



Kelson Lee  
Pennock Elementary

## School District 27J

*“Reaching Out In All Directions”*



Allison Weber  
Pennock Elementary

# 2010-2011 Comprehensive Annual Financial Report

for the Fiscal Year Ended  
June 30, 2011

18551 E. 160<sup>th</sup> Avenue, Brighton Colorado

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

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011**

**BOARD OF EDUCATION**

Joan Kniss	President
Russell Carr	Vice President
Kristi Crisman	Director
Patrick Day	Director
Josette Alvarado	Director
Carolyn Horstman	Director

**SUPERINTENDENT**

Rod L. Blunck, Ed.D.

Prepared by Finance Office

**School District 27J, Colorado**  
**Comprehensive Annual Financial Report**  
**For The Year Ended June 30, 2011**

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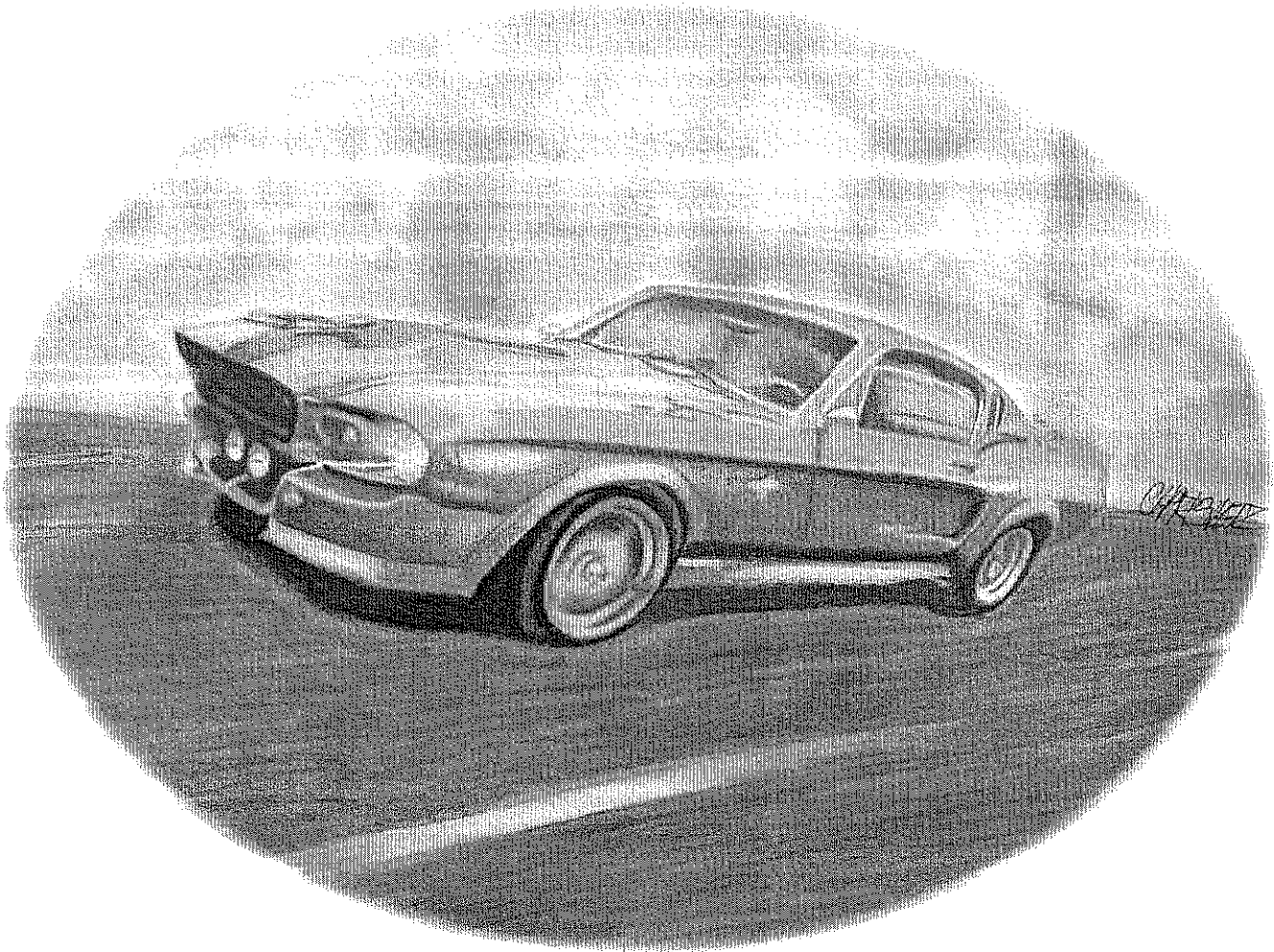
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# Introductory Section



Charis Lenz  
Prairie View High School

## SCHOOL DISTRICT NUMBER 27J

### GOVERNING BOARD OF EDUCATION FUNCTION AND COMPOSITION

The District is governed by a seven-member Board of Education. Directors are elected at successive biennial elections of the qualified electors of the District. The current Directors are serving staggered four-year terms of office. The Board of Education holds a Community Engagement meeting on the second Tuesday of the month and a Regular Board meeting on the fourth Tuesday of each month. Special meetings are held as needed. The Directors elect the Board's officers. Members of the Board of Education receive no compensation.

General duties, which the Board is empowered to perform, include the power to employ all personnel required to maintain the operations and carry out the educational programs of the District, to fix and pay personnel compensation, to fix attendance boundaries, to determine the educational programs to be provided by the district, and to prescribe the textbooks for any course of instruction or study in such programs.

The Board of Education is also granted powers to be exercised in its judgment. Notable among these are the powers: to purchase, lease or rent undeveloped or improved property located within or outside the District boundaries as the board deems necessary for use as school sites, buildings, or structures or for any school purpose authorized by law; to sell such properties; to determine the location of each school site, building or structure; to construct, erect, repair, alter, and remodel buildings and structures; to provide furniture, equipment, library books, and such other items as may be needed to carry out the District's educational program; to discharge or otherwise terminate the employment of any personnel; to procure group life, health, or accident insurance covering employees of the District; to procure appropriate property damage, casualty, public liability, and accident insurance; and to contract for the transportation of pupils enrolled in the District's public schools.

The School District 27J Board of Education voted January 26, 2009 to adopt the Policy Governance model of board governance. Policy Governance is a set of principles that allows a board to practice strategic leadership. These principles set up a powerful, sensible method of governing that increases accountability (1) between a board and the people who own the organization, the public, and (2) between the board and the people who run the organization, the Superintendent of School and all staff members. A Policy Governance Board (1) establishes broad policies, (2) delegates authority clearly, and (3) regularly examines whether policies are being fulfilled or need to be changed. Policy Governance is a tool to assure the superintendent is operating the District consistent with the board's umbrella policies. Policy Governance formalizes and clarifies the roles and responsibilities of the board and the superintendent. It also clarifies the team effort that goes into decision-making.

As of June 30, 2011, the members of the Board of Education and the year of expiration of their terms are as follows:

<u>Name</u>	<u>Office</u>	<u>Principal Occupation</u>	<u>Length of Service</u>	<u>Term Expires</u>
Joan Kniss	President	Retired	6 yrs.	2013
Russell Carr	Vice-President	Business Owner	4 yrs.	2011
Kristi Crisman	Director	Financial Planning	2 yrs.	2013
Patrick Day	Director	Insurance Sales	2 yrs.	2013
Josette Alvarado	Director	Homemaker	1 yr.	2011
Carolyn Horstman	Director	Auditor	1 yr.	2011
Vacant	Director			2011

**Executive Administrative Staff  
of  
School District Number 27J**

**District**

Rod Blunck  
Suzi DeYoung  
Kelly Corbett  
Ruth DeCrescentis  
Terry Lucero  
Jeremy Heide  
Janet Wyatt  
Mary Gomez  
Will Pierce  
Peggy Robertson

Superintendent  
Chief Financial Officer  
Chief Academic Officer  
Chief Human Resources Officer  
Chief Operations Officer  
Chief Information Officer  
Chief Legal Officer  
Director of Special Education  
Director of Staff Development  
Director of Federal Programs & Assessment

**Elementary Schools**

Rick Bucher  
Michael Clow  
Kay Collins  
Sarah James  
David Felten  
Justin McMillan  
Val Ortega  
Evoice Simms  
Carie Brock  
Brett Minne

Principal at North  
Principal at Northeast  
Principal at South  
Principal at Southeast  
Principal at Henderson  
Principal at Thimmig  
Principal at Pennock  
Principal at Second Creek  
Principal at West Ridge  
Principal at Turnberry

**Middle Schools**

Eric Lambright  
Ana Mendoza  
Tom Delgado  
Martin Pearson

Principal at Overland Trail Middle School  
Principal at Vikan Middle School  
Principal at Prairie View Middle School  
Principal at Stuart Middle School

**High Schools**

John Biner  
Chris Fiedler

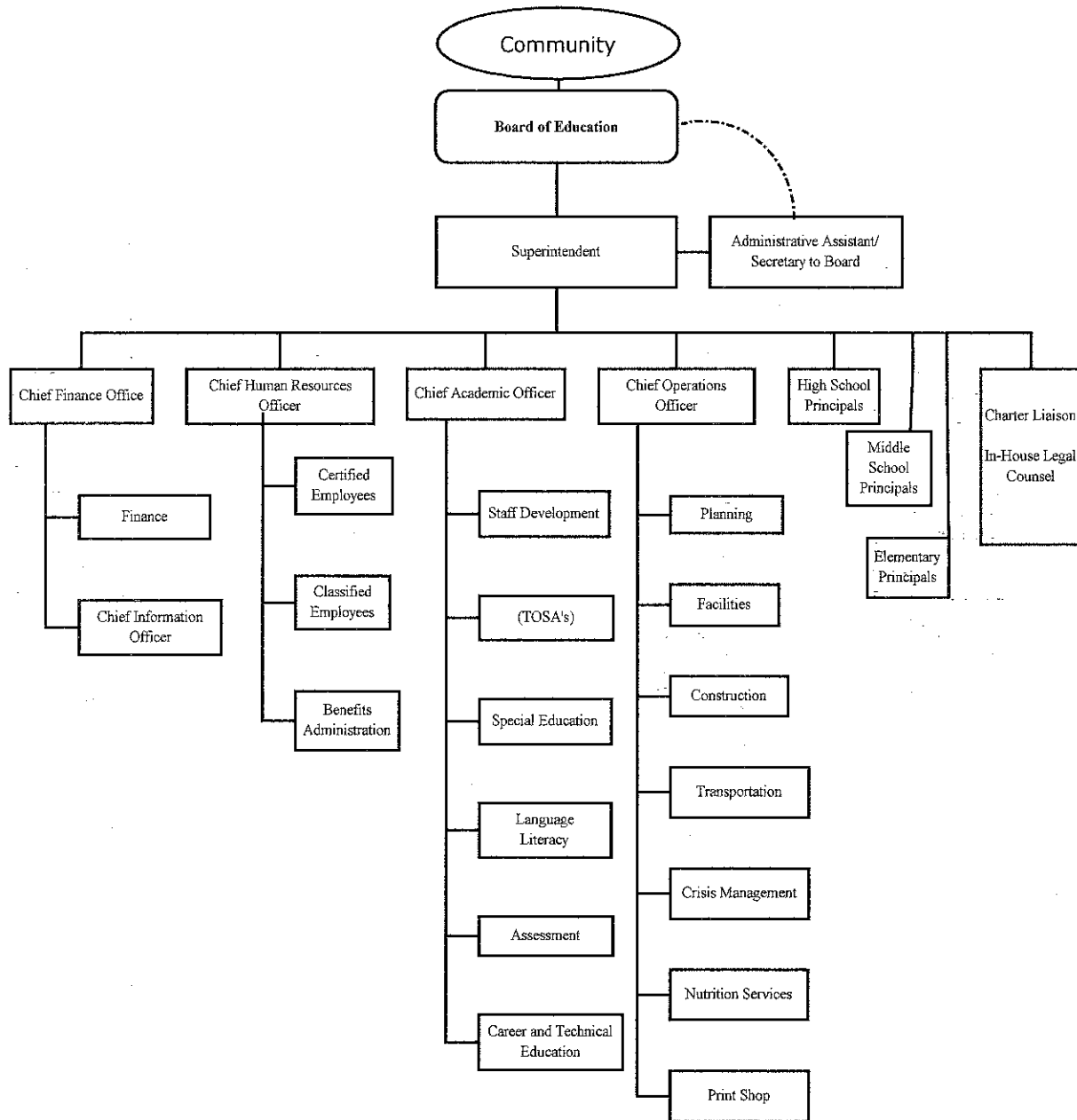
Principal at Brighton High School  
Principal at Prairie View High School

**Alternative School**

Cyndra Foster

Principal at Brighton Heritage Academy

# School District 27J Organizational Chart 2010-2011



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

School District 27J  
Colorado

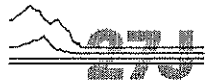
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



**SCHOOL DISTRICT 27J**  
*"Reaching Out In All Directions"*  
18551 East 160th Avenue  
Brighton, CO 80601-3295  
(303) 655-2900 FAX (303) 655-2870  
Rod L. Blunck, Ed. D. Superintendent

**BOARD OF EDUCATION**

Joan Kniss, President  
Patrick Day, Vice President  
Sheree Coates, Director  
Kristi Crisman, Director  
Virginia Guzman, Director  
Donna J. Petrocco, Director  
Roberta Thimmig, Director

December 7, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the School District 27J as of June 30, 2011 and for the fiscal year then ended is hereby submitted. Colorado state law requires that each local government undergo an annual audit of the financial statements by independent certified public accountants, in accordance with generally accepted auditing standards. This report fulfills that requirement.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. 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.

This report is prepared in accordance with Statement No. 34 of the Governmental Accounting Standards Board (GASB). Statement No. 34 is titled Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. This reporting standard is intended to parallel private sector reporting by consolidating governmental activities and business-type activities into a single total column for government-wide activities. Statement No. 34 also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

**The Reporting Entity and its Services**

Adams/ Weld School District 27J, commonly referred to as School District 27J, provides public education services to students from pre-kindergarten through twelfth grade, as well as various community education programs. The School District 27J is located northeast of the Denver, Colorado metropolitan area. The District encompasses 215 square miles, and provides services to over 14,000 students in three counties: Adams, Weld, and Broomfield.

The District has reviewed its reporting entity definition in accordance with GASB 14, which defines the Governmental Reporting Entity. This report includes all funds of the School District 27J, as well as all of its component units. Component units are legally separate entities for which the primary government is

financially accountable. The District has six component units, Eagle Ridge Academy, the Bromley East Charter School, the Belle Creek Charter School, Landmark Academy and Foundations Academy (charter schools operated by National Heritage Academies), and the School District 27J Capital Facility Fee Foundation (CFFF). Financial activity of the six component units is discretely presented in the District's financial statements for the year ended June 30, 2011.

### **District's Current Financial Condition**

School district revenues in Colorado are for the most part determined by the Colorado School Finance Act. The State Legislature annually adjusts the Act to address state budget and educational issues.

The economic downturn has placed stress on the State budget with revenues not meeting projections. For fiscal year 2011, the District saw a decrease in State formula aid revenues of 4.2% from fiscal year 2010. It is expected that this trend of decreased funding from the state will continue into fiscal year 2012 and fiscal year 2013.

### **Enrollment**

The population growth in the Denver metropolitan area started impacting the school district during the mid 1990s. In fiscal year 2004, the pre-kindergarten through twelve-grade enrollment was 8,228 and in fiscal year 2011 it was 15,089. This is an increase of 6,861 students or 83%.

Future enrollment is difficult to predict with the slowing housing market and the economy, but growth in enrollment is still expected to continue although at a lower rate.

### **Budgetary and Accounting Controls**

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 utilized as a guideline for making expenditures and monthly financial dashboards are prepared and distributed to the superintendent and the Board. This dashboard contains information about the General Fund cash flow and tracks revenues and expenditures by month for the past several years. The Board of Education also receives a quarterly financial report providing information on all funds and charter schools. 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. Financial reports comparing the actual revenues and expenditures to the budgeted amounts are available to school principals and department heads. This allows them to monitor budgetary variances. Significant budget variances are discussed with the appropriate supervisory people as they occur.

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 auditor's findings are presented to the Board of Education in the Single Audit report in the Compliance Section.

### G.F.O.A. Certificate

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 for the fiscal year ended June 30, 2010. This is the twenty-second consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is granted only after an intensive review of financial and programmatic data by an expert panel of certified public accountants and financial management executives. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting and its attainment represents a significant accomplishment by a government and its management.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgment

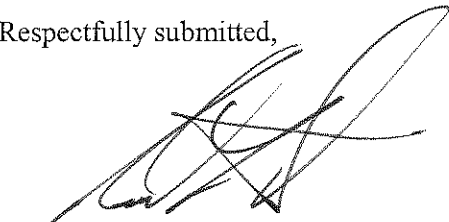
This document would not have been possible without many hours of work put forth by the Finance Office staff. Each and every member of the Finance Office staff provides input into this report. We wish to acknowledge the assistance of the District's independent auditors, Clifton Gunderson, for their efforts in the preparation of this report. We also commend the Board of Education for their interest and support related to the planning, management and operation 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.

### Conclusion

This report provides financial and other related information for the fiscal year 2011 and has been prepared in a manner that is intended to assist management decision makers for the current and future budget years.

