004- 2008.

School District 27J
Ratio of Annual Debt Service Expenditures for General
Obligation Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Principal	Interest and Other Expenditures	Total Debt Service	Total General Fund Expenditures and Transfer	Ratio of Debt Service to Total General Fund Expenditures and Transfer
2004	1,875,000	2,933,745	4,808,745	48,374,905	9.94%
2005	2,620,000	3,745,778	6,365,778	55,594,929	11.45%
2006	3,360,000	5,436,031	8,796,031	60,933,800	14.44%
2007	3,900,000	6,022,118	9,922,118	-	14.28%
2008	3,650,000	7,922,593	11,572,593	84,112,985	13.76%
2009	5,865,000	8,364,848	14,229,848	95,806,303	14.85%
2010	6,155,000	8,135,140	14,290,140	99,359,671	14.38%
2011	6,395,000	7,897,332	14,292,332	93,851,637	15.23%
2012	6,665,000	7,232,388	13,897,388	94,811,867	14.66%
2013	14,165,000	7,128,505	21,293,505	102,373,881	20.80%

School District 27J
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

Computation of maximum debt allowed:

	2004	2005	2006
Taxable assessed valuation	432,454,650	498,017,400	\$ 604,947,210
Plus: Tax Increment Financing District Property	2,245,710	3,417,910	8,782,160
Total Assessed Valuation	<u>434,700,360</u>	<u>501,435,310</u>	<u>613,729,370</u>
Legal debt limit percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>
Legal debt limit	<u>\$ 108,675,090</u>	<u>\$ 125,358,828</u>	<u>\$ 153,432,343</u>

Amount of Debt Outstanding

General obligation bonds payable	55,560,000	102,840,000	100,245,000
Certificates of Participation	-	-	3,775,000
Capital Leases			
Unused legal debt margin	<u>\$ 53,115,090</u>	<u>\$ 22,518,828</u>	<u>\$ 49,412,343</u>

SOURCE: Assessed Valuations are per certifications received from the Adams, Broomfield and Weld County Assessors' Offices. Total Bonded Debt is per the School District 27J audited financial statements.

2007	2008	2009	2010	2011	2012	2013
\$ 686,549,400	\$ 767,392,030	\$ 798,034,830	\$ 808,267,730	\$ 781,026,806	\$ 777,457,975	\$ 807,657,362
11,941,060	18,309,090	20,338,300	22,148,100	33,401,494	46,304,825	40,281,444
698,490,460	785,701,120	818,373,130	830,415,830	814,428,300	823,762,800	847,938,806
25%	25%	25%	25%	25%	25%	25%
\$ 174,622,615	\$ 196,425,280	\$ 204,593,283	\$ 207,603,958	\$ 203,607,075	\$ 205,940,700	\$ 211,984,702
170,445,000	181,940,000	176,075,000	169,920,000	163,525,000	156,260,000	148,825,000
3,645,000	3,510,000	3,370,000	3,230,000	3,080,000	2,925,000	2,765,000
						1,410,087
\$ 532,615	\$ 10,975,280	\$ 25,148,283	\$ 34,453,958	\$ 37,002,075	\$ 46,755,700	\$ 58,984,615

School District 27J
Estimated Overlapping Long Term Debt
(Unaudited)