Respectfully submitted,

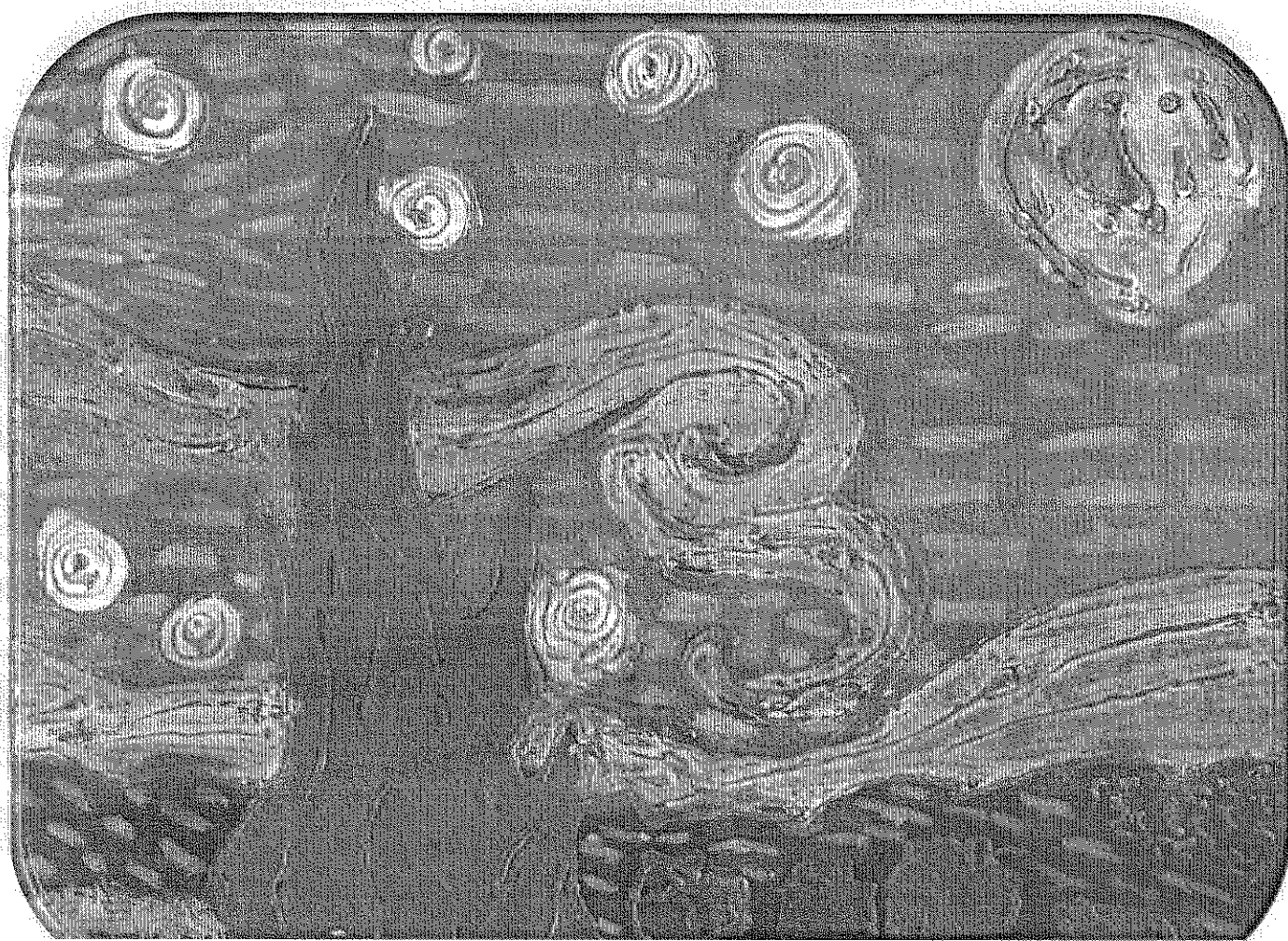


Rod L. Blunck, Ed.D.  
Superintendent of Schools



Suzanne DeYoung  
Chief Financial Officer

# Financial Section



John Mordecai  
Pennock Elementary School

## Independent Auditor's Report

Board of Education  
School District 27J  
Brighton, Colorado

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, 2011 which collectively comprise School District 27J's basic financial statements as listed in the table of contents. These financial statements are the responsibility of School District 27J's management. 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 Eagle Ridge Academy, which represents 99 percent of the assets and 99 percent of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon 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, or Eagle Ridge Academy, is based solely on the reports 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 of material misstatement. Of the discretely presented component units, the financial statements of Belle Creek Charter School, Eagle Ridge Charter School, Bromley East Charter School, and Capital Facility Fee Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2011 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 and budgetary comparison information on pages 60 through 62 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District 27J's basic financial statements. The combining and individual fund financial statements and schedules, Auditor's Electronic Financial Data Integrity Check Figures, and the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* listed in the table of contents are presented for purposes of legal compliance and additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Gunderson LLP*

Greenwood Village, Colorado  
December 7, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the School District 27J, Colorado's (the School District) comprehensive annual financial report, the School District's management is pleased to provide this narrative discussion and analysis of the financial activities of the School District for the fiscal year ended June 30, 2011. We discuss and analyze the School District's financial performance within the context of the accompanying financial statements and disclosures following this section.

### Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$73,899,476 (net assets).
- Governmental activities have net assets balance of \$72,536,316.
- Business-type activities have net assets balance of \$1,363,160.
- Total net assets of the School District increased by \$5,836,424 during fiscal year 2011.
- Fund balance of the School District's governmental funds increased by \$7,405,462 million resulting in an ending fund balance of \$35,355,502 million.
- During fiscal year 2011, the fund balance in the School District's general fund increased by \$7,502,934.
- The School District governmental funds' liabilities decreased by \$4,524,242 million, from \$18,981,939 to \$14,457,697 million.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### Overview of the Financial Statements

This Management Discussion and Analysis document introduces the School District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements; and (3) notes to the basic financial statements. The School District also includes in this report additional information to supplement the basic financial statements.

### Government-wide Financial Statements

The School District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the School District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the School District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets 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 second government-wide statement is the *Statement of Activities*, which reports how the School District's net assets changed during the current fiscal year. All current year revenues and expenses are included in net assets regardless of when cash is received or paid. 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. Both government-wide financial statements distinguish between governmental activities of the School District that are principally supported by property taxes and state

funding and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include instruction and support services. Business-type activities include the food service program.

The government-wide financial statements are presented on pages 12 and 13 of this report.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The School District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the School District's most significant funds rather than the School District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The School District has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the School District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the School District charges customers a fee. One of the School District's proprietary funds is classified as an enterprise fund. This is the nutrition services fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

*Fiduciary Funds* are reported in the fund financial statements and provide scholarships to students. It is classified as a private purpose trust fund.

### ***Notes to the Basic Financial Statements***

The accompanying Notes to the Financial Statements provide information essential to a full understanding of the government-wide and fund financial statements. The Notes to the Financial Statements begin on page 23 of this report.

### ***Other Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain 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 60 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 65.

**Financial Analysis of the School District as a Whole**

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the School District as a whole.

The School District's government-wide net assets at fiscal year-end are \$73,899,476. The following table provides a summary of the School District's net assets:

The District's Net Assets As of June 30, 2011							
	Governmental Activities		Business-Type Activities		Total		Total % Change
	2011	2010	2011	2010	2011	2010	2010-2011
<b>Assets:</b>							
Total current assets	\$ 40,190,349	\$ 43,635,010	\$ 1,369,360	\$ 1,463,122	\$ 41,559,709	\$ 45,098,132	-7.8%
Capital assets net of depreciation	211,072,903	218,379,148	146,261	169,378	211,219,164	218,548,526	-3.4%
Other non-current assets	7,582,948	1,444,301	-	-	7,582,948	1,444,301	425.0%
Total Assets	258,846,200	263,458,459	1,515,621	1,632,500	260,361,821	265,090,959	-1.8%
<b>Liabilities:</b>							
Total current	20,315,135	23,375,194	123,681	145,724	20,438,816	23,520,918	-13.1%
Total non-current	165,994,749	173,481,909	28,780	25,080	166,023,529	173,506,989	-4.3%
Total Liabilities	186,309,884	196,857,103	152,461	170,804	186,462,345	197,027,907	-5.4%
<b>Net assets:</b>							
Invested in capital net of related debt	38,645,785	44,758,012	146,261	169,378	38,792,046	44,927,390	-13.7%
Restricted	22,249,080	13,937,175	-	-	22,249,080	13,937,175	59.6%
Unrestricted	11,641,451	7,906,169	1,216,899	1,292,318	12,858,350	9,198,487	39.8%
Total Net Assets	\$ 72,536,316	\$ 66,601,356	\$ 1,363,160	\$ 1,461,696	\$ 73,899,476	\$ 68,063,052	8.6%

The School District reported positive balances in net assets for both governmental and business-type activities. Net assets increased by \$5,934,960 for governmental activities and decreased by \$98,536 for business-type activities. Approximately 81.5% of the governmental activities' assets are capital assets. The School District uses these capital assets to provide educational services to its students. Approximately 9.6 % of the business-type activities' net assets are capital assets. Capital assets in the business-type activities operate the food service program.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**June 30, 2011**

**School District 27J, Colorado**

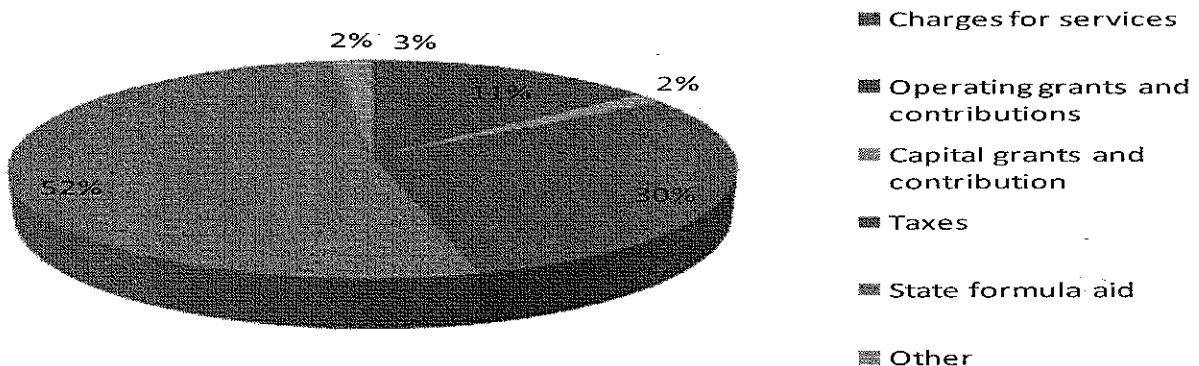
The following table provides a summary of the School District's changes in net assets:

The District's Changes in Net Assets For the Year Ended June 30, 2011							
	Governmental Activities		Business-Type Activities		Total		Total % Change
	2011	2010	2011	2010	2011	2010	2010-2011
<b>Revenues:</b>							
Charges for services	\$ 4,417,892	\$ 4,397,538	\$ 1,575,143	\$ 1,436,845	\$ 5,993,035	\$ 5,834,383	2.7%
Operating grants and contributions	14,161,121	9,130,614	2,653,702	2,469,719	16,814,823	11,600,333	45.0%
Capital grants and contribution	1,964,178	664,241	-	-	1,964,178	664,241	195.7%
Taxes	38,603,758	38,837,879	-	-	38,603,758	38,837,879	-0.6%
State formula aid	67,327,287	70,306,824	-	-	67,327,287	70,306,824	-4.2%
Other	2,499,531	2,612,506	-	-	2,499,531	2,612,506	-4.3%
Total Revenues	128,973,767	125,949,602	4,228,845	3,906,564	133,202,612	129,856,166	2.6%
<b>Expenses:</b>							
Instruction	58,283,462	58,505,091	-	-	58,283,462	58,505,091	-0.4%
Supporting services							
- Pupil services	5,954,687	5,931,702	-	-	5,954,687	5,931,702	0.4%
- Instructional staff	2,289,136	2,974,897	-	-	2,289,136	2,974,897	-23.1%
- General administration	1,138,125	1,225,790	-	-	1,138,125	1,225,790	-7.2%
- School administration	6,311,175	7,072,636	-	-	6,311,175	7,072,636	-10.8%
- Operations and maintenance	8,119,576	8,174,673	-	-	8,119,576	8,174,673	-0.7%
- Pupil transportation	4,756,441	4,291,929	-	-	4,756,441	4,291,929	10.8%
- Business supporting services	1,701,482	1,929,783	-	-	1,701,482	1,929,783	-11.8%
- Central supporting services	4,085,525	3,931,487	-	-	4,085,525	3,931,487	3.9%
Community Services	1,712,629	1,880,468	-	-	1,712,629	1,880,468	-8.9%
Pupil Activities	3,262,241	3,035,073	-	-	3,262,241	3,035,073	7.5%
Charter Schools	17,573,744	15,465,132	-	-	17,573,744	15,465,132	13.6%
Debt Service - interest	7,850,584	8,153,857	-	-	7,850,584	8,153,857	-3.7%
Food Service	-	-	4,327,381	4,306,182	4,327,381	4,306,182	0.5%
Total Expenses	123,038,807	122,572,518	4,327,381	4,306,182	127,366,188	126,878,700	0.4%
Change in net assets	5,934,960	3,377,084	(98,536)	(399,618)	5,836,424	2,977,466	-96.0%
Beginning net assets	66,601,356	63,224,272	1,461,696	1,861,314	68,063,052	65,085,586	4.6%
Ending net assets	\$ 72,536,316	\$ 66,601,356	\$ 1,363,160	\$ 1,461,696	\$ 73,899,476	\$ 68,063,052	8.6%

### GOVERNMENTAL REVENUES

The School District is heavily reliant on state equalization aid and property taxes to support operations. State equalization aid provided 52% of the School District's total governmental revenues. Local taxes provided 30% of governmental revenue. Also, note that program revenues cover only 15% of governmental operating expenses. Program revenues include fund raising in the Pupil Activities Fund. This means that the taxpayers through either state, local taxes, or other general revenues fund 85% of the governmental activities. For school districts, in general, self-generated revenue is a relatively small percentage of total revenues.

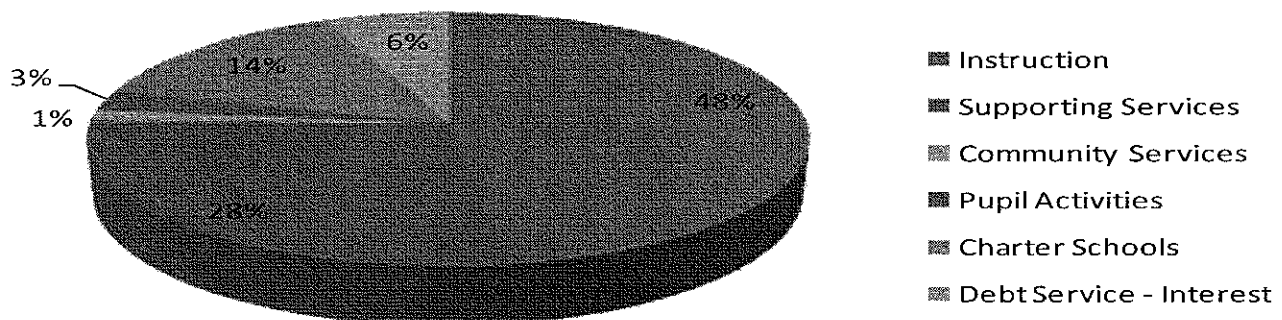
**Sources of Revenue for FY 11**



### GOVERNMENTAL EXPENSES

Direct governmental instructional expenses make up 48% of the total governmental expenses. This category includes direct instruction to students. 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 14% of the total governmental expenses in fiscal year 2011. The remaining 10% of the total governmental expenses include community services, pupil activities, and debt service interest payments.

**Expenses for FY 2011**



## Financial Analysis of the School District's Funds

### *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 1.5 million breakfast and lunch meals annually to students. Charges for meals cover approximately 37% of total revenue. Non-operating federal aid revenue and the USDA commodity food program cover the balance of food service program costs. District resources do not subsidize the food service program.

### *Governmental Funds*

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$35,355,502. This is an increase of \$7,405,463 over fiscal year 2010. Of this year-end total, \$6,559,483 is unassigned, indicating availability for continuing School District service requirements. Legally restricted fund balances include \$11,578,516 for debt service, \$7,255,233 for capital projects, \$528,489 for risk management insurance, \$128,637 for government-designated purpose grants, \$18,292 for program purposes and \$2,633,994 restricted pursuant to the TABOR Amendment. 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. \$1,837,000 is committed for government-designated purpose grants, \$1,541,255 is committed and reported in special revenue funds, and \$2,153,544 is committed for Board contingencies. \$1,121,059 is assigned for capital reserve projects.

### *General Fund*

The General Fund is the School District's primary operating fund and the largest source of day-to-day service delivery. The ending fund balance in the General Fund was increased by \$7,502,934.

**General Fund Revenue** - Actual revenues were \$1,415,460 more than the final adopted budget. This is due to several things. First, total funding rescissions were less so School Finance Act total program was \$449,800 higher than planned. The District received \$285,228 more in state categorical funding due to increased enrollment. Finally, miscellaneous revenue was higher than planned due to nutrition services indirect revenue and revenue associated to use of facilities.

General Fund Revenue	Budgeted Amount	Actual Amount	Difference
Taxes	\$23,456,264	\$23,953,502	\$497,238
Intergovernmental revenue	74,425,347	75,011,742	586,395
Investment Earnings	15,000	18,402	3,402
Miscellaneous	2,042,500	2,370,925	328,425
Total	\$99,939,111	\$101,354,571	\$1,415,460

**Expenditures** - General fund expenditures were \$11,488,276 less than budgeted. Cost-cutting measures that were enacted in January 2010 were 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.