Overlapping Entity	Net Outstanding Long Term Debt Chargeable to Properties within the District	
	Percent	Amount
Airways Business Center Metropolitan District	100.00	\$ 1,925,000
Aspen Hills Metropolitan District	100.00	1,063,000
Belle Creek Metropolitan District	100.00	4,155,000
BNC Metropolitan District #1	100.00	3,107,000
BNC Metropolitan District #2	100.00	5,000,000
Brighton Crossing Metropolitan District	100.00	13,295,000
Bromley Park Metropolitan District #2	100.00	33,515,000
Bromley Park Metropolitan District #3	100.00	19,585,000
Buffalo Ridge Metropolitan District	100.00	9,100,000
Buffalo Run Mesa Metropolitan District	100.00	8,024,281
Central Colorado Ground Water Subdistrict	7.63	16,235,352
Commerce City North Infrastructure GID	100.00	89,990,000
Eagle Shadow Metropolitan District #1	100.00	10,690,000
Fronterra Village Metropolitan District	100.00	14,124,500
Great Rock Water and Sanitation District	100.00	5,460,000
Hazeltine Heights Water and Sanitation	100.00	332,843
Heritage Todd Creek Metro District	100.00	27,717,000
Hi-Land Acres Water and Sanitation District	100.00	71,122
Larkridge Metropolitan District #1	100.00	25,930,000
North Range Metropolitan District #1	100.00	29,850,000
North Range Village Metropolitan District	100.00	7,960,136
Northwest Metropolitan District #2	0.04	993,753
Potomac Farms Metropolitan District	100.00	12,974,007
Riverdale Dunes Metropolitan District	100.00	2,675,000
Riverdale Peaks II Metropolitan District	100.00	3,075,000
Todd Creek Farms Metropolitan District #2	100.00	1,330,000
Well Augmentation Subdistrict of the Central Colorado Water Conservancy District	0.63	14,245,756
Total		<u>\$ 362,423,750</u>

SOURCE: Adams, Broomfield and Weld County Assessor's Offices and individual entities

School District 27J
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	Industry	2012		2003	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Adams County	Government	1,821	27%	1,631	30%
School District 27J	Education	1,623	24%	741	13%
Platte Valley Medical	Healthcare	595	9%	450	8%
City of Brighton	Government	481	7%	456	8%
Vestas	Manufacturing	400	6%	-	0%
BJ Service USA	Gas & Oil	350	5%	87	2%
Super Wal-Mart	Retail	290	4%	334	6%
Super Target	Retail	168	3%	-	0%
Sakata Farms	Agriculture	157	2%	-	0%
United Power	Utility	151	2%	132	2%
K-Mart Distribution Center	Distribution Center	149	2%	333	6%
Home Depot	Retail	147	2%	-	0%
King Soopers	Retail	140	2%	121	2%
Staples	Retail	113	2%	-	0%
Brighton Care Center	Healthcare	106	2%	120	2%
Petrocco Farms	Agriculture	-	0%	320	6%
Tagawa Greenhouse	Agriculture	-	0%	250	5%
American Pride Co-op	Retail	-	0%	155	3%
Metal West	Manufacturing	-	0%	140	3%
17th Judicial	Government	-	0%	134	2%
Haliburton Energy Services	Oil Services	-	0%	110	2%
Total		6,691	100%	5,514	100%

NOTES: The principal employers current data is as of December 31, 2012, the latest date for which information is available.

SOURCE: Brighton Economic Development Corporation

School District 27J Percentage of Free
and Reduced Meals Last Ten Fiscal
Years
(Unaudited)

Fiscal Year	Free Meals	Reduced Meals	Total Free and Reduced	Total Meals	Percent of Free and Reduced Meals
2004	291,868	69,963	361,831	685,082	52.82%
2005	364,943	83,621	448,564	909,397	49.33%
2006	435,523	83,660	519,183	1,049,923	49.45%
2007	463,282	111,599	574,881	1,201,587	47.84%
2008	511,436	133,511	644,947	1,357,795	47.50%
2009	577,128	192,740	769,868	1,567,381	49.12%
2010	608,759	181,888	790,647	1,512,360	52.28%
2011	678,217	160,613	838,830	1,528,011	54.90%
2012	773,222	194,085	967,307	1,610,893	60.05%
2013	807,506	170,161	977,667	1,564,014	62.51%

SOURCE: School District 27J Nutrition Services

School District 27J
Full-time Equivalent School District Employees by Function
Last Ten Years (unaudited)