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, 2011, was \$211,072,903 and \$146,261 respectively. The total decrease in this net investment was \$7,306,245 for governmental and a decrease of \$23,117 for business-type activities. The overall decrease was \$7,329,362 for the School District as a whole. Additions to capital assets as of June 30, 2011, included contributed land for elementary school number eleven, a modular and a four-plex modular for Turnberry and West Ridge elementary schools and equipment and improvements to existing School District buildings. See Note 2-D 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 Activity As of June 30, 2011						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land	\$ 9,231,346	\$ 8,709,146	\$ -	\$ -	\$ 9,231,346	\$ 8,709,146
Water Shares	1,079,902	1,079,902	-	-	1,079,902	1,079,902
Construction in progress	270,701	334,091	-	-	270,701	334,091
Total non-depreciable	10,581,949	10,123,139	-	-	10,581,949	10,123,139
Depreciable assets:						
Buildings	229,496,431	229,054,482	-	-	229,496,431	229,054,482
Equipment	12,395,084	12,188,199	376,495	467,451	12,771,579	12,655,650
Total depreciable assets	241,891,515	241,242,681	376,495	467,451	242,268,010	241,710,132
Less accumulated depreciation	41,400,561	32,986,672	230,234	298,073	41,630,795	33,284,745
Book Value - depreciable assets	200,490,954	208,256,009	146,261	169,378	200,637,215	208,425,387
Percentage depreciated	17.1%	13.7%	61.2%	63.8%	17.2%	13.8%
Book Value - all assets	\$ 211,072,903	\$ 218,379,148	\$ 146,261	\$ 169,378	\$ 211,219,164	\$ 218,548,526

### Long-term debt

At the end of the fiscal year, the School District had total bonded debt outstanding of \$168,976,705 net of premiums and loss on refunding. 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 District had Certificates of Participation with an outstanding balance of \$3,059,623, 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 \$390,790. The School District has incurred liabilities for early retirement obligations and compensated absences earned by employees. The following chart provides summary information on the District's long-term debt:

The District's Long Term Debt As of June 30, 2011							
	Governmental Activities		Business-Type Activities		Total		Total % Change
	2011	2010	2011	2010	2011	2010	2010-2011
Type of Debt:							
General obligation bonds	\$ 163,525,000	\$ 169,920,000	\$ -	\$ -	\$ 163,525,000	\$ 169,920,000	-3.8%
Certificates of participation	3,080,000	3,230,000	-	-	3,080,000	3,230,000	-4.6%
Capital lease obligations	390,790	952,078	-	-	390,790	952,078	-59.0%
Bond premium	7,297,953	7,847,480	-	-	7,297,953	7,847,480	-7.0%
Deferred amount on refunding	(1,846,248)	(2,067,534)	-	-	(1,846,248)	(2,067,534)	-10.7%
Certificates of participation discount	(20,377)	(21,735)	-	-	(20,377)	(21,735)	-6.2%
Total	172,427,118	179,860,289	-	-	172,427,118	179,860,289	-4.1%
Early retirement of obligation	1,529,502	367,424	-	-	1,529,502	367,424	316.3%
Compensated absences	1,871,052	1,819,770	71,949	62,701	1,943,001	1,882,471	3.2%
Total	\$ 3,400,554	\$ 2,187,194	\$ 71,949	\$ 62,701	\$ 3,472,503	\$ 2,249,895	54.3%

The District was not authorized to sell any bonds during this fiscal year. Therefore, the District's long-term debt decreased because of regularly scheduled principle payments made during the year. See Note 2-G for additional information about the School District's long-term debt.

### Economic Conditions Affecting the School District

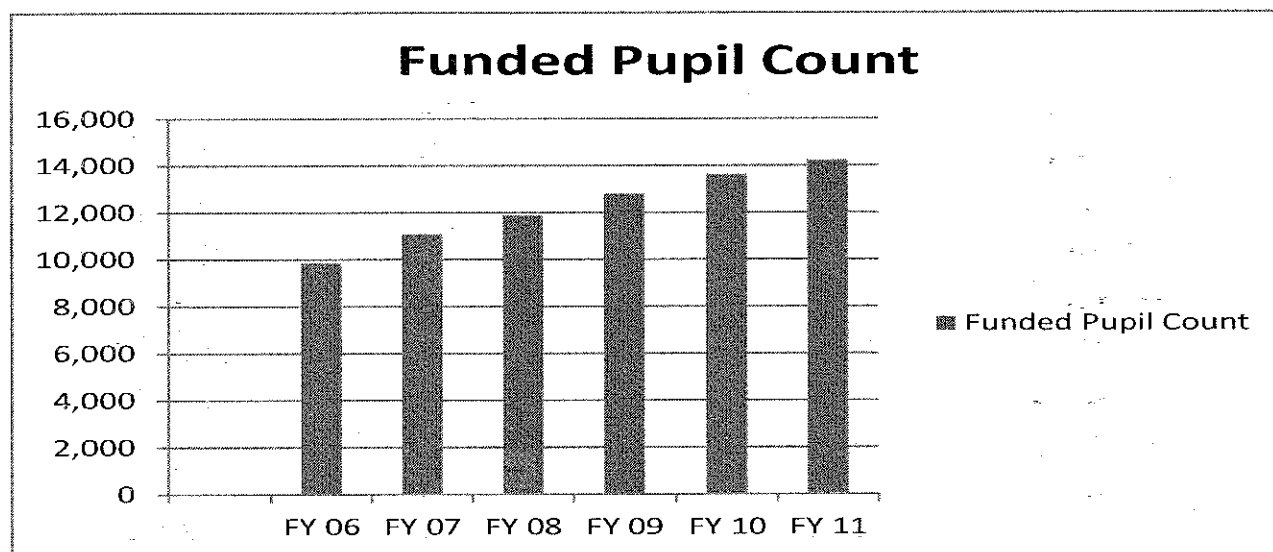
The District is highly dependent upon the State of Colorado for operating revenue. While the District does receive some tax revenue from local sources such as property and specific ownership taxes, over 52% of the District's funds are from state sources. Amendment 10 of the Colorado Constitution, TABOR, restricts the District's ability to raise property taxes without a vote of the electorate. State funding has been somewhat stable and reliable until fiscal year 2009 when the state suffered an economic downturn. Since then, state funding has been somewhat unpredictable with rescissions occurring in fiscal year 2009, fiscal year 2010 and fiscal year 2011.

The American Recovery and Reinvestment Act (ARRA) of 2009 provided some help to the District in the area of special education and students in poverty. The ARRA funding available for expenditure during both fiscal year 2010 and fiscal year 2011 were used to assist with the costs of IDEA B and Title I programs. The State of Colorado also received money from ARRA. The money has been used to backfill the funding necessary to fully-fund the requirements of Amendment 23 and the School Finance Act.

Other challenges face the School District. The School District is the lowest funded school district in the Denver metropolitan area and voters have approved only one successful mill levy override totaling \$750,000 in November 2000. This amounts to under \$51 additional money per student. Voters failed to approve a request for \$3,250,000 in a mill levy override in November 2005, \$3,000,000 for program enhancements in November 2008, \$3.2 million in November 2010 and most recently \$4,800,000 in November 2011. In November of 2006, voters approved \$89.0 million in new debt for the construction of two new elementary schools, two new middle schools and additions and improvements of existing District

buildings. Without these new buildings, the School District would have had to face difficult decisions on how to house the ever-increasing number of students in very limited space. The electorate failed to approve a \$125,000,000 bond issue request in November 2008. This bond issue would have built two additional elementary schools and the third high school in addition to repair and renovations of all existing buildings in the District. The District recognized \$8,219,359 savings from previously approved bonds, which is being used to build a new elementary school.

The District has seen lower than expected funding from the state for three consecutive years (fiscal year 2009, fiscal year 2010 and fiscal year 2011). At the same time, our funded pupil count has increased by 10%. This trend of lower funding and higher enrollment is expected to continue into fiscal year 2012 and fiscal year 2013. As student enrollment growth continues without additional funding for both building and operating expenses, the District will be forced to look towards adding more modulars, fewer teachers, year round education at some or all levels, and other options to educate our students.



#### 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. 160<sup>th</sup> Avenue in Brighton, CO 80601. You can also visit the School District's website at [www.sd27j.org](http://www.sd27j.org) for additional information about its schools, departments, and finances.

**School District 27J, Colorado**  
**Statement of Net Assets**  
**June 30, 2011**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Investments	\$ 36,971,262	\$ 1,130	\$ 36,972,392	\$ 4,200,213
Deposit with insurance pool	528,489	-	528,489	-
Receivables:				
Accounts	95,934	-	95,934	325,943
Property taxes	1,572,355	-	1,572,355	-
Intergovernmental	2,111,869	36,631	2,148,500	-
Internal balances	(1,109,255)	1,109,255	-	-
Interest on Investments	19,695	-	19,695	262,124
Inventory	-	222,344	222,344	1,391
Deposits and prepaids	-	-	-	56,506
<b>Total Current Assets</b>	<b>40,190,349</b>	<b>1,369,360</b>	<b>41,559,709</b>	<b>4,846,177</b>
<b>Noncurrent Assets</b>				
<b>Capital Assets:</b>				
Nondepreciable capital assets	10,581,949	-	10,581,949	194,120
Depreciable capital assets, net	200,490,954	146,261	200,637,215	22,257,302
<b>Other Assets:</b>				
Restricted Cash and Investments	6,249,105	-	6,249,105	2,998,506
Bond issuance costs	1,333,843	-	1,333,843	900,703
<b>Total Noncurrent Assets</b>	<b>218,655,851</b>	<b>146,261</b>	<b>218,802,112</b>	<b>26,350,631</b>
<b>Total Assets</b>	<b>258,846,200</b>	<b>1,515,621</b>	<b>260,361,821</b>	<b>31,196,808</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	1,953,908	17,567	1,971,475	538,589
Accrued salary and benefits	6,403,878	62,945	6,466,823	646,543
Accrued interest payable	1,015,160	-	1,015,160	394,568
Loan payable	-	-	-	535,000
Arbitrage payable	1,006,128	-	1,006,128	-
Early retirement payable	1,529,502	-	1,529,502	-
Unearned revenue	67,503	-	67,503	143,141
Compensated absences payable	1,122,631	43,169	1,165,800	-
Claims payable	8,710	-	8,710	90,283
Capital leases obligations	390,790	-	390,790	-
COPS	155,000	-	155,000	-
General obligation bonds payable	6,635,000	-	6,635,000	-
Deposits	26,925	-	26,925	-
<b>Total Current Liabilities</b>	<b>20,315,135</b>	<b>123,681</b>	<b>20,438,816</b>	<b>2,348,124</b>
<b>Noncurrent Liabilities:</b>				
Compensated absences payable (net of current portion)	748,421	28,780	777,201	-
Loan Payable (net of current portion)	-	-	-	27,994,458
COPS (net of current portion)	2,904,623	-	2,904,623	-
General obligation bonds payable (net of current portion)	162,341,705	-	162,341,705	-
<b>Total Noncurrent Liabilities</b>	<b>165,994,749</b>	<b>28,780</b>	<b>166,023,529</b>	<b>27,994,458</b>
<b>Total Liabilities</b>	<b>186,309,884</b>	<b>152,461</b>	<b>186,462,345</b>	<b>30,342,582</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	38,645,785	146,261	38,792,046	(2,118,936)
Restricted for:				
TABOR	2,633,994	-	2,633,994	660,057
Debt service	10,563,356	-	10,563,356	651,418
Government designated purpose grants	128,637	-	128,637	-
Risk management	528,489	-	528,489	-
Other program purposes	1,139,351	-	1,139,351	209,709
Capital projects	7,255,253	-	7,255,253	178,367
Unrestricted	11,641,451	1,216,899	12,858,350	1,273,611
<b>Total Net Assets</b>	<b>\$ 72,536,316</b>	<b>\$ 1,363,160</b>	<b>\$ 73,899,476</b>	<b>\$ 854,226</b>

See accompanying notes to the basic financial statements

School District 27J, Colorado  
Statement of Activities  
For the Year Ended June 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	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		
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
Instructional services	\$ 58,283,462	\$ -	\$ 12,969,834	\$ 1,964,178	\$ (43,349,450)	\$ -	\$ (43,349,450)	\$ -
Supporting services								
Pupil services	5,954,687	-	-	-	(5,954,687)	-	(5,954,687)	-
Instructional staff	2,289,136	-	-	-	(2,289,136)	-	(2,289,136)	-
General administration	1,138,125	-	-	-	(1,138,125)	-	(1,138,125)	-
School administration	6,311,175	-	-	-	(6,311,175)	-	(6,311,175)	-
Operations and maintenance	8,119,576	-	-	-	(8,119,576)	-	(8,119,576)	-
Pupil transportation	4,756,441	-	1,191,287	-	(3,565,154)	-	(3,565,154)	-
Business supporting services	1,701,482	-	-	-	(1,701,482)	-	(1,701,482)	-
Central supporting services	4,085,525	-	-	-	(4,085,525)	-	(4,085,525)	-
Community services	1,712,629	1,334,399	-	-	(378,230)	-	(378,230)	-
Pupil activities	3,262,241	3,083,493	-	-	(178,748)	-	(178,748)	-
Charter school funding	17,573,744	-	-	-	(17,573,744)	-	(17,573,744)	-
Interest on long-term debt	7,850,584	-	-	-	(7,850,584)	-	(7,850,584)	-
<b>Total Governmental Activities</b>	<b>123,038,807</b>	<b>4,417,892</b>	<b>14,161,121</b>	<b>1,964,178</b>	<b>(102,495,616)</b>	<b>-</b>	<b>(102,495,616)</b>	<b>-</b>
<b>Business-Type Activities:</b>								
Food Service	4,327,381	1,575,143	2,653,702	-	-	(98,536)	(98,536)	-
<b>Total - Primary Government</b>	<b>\$ 127,366,188</b>	<b>\$ 5,993,035</b>	<b>\$ 16,814,823</b>	<b>\$ 1,964,178</b>	<b>\$ (102,495,616)</b>	<b>\$ (98,536)</b>	<b>\$ (102,594,152)</b>	<b>\$ -</b>
<b>Component Units</b>								
Eagle Ridge Academy	3,098,451	694,411	202,916	20,263	-	-	-	(2,180,861)
Bromley East Charter School	6,096,494	186,429	421,046	73,017	-	-	-	(5,416,002)
Belle Creek Charter School	4,446,620	-	259,674	-	-	-	-	(4,186,946)
Foundations Academy Charter School	4,612,730	101,130	199,323	-	-	-	-	(4,312,277)
Landmark Academy Charter School	4,854,676	94,430	94,042	-	-	-	-	(4,666,204)
Capital Facility Fee Foundation	1,763,636	169,681	43,776	-	-	-	-	(1,550,179)
<b>Total - Component Units</b>	<b>\$ 24,872,607</b>	<b>\$ 1,246,081</b>	<b>\$ 1,220,777</b>	<b>\$ 93,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,312,469)</b>
<b>General Revenues</b>								
Taxes:								
Local property taxes					36,201,027	-	36,201,027	-
Specific ownership taxes					2,402,731	-	2,402,731	-
Equalization					67,327,287	-	67,327,287	-
Equalization - Charter Schools					-	-	-	16,624,935
Mill levy override					-	-	-	119,250
Capital construction					-	-	-	969,410
Investment earnings					89,598	-	89,598	32,051
Other					2,409,933	-	2,409,933	2,606,237
<b>Total General Revenues</b>					<b>108,430,576</b>	<b>-</b>	<b>108,430,576</b>	<b>20,351,883</b>
<b>Change in Net Assets</b>					<b>5,934,960</b>	<b>(98,536)</b>	<b>5,836,424</b>	<b>(1,960,586)</b>
<b>Net Assets Beginning of Year</b>					<b>66,601,356</b>	<b>1,461,696</b>	<b>68,063,052</b>	<b>2,814,812</b>
<b>Net Assets End of Year</b>					<b>\$ 72,536,316</b>	<b>\$ 1,363,160</b>	<b>\$ 73,899,476</b>	<b>\$ 854,226</b>

See accompanying notes to the basic financial statements

School District 27J, Colorado  
Balance Sheet  
Governmental Funds  
June 30, 2011

	General	Capital Projects	Government Designated Purpose Grants	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Investments	\$ 21,527,036	\$ 2,094,807	\$ -	\$ 11,378,813	\$ 1,961,896	\$ 36,962,552
Restricted cash and investments	-	6,249,105	-	-	-	6,249,105
Deposit with insurance pool	528,489	-	-	-	-	528,489
Receivables:						
Accounts	75,440	699	-	-	16,943	93,082
Property taxes	940,343	-	-	632,012	-	1,572,355
Intergovernmental	479,195	-	1,632,676	-	-	2,111,871
Interfund receivable	1,249,559	-	809,911	79,535	137,045	2,276,050
Interest on investment	-	19,623	-	72	-	19,695
<b>Total Assets</b>	<b>\$ 24,800,062</b>	<b>\$ 8,364,234</b>	<b>\$ 2,442,587</b>	<b>\$ 12,090,432</b>	<b>\$ 2,115,884</b>	<b>\$ 49,813,199</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	1,824,328	63,534	18,429	-	43,826	1,950,117
Accrued salary and benefits	5,918,919	-	391,018	-	93,941	6,403,878
Interfund payable	3,254,163	39,339	-	-	436,862	3,730,364
Deferred revenue	760,866	-	67,503	511,916	-	1,340,285
Arbitrage Payable	-	1,006,128	-	-	-	1,006,128
Deposits	26,925	-	-	-	-	26,925
<b>Total Liabilities</b>	<b>11,785,201</b>	<b>1,109,001</b>	<b>476,950</b>	<b>511,916</b>	<b>574,629</b>	<b>14,457,697</b>
<b>Fund Balances</b>						
Restricted for Debt service	-	-	-	11,578,516	-	11,578,516
Restricted for Capital projects	-	7,255,233	-	-	-	7,255,233
Restricted for TABOR	2,633,994	-	-	-	-	2,633,994
Restricted for Government Designated Purpose Grants	-	-	128,637	-	-	128,637
Restricted for Risk Management Insurance	528,489	-	-	-	-	528,489
Restricted for Program Purposes	18,292	-	-	-	-	18,292
Committed for Government Designated Purpose Grants	-	-	1,837,000	-	-	1,837,000
Committed, Reported in Special Revenue Funds	-	-	-	-	1,541,255	1,541,255
Committed for Board Contingencies	2,153,544	-	-	-	-	2,153,544
Assigned for Capital Reserve Projects	1,121,059	-	-	-	-	1,121,059
Unassigned, Reported in General Fund	6,559,483	-	-	-	-	6,559,483
<b>Total Fund Balances</b>	<b>13,014,861</b>	<b>7,255,233</b>	<b>1,965,637</b>	<b>11,578,516</b>	<b>1,541,255</b>	<b>35,355,502</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,800,062</b>	<b>\$ 8,364,234</b>	<b>\$ 2,442,587</b>	<b>\$ 12,090,432</b>	<b>\$ 2,115,884</b>	<b>\$ 49,813,199</b>

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 Assets  
June 30, 2011*

<b>Total Governmental Fund Balances</b>		<b>\$ 35,355,502</b>
<b>Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:</b>		
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	\$ 252,473,464	
Less accumulated depreciation	<u>(41,400,561)</u>	211,072,903
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Property taxes		1,272,782
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 assets.		
		344,118
Accrued interest on long-term debt is not reported at the fund financial reporting level, but is reported on the statement of net assets.		
		(1,015,160)
Liabilities not due and payable in the current period are not reported in the funds but are reported in the statement of net assets:		
COPS payable	\$ (3,080,000)	
Bonds payable	(163,525,000)	
Capital lease	(390,790)	
Compensated absences payable	(1,871,052)	
Early retirement payable	<u>(1,529,502)</u>	(170,396,344)
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 assets:		
Premiums/Discounts	\$ (7,277,576)	
Bond issuance	1,333,843	
Refunding	<u>1,846,248</u>	(4,097,485)
<b>Net Assets Of Governmental Activities</b>		<b><u>\$ 72,536,316</u></b>