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instructional	646.121	729.014	843.126	933.998	979.248	1,072.245	992.444	919.545	968.945	986.670
Support Services										
Pupil Services	37.195	36.391	45.795	48.925	52.183	61.404	78.105	81.368	69.388	79.278
Instructional Staff	22.526	23.763	22.688	22.977	32.834	39.484	38.561	23.580	28.838	25.930
General administration	3.000	3.400	3.600	4.000	5.400	6.400	7.070	6.570	9.850	6.100
School administration	51.438	55.125	59.313	73.750	79.188	84.006	106.301	106.094	111.577	116.000
Operations and maintenance	57.250	62.250	67.750	80.750	85.250	92.750	108.938	93.600	99.919	98.470
Pupil transportation	42.065	49.563	56.001	63.440	74.002	83.503	85.691	85.500	85.313	84.060
Business supporting services	8.500	9.000	10.000	10.000	13.000	14.000	14.750	12.000	12.000	11.250
Central supporting services	15.155	15.655	16.093	22.569	23.475	25.150	28.525	23.410	25.300	27.600
Nutrition Services	27.000	26.000	27.811	34.498	45.250	49.248	59.748	68.623	64.527	63.150
Enterprise Operations	20.568	22.932	17.461	11.786	19.945	23.790	24.325	34.616	28.065	20.560
Community Services	5.063	7.283	7.377	5.563	9.626	9.282	11.033	9.033	4.700	5.300
Facilities Acquisition/Construction	2.000	2.000	1.800	2.800	3.000	3.000	3.650	2.400	5.050	1.000
Pupil Activities	-	-	1.625	2.494	1.000	1.000	1.000	1.000	1.000	1.000
Total	937.881	1,042.376	1,180.440	1,317.550	1,423.401	1,565.262	1,560.139	1,467.339	1,514.471	1,526.368

NOTES: FTE's include all employees paid from all funds.

SOURCE: District records

School District 27J
Teacher/Student Ratio
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Pupil Membership</u>	<u>Teacher FTE</u>	<u>Pupil/Teacher Ratio</u>
2002/2003	7,199	410.96	17.52
2003/2004	8,280	484.40	17.09
2004/2005	9,256	517.79	17.88
2005/2006	10,450	545.50	19.16
2006/2007	11,589	629.12	18.42
2007/2008	12,608	656.46	19.21
2008/2009	13,711	736.13	18.63
2009/2010	14,469	755.52	19.15
2010/2011	15,089	718.10	21.01
2011/2012	15,671	767.20	20.43
2012/2013	16,184	743.40	21.77

SOURCE: Colorado Department of Education Statistical Reports

School District 27J
Teacher Salaries and Education
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Salary Ranges			# of Teachers in Each Range		
	Bachelor's Degree	Master's Degree	PHD	Bachelor's Degree	Master's Degree	PHD
2003/2004	\$28,894-\$58,062	\$32,655-\$69,534	\$39,366-\$71,443	217	192	4
2004/2005	\$29,457-\$59,194	\$33,292-\$70,890	\$40,134-\$72,836	255	221	4
2005/2006	\$30,120-\$60,526	\$34,041-\$72,485	\$41,037-\$74,475	244	259	4
2006/2007	\$30,873-\$62,039	\$34,892-\$74,297	\$42,063-\$76,337	282	234	5
2007/2008	\$32,139-\$64,583	\$36,323-\$77,343	\$43,788-\$79,467	287	352	8
2008/2009	\$32,942-\$66,197	\$37,231-\$79,277	\$44,882-\$81,453	302	388	23
2009/2010	\$33,519-\$67,356	\$37,882-\$80,664	\$45,668-\$82,879	303	410	26
2010-2011	\$33,519-\$67,356	\$37,882-\$80,664	\$45,668-\$82,879	252	384	27
2011/2012	\$33,519-\$67,356	\$37,882-\$80,666	\$45,668-\$82,881	261	375	24
2012/2013	\$33,868-\$67,692	\$38,072-\$81,067	\$45,896-\$83,293	242	427	32
	Average Salary					
2003/2004	\$45,163					
2004/2005	\$45,661					
2005/2006	\$46,775					
2006/2007	\$47,744					
2007/2008	\$49,104					
2008/2009	\$50,761					
2009/2010	\$52,153					
2010/2011	\$52,637					
2011/2012	\$50,247					
2012/2013	\$51,920					

SOURCE: District Records

School District 27J School
Building Information June
30, 2013
(Unaudited)

	Enrollment for the 2012/13 School Year	Recommended	Capacity Used in 2012/13	Years Constructed/ Renovated ²
	Capacity ¹			
Brantner (K-5)	268	409	65.53%	1969/1998
Henderson (PK-6)	490	801	61.17%	1998
North (PK-5)	357	557	64.09%	1973/1999
Northeast (PK-5)	576	681	84.58%	2003
Pennock (K-5)	696	816	85.29%	2003
Second Creek (K-6)	680	816	83.33%	1969/2000
South (K-5)	535	549	97.45%	1963/1995
Southeast (PK-5)	647	748	86.50%	2002
Thimmig (K-6)	653	816	80.02%	2008
Turnberry (PK-6)	769	826	93.10%	2007
Westridge (PK-6)	750	816	91.91%	2012
Total Elementary Schools	6,421	7,835	81.95%	
MIDDLE SCHOOLS (6-8)				
Vikan	541	588	92.01%	1961/2002
Overland Trail	666	680	97.94%	1984/2000/2005
Prairie View Middle School	793	882	89.91%	2008
Stuart Middle School	584	882	66.21%	2009
Total Middle Schools	2,584	3,032	85.22%	
HIGH SCHOOL (9-12)				
Brighton High School	1,788	1,709	104.62%	1953/1992/1975 1982/2005
Prairie View High School	1,738	1,804	96.34%	2006
Brighton Heritage Academy	97	493	19.68%	926/1955/1970/2002
Total for High School	3,623	4,006	90.44%	
Total in District Buildings (K-12)	12,628	14,873	84.91%	
Charters (Not In District Buildings)	3,429	3,600	95.25%	
27J Preschool at the BLARC	106	128	82.81%	
Total not in District Buildings (K-12)	3,535	3,728	94.82%	

1 Recommended capacity equals the maximum class size and includes modular classroom space and preschool classes.

2 Includes initial year of construction and years of major additions and renovations.

NOTES: The above figures do not take into consideration half-time students and various methods of utilizing classrooms at the secondary level. This table demonstrates that for the current school year, the District's schools are very close to capacity.

Acquisition of school sites can be the most difficult part of acquiring additional student space. Based on long-term projections of growth, the District has aggressively pursued acquiring school sites. The District has obtained land dedication from developers for 20 elementary school sites, 3 middle school sites and 2 high school sites totaling over 379 acres. The District is in the process of obtaining additional school sites through land dedication.

In addition to the school buildings and their contents, the District owns or leases the following facilities and properties: the Heritage Community Plaza, the District Educational Services Center, a technology building & annex, a facilities building, utility/storage buildings, an indoor swimming pool, and 138 vehicles, of which 110 are buses or multi-passenger vans.

SOURCE: District Records

School District 27J
Enrollment and Funded Pupil Count by Grade
Last Ten Fiscal Years
(Unaudited)