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, 2011*

	General	Capital Projects	Government Designated Purpose Grants	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 23,953,502	\$ -	\$ -	\$ 14,377,892	\$ -	\$ 38,331,394
Intergovernmental revenue:						
Vocational education	633,100	-	-	-	-	633,100
Special education	2,103,579	-	-	-	-	2,103,579
Transportation	1,191,287	-	-	-	-	1,191,287
Federal grants	3,756,489	-	5,614,914	-	-	9,371,403
State grants	-	-	861,752	-	-	861,752
Equalization	67,327,287	-	-	-	-	67,327,287
Local grants	-	-	1,964,178	-	-	1,964,178
Pupil activities	-	-	-	-	3,083,493	3,083,493
Charges for services	-	-	-	-	1,334,399	1,334,399
Investment earnings	18,402	70,414	-	782	-	89,598
Miscellaneous	2,370,925	-	-	-	39,008	2,409,933
<b>Total Revenues</b>	<b>101,354,571</b>	<b>70,414</b>	<b>8,440,844</b>	<b>14,378,674</b>	<b>4,456,900</b>	<b>128,701,403</b>
<b>Expenditures</b>						
<b>Current:</b>						
Instructional services	45,134,838	-	3,543,791	-	-	48,678,629
Supporting services						
Pupil services	3,983,465	-	1,476,857	-	-	5,460,322
Instructional staff	1,892,741	-	379,442	-	-	2,272,183
General administration	1,061,277	-	-	-	-	1,061,277
School administration	5,576,716	-	191,663	-	-	5,768,379
Operations and maintenance	8,040,818	-	-	-	-	8,040,818
Pupil transportation	4,326,440	-	26,928	-	-	4,353,368
Business supporting services	927,498	-	358,788	-	153,462	1,439,748
Central supporting services	3,861,719	-	39,627	-	-	3,901,346
Community services	191,453	-	-	-	1,521,176	1,712,629
Pupil activities	-	-	-	-	3,262,241	3,262,241
Capital Outlay	215,330	1,935,364	458,111	-	-	2,608,805
Intergovernmental - Charter Schools	17,573,744	-	-	-	-	17,573,744
<b>Debt Service:</b>						
Principal retirement	621,218	-	-	6,395,000	92,069	7,108,287
Interest	152,976	-	-	7,893,082	1,328	8,047,386
Fiscal charges	2,529	-	-	4,250	-	6,779
<b>Total Expenditures</b>	<b>93,562,762</b>	<b>1,935,364</b>	<b>6,475,207</b>	<b>14,292,332</b>	<b>5,030,276</b>	<b>121,295,941</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>7,791,809</b>	<b>(1,864,950)</b>	<b>1,965,637</b>	<b>86,342</b>	<b>(573,376)</b>	<b>7,405,462</b>
<b>Other Financing Sources (Uses)</b>						
Capital Lease Proceeds	-	-	-	-	-	-
Sale of Land Proceeds	-	-	-	-	-	-
Transfers Out	(288,875)	-	-	-	-	(288,875)
Transfers In	-	-	-	-	288,875	288,875
<b>Total Other Financing Sources (Uses)</b>	<b>(288,875)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>288,875</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>7,502,934</b>	<b>(1,864,950)</b>	<b>1,965,637</b>	<b>86,342</b>	<b>(284,501)</b>	<b>7,405,462</b>
<b>Fund Balances Beginning of Year</b>	<b>5,511,927</b>	<b>9,120,183</b>	<b>-</b>	<b>11,492,174</b>	<b>1,825,756</b>	<b>27,950,040</b>
<b>Fund Balances End of Year</b>	<b>\$ 13,014,861</b>	<b>\$ 7,255,233</b>	<b>\$ 1,965,637</b>	<b>\$ 11,578,516</b>	<b>\$ 1,541,255</b>	<b>\$ 35,355,502</b>

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, 2011**

<b>Net Changes In Fund Balances - Total Governmental Funds</b>		<b>\$ 7,405,462</b>
<p>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.</p>		
	Depreciation expense	\$ (8,505,775)
	Loss on disposal of capital assets	(141,300)
	Contributed capital assets	522,200
	Capital outlay	<u>818,630</u>
		(7,306,245)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(326,781)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		7,106,287
<p>Premiums, bond issuance costs and bond refunding deferrals are reported in governmental funds but capitalized and amortized in the statement of net assets.</p>		
	Amortization:	
	Premiums/Discounts	\$ 548,169
	Bond Issuance	(110,458)
	Bond Refunding	<u>(221,286)</u>
		216,425
<p>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:</p>		
Compensated Absences	Liability 2010	\$ 1,819,770
	Liability 2011	<u>(1,871,052)</u>
		(51,282)
Accrued interest	Liability 2010	\$ 995,537
	Liability 2011	<u>(1,015,160)</u>
		(19,623)
Early Retirement	Liability 2010	\$ 367,424
	Liability 2011	<u>(1,529,502)</u>
		(1,162,078)
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.		<u>72,795</u>
<b>Change In Net Assets Of Governmental Activities</b>		<b><u>\$ 5,934,960</u></b>

See accompanying notes to the basic financial statements

School District 27J, Colorado  
*Statement of Net Assets*  
*Proprietary Funds*  
*June 30, 2011*

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and investments	\$ 1,130	\$ 8,710
Receivables:		
Intergovernmental	36,631	-
Interfund receivable	1,109,255	347,909
Inventory	222,344	-
<b>Total Current Assets</b>	1,369,360	356,619
<b>Noncurrent Assets:</b>		
<b>Capital Assets:</b>		
Depreciable capital assets, net	146,261	-
<b>Total Noncurrent Assets</b>	146,261	-
<b>Total Assets</b>	1,515,621	356,619
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	17,567	3,791
Accrued salary and benefits	62,945	-
Compensated absences payable	43,169	-
Claims payable	-	8,710
<b>Total Current Liabilities</b>	123,681	12,501
<b>Noncurrent Liabilities</b>		
Compensated absences payable (net of current portion)	28,780	-
<b>Total Liabilities</b>	152,461	12,501
<b>Net Assets</b>		
Invested in capital assets	146,261	-
Unrestricted	1,216,899	344,118
<b>Total Net Assets</b>	\$ 1,363,160	\$ 344,118

See accompanying notes to the basic financial statements

**School District 27J, Colorado**  
**Statement of Revenues,**  
**Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>		
Student lunches	\$ 1,575,143	\$ -
Dental insurance premiums	-	693,326
<b>Total Operating Revenues</b>	<u>1,575,143</u>	<u>693,326</u>
<b>Operating Expenses</b>		
Salaries and benefits	1,720,625	-
Purchased services	91,240	-
Materials and supplies	2,044,537	-
Indirect Costs	434,603	-
Depreciation	36,376	-
Risk management		
Dental	-	620,531
<b>Total Operating Expenses</b>	<u>4,327,381</u>	<u>620,531</u>
<b>Income (Loss) from Operations</b>	<u>(2,752,238)</u>	<u>72,795</u>
<b>Non-Operating Revenues (Expenses)</b>		
School breakfast and lunch program	2,169,997	-
USDA commodity food program	350,414	-
Summer food service program	49,470	-
Fresh fruits and vegetables program	6,277	-
State match	77,544	-
<b>Total Non-operating revenues (expenses)</b>	<u>2,653,702</u>	<u>-</u>
<b>Change in Net Assets</b>	(98,536)	72,795
<b>Net Assets Beginning of Year</b>	<u>1,461,696</u>	<u>271,323</u>
<b>Net Assets End of Year</b>	<u>\$ 1,363,160</u>	<u>\$ 344,118</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, 2011

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows From (Used for) Operating Activities</b>		
Cash received from customers	\$ 1,593,380	\$ 693,326
Cash payments for personnel services	(1,752,247)	-
Cash payments for goods and services	(2,246,069)	(22,105)
Cash payments for insurance premiums and expenses	-	(623,819)
	<u>(2,404,936)</u>	<u>47,402</u>
<b>Net Cash (Used for) Operating Activities</b>		
<b>Cash Flows From Noncapital Financing Activities</b>		
Grants received	2,288,458	-
Cash loaned to (received from) other funds	129,687	(50,690)
	<u>2,418,145</u>	<u>(50,690)</u>
<b>Net Cash from Noncapital Financing Activities</b>		
<b>Cash Flows From (Used for) Capital and Related Financing Activities</b>		
Acquisition of capital assets	<u>(13,259)</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(50)	(3,288)
<b>Cash and Cash Equivalents Beginning of Year</b>	1,180	11,998
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 1,130</u>	<u>\$ 8,710</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash From (Used for) Operating Activities</b>		
<b>Operating Income (Loss)</b>	(2,752,238)	\$ - 72,795
<b>Adjustments:</b>		
Depreciation	36,376	-
Donated food	350,414	-
<b>(Increase) Decrease in Assets:</b>		
Accounts receivable	18,237	-
Inventory	(39,382)	-
<b>Increase (Decrease) in Liabilities:</b>		
Accounts payable	13,279	(22,105)
Accrued salary and benefits	(40,870)	-
Compensated absences payable	9,248	-
Claims payable	-	(3,288)
	<u>(2,404,936)</u>	<u>47,402</u>
<b>Net Cash From (Used for) Operating Activities</b>		
<b>Non-cash Non-capital Financing Activities</b>		
Donated commodities	<u>\$ 350,414</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**School District 27J, Colorado**  
**Statement of Fiduciary Net Assets (Private Purpose Trust)**  
**Student Scholarship Fund**  
**June 30, 2011**

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<b>Assets</b>	
Cash and Investments	\$ 63,915
<b>Total Assets</b>	<u>63,915</u>
<b>Liabilities</b>	
Interfund Payable	<u>2,850</u>
<b>Total Liabilities</b>	<u>2,850</u>
<b>Net Assets</b>	
Held in Trust for Scholarships	<u>\$ 61,065</u>

See accompanying notes to the basic financial statements

**School District 27J, Colorado**  
***Statement of Changes in Fiduciary Net Assets (Private Purpose Trust)***  
***Student Scholarship Fund***  
***For The Year Ended June 30, 2011***

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<b>Additions</b>	
Investment earnings	\$ 113
Miscellaneous	<u>2,012</u>
<b>Total Additions</b>	<u>2,125</u>
<b>Deductions</b>	
Support services	<u>4,104</u>
<b>Change in Net Assets</b>	(1,979)
<b>Net Assets Beginning of Year</b>	<u>63,044</u>
<b>Net Assets End of Year</b>	<u><u>\$ 61,065</u></u>

See accompanying notes to the basic financial statements

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

Adams and Weld Counties 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

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 this 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 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, 2011.

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 Charter School and the School District. The 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 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, 2011.

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

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 Charter School and the School District, but the school did not open until fiscal year 2008. Landmark Academy 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 Academy operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources. The 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 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, 2011.

The Foundations Academy Charter School was established by contract with the School District during fiscal year 2011. The 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 Charter School and the School District, but the school did not open until fiscal year 2011. Foundations Academy 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 Academy operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources. The 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 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, 2011.

The Eagle Ridge Academy School was established by contract with the School District and is a legally separate entity. A contract between the Eagle Ridge Academy and the School District was executed in July 2010 for the purpose of establishing and clarifying the relationship between this 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 would result in misleading financial reporting. Financial activity of the Eagle Ridge Academy School is included within the School District's financial statements for the year ended June 30, 2011.

The School District 27J Capital Facility Fee 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 Foundation Funds, The Foundation is a discretely presented component unit.

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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  
3551 Southern Street  
Brighton, CO 80601

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 160<sup>th</sup> 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, business 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 assets 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 assets 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 assets 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**  
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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 three 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 assets, 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 Fund** - The School District's fiduciary fund provides scholarships to students and is classified as a private purpose trust fund.

**School District 27J, Colorado**  
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**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 assets. 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 assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. 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 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.

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**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 Assets**

**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).

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, 2011, 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.

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**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 assets 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 assets and in the enterprise fund's statement of net assets.

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. Salvage value was removed from capital asset machinery, equipment and buildings in fiscal year 2011. 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 2011, 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 31<sup>st</sup> or January 31<sup>st</sup> of the year following their retirement. Certified employees may receive the difference between their current salary and the average salary of all new teachers hired during fiscal year 2009 on January 31<sup>st</sup> of the year following the date of separation. Administrators may receive the average paid out to certified employees during the year of their retirement. Nine employees received their early separation plan/long term service payments at a total cost of \$255,541 in fiscal year 2011. As of June 30, 2011, there are 59 employees who are eligible for future payments through June 30, 2014 at a total remaining cost of \$1,529,502.

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

**School District 27J, Colorado**  
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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 assets and the proprietary fund type statement of net assets, 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 Assets**

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

**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 2011, 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 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 constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

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

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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 Assets** - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation. Net assets 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 assets 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 assets 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).

**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.

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**Note 2 - Detailed Notes on All Funds**

**2-A. Cash and Investments**

At June 30, 2011, the School District had the following cash and investments:

	District	Component Units
Cash on Hand	\$ 2,080	\$ 318,067
Deposits	915,955	883,724
Investments	42,367,377	6,040,067
<b>Total</b>	<b>\$ 43,285,412</b>	<b>\$ 7,241,858</b>
 Governmental Activities	 \$ 36,971,262	 \$ 4,200,213
Business-Type Activities	1,130	-
Fiduciary Activities	63,915	43,139
Restricted Cash and Investments	6,249,105	2,998,506
<b>Total</b>	<b>\$ 43,285,412</b>	<b>\$ 7,241,858</b>

**Cash Held in Trust** – As of June 30, 2011, the School District has \$234,537 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, 2011, 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, 2011 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 \$419,101 as of June 30, 2011. An automatic cash transfer from the School District's checking account automatically cleared the zero-balance account to zero on July 1, 2011. The clearing account total is grouped in deposits in the Cash and Investments Note 2-A.

**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

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**Local Government Investment Pool** - The School District has invested in the Colorado Government Liquid Asset Trust (COLOTRUST). At June 30, 2011, the School District had \$26,733,698 invested in COLOTRUST. This is an investment trust 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, 2011, 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 67 days for COLOTRUST at June 30, 2011.

**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; not more than 50% of the School District's portfolio invested in money market mutual funds; and not exceeding 25% of the School District's total portfolio in repurchase agreements.

As of June 30, 2011, 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)	26,733,698	63.10%	AAAm	26,733,698	-	-	-
UMB Corporate Trust							
money market fund	7	0.00%	AAAm	7	-	-	-
Wells Fargo Advantage							
government money market fund	11,289,023	26.65%	AAAm	11,289,023	-	-	-
Government select							
money market fund	1,949,406	4.60%	not rated	1,949,406	-	-	-
FHLB (coupon securities)	1,578,433	3.72%	AAA	511,025	263,760	546,255	257,393
FFCB (coupon securities)	269,670	0.64%	AAA	-	-	269,670	-
FHLMC (discount security)	274,888	0.65%	AAA	-	-	274,888	-
FNMA (coupon securities)	272,252	0.64%	AAA	-	-	272,252	-
	<u>\$ 42,367,377</u>	<u>100.0%</u>		<u>\$ 40,483,159</u>	<u>\$ 263,760</u>	<u>\$ 1,363,065</u>	<u>\$ 257,393</u>

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

At June 30, 2011, the School District's discretely presented component units' investments are as follows:

Eagle Ridge Academy	
CSAFE	\$ 386,600
Total	<u>\$ 386,600</u>
 Bromley East Charter School	
COLO TRUST and CSAFE	\$ 1,162,468
U.S. Agency Securities	1,918,508
Money Market Fund	398,854
Total	<u>\$ 3,479,830</u>
 Belle Creek Charter School	
CSAFE	\$ 2,173,637
Total	<u>\$ 2,173,637</u>
 Total Component Units	<u>\$ 6,040,067</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 \$763,307 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 \$81,709 for building repairs, as required by the building lease agreement.

Bromley East Charter had invested \$1,162,468 in COLOTRUST and CSAFE investments at June 30, 2011. The COLOTRUST pool is rated AAA by Standard and Poor's and CSAFE is rated AAAM by Standard and Poor's. Cash in the amount of \$1,808,890 is restricted for debt service.

Eagle Ridge Academy had \$386,600 invested in CSAFE at June 30, 2011. The pool is rated AAAM by Standard and Poor's. Cash and investments of \$344,600 have been restricted by the 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, 2011.

CSAFE is a trust established by the local Colorado government entities. Purchases and redemptions are available daily at a net asset value of \$1. CSAFE follows similar SEC (Securities and Exchange Commission) guidelines as a registered money market fund. All purchases in the Trust are held in a third party trust account. Only U.S. Government or U.S. Agencies' Securities are purchased by the Trust.

## **2-B. Receivables**

Receivables at June 30, 2011, 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, collectibility.

**School District 27J, Colorado**  
***Notes to the Basic Financial Statements***  
***June 30, 2011***

***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 10<sup>th</sup> of each month and on March 25<sup>th</sup>, May 25 and June 25<sup>th</sup>.