Grade	Oct 1 2003	Oct 1 2004	Oct 1 2005	Oct 1 2006	Oct 1 2007	Oct 1 2008	Oct 1 2009	Oct 1 2010	Oct 1 2011	Oct 1 2012	Ten Year Average Class Size
Colo. Preschool Proj.	98.0	98.0	145.0	190.0	206.0	371.0	339.0	333.0	337.0	319.0	235.2
Special Ed. Preschool	112.0	159.0	186.0	183.0	186.0	229.0	218.0	228.0	217.0	175.0	190.9
K	754.0	842.0	955.0	991.0	1,123.0	1,237.0	1,303.0	1,361.0	1,355.0	1,356.0	1,102.3
1	701.0	863.0	1,004.0	1,065.0	1,126.0	1,220.0	1,318.0	1,369.0	1,415.0	1,399.0	1,120.1
2	687.0	776.0	907.0	1,022.0	1,104.0	1,185.0	1,253.0	1,333.0	1,352.0	1,440.0	1,068.8
3	664.0	781.0	834.0	975.0	1,094.0	1,150.0	1,219.0	1,286.0	1,307.0	1,336.0	1,034.4
4	595.0	730.0	855.0	916.0	1,040.0	1,130.0	1,171.0	1,221.0	1,298.0	1,288.0	995.1
5	664.0	706.0	831.0	954.0	957.0	1,106.0	1,141.0	1,190.0	1,216.0	1,305.0	973.9
6	688.0	754.0	753.0	873.0	965.0	984.0	1,093.0	1,152.0	1,208.0	1,192.0	941.1
7	703.0	758.0	836.0	832.0	920.0	947.0	996.0	1,090.0	1,143.0	1,191.0	913.9
8	570.0	752.0	825.0	884.0	844.0	931.0	981.0	977.0	1,100.0	1,145.0	873.8
9	615.0	641.0	818.0	982.0	1,116.0	1,028.0	1,144.0	1,161.0	1,025.0	1,134.0	947.8
10	529.0	560.0	585.0	742.0	868.0	907.0	849.0	971.0	1,043.0	1,004.0	783.8
11	464.0	466.0	509.0	475.0	625.0	712.0	758.0	719.0	934.0	956.0	629.1
12	384.0	397.0	434.0	505.0	456.0	605.0	702.0	698.0	721.0	944.0	544.7
Ungraded	-	-	-	-	-	-	-	-	-	-	-
Total Enrollment	8,228.0	9,283.0	10,477.0	11,589.0	12,630.0	13,742.0	14,485.0	15,089.0	15,671.0	16,184.0	12,354.9
Adjustments to calculate Funded Pupil Count											
CPP (.5 FTE)	(49.0)	(49.0)	(72.5)	(92.5)	(101.0)	(183.0)	(167.0)	(159.5)	(156.0)	(158.5)	188.5
Spec Ed Preschool (.5 FTE)	(56.0)	(79.0)	(92.5)	(91.5)	(93.0)	(114.5)	(109.0)	(114.0)	(108.5)	(87.5)	(95.3)
Kindergarten (.5 FTE)	(377.0)	(421.0)	(477.0)	(495.0)	(560.0)	(616.0)	(650.0)	(680.5)	(677.5)	(675.5)	(550.4)
Part-time students (.5 FTE)	(5.5)	(15.0)	(17.5)	(7.5)	(4.5)	(10.5)	(9.5)	(3.0)	(4.0)	(9.0)	(8.6)
Out-of-district students	15.0	31.0	26.0	16.0	24.0	-	-	-	-	-	18.7
Non-eligible students	(35.0)	(10.0)	(21.0)	(42.0)	(72.0)	(63.0)	(57.0)	(67.0)	(70.0)	(62.0)	(48.6)
Other students	83.0	24.0	40.0	68.5	64.0	36.5	44.0	54.5	58.5	53.0	52.6
Total FPC	<u>7,803.5</u>	<u>8,764.0</u>	<u>9,862.5</u>	<u>10,945.0</u>	<u>11,887.5</u>	<u>12,791.5</u>	<u>13,536.5</u>	<u>14,119.5</u>	<u>14,713.5</u>	<u>15,244.5</u>	<u>11,602.6</u>

NOTES: FPC is the District's funded pupil count as defined by the Colorado School Finance Act.

SOURCE: District's October 1 count as reported to the Colorado Department of Education.