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**2-D. Capital Assets** — Under governmental activities additions, \$3,041,044 of building salvage value was added back into depreciation expense. Under business-type activities, \$2,044 of equipment salvage value was added back into depreciation expense. Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance 07/1/2010	Additions	Deductions	Balance 6/30/2011
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 8,709,146	\$ 522,200	\$ -	\$ 9,231,346
Water Shares	1,079,902	-	-	1,079,902
Construction in progress	334,091	566,889	630,279	270,701
Total capital assets not being depreciated	10,123,139	1,089,089	630,279	10,581,949
Other capital assets being depreciated:				
Buildings	229,054,482	630,279	188,330	229,496,431
Equipment	12,188,199	251,741	44,856	12,395,084
Total other capital assets	241,242,681	882,020	233,186	241,891,515
Total capital assets	251,365,820	1,971,109	863,465	252,473,464
Accumulated depreciation:				
Buildings	28,437,959	7,697,856	-	36,135,815
Equipment	4,548,713	807,919	91,886	5,264,746
Total accumulated depreciation	32,986,672	8,505,775	91,886	41,400,561
Book value - depreciable capital assets	208,256,009	(7,623,755)	141,300	200,490,954
Governmental activities capital assets, net	<u>\$ 218,379,148</u>	<u>\$ (6,534,666)</u>	<u>\$ 771,579</u>	<u>\$ 211,072,903</u>
<b>Governmental Activities Depreciation Expense</b>				
Instructional services		\$ 7,064,475		
Pupil services		494,365		
Instructional staff support services		16,953		
General administration		6,670		
School administration		200,443		
Business supporting services		56,859		
Operation and maintenance		78,758		
Pupil Transportation		403,073		
Central supporting services		184,179		
Total governmental activities depreciation expense		<u>\$ 8,505,775</u>		
<b>Business-type activities:</b>				
Other capital assets:				
Machinery and equipment	\$ 467,451	\$ 13,259	\$ 104,215	\$ 376,495
Accumulated depreciation:				
Machinery and equipment	298,073	36,376	104,215	230,234
Business-type activities capital assets, net	<u>\$ 169,378</u>	<u>\$ (23,117)</u>	<u>\$ -</u>	<u>\$ 146,261</u>

continued

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

Component Units Capital Assets	Balance 7/1/2010	Additions	Deductions	Balance 6/30/2011
<b>Eagle Ridge Academy</b>				
Capital assets not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	50,000	-	-	50,000
Capital assets being depreciated:				
Buildings and Improvements	9,031,412	-	-	9,031,412
Vehicles and equipment	-	-	-	-
Total capital assets being depreciated	9,031,412	-	-	9,031,412
Less accumulated depreciation	482,586	180,628	-	663,214
Net Eagle Ridge Academy	8,598,826	(180,628)	-	8,418,198
<b>Bromley East Charter School:</b>				
Capital assets not being depreciated:				
Land	144,120	-	-	144,120
Total capital assets not being depreciated	144,120	-	-	144,120
Capital assets being depreciated:				
Buildings	9,375,323	-	-	9,375,323
Vehicles and equipment	145,633	5,724	-	151,357
Building improvements	100,785	-	-	100,785
Total capital assets being depreciated	9,621,741	5,724	-	9,627,465
Less accumulated depreciation	1,683,266	213,923	-	1,897,189
Net Bromley East Charter School	8,082,595	(208,199)	-	7,874,396
<b>Belle Creek Charter School:</b>				
Capital assets being depreciated:				
Buildings and Improvements	7,419,195	-	-	7,419,195
Vehicles	101,481	-	-	101,481
Total capital assets being depreciated	7,520,676	-	-	7,520,676
Less accumulated depreciation	1,157,372	204,476	-	1,361,848
Net Belle Creek Charter School	6,363,304	(204,476)	-	6,158,828
Total component unit capital assets	26,367,949	5,724	-	26,373,673
Total component unit accumulated depreciation	3,323,224	599,027	-	3,922,251
Total component unit capital assets, net	\$ 23,044,725	\$ (593,303)	\$ -	\$ 22,451,422

School District 27J, Colorado  
Notes to the Basic Financial Statements  
June 30, 2011

**2-E. Interfund Receivables, Payables and Transfers**

Interfund receivable and payable balances at June 30, 2011, 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>	
Governmental Grants Fund	\$ 809,911	General Fund	\$ 3,254,163
Nonmajor Funds	137,045	Nonmajor Funds	436,862
Food service Fund	1,109,255	Capital Projects Fund	39,339
Internal Service Fund	347,909	Student Scholarship Fund	2,850
Debt Service Fund	79,535		
General Fund	1,249,559		
Total	<u>\$ 3,733,214</u>		<u>\$ 3,733,214</u>

Interfund transfers for the year ended June 30, 2011, consisted of the following:

	<u>Transfers In</u>
	Nonmajor Funds
	Pupil
	Activity
	<u>Fund</u>
General Fund	\$ 288,875
Total	<u>\$ 288,875</u>

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 \$5.64 per hour for the first 75 days; after 75 days they are paid \$6.71 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**  
**June 30, 2011**

**2-G. Long-Term Debt**

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

**Combined General Obligation Building and Refunding Bonds – Series 1998** - General Obligation Building and Refunding Bonds, Series 1998, dated January 15, 1998, total issue \$9,420,000, and were issued on February 8, 1998. In addition, the bonds bear additional interest evidenced by separate, detachable registered coupons, the present value of which was \$823,813. The bonds and registered coupons were issued to make improvements to School District schools, and to refund 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 Building Bonds, Series 1992, maturing in the year 2008, in the principal amount of \$2,900,000.

Interest, at a rate of 3.95% to 5.00%, is payable on the bonds each June 1 and December 1. Compound interest, at a rate of 3.85% to 4.45%, is payable on the registered coupons, each December 1. Principal on the bonds is payable on December 1, 2000, and each year thereafter to 2017. The present value at issuance of each registered coupon, along with compound interest, was fully paid on December 1, 2005. The bonds and registered coupons are general obligations of the School District, secured by the School District's full faith and credit, 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.

The bonds maturing on or before December 1, 2008, are not subject to redemption prior to their respective maturities. The bonds which mature on or after December 1, 2009, are subject to redemption prior to maturity, at the option of the School District, as a whole, or in part in such order of maturity as the School District shall determine at a specific redemption price, plus accrued interest to the date of redemption. The bonds maturing on December 1, 2016 are subject to mandatory sinking fund requirements.

Annual debt service requirements to maturity for the General Obligation Building and Refunding Bonds, Series 1998, including mandatory sinking fund requirements, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	80,000	69,115	149,115
2013	90,000	65,140	155,140
2014	90,000	60,888	150,888
2015	95,000	56,494	151,494
2016	100,000	51,863	151,863
2017	105,000	46,994	151,994
2018	890,000	22,250	912,250
Total	<u>\$ 1,450,000</u>	<u>\$ 372,744</u>	<u>\$ 1,822,744</u>

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**General Obligation Bonds – Series 2001** General obligation bonds, Series 2001, dated February 15, 2001, total issue \$28,500,000, were issued on February 27, 2001. The bonds were issued for the purpose of building three new elementary schools and making improvements to the School District's schools.

Interest, at a rate of 4.00% to 5.50%, is payable at each June 1 and December 1. Principal is payable on December 1, 2001, and each year thereafter to 2021. 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 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, 2011 are not subject to redemption prior to their respective maturity dates. The bonds maturing on or after December 1, 2012 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, 2011 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 Bonds, Series 2001, including mandatory sinking funds are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	215,000	4,837	219,837
Total	\$ 215,000	\$ 4,837	\$ 219,837

School District 27J, Colorado  
Notes to the Basic Financial Statements  
June 30, 2011

**General Obligation Refunding Bonds – Series 2002** General obligation bonds, Series 2002, dated October 15, 2002, total issue \$10,475,000, were issued on October 30, 2002. 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 1996C, maturing in the year 2007 and thereafter, in the principal amount of \$10,470,000.

Interest, at a rate of 2.00% to 5.00%, is payable each June 1 and December 1. Compound interest, at a rate of 1.70% to 2.00%, is payable on the Registered Coupons, each December 1. Principal is payable on December 1, 2003, and each year thereafter to 2015. The present value at issuance of each Registered Coupon, along with compound interest was fully paid on December 1, 2003. The Bonds and Registered Coupons 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.

The bonds maturing on or before December 1, 2012 are not subject to redemption prior to their respective maturity dates. The bonds which mature on or after December 1, 2013 are subject to redemption prior to maturity at the option of the School District, in whole or in part in such order of maturity as the School District shall determine at a specific redemption price, plus accrued interest to the redemption date.

Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2002, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	375,000	356,887	731,887
2013	395,000	343,413	738,413
2014	2,135,000	283,125	2,418,125
2015	2,240,000	173,750	2,413,750
2016	2,355,000	58,875	2,413,875
Total	<u>\$ 7,500,000</u>	<u>\$ 1,216,050</u>	<u>\$ 8,716,050</u>

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**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 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, 2014 are not subject to redemption prior to their respective maturity dates. The bonds maturing on or after December 1, 2015 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, 2014 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 Bonds, Series 2004, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	1,795,000	1,815,688	3,610,688
2013	1,850,000	1,751,866	3,601,866
2014	1,915,000	1,683,479	3,598,479
2015	1,990,000	1,609,448	3,599,448
2016	2,065,000	1,518,647	3,583,647
2017	4,640,000	1,351,023	5,991,023
2018	2,340,000	1,179,447	3,519,447
2019	2,455,000	1,065,566	3,520,566
2020	2,570,000	952,005	3,522,005
2021	2,680,000	829,750	3,509,750
2022	2,815,000	692,375	3,507,375
2023	2,955,000	548,125	3,503,125
2024	3,100,000	396,750	3,496,750
2025	6,385,000	159,625	6,544,625
Total	\$ 39,555,000	\$ 15,553,794	\$ 55,108,794

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**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 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
2012	155,000	125,335	280,335
2013	160,000	119,429	279,429
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
2024	260,000	18,000	278,000
2025	270,000	6,075	276,075
Total	\$ 3,080,000	\$ 1,085,516	\$ 4,165,516

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
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**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 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
2012	50,000	1,222,313	1,272,313
2013	275,000	1,216,047	1,491,047
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	375,737	4,425,737
2024	4,240,000	168,249	4,408,249
2024	1,340,000	28,475	1,368,475
Total	\$ 25,990,000	\$ 12,202,281	\$ 38,192,281

School District 27J, Colorado  
*Notes to the Basic Financial Statements*  
June 30, 2011

**General Obligation Refunding Bonds Series 2006B** – General obligation refunding bonds, series 2006B, were issued in denominations of \$5,000, dated September 5, 2006, total issue of \$7,660,000. The bonds were issued to refund the School District's remaining outstanding General Obligation Refunding Bonds, Series 1996A, originally issued in the aggregate principal amount of \$9,660,000.

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 year thereafter to 2012. 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, 2012 are not subject to redemption prior to their respective maturity dates. Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2006B, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	1,520,000	95,500	1,615,500
2013	1,580,000	31,600	1,611,600
Total	\$ 3,100,000	\$ 127,100	\$ 3,227,100

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**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 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
2012	2,275,000	3,206,494	5,481,494
2013	2,360,000	3,116,637	5,476,637
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	2,553,723	5,463,723
2019	3,025,000	2,419,838	5,444,838
2020	3,175,000	2,264,838	5,439,838
2021	3,340,000	2,114,488	5,454,488
2022	3,480,000	1,965,213	5,445,213
2023	3,635,000	1,796,038	5,431,038
2024	3,820,000	1,609,663	5,429,663
2025	4,005,000	1,434,063	5,439,063
2026	12,265,000	1,024,335	13,289,335
2027	12,925,000	347,360	13,272,360
Total	\$ 67,700,000	\$ 35,220,504	\$ 102,920,504

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
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**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 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
2012	325,000	877,540	1,202,540
2013	335,000	866,815	1,201,815
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	\$ 18,015,000	\$ 12,840,492	\$ 30,855,492

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
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**Capital Leases** - In June 2009, the School District entered into a capital lease agreement #3 for the acquisition of buses to be used throughout the School District. The lease terms are for thirty-six months with an annual percentage rate of 3.047%. Semi-annual payments began on June 12, 2009 and subsequent payments are due semi-annually on each June 12 and December 12, ending on June 12, 2012, at which time title to the buses passes to the School District. The School District's obligation to make annual payments under the lease is subject to annual appropriation authority as made by the Board of Education.

Annual debt service requirements to maturity for the Capital lease #3 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	390,790	8,953	399,743
Total	\$ 390,790	\$ 8,953	\$ 399,743

Assets under capital leases net book value totaled \$1,040,224 at June 30, 2011 as follows:

Equipment	\$ 1,137,790
Accumulated Depreciation	(97,566)
Total	\$ 1,040,224

A summary of the above bonds, certificates and capital lease outstanding at June 30, 2011 follows:

Bond Issuance	Principal	Interest	Total
Series 1998 general obligation refunding bonds	1,450,000	372,744	1,822,744
Series 2001 general obligation bonds	215,000	4,837	219,837
Series 2002 general obligation refunding bonds	7,500,000	1,216,050	8,716,050
Series 2004 general obligation bonds	39,555,000	15,553,794	55,108,794
Series 2005 certificates of participation	3,080,000	1,085,516	4,165,516
Series 2006A general obligation refunding bonds	25,990,000	12,202,281	38,192,281
Series 2006B general obligation refunding bonds	3,100,000	127,100	3,227,100
Series 2006C general obligation bonds	67,700,000	35,220,504	102,920,504
Series 2008 general obligation refunding bonds	18,015,000	12,840,492	30,855,492
Capital lease obligations	390,790	8,953	399,743
Total	\$ 166,995,790	\$ 78,632,271	\$ 245,628,061

**School District 27J, Colorado**  
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**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, 2011:

General Obligation Bonds	Outstanding Principal Balance
General Obligation Bonds - Series 2001	\$ 25,735,000
	<u>\$ 25,735,000</u>

**Component Unit Long-Term Debt**

**Belle Creek Charter School:** In August 2008, the Charter School entered into a capital lease agreement with Blue Bird Financial Services in the amount of \$94,981 to purchase a bus. The agreement requires annual lease payments of \$32,956, including interest accruing at 4.15% per annum, through August, 2010. The lease was paid in full during the year ended June 30, 2011.

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. Net proceeds were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments of the Series 2002 bonds. As a result, the bonds are considered to be defeased and the liability has been removed from the financial statements. The outstanding balance of the defeased debt at June 30, 2011, was \$7,500,000.

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
2012	185,000	383,621	568,621
2013	195,000	376,221	571,221
2014	200,000	368,421	568,421
2015	210,000	360,421	570,421
2016	220,000	352,021	572,021
2017 - 2021	1,225,000	1,619,784	2,844,784
2022 - 2026	1,530,000	1,326,269	2,856,269
2027 - 2031	1,905,000	946,919	2,851,919
2032 - 2036	2,385,000	466,785	2,851,785
2037	545,000	25,206	570,206
Total	<u>\$ 8,600,000</u>	<u>\$ 6,225,668</u>	<u>\$ 14,825,668</u>

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
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**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 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. The Academy is obligated under a lease agreement to make monthly lease payments to the Corporation for use of the educational facilities. The Corporation is required to make equal loan payments to 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 charter school was released from all responsibility for future lease obligations and covenants. On July 1, 2010, the 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. Future debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	-	592,500	592,500
2013	152,177	583,500	735,677
2014	232,375	573,600	805,975
2015	242,375	563,100	805,475
2016	252,375	552,000	804,375
2017 - 2021	1,150,198	2,567,250	3,717,448
2022 - 2026	1,525,000	2,170,050	3,695,050
2027 - 2031	2,035,000	1,639,350	3,674,350
2032 - 2036	2,730,000	929,100	3,659,100
2037 - 2040	1,910,000	50,100	1,960,100
Total	<u>\$ 10,229,500</u>	<u>\$ 10,220,550</u>	<u>\$ 20,450,050</u>

In December 2010, the bond holders authorized the Bond Trustee to loan funds to the Academy to help cover operating expenses. This loan is payable in monthly installments of \$5,198 beginning in August 2012 through July 2015. This loan bears no interest.

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
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**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. Defeased Bonds in the amount of \$11,785,000 were outstanding as of June 30, 2011. Future debt service requirements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	350,000	622,531	972,531
2013	360,000	611,219	971,219
2014	375,000	599,500	974,500
2015	385,000	586,669	971,669
2016	400,000	572,932	972,932
2017 - 2021	2,305,000	2,556,624	4,861,624
2022 - 2026	2,960,000	1,885,378	4,845,378
2027 - 2031	3,815,000	1,000,258	4,815,258
2032 - 2033	1,825,000	96,994	1,921,994
Total	<u>\$ 12,775,000</u>	<u>\$ 8,532,105</u>	<u>\$ 21,307,105</u>

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
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**Changes in Long-term Debt** - Changes in the School District's long-term obligations consisted of the following for the year ended June 30, 2011:

<b>Governmental Activities:</b>	<b>Outstanding 7/1/2010</b>	<b>Additions</b>	<b>Reductions</b>	<b>Outstanding 6/30/2011</b>	<b>Amounts Due in One Year</b>
General obligation bonds	\$ 169,920,000	-	\$ 6,395,000	\$ 163,525,000	\$ 6,635,000
Certificates of participation	3,230,000	-	150,000	3,080,000	155,000
Capital lease obligations	952,078	-	561,288	390,790	390,790
Bond Premium	7,847,480	-	549,527	7,297,953	-
Deferred Amount on Refunding	(2,067,534)	-	221,286	(1,846,248)	-
Certificates of Participation					
Discount	(21,735)	-	1,358	(20,377)	-
Total	<u>\$ 179,860,289</u>	<u>-</u>	<u>\$ 7,878,459</u>	<u>\$ 172,427,118</u>	<u>\$ 7,180,790</u>
Bond Issuance Costs	<u>\$ 1,444,301</u>	<u>-</u>	<u>\$ 110,458</u>	<u>\$ 1,333,843</u>	<u>\$ 4,389</u>
Early retirement obligation	\$ 367,424	\$ 1,417,619	\$ 255,541	\$ 1,529,502	\$ 1,529,502
Compensated absences	1,819,770	1,373,393	1,322,111	1,871,052	1,122,631
Total	<u>\$ 2,187,194</u>	<u>\$ 2,791,012</u>	<u>\$ 1,577,652</u>	<u>\$ 3,400,554</u>	<u>\$ 2,652,133</u>
<b>Business-Type Activities:</b>					
Compensated absences	\$ 62,701	\$ 43,250	\$ 34,002	\$ 71,949	\$ 43,169
Total Business-Type Activities	<u>\$ 62,701</u>	<u>\$ 43,250</u>	<u>\$ 34,002</u>	<u>\$ 71,949</u>	<u>\$ 43,169</u>

Changes in the Component Units' long-term obligations consisted of the following for the year ended June 30, 2011:

<b>Governmental Activities:</b>	<b>Outstanding 7/1/2010</b>	<b>Additions</b>	<b>Reductions</b>	<b>Outstanding 6/30/2011</b>	<b>Amounts Due in One Year</b>
Capital Lease	\$ 31,643	\$ -	\$ 31,643	\$ -	\$ -
Note Payable	-	249,500	-	249,500	-
Loan Agreement	1,295,008	-	1,295,008	-	-
Building Loan	13,115,000	-	340,000	12,775,000	350,000
Premium	647,373	-	29,591	617,782	-
Loss on Refunding	(2,393,849)	-	(109,732)	(2,284,117)	-
Total	<u>\$ 12,695,175</u>	<u>\$ 249,500</u>	<u>\$ 1,586,510</u>	<u>\$ 11,358,165</u>	<u>\$ 350,000</u>
<b>Business-Type Activities:</b>					
Building Loan	\$ 18,855,000	-	\$ 275,000	\$ 18,580,000	\$ 185,000
Discount	(108,008)	-	(4,909)	(103,099)	-
Loss on Refunding	(1,367,780)	-	(62,172)	(1,305,608)	-
Total Business-Type Activities	<u>\$ 17,379,212</u>	<u>-</u>	<u>\$ 207,919</u>	<u>\$ 17,171,293</u>	<u>\$ 185,000</u>
Total Component Units	<u>\$ 30,074,387</u>	<u>\$ 249,500</u>	<u>\$ 1,794,429</u>	<u>\$ 28,529,458</u>	<u>\$ 535,000</u>

**School District 27J, Colorado**  
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Principal and interest payments related to the School District's long-term debt are made from the debt service fund, the capital reserve fund and the growth impact 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, 2011 are \$203,607,075 and \$37,002,075.

**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](http://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 10.15% 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, 2011, the rate was 10.15%. The School District is also required to pay an amortization equalization disbursement (AED) equal to 2.6% of the total payroll for the calendar year 2011 (2.2% of total payroll for the calendar year 2010, and 1.8% of total payroll for the calendar year 2009). Additionally, the School District is required to pay a supplemental amortization equalization disbursement (SAED) equal to 2.0% of the total payroll for the calendar year 2011 (1.5% of total payroll for calendar year 2010 and 1.0% for calendar year 2009). 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, 2011, retiree members contributions equal 8.0%. For the years ending June 30, 2011, 2010 and 2009, the School District's employer contributions to the SDTF were \$7,904,517, \$7,981,394 and \$6,694,903 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](http://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 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,

**School District 27J, Colorado**  
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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, 2011, 2010 and 2009, the School District's employer contributions to the HCTF were \$608,612, \$615,341 and \$574,034 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](http://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 (\$16,500 for calendar years 2011 and 2010). Catch-up contributions up to \$5,500 for calendar years 2011 and 2010 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, 2011, 2010 and 2009, the 401(k) Plan member contributions from the School District were \$532,301, \$580,901 and \$605,582 respectively.

**2-K. Net Assets**

Net Assets on the Government-wide statement of net assets as of June 30, 2011 are as follows:

	Governmental Activities	Business Type Activities
<u>Invested in capital assets, net of related debt:</u>		
Cost of Capital Assets	\$ 252,473,464	\$ 376,495
Less Accumulated Depreciation	<u>(41,400,561)</u>	<u>(230,234)</u>
Book Value	211,072,903	146,261
Less Capital Related Debt - Bonds	(163,525,000)	-
Less Capital Related Debt - Certificates of Participation	(3,080,000)	-
Less Capital Related Debt - Capital Lease	(390,790)	-
Less Bond Premiums	(7,297,953)	-
Add Bond Discount	20,377	-
Add Bond Deferred Amount on Refunding	<u>1,846,248</u>	<u>-</u>
	<u><u>\$ 38,645,785</u></u>	<u><u>\$ 146,261</u></u>

**School District 27J, Colorado**  
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**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. In fiscal 2011, the Brighton School District recorded an investment of \$528,489 and a loss of \$13,461. Pool members and percentage shares are as follows:

<u>Adams County School Districts</u>	<u>% Shares in Pool</u>
No. 14	13.58
No. 27J	14.43
No. 50	18.67
No. 1	9.55
No. 12	43.77

Following is an unaudited summary of financial information for the Pool as of and for the year ended June 30, 2011:

	<u>Total</u>	<u>District's Share</u>
Assets	\$ 9,239,174	\$ 1,332,838
Liabilities	4,383,113	804,349
Equity	<u>\$ 4,856,061</u>	<u>\$ 528,489</u>
Revenues	\$ 3,782,760	\$ 545,699
Expenditures	3,876,072	559,160
Net Income	(93,312)	(13,461)
Surplus, Beginning	4,856,062	541,950
Surplus, Ending	<u>\$ 4,762,750</u>	<u>\$ 528,489</u>

Percentage shares are as of June 30, 2011. 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, 1460 W. 122<sup>nd</sup> 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**  
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The following schedule shows the coverage for fiscal year 2011:

	<u>School District Deductible</u>	<u>Pool's Self-Insured Retention (Per Occurrence)</u>	<u>Excess Insurance (Per Occurrence)</u>
Liability	\$ -----	\$150,000	\$ 5,000,000
Property	1,000	100,000	75,000,000
Workers' Compensation	-----	400,000	Statutory
Errors and Omissions	5,000	150,000	10,000,000
Boiler & Machinery	5,000	N/A	45,000,000
Crime	5,000	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 \$8,710 and are reported in the Proprietary Funds Statement of Net Assets under current liabilities in the Governmental Activities Internal Service Fund.

<u>Date</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2009	14,533	645,281	636,661	23,153
2010	23,153	684,991	696,146	11,998
2011	11,998	620,531	623,819	8,710

**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 \$2,633,994 at June 30, 2011. This reserve is recorded as a restricted fund balance in the General Fund.

Belle Creek Charter School reported an emergency reserve of \$131,000 at June 30, 2011 as a restricted fund balance in the General Fund. Eagle Ridge Academy reported a reserve of \$63,000 at June 30, 2011 as a restricted fund balance in the General Fund. Bromley East Charter School reported an emergency reserve of \$149,000 at June 30, 2011 as a restricted fund balance in the General Fund. Landmark Academy Charter School reported an emergency reserve of \$161,991 at June 30, 2011 as a restricted fund balance in the General Fund. Foundations Academy Charter School reported an emergency reserve of \$155,066 at June 30, 2011 as a restricted fund balance in the General Fund.

**School District 27J, Colorado**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**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 program purposes in the Governmental Funds Balance Sheet:

Beginning balance as of July 1, 2010	\$ 0
Cash received through June 30, 2011	6,066
Cash utilized through June 30, 2011	<u>4,400</u>
	<u>\$ 1,666</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, 2011, 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, 2011 was \$27,415.

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, 2011 was \$6,600.

**Litigation** – The School District is not involved in any significant or potential litigation for the year ended June 30, 2011.

**Stewardship, Compliance and Accountability** – The School District's Other Special Programs beginning fund balance decreased by \$15,815 and the General Fund beginning fund balance increased by \$15,815. The School District transferred a facility rental Special Program balance into the General Fund's facility rental program.

At June 30, 2011, the governmental activities of Eagle Ridge Academy Charter School had deficit net assets of \$1,212,203, representing Governmental Activity expenses of \$3,098,451 exceeding revenues of \$2,465,912. At June 30, 2011, Eagle Ridge Academy's Corporation had negative net assets of (\$579,664). This negative balance is expected to be eliminated as debt service is paid. Eagle Ridge Academy's actual expenditures of the General Fund exceeded the budgeted amounts by \$593,139. This may be a violation of State statute.

Component Units Combining Statement of Net Assets beginning of year balance changed by \$1,295,010. Brighton Collegiate High School was dissolved, with net assets for the year ended June 30, 2011 equal to (\$1,874,674). Eagle Ridge Academy began fiscal year 2010 – 2011 with beginning net assets equal to (\$579,664).

Belle Creek Education Center's net assets decreased \$103,402 to a negative (\$80,131) from \$23,271. The decrease is largely attributed to depreciation and amortization of the loss on refunding the bonds. The deficit is anticipated to decrease as the debt is repaid in future years.

**Construction** – The School District completed multiple construction contracts during fiscal year 2011 and expended approximately \$927,000 in fiscal 2011. The remaining \$8.2 million will be expended on future construction.

**School District 27J, Colorado**  
***Notes to the Basic Financial Statements***  
***June 30, 2011***

***3-E. Subsequent Events***

***Arbitrage Rebate*** – On December 1, 2011, the School District will pay an arbitrage rebate associated with the General Obligations Bonds Series 2006C. Based upon a May 2011 interim calculation, the \$1,006,128 arbitrage liability was booked in fiscal year 2011 in the Capital Projects Fund.

## **Required Supplementary Information**

**School District 27J, Colorado**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 24,107,796	\$ 23,456,264	\$ 23,953,502	\$ 497,238
Intergovernmental revenue:				
Vocational education	450,000	450,000	633,100	183,100
Special education	2,000,000	2,056,755	2,103,579	46,824
Transportation	994,000	1,135,983	1,191,287	55,304
Equalization	71,949,483	66,982,469	67,327,287	344,818
Operating Grants and Contributions	-	3,800,140	3,756,489	(43,651)
Investment earnings	30,000	15,000	18,402	3,402
Miscellaneous	1,992,500	2,042,500	2,370,925	328,425
<b>Total Revenues</b>	<b>101,523,779</b>	<b>99,939,111</b>	<b>101,354,571</b>	<b>1,415,460</b>
<b>Expenditures</b>				
<b>Current:</b>				
Instructional services	47,582,050	47,596,040	45,134,838	2,461,202
Supporting services				
Pupil services	3,823,137	4,009,065	3,983,465	25,600
Instructional staff	2,041,350	2,119,583	1,892,741	226,842
General administration	1,356,456	1,199,721	1,061,277	138,444
School administration	5,868,416	5,773,743	5,576,716	197,027
Operations and maintenance	8,106,804	8,529,812	8,040,818	488,994
Pupil transportation	3,722,482	3,632,875	4,326,440	(693,565)
Business supporting services	949,740	976,677	927,498	49,179
Central supporting services	5,758,869	5,904,531	3,861,719	2,042,812
Community services	218,800	218,800	191,453	27,347
Contingency Reserves	7,652,736	6,134,869	-	6,134,869
<b>Capital Outlay</b>	<b>44,500</b>	<b>85,564</b>	<b>215,330</b>	<b>(129,766)</b>
<b>Debt Service:</b>				
Principal Retirement	1,012,009	1,012,009	621,218	390,791
Interest	161,928	161,928	152,976	8,952
Fiscal charges	-	-	2,529	(2,529)
<b>Intergovernmental</b>				
Charter schools	17,477,623	17,695,821	17,573,744	122,077
<b>Total Expenditures</b>	<b>105,776,900</b>	<b>105,051,038</b>	<b>93,562,762</b>	<b>11,488,276</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>(4,253,121)</b>	<b>(5,111,927)</b>	<b>7,791,809</b>	<b>12,903,736</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(254,600)	(400,000)	(288,875)	111,125
<b>Net Change in Fund Balances</b>	<b>\$ (4,507,721)</b>	<b>\$ (5,511,927)</b>	<b>7,502,934</b>	<b>\$ 13,014,861</b>
<b>Fund Balances Beginning of Year</b>			<b>5,511,927</b>	
<b>Fund Balances End of Year</b>			<b>\$ 13,014,861</b>	

See accompanying independent auditors' report

**School District 27J, Colorado**  
**Government Designated Purpose Grants Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
Intergovernmental:				
Federal grants	\$ 6,500,000	\$ 6,500,000	\$ 5,614,914	\$ (885,086)
State grants	1,200,000	1,200,000	861,752	(338,248)
Local Grants	300,000	300,000	1,964,178	1,664,178
<b>Total Revenues</b>	<b>8,000,000</b>	<b>8,000,000</b>	<b>8,440,844</b>	<b>440,844</b>
<b>Expenditures</b>				
Current:				
Instructional services	4,000,000	4,000,000	3,543,791	456,209
Supporting services				
Pupil services	1,875,000	1,875,000	1,476,857	398,143
Instructional staff	500,000	500,000	379,442	120,558
School administration	300,000	300,000	191,663	108,337
Pupil transportation	50,000	50,000	26,928	23,072
Business supporting services	600,000	600,000	358,788	241,212
Community services	75,000	75,000	39,627	35,373
Capital Outlay	600,000	600,000	458,111	141,889
<b>Total Expenditures</b>	<b>8,000,000</b>	<b>8,000,000</b>	<b>6,475,207</b>	<b>1,524,793</b>
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,965,637</b>	<b>\$ 1,965,637</b>
<b>Fund Balances Beginning of Year</b>			<b>-</b>	
<b>Fund Balances End of Year</b>			<b>\$ 1,965,637</b>	

**Brighton School District 27J, Colorado**  
***Notes to Required Supplementary Information***  
***For the Year Ended June 30, 2011***

***Note 1 – 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.

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.

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, 2011

	Growth Impact	Pupil Activity	Other Special Programs	Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 520,458	\$ 1,441,438	\$ -	\$ 1,961,896
Receivables:				
Accounts	-	1,559	15,384	16,943
Interfund receivable	-	-	137,045	137,045
<b>Total Assets</b>	<u>520,458</u>	<u>1,442,997</u>	<u>152,429</u>	<u>2,115,884</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	61	42,627	1,138	43,826
Accrued salary and benefits	41	10,200	83,700	93,941
Interfund payable	93,834	343,028	-	436,862
<b>Total Liabilities</b>	<u>93,936</u>	<u>395,855</u>	<u>84,838</u>	<u>574,629</u>
<b>Fund Balances</b>				
Committed, reported in:				
Nonmajor Governmental Funds	426,522	1,047,142	67,591	1,541,255
<b>Total Fund Balances</b>	<u>426,522</u>	<u>1,047,142</u>	<u>67,591</u>	<u>1,541,255</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 520,458</u>	<u>\$ 1,442,997</u>	<u>\$ 152,429</u>	<u>\$ 2,115,884</u>

**School District 27J, Colorado**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2011**

	<b>Growth Impact</b>	<b>Pupil Activity</b>	<b>Other Special Programs</b>	<b>Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Intergovernmental revenue:				
Pupil activities	\$ -	\$ 3,083,493	\$ -	\$ 3,083,493
Charges for services	-	-	1,334,399	1,334,399
Miscellaneous	39,008	-	-	39,008
<b>Total Revenues</b>	<b>39,008</b>	<b>3,083,493</b>	<b>1,334,399</b>	<b>4,456,900</b>
<b>Expenditures</b>				
<b>Current:</b>				
Business supporting services	153,462	-	-	153,462
Community services	-	-	1,521,176	1,521,176
Pupil activities	-	3,262,241	-	3,262,241
<b>Debt Service</b>				
Principal payment	92,069	-	-	92,069
Interest and fiscal charges	1,328	-	-	1,328
<b>Total Expenditures</b>	<b>246,859</b>	<b>3,262,241</b>	<b>1,521,176</b>	<b>5,030,276</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(207,851)</b>	<b>(178,748)</b>	<b>(186,777)</b>	<b>(573,376)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	-	288,875	-	288,875
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>288,875</b>	<b>-</b>	<b>288,875</b>
<b>Net Change in Fund Balances</b>	<b>(207,851)</b>	<b>110,127</b>	<b>(186,777)</b>	<b>(284,501)</b>
<b>Fund Balances Beginning of Year</b>	<b>634,373</b>	<b>937,015</b>	<b>254,368</b>	<b>1,825,756</b>
<b>Fund Balances End of Year</b>	<b>\$ 426,522</b>	<b>\$ 1,047,142</b>	<b>\$ 67,591</b>	<b>\$ 1,541,255</b>

**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, 2011*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
Investment earnings	\$ 2,000	\$ 2,000	\$ 1,047	\$ (953)
Miscellaneous	37,000	37,000	37,961	961
<b>Total Revenues</b>	<u>39,000</u>	<u>39,000</u>	<u>39,008</u>	<u>8</u>
<b>Expenditures</b>				
<b>Current:</b>				
Supporting services	152,000	152,000	153,462	(1,462)
<b>Debt Service</b>				
Principal	92,069	92,069	92,069	-
Interest and fiscal charges	1,328	1,328	1,328	-
<b>Contingency</b>	<u>417,630</u>	<u>427,976</u>	<u>-</u>	<u>427,976</u>
<b>Total Expenditures</b>	<u>663,027</u>	<u>673,373</u>	<u>246,859</u>	<u>426,514</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(624,027)</u>	<u>(634,373)</u>	<u>(207,851)</u>	<u>426,522</u>
<b>Net Change in Fund Balances</b>	<u>\$ (624,027)</u>	<u>\$ (634,373)</u>	<u>(207,851)</u>	<u>\$ 426,522</u>
<b>Fund Balances Beginning of Year</b>			<u>634,373</u>	
<b>Fund Balances End of Year</b>			<u>\$ 426,522</u>	

School District 27J, Colorado  
*Pupil Activity Fund*  
*Budgetary Comparison Schedule*  
*For the Year Ended June 30, 2011*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Pupil activities	\$ 3,000,000	\$ 3,000,000	\$ 3,083,493	\$ 83,493
<b>Total Revenues</b>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,083,493</u>	<u>83,493</u>
<b>Expenditures</b>				
<b>Current:</b>				
Pupil activities	<u>4,172,695</u>	<u>4,337,015</u>	<u>3,262,241</u>	<u>1,074,774</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,172,695)</u>	<u>(1,337,015)</u>	<u>(178,748)</u>	<u>1,158,267</u>
<b>Other Financing Sources</b>				
Transfers in	<u>254,600</u>	<u>400,000</u>	<u>288,875</u>	<u>(111,125)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (918,095)</u>	<u>\$ (937,015)</u>	<u>\$ 110,127</u>	<u>\$ 1,047,142</u>
<b>Fund Balances Beginning of Year</b>			<u>937,015</u>	
<b>Fund Balances End of Year</b>			<u>\$ 1,047,142</u>	

**School District 27J, Colorado**  
**Other Special Programs Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
Charges for services	<u>\$ 1,571,520</u>	<u>\$ 1,571,520</u>	<u>\$ 1,334,399</u>	<u>\$ (237,121)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Community services	<u>2,076,945</u>	<u>1,825,888</u>	<u>1,521,176</u>	<u>304,712</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(505,425)</u>	<u>(254,368)</u>	<u>(186,777)</u>	<u>67,591</u>
<b>Net Change in Fund Balances</b>	<u>\$ (505,425)</u>	<u>\$ (254,368)</u>	<u>(186,777)</u>	<u>\$ 67,591</u>
<b>Fund Balances Beginning of Year</b>			<u>254,368</u>	
<b>Fund Balances End of Year</b>			<u>\$ 67,591</u>	