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COMPLIANCE SECTION



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

Board of Education
School District 27J
Brighton, Colorado

We have audited, in accordance with the 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, 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 School District 27J, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise School District 27J's basic financial statements, and have issued our report thereon dated December 10, 2013. Our report includes a reference to other auditors who audited the financial statements of Belle Creek Charter School, Bromley East Charter School, Landmark Academy at Reunion, Foundations Academy, and Capital Facility Fee Foundation, as described in our report on School District 27J's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Belle Creek Charter School and Capital Facility Fee Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered School District 27J's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School District 27J's internal control. Accordingly, we do not express an opinion on the effectiveness of School District 27J's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether School District 27J's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Broomfield, Colorado
December 10, 2013



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
School District 27J
Brighton, Colorado

Report on Compliance for Each Major Federal Program

We have audited School District 27J's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of School District 27J's major federal programs for the year ended June 30, 2013. School District 27J's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of School District 27J's major federal programs based on our audit of the types of compliance requirements referred to above. 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 27J School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of School District 27J's compliance.

Opinion on Each Major Federal Program

In our opinion, School District 27J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of School District 27J is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered School District 27J's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of School District 27J's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Broomfield, Colorado
December 10, 2013

SCHOOL DISTRICT 27J

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

Section 1-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ yes ☒ none reported

Noncompliance material to financial statements noted? ☒ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☒ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☒ yes ☒ none reported

Type of auditor's report issued on compliance for major program: Unmodified

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

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	Special Education- Grants to States (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA Preschool)
10.555	National School Lunch Program
10.553	School Breakfast Program
10.559	Summer Food Service Program for Children
84.282	Implementation Grants (Charter Schools)

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

Auditee qualified as low-risk auditee? ☐ yes ☒ no

SCHOOL DISTRICT 27J

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2013

PART II – FINDINGS RELATED TO FINANCIAL STATEMENTS

There were no findings required to be reported related to financial statements for the fiscal year ended June 30, 2013.

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings required to be reported relating to federal awards for the fiscal year ended June 30, 2013.

SCHOOL DISTRICT 27J

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2013

PART II-FINDINGS RELATED TO FINANCIAL STATEMENTS

Please see status of prior year Finding 2012-01 below related to the combined finding for the financial statements and federal awards for the fiscal year ended June 30, 2012. Note that the finding related to the financial statements was a material noncompliance finding and not a finding related to the internal control over financial reporting.

PART III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2012-01

US DEPARTMENT OF EDUCATION

Passed Through the Colorado Department of Education

Implementation Grants (Charter Schools) – CFDA # 84.282

Material Noncompliance

Allowable Costs / Cost Principles, Procurement

Material Weakness, Noncompliance, Qualification

Condition: The Implementation Grants (Charter Schools) program funding is passed through School District 27J to its charter schools. School District 27J management initiated an investigation into payments made to one of its charter schools, Eagle Ridge Academy (ERA), during fiscal year 2012. Through testing of expenditures made out of this grant and a further investigation into expenditures being spent by ERA, improper expenditures were found to have been incurred by ERA. It was found that the supporting documentation for certain expenditures was insufficient or could not be properly verified with the vendor where purchases were made or services were rendered. The initial review control that was in place at School District 27J over supporting documentation submitted by charter schools under this grant was not effective in detecting the improper expenditures; however, the District did initiate an investigation regarding the payments during the year as noted above. As a result of testing and the investigation, it was determined that a total of \$157,408 paid out of this grant for fiscal year 2012 to ERA was improper. There were also additional instances of improper expenditures being spent by ERA under the fiscal year 2011 Implementation grant paid by the District to ERA totaling \$66,603. In total, \$224,011 of improper expenditures was found to have been paid out of this grant for fiscal years 2011 and 2012.

SCHOOL DISTRICT 27J

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

For the Year Ended June 30, 2013

Recommendation: The District should implement procedures necessary to ensure that the charter schools receiving the funds are submitting sufficient supporting documentation to show what grant funding is being paid for and that procurement compliance requirements, including suspension and debarment, are being met by charter schools. This should include a three-way match between purchase orders, invoices, and receiving documents for charter school payments.

Current Status: This finding has been resolved for the fiscal year ending June 30, 2013.