**School District 27J, Colorado**  
**Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Investment earnings	\$ 35,000	\$ 35,000	\$ 70,414	\$ 35,414
<b>Total Revenues</b>	<u>35,000</u>	<u>35,000</u>	<u>70,414</u>	<u>35,414</u>
<b>Expenditures</b>				
<b>Capital Outlay:</b>				
Building fund	9,822,915	9,155,183	1,935,364	7,219,819
<b>Total Expenditures</b>	<u>9,822,915</u>	<u>9,155,183</u>	<u>1,935,364</u>	<u>7,219,819</u>
<b>Excess (Deficiency) of Revenues Over(Under) Expenditures</b>	<u>(9,787,915)</u>	<u>(9,120,183)</u>	<u>(1,864,950)</u>	<u>7,255,233</u>
<b>Net Change in Fund Balances</b>	<u>\$ (9,787,915)</u>	<u>\$ (9,120,183)</u>	<u>(1,864,950)</u>	<u>\$- (7,255,233)</u>
<b>Fund Balances Beginning of Year</b>			<u>9,120,183</u>	
<b>Fund Balances End of Year</b>			<u>\$ 7,255,233</u>	

**School District 27J, Colorado**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
Property taxes	\$ 14,322,631	\$ 14,322,631	\$ 14,377,892	\$ 55,261
Investment earnings	30,000	30,000	782	(29,218)
<b>Total Revenues</b>	<u>14,352,631</u>	<u>14,352,631</u>	<u>14,378,674</u>	<u>26,043</u>
<b>Expenditures</b>				
<b>Debt service:</b>				
Principal retirement	6,395,000	6,395,000	6,395,000	-
Interest	7,893,083	7,893,083	7,893,082	1
Fiscal charges	50,000	50,000	4,250	45,750
<b>Contingency</b>	<u>10,841,287</u>	<u>11,506,722</u>		<u>11,506,722</u>
<b>Total Expenditures</b>	<u>25,179,370</u>	<u>25,844,805</u>	<u>14,292,332</u>	<u>11,552,473</u>
<b>Excess (Deficiency) of Revenues Over(Under) Expenditures</b>	<u>(10,826,739)</u>	<u>(11,492,174)</u>	<u>86,342</u>	<u>- 11,578,516</u>
<b>Net Change in Fund Balances</b>	<u>\$(10,826,739)</u>	<u>\$(11,492,174)</u>	<u>86,342</u>	<u>\$ 11,578,516</u>
<b>Fund Balances Beginning of Year</b>			<u>11,492,174</u>	
<b>Fund Balances End of Year</b>			<u>\$ 11,578,516</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, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
Student Lunches	1,678,365	1,678,365	\$ 1,575,143	\$ (103,222)
State Match	90,628	90,628	77,544	(13,084)
Federal Sources:				
School Lunches	1,726,084	1,726,084	1,789,892	63,808
Breakfast Program	326,993	326,993	380,105	53,112
Fruit and Vegetable Program	-	-	6,277	6,277
Summer Program	37,100	37,100	49,470	12,370
Commodity Donations	232,933	232,933	350,414	117,481
<b>Total Revenues</b>	<b>4,092,103</b>	<b>4,092,103</b>	<b>4,228,845</b>	<b>136,742</b>
<b>Expenses</b>				
Salaries	1,447,557	1,447,557	1,383,275	64,282
Benefits	355,799	355,799	337,350	18,449
Purchased Services	82,595	82,595	91,240	(8,645)
Food and Milk	1,877,972	1,877,972	1,861,183	16,789
General and Office Supplies	228,293	228,293	183,354	44,939
Depreciation	27,675	27,675	36,376	(8,701)
Indirect costs	400,000	400,000	434,603	(34,603)
Contingency	1,117,072	1,133,908	-	1,133,908
<b>Total Expenses</b>	<b>5,536,963</b>	<b>5,553,799</b>	<b>4,327,381</b>	<b>1,226,418</b>
<b>Net Income (Loss)</b>	<b>\$ (1,444,860)</b>	<b>\$ (1,461,696)</b>	<b>(98,536)</b>	<b>\$ 1,363,160</b>
<b>Net Assets Beginning of Year</b>			<b>1,461,696</b>	
<b>Net Assets End of Year</b>			<b>\$ 1,363,160</b>	

**School District 27J, Colorado**  
**Risk Management Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Charges for Services				
Dental insurance premiums	\$ 800,000	\$ 800,000	\$ 693,326	\$ (106,674)
<b>Total Revenues</b>	<u>800,000</u>	<u>800,000</u>	<u>693,326</u>	<u>(106,674)</u>
<b>Expenses</b>				
Dental insurance claims	750,000	750,000	620,531	129,469
Contingency	293,880	321,323	-	321,323
<b>Total Expenses</b>	<u>1,043,880</u>	<u>1,071,323</u>	<u>620,531</u>	<u>450,792</u>
<b>Income (Loss), Budgetary Basis</b>	<u>(243,880)</u>	<u>(271,323)</u>	<u>72,795</u>	<u>344,118</u>
<b>Change in Net Assets</b>	<u>\$ (243,880)</u>	<u>\$ (271,323)</u>	<u>72,795</u>	<u>\$ 344,118</u>
<b>Net Assets Beginning of Year</b>			<u>271,323</u>	
<b>Net Assets End of Year</b>			<u>\$ 344,118</u>	

**School District 27J, Colorado**  
**Schedule of Changes in Net Assets - Budget to Actual (Private Trust)**  
**Student Scholarship Fund**  
**For the Year Ended June 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Additions</b>				
Investment earnings	\$ 725	\$ 725	\$ 113	\$ (612)
Miscellaneous	4,300	4,300	2,012	(2,288)
<b>Total Additions</b>	<u>5,025</u>	<u>5,025</u>	<u>2,125</u>	<u>(2,900)</u>
<b>Deductions</b>				
Support services	70,058	68,069	4,104	63,965
<b>Total Deductions</b>	<u>70,058</u>	<u>68,069</u>	<u>4,104</u>	<u>63,965</u>
<b>Change in Net Assets</b>	<u>\$ (65,033)</u>	<u>\$ (63,044)</u>	(1,979)	<u>\$ 61,065</u>
<b>Net Assets Beginning of Year</b>			<u>63,044</u>	
<b>Net Assets End of Year</b>			<u>\$ 61,065</u>	

## **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.

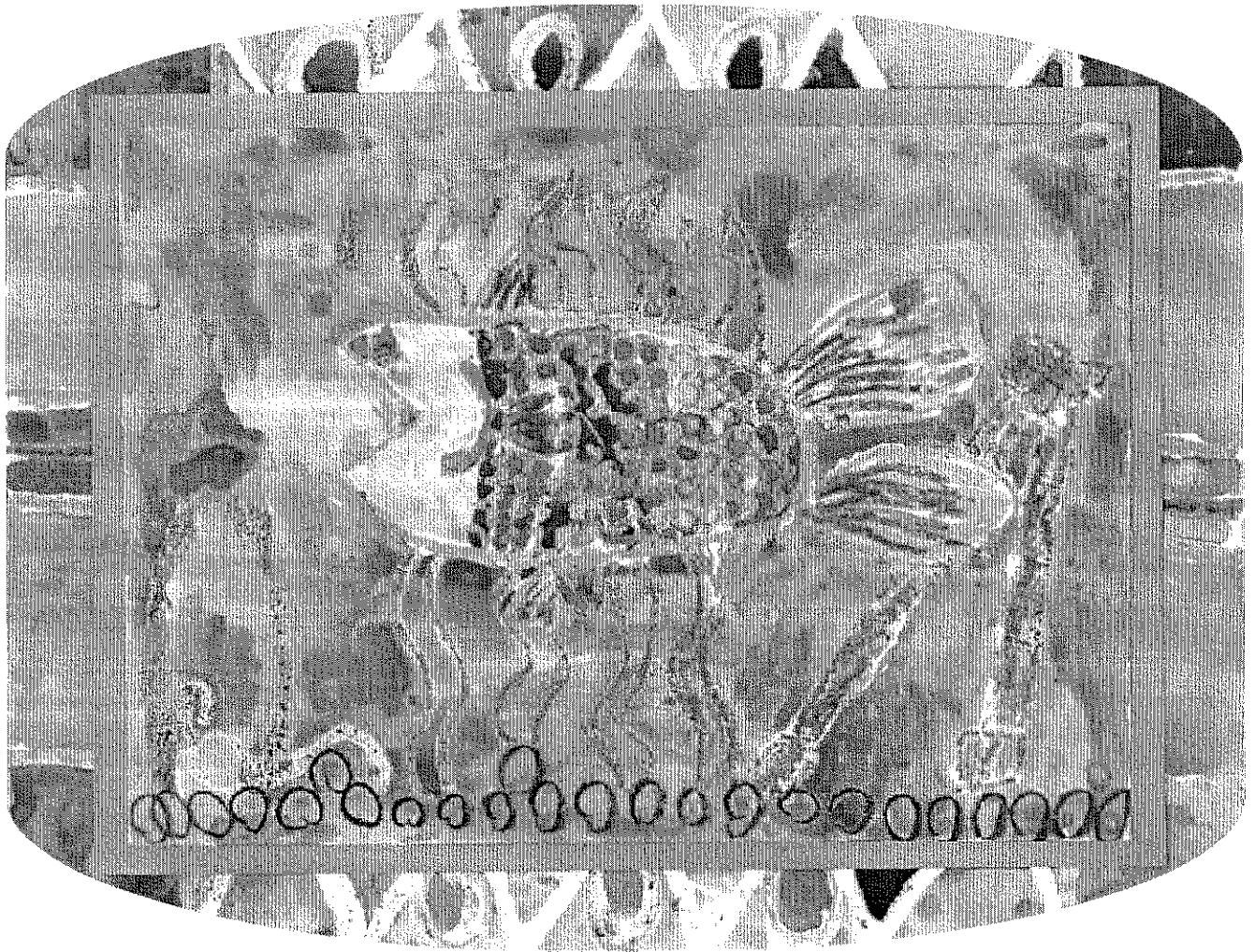
School District 27J, Colorado  
Component Units  
Combining Statement of Net Assets  
For the Year Ended June 30, 2011

	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
<b>Assets</b>							
Cash and Investments	\$ 181,226	\$ 1,912,964	\$ 104,884	\$ 1,684,072	155,066	\$ 162,001	\$ 4,200,213
Restricted Cash and Investments	-	1,808,890	344,600	845,016	-	-	2,998,506
Accounts Receivable	-	36,929	184	33,214	198,590	57,026	325,943
Interest Receivable	-	12,624	249,500	-	-	-	262,124
Prepaid Expenses	-	9,586	37,416	8,504	-	-	55,506
Inventory	-	1,391	-	-	-	-	1,391
Debt Issuance Costs	-	349,903	211,892	338,908	-	-	900,703
Deposits	-	1,000	-	-	-	-	1,000
Capital Assets:							
Capital Assets, Not Being Depreciated	-	144,120	50,000	-	-	-	194,120
Leasehold and Building Improvements	-	9,476,108	9,031,412	6,120,835	-	-	24,628,355
Vehicles	-	-	-	101,481	-	-	101,481
Equipment	-	151,357	-	-	-	-	151,357
Less accumulated depreciation	-	(1,897,189)	(663,214)	(63,488)	-	-	(2,623,891)
<b>Total Assets</b>	<b>181,226</b>	<b>12,007,683</b>	<b>9,366,674</b>	<b>9,068,542</b>	<b>353,656</b>	<b>219,027</b>	<b>31,196,808</b>
<b>Liabilities</b>							
Accounts Payable	2,859	47,886	53,904	245,984	177,087	10,869	538,589
Accrued Liabilities	-	65,970	76,672	51,018	-	-	193,660
Accrued Salaries and Benefits	-	230,798	43,881	178,204	-	-	452,883
Claims Payable	-	90,283	-	-	-	-	90,283
Deferred Revenue	-	-	75,471	-	21,503	46,167	143,141
Accrued Interest Payable	-	183,230	99,449	111,889	-	-	394,568
Noncurrent Liabilities:							
Due within one year	-	350,000	-	185,000	-	-	535,000
Due in more than one year	-	10,758,666	10,229,500	7,006,292	-	-	27,994,458
<b>Total Liabilities</b>	<b>2,859</b>	<b>11,726,833</b>	<b>10,578,877</b>	<b>7,778,387</b>	<b>198,590</b>	<b>57,036</b>	<b>30,342,582</b>
<b>Net Assets</b>							
Invested in Capital Assets Net of Related Debt	-	(1,425,380)	-	(693,556)	-	-	(2,118,936)
Restricted for:							
Capital Projects	178,367	-	-	-	-	-	178,367
Special Education	-	-	-	128,000	-	-	128,000
Building Maintenance	-	-	-	81,709	-	-	81,709
Emergencies	-	149,000	63,000	131,000	155,066	161,991	660,057
Debt Service	-	-	-	651,418	-	-	651,418
Unrestricted	-	1,557,230	(1,275,203)	991,584	-	-	1,273,611
<b>Total Net Assets</b>	<b>\$ 178,367</b>	<b>\$ 280,850</b>	<b>\$ (1,212,203)</b>	<b>\$ 1,290,155</b>	<b>\$ 155,066</b>	<b>\$ - 161,991</b>	<b>\$ 854,226</b>

School District 27J, Colorado  
Component Units  
Combining Statement of Activities  
For the Year Ended June 30, 2011

	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
<b>Revenues</b>							
Intergovernmental revenue:							
Per Pupil Operating Revenue	\$ -	\$ 5,309,640	\$ 1,472,319	\$ 4,154,034	\$ 2,180,727	\$ 3,508,215	\$ 16,624,935
Mill Levy Override	-	40,500	-	24,750	21,000	33,000	119,250
Capital Construction	-	-	-	57,167	349,550	562,693	969,410
Investment Earnings	10,197	7,519	6,894	7,441	-	-	32,051
Charges for Services	169,681	186,429	694,411	-	101,130	94,430	1,246,081
Operating Grants and Contributions	43,776	421,046	202,916	259,674	199,323	94,042	1,220,777
Capital Grants and Contributions	-	73,017	20,263	-	-	-	93,280
Other	-	16,893	69,109	15,449	1,916,066	588,720	2,606,237
<b>Total Revenues</b>	<b>223,654</b>	<b>6,055,044</b>	<b>2,465,912</b>	<b>4,518,515</b>	<b>4,767,796</b>	<b>4,881,100</b>	<b>22,912,021</b>
<b>Expenses</b>							
Current:							
Instruction	-	3,414,354	737,717	2,512,020	1,721,460	2,014,201	10,399,752
Support services	1,763,636	1,759,586	1,760,384	1,251,879	2,884,697	2,837,175	12,257,357
Interest on Long-term Debt	-	630,432	600,350	-	-	-	1,230,782
Business-type activities	-	292,122	-	682,721	6,573	3,300	984,716
<b>Total Expenses</b>	<b>1,763,636</b>	<b>6,096,494</b>	<b>3,098,451</b>	<b>4,446,620</b>	<b>4,612,730</b>	<b>4,854,676</b>	<b>24,872,607</b>
<b>Change in Net Assets</b>	<b>(1,539,982)</b>	<b>(41,450)</b>	<b>(632,539)</b>	<b>71,895</b>	<b>155,066</b>	<b>26,424</b>	<b>(1,960,586)</b>
<b>Net Assets Beginning of Year</b>	<b>1,718,349</b>	<b>322,300</b>	<b>(579,664)</b>	<b>1,218,260</b>	<b>-</b>	<b>135,567</b>	<b>2,814,812</b>
<b>Net Assets End of Year</b>	<b>\$ 178,367</b>	<b>\$ 280,850</b>	<b>\$ (1,212,203)</b>	<b>\$ 1,290,155</b>	<b>\$ 155,066</b>	<b>\$ 161,991</b>	<b>\$ 854,226</b>

# Statistical Section



Max J. Weber  
Pennock Elementary School

# 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.

	Page
SEC Bond Issue Requirements Undertaking to Provide Ongoing Disclosure	80
 <b>Financial Trends</b> - These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
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Fund Balances of Governmental Funds	83
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Governmental Funds Revenue by Source	85
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Property Tax Rates	91
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Direct and Overlapping Property Tax Rates	93
 <b>Debt Capacity</b> - These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Ratio of Net Bonded Debt to Actual Value and Total Outstanding Debt Per Capita	95
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures	96
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Estimated Overlapping General Obligation Debt	99
 <b>Demographic and Economic Information</b> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
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Percentage of Free and Reduce Meals	101
 <b>Operating Information</b> - These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	
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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.

**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, 2011. This information was prepared by the District and has not been subjected to the audit process.

School District 27J  
Net Assets by Component  
Last Nine Fiscal Years  
(Unaudited)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$11,851,643	\$17,291,598	\$29,744,767	\$23,470,143	\$36,352,934	\$42,614,612	\$44,230,545	\$44,758,012	\$38,645,785
Restricted	5,916,916	8,766,075	8,851,810	18,233,287	11,732,606	12,963,040	13,785,135	13,937,175	22,249,080
Unrestricted	9,512,393	3,812,398	(1,762,237)	3,594,136	8,813,497	9,663,896	5,208,592	7,906,169	11,641,451
Total governmental activities net assets	<u>27,280,952</u>	<u>29,870,071</u>	<u>36,834,340</u>	<u>45,297,566</u>	<u>56,899,037</u>	<u>65,241,548</u>	<u>63,224,272</u>	<u>66,601,356</u>	<u>72,536,316</u>
Business-type activities									
Invested in capital assets, net of related debt	161,305	147,178	129,784	122,001	136,310	151,295	182,357	169,378	146,261
Unrestricted	690,832	731,858	871,431	1,081,773	1,372,200	1,535,476	1,678,957	1,292,318	1,216,899
Total business-type activities net assets	<u>852,137</u>	<u>879,036</u>	<u>1,001,215</u>	<u>1,203,774</u>	<u>1,508,510</u>	<u>1,686,771</u>	<u>1,861,314</u>	<u>1,461,696</u>	<u>1,363,160</u>
Primary governmental									
Invested in capital assets, net of related debt	12,012,948	17,438,776	29,874,551	23,592,144	36,489,244	42,765,907	44,412,902	44,927,390	38,792,046
Restricted	5,916,916	8,766,075	8,851,810	18,233,287	11,732,606	12,963,040	13,785,135	13,937,175	22,249,080
Unrestricted	10,203,225	4,544,256	(890,806)	4,675,909	10,185,697	11,199,372	6,887,549	9,198,487	12,858,350
Total primary government net assets	<u>\$28,133,089</u>	<u>\$30,749,107</u>	<u>\$37,835,555</u>	<u>\$46,501,340</u>	<u>\$58,407,547</u>	<u>\$66,928,319</u>	<u>\$65,085,586</u>	<u>\$68,063,052</u>	<u>\$73,899,476</u>

NOTES: Only nine fiscal years reported as the District implemented GASB 34 in fiscal year 2003.