School District 27J, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

	Federal CFDA Number	Federal Expenditures
<i>US Department of Agriculture:</i>		
Passed through State Department of Education:		
* School Breakfast Program	10.553	568,700
* National School Lunch Program	10.555	2,388,248
* Summer Food Service Program for Children	10.559	66,802
Fresh Fruits and Vegetables Program	10.582	<u>21,120</u>
Total US Department of Agriculture		<u><u>3,044,870</u></u>
<i>US Department of Education:</i>		
Passed through State Department of Education:		
Title I, Part A (4010)	84.010	950,430
Title IIA - Teacher Quality (4367)	84.367	142,054
Title III - English Language (4365)	84.365	124,497
Race to the Top (4413)	84.413A	19,895
* Title VIB - Handicapped / IDEA - Part B (4027)	84.027	2,094,120
* Title VIB - Handicapped / IDEA - Preschool (4173)	84.173	64,481
* Implementation Grants (5282)	84.282	194,989
Passed through Colorado Community College System/MEP Youth Advocate Aurora Carl Perkins (4048)	84.048	80,058
Passed through Metro Migrant Education Program Education of Migrant Children (4011)	84.011	<u>32,125</u>
Total US Department of Education		<u><u>3,702,650</u></u>
<i>US Department of Interior</i> Passed through Adams County: U.S. Fish and Wildlife Service	15.227	<u>96,487</u>
Total Center for Disease Control, National Science Foundation, US Department of Labor and Interior		<u><u>96,487</u></u>
Total Federal Assistance		<u><u>6,844,007</u></u>

Refer to notes to the Schedule of Federal Awards

* Major programs

SCHOOL DISTRICT 27J, COLORADO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Brighton School District 27J, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts reported in, or used in the preparation of, the basic financial statements.

NOTE 2: Non-Cash Assistance

Commodities donated to the School district by the U.S. Department of Agriculture (USDA) are valued based on the June 2013 USDA's Donated Commodity Price List and by values provided by the USDA. The commodities are recognized as revenue and expenses when received. Commodity donations of \$314,856 were recorded as a federal source of School lunch revenue in the Food Service Fund. Commodity donations of \$314,856 were recorded as food and milk expenses in the Food Service Fund.

Colorado Department of Education
Auditors Integrity Report
District: 0040 - SCHOOL DISTRICT 27
Fiscal Year 2012-13
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+	-	=	
10 General Fund	18,518,766	76,541,096	77,049,290	18,010,572
18 Risk Mgmt Sub-Fund of General Fund	521,523	1,382,815	990,625	913,713
19 Colorado Preschool Program Fund	0	1,531,570	1,486,961	44,609
Sub- Total	19,040,289	79,455,481	79,526,876	18,968,894
11 Charter School Fund	2,407,626	25,223,731	25,025,976	2,605,381
20,26-29 Special Revenue Fund	542,759	3,711,950	3,127,767	1,126,943
21 Capital Reserve Spec Revenue Fund	0	0	0	0
22 Govt Designated-Purpose Grants Fund	1,489,423	4,746,417	5,596,290	639,549
23 Pupil Activity Special Revenue Fund	1,015,921	3,321,078	3,146,673	1,190,327
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	286,614	3,663,913	3,950,527	0
31 Bond Redemption Fund	12,286,520	21,228,491	21,293,506	12,221,506
39 Non-Voter Approved Debt Service Fund	0	0	0	0
41 Building Fund	264,000	717	717	264,000
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
Totals	37,333,152	141,351,779	141,668,332	37,016,600
Proprietary				
51 Food Service Fund	1,196,070	7,932,066	7,989,712	1,138,424
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	381,911	0	-67,689	449,600
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	1,577,980	7,932,066	7,922,023	1,588,023
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	59,315	114	4,500	54,928
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	196,437	385,338	404,773	177,002
79 GASB 34-Permanent Fund	0	0	0	0
85 Foundations	327,133	296,028	436,872	186,288
Totals	582,884	681,480	846,146	418,218

FINAL

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

12/30/13



DEPARTMENT OF FINANCE

School District 27J
18551 E. 160th Ave.
Brighton, CO 80601