School District 27J  
Changes in Net Assets  
Last Nine Fiscal Years  
(Unaudited)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenditures:</b>									
Instruction	\$ 29,983,500	\$ 29,430,400	\$ 31,458,646	\$ 35,111,453	\$ 41,840,573	\$ 47,298,727	\$ 57,121,363	\$ 58,505,091	\$ 58,283,462
Supporting services									
Pupil services	2,195,038	2,643,955	2,585,035	3,174,778	3,497,191	3,860,008	4,828,891	5,931,702	5,954,687
Instructional staff	1,740,900	1,081,329	1,660,268	1,777,949	1,952,530	2,883,556	3,398,915	2,974,897	2,289,136
General administration	703,217	924,327	880,587	913,657	860,499	1,152,151	1,391,743	1,225,790	1,138,125
School administration	2,515,440	2,994,863	3,862,124	4,007,164	4,874,183	5,479,223	6,875,040	7,072,636	6,311,175
Operations and maintenance	4,044,443	5,100,100	4,912,133	5,352,736	6,351,241	7,223,178	8,219,103	8,174,673	8,119,576
Pupil transportation	1,623,941	1,729,639	2,127,064	2,564,635	2,842,333	3,526,803	3,993,596	4,291,929	4,756,441
Business supporting services	1,309,670	595,427	961,214	977,376	911,071	1,239,868	1,758,792	1,929,783	1,701,482
Central supporting services	1,533,863	2,539,888	2,828,743	2,443,554	2,981,991	3,748,025	3,499,962	3,931,487	4,085,525
Community services	862,176	1,126,115	1,378,679	1,282,564	1,343,555	1,584,053	2,012,481	1,880,468	1,712,629
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
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
Debt service - interest	2,876,928	2,881,262	3,773,757	5,351,656	6,212,102	8,141,416	8,370,757	8,153,857	7,850,584
Total Governmental Activities	50,625,347	59,569,653	66,650,381	73,846,267	85,779,854	101,830,643	118,712,455	122,572,518	123,038,807
Business-Type Activities:									
Food Service	1,752,810	1,714,470	1,773,506	1,973,783	2,307,659	3,097,548	3,562,389	4,306,182	4,327,381
Total Business-Type Activities	1,752,810	1,714,470	1,773,506	1,973,783	2,307,659	3,097,548	3,562,389	4,306,182	4,327,381
Total - Primary Government	52,378,157	61,284,123	68,423,887	75,820,050	88,087,513	104,928,191	122,274,844	126,878,700	127,366,188
<b>Program Revenues:</b>									
Governmental Activities:									
Charges for services:									
Instruction	47,093	62,060	62,060	-	-	-	-	-	-
Community Services	815,126	846,997	1,074,356	939,827	1,095,910	1,203,695	1,434,946	1,543,545	1,334,399
Operations and Maintenance	22,072	-	-	-	-	-	-	-	-
Pupil activities	1,048,269	1,260,017	1,633,708	1,725,004	2,054,544	2,297,094	2,664,867	2,853,993	3,083,493
Operating grants and contributions:									
Instruction	4,668,344	5,070,754	3,969,821	4,892,873	5,704,690	7,354,538	7,281,868	8,195,839	12,969,834
Pupil Transportation	356,858	403,503	424,671	540,434	684,950	551,846	783,877	934,775	1,191,287
Capital grants and contributions:									
Instruction	-	-	2,576,628	4,015,846	959,408	349,111	99,966	621,641	1,964,178
Operations and Maintenance	-	-	-	-	-	-	-	42,600	-
Total Governmental Activities	6,957,762	7,643,331	9,741,244	12,113,984	10,499,502	11,756,284	12,265,524	14,192,393	20,543,191
Business-Type Activities:									
Charges for services:									
Food Service	954,259	849,859	867,203	933,966	1,156,753	1,415,988	1,425,565	1,436,845	1,575,143
Operating grants and contributions:									
Food Service	807,331	891,510	1,020,049	1,229,774	1,448,715	1,859,821	2,311,367	2,469,719	2,653,702
Capital grants and contributions:									
Food Service	-	-	8,433	12,602	6,927	-	-	-	-
Total Business-Type Activities	1,761,590	1,741,369	1,895,685	2,176,342	2,612,395	3,275,809	3,736,932	3,906,564	4,228,845
Total - Primary Government	8,719,352	9,384,700	11,636,929	14,290,326	13,111,897	15,032,093	16,002,456	18,098,957	24,772,036
<b>Net (Expense)/Revenue</b>									
Governmental Activities	43,667,585	51,926,322	56,909,137	61,732,283	75,280,352	90,074,359	106,446,931	108,380,125	102,495,616
Business-type Activities	(8,780)	(26,899)	(122,179)	(202,559)	(304,736)	(178,261)	(174,543)	399,618	98,536
Total - Primary Government	43,658,805	51,899,423	56,786,958	61,529,724	74,975,616	89,896,098	106,272,388	108,779,743	102,594,152
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities									
Taxes:									
General Purposes	14,547,646	14,856,374	16,847,908	18,786,173	22,454,579	23,988,215	24,696,358	24,530,429	24,225,084
Debt Service	5,770,293	6,111,548	8,835,442	7,381,933	12,482,407	14,024,673	14,276,269	14,711,894	14,378,674
Equalization	26,588,918	31,166,491	36,052,560	41,530,558	47,612,755	54,611,242	62,627,379	70,306,824	67,327,287
Earnings on Investments	398,789	168,269	942,879	1,238,838	2,936,780	3,698,834	1,237,771	207,969	89,598
Miscellaneous	1,491,858	1,850,437	1,194,617	1,258,015	1,395,302	2,093,906	1,591,878	2,404,536	2,409,933
Total Governmental Activities	48,797,504	54,153,119	63,873,406	70,195,517	86,881,823	98,416,870	104,429,655	112,161,652	108,430,576
Change in Net Assets									
Governmental Activities	5,129,919	2,226,797	6,964,269	8,463,234	11,601,471	8,342,511	(2,017,276)	3,377,085	5,934,960
Business-Type Activities:	8,780	26,899	122,179	202,559	304,736	178,261	174,543	(399,618)	(98,536)
Total - Primary Government	\$ 5,138,699	\$ 2,253,696	\$ 7,086,448	\$ 8,665,793	\$ 11,906,207	\$ 8,520,772	\$ (1,842,733)	\$ 2,977,467	\$ 5,836,424

NOTES: Only nine fiscal years reported as the District implemented GASB 34 in fiscal year 2003.

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 3,461,271	\$ 2,324,920	\$ 3,091,110	\$ 541,950	\$ 3,180,775
Committed	-	-	-	-	-	-	-	-	2,153,544
Assigned	-	-	-	-	-	-	-	-	1,121,059
Unassigned	1,380,615	1,421,036	1,215,182	3,923,488	4,170,319	3,920,765	(836,180)	3,464,188	6,559,483
Total General Fund	<u>1,380,615</u>	<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>
All Other Governmental Funds									
Restricted	10,564,981	8,493,884	53,430,697	16,818,817	77,529,633	56,089,912	24,585,786	20,612,357	18,962,386
Committed for Government Designated Purpose Grants	-	-	-	-	-	-	-	-	1,837,000
Committed, reported in:									
Special Revenue Funds	3,267,946	2,680,895	2,903,567	1,414,470	4,864,371	5,558,907	4,195,550	3,331,544	1,541,255
Total All Other Governmental Funds	<u>13,832,927</u>	<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>
Total Fund Balances of Governmental Funds	<u>\$ 15,213,542</u>	<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>

NOTE 1 - Only nine fiscal years reported as the District implemented GASB 34 in fiscal year 2003.

NOTE 2 - 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 3 - 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 Nine Fiscal Years  
(Unaudited)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>									
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
Intergovernmental <sup>1</sup>	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
Local Grants	-	-	2,576,628	4,015,846	959,408	349,111	99,966	621,641	1,964,178
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
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
Investment Earnings	398,789	168,269	942,879	1,238,838	2,936,780	3,698,834	1,237,771	207,969	89,598
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
<b>Total Revenues</b>	<b>54,106,703</b>	<b>62,171,158</b>	<b>73,902,166</b>	<b>82,465,929</b>	<b>96,158,045</b>	<b>109,960,015</b>	<b>116,219,676</b>	<b>126,638,353</b>	<b>128,701,403</b>
<b>Expenditures:</b>									
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
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
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
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
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
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
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
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
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
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
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
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
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
Debt service <sup>2</sup>									
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
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
Administrative Fees	134,151	2,834	3,735	4,053	512	6,480	4,250	4,250	6,779
Payment to Escrow	-	(489,304)	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	410,532	694,686	271,032	-	-	-
Advance refunding	-	-	-	1,595,130	-	-	-	-	-
<b>Total Expenditures</b>	<b>66,793,606</b>	<b>64,788,885</b>	<b>80,273,579</b>	<b>122,817,108</b>	<b>109,009,278</b>	<b>148,866,360</b>	<b>154,159,580</b>	<b>131,284,375</b>	<b>121,295,941</b>
Percentage of debt service expenditures to noncapital expenditures <sup>3</sup>	6.4%	8.4%	8.1%	7.1%	9.3%	8.3%	10.3%	12.2%	12.7%
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(12,686,903)</b>	<b>(2,617,727)</b>	<b>(6,371,413)</b>	<b>(40,351,179)</b>	<b>(12,851,233)</b>	<b>(38,906,345)</b>	<b>(37,939,904)</b>	<b>(4,646,022)</b>	<b>7,405,462</b>
<b>Other Financing Sources (Uses)</b>									
Other Financing Sources (Uses)									
Issuance of bonds	10,475,000	-	-	26,500,000	81,660,000	18,700,000	-	-	-
Premium on bond issuance	817,227	-	-	1,095,675	5,309,526	602,417	-	-	-
Discount on COPS	-	-	-	(27,167)	-	-	-	-	-
Payment to bond escrow	(11,879,421)	-	-	(25,735,000)	(7,684,635)	(3,734,922)	-	-	-
Issuance of COPS	-	-	-	3,775,000	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-	1,207,760	1,081,666	1,137,795	-
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
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)
<b>Total Other Financing Sources (Uses)</b>	<b>(954,194)</b>	<b>-</b>	<b>-</b>	<b>4,958,508</b>	<b>80,720,053</b>	<b>16,775,255</b>	<b>1,081,666</b>	<b>1,559,795</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (13,641,097)</b>	<b>\$ (2,617,727)</b>	<b>\$ (6,371,413)</b>	<b>\$ (35,392,671)</b>	<b>\$ 67,868,820</b>	<b>\$ (22,131,090)</b>	<b>\$ (36,858,238)</b>	<b>\$ (3,086,227)</b>	<b>\$ 7,405,462</b>

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. Only principal plus interest debt service expenditures are used in the calculation.

Note 4 - Only nine fiscal years reported as the District implemented GASB 34 in fiscal year 2003.

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Local Sources									
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
Grants	15,146	648,404	2,576,628	4,015,846	959,408	349,111	99,966	621,641	1,964,178
Interest	398,789	168,269	942,879	1,238,838	2,936,780	3,698,834	1,237,771	207,969	89,598
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
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
Miscellaneous	1,050,494	1,202,033	1,194,617	1,258,013	1,395,303	2,093,907	1,591,879	2,404,537	2,409,933
Total Local Sources	22,492,583	25,530,410	33,455,114	35,502,064	42,155,650	47,442,389	45,526,552	47,200,915	47,212,995
State Sources									
Equalization	26,588,918	31,166,491	36,052,560	41,530,558	47,612,755	54,611,242	62,627,379	70,306,824	67,327,287
Vocational Education	28,136	156,700	172,132	166,809	340,464	381,622	416,529	606,514	633,100
Transportation	357,302	403,503	424,671	540,434	684,950	551,846	783,877	934,775	1,191,287
Special Education	592,176	665,038	724,671	1,271,512	1,471,375	1,720,092	1,867,659	2,052,101	2,103,579
Grants	1,501,328	603,359	609,458	596,736	910,359	1,654,284	637,529	757,827	861,752
Total State Sources	29,067,860	32,995,091	37,983,492	44,106,049	51,019,903	58,919,086	66,332,973	74,658,041	72,117,005
Federal Sources									
Grants	2,546,260	3,645,657	2,463,560	2,857,816	2,982,492	3,598,540	4,360,151	4,779,397	9,371,403
Total Federal Sources	2,546,260	3,645,657	2,463,560	2,857,816	2,982,492	3,598,540	4,360,151	4,779,397	9,371,403
Total Revenues by Source	<u>\$ 54,106,703</u>	<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>

NOTES: Only nine fiscal years reported as the District implemented GASB 34 in fiscal year 2003.

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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
Central Supporting Services	1,983,866	2,406,239	2,769,005	2,511,033	3,650,076	4,637,552	4,533,702	5,311,780	5,341,094
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
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
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
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
Debt Services:									
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
Interest and Fiscal Charges	2,767,114	2,933,745	3,745,779	5,247,957	6,072,395	8,062,595	8,563,032	8,330,805	8,054,165
Bond Issuance Costs	134,151	-	-	410,532	694,686	271,032	-	-	-
Advance Refunding	-	-	-	1,595,130	-	-	-	-	-
Total Expenditures by Function	<u>\$ 66,793,606</u>	<u>\$ 64,788,885</u>	<u>\$ 80,273,579</u>	<u>\$ 122,817,108</u>	<u>\$ 109,009,278</u>	<u>\$ 148,856,360</u>	<u>\$ 154,159,580</u>	<u>\$ 131,284,375</u>	<u>\$ 121,295,941</u>

NOTES: Only nine fiscal years reported as the District implemented GASB 34 in fiscal year 2003.

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 <sup>1</sup>	Commercial Property	Oil and Gas	Agricultural Property	Vacant Land
2001/2002	146,166,870	46,296,600	52,487,760	22,172,850	6,397,020	32,357,530
2002/2003	173,395,090	53,374,740	53,990,840	19,940,060	6,343,770	40,522,370
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

<sup>1</sup> 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
2000	9.74%	29.00%	87.50%	2001
2001	9.15%	29.00%	87.50%	2002
2002	9.15%	29.00%	87.50%	2003
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

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
6,679,080	1,962,970	2,963,200	317,483,880	47.017	2,137,396,515	14.85%
6,772,120	2,169,854	3,621,070	360,129,914	47.016	2,492,971,304	14.45%
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%

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
2000/2001	13,190,859	13,076,882	99.14%	15363	13,092,245	99.25%
2001/2002	14,927,139	14,552,550	97.49%	64,102	14,616,652	97.92%
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%

NOTES: 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. 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	
2001/2002	303,093,420	540	14,389,920	317,483,880	31.4%
2002/2003	343,382,620	15,550	16,731,744	360,129,914	13.4%
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%

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
2003-2010	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		
2001/2002	30.110	0.216	2.362	32.688	14.329	47.017
2002/2003	30.110	0.110	2.083	32.303	14.713	47.016
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

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	2010		2001	
	Assessed Valuation	Percent of District's Assessed Valuation	Assessed Valuation	Percent of District's Assessed Valuation
United Power, Inc	13,095,120	1.68%	4,266,380	1.34%
D and M Division of STC	12,024,080	1.54%		0.00%
Tri-State Generation	10,783,000	1.38%		0.00%
Brighton Lease Management LLC	7,685,000	0.98%	8,094,990	2.55%
Prairie Center Retail One LLC	6,771,330	0.87%		0.00%
Public Service Co of Colorado	6,696,510	0.86%	4,500,910	1.42%
Qwest Corporation FKA US West	5,607,000	0.72%	4,700,500	1.48%
Colorado Interstate Gas Co	4,778,300	0.61%		0.00%
Wal-Mart Real Estate Business Trust	4,402,400	0.56%		0.00%
Costco Warehouse Corporation	3,858,000	0.49%		0.00%
H S Resources, Inc.			5,011,350	1.58%
Merit Energy Company			4,103,840	1.29%
K-Mart Corporation #8290			4,003,650	1.26%
Central Products Co.			3,311,670	1.04%
Brighton Marketplace, LLC			2,406,850	0.76%
Chemtrix Inc			1,880,510	0.59%
Total	<u>\$75,700,740</u>	<u>9.69%</u>	<u>\$42,280,650</u>	<u>13.32%</u>

NOTES: The 2010 Principal taxpayers assessed valuation amounts are as of December 31, 2010, 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	2001	2002	2003	2004
General Fund	32.688	32.303	30.491	30.022
Bond Redemption Fund	14.329	14.713	14.000	18.000
Total School District No. 27J	47.017	47.016	44.491	48.022
Adams County	23.541	26.370	26.779	26.903
City of Brighton	7.248	7.248	6.650	6.650
City of Commerce City	3.280	3.280	3.033	3.280
City of Thornton	10.210	10.210	10.210	10.210
Belle Creek Metro #1	47.900	47.900	47.900	47.900
Bennett Fire Protection District No. 7	6.257	6.257	6.257	6.257
Box Elder Water and Sanitation District	2.290	2.290	3.250	3.224
Brighton Area Fire Protection District No. 6	8.220	9.295	9.295	9.295
Brighton Crossing #4 FKA Bromley Park #4	--	--	38.000	44.000
Brighton Downtown Development Authority	2.024	2.024	1.488	1.488
Bromley Park #1	38.000	38.000	38.000	--
Bromley Park #2	38.000	38.000	43.682	49.500
Bromley Park #3	38.000	38.000	43.682	44.180
Bromley Park #4	38.000	38.000	--	--
Bromley Park #5	25.000	25.000	25.000	25.000
Bromley Park #6	18.000	18.000	18.000	18.000
Buffalo Ridge	35.000	42.000	42.872	42.827
Central Colorado Water Conservation District	0.871	0.871	0.871	0.703
Central Colorado Ground Water Management	1.428	3.850	3.850	3.518
Commerce City GID	30.000	30.000	30.000	30.000
First Creek Metropolitan District	10.845	10.845	10.845	10.845
Fronterra Village	38.500	38.500	44.255	46.500
Fronterra Village #2	--	--	44.255	44.255
Great Rock Water and Sanitation District	35.000	35.000	35.000	35.000
Hazeltine Heights Water and Sanitation District	4.461	4.595	4.125	5.000
Hi-Land Acres Water and Sanitation District	3.871	3.771	4.354	4.285
Lost Creek Water Management District	0.761	0.761	0.761	0.745
North Metro Fire District	8.227	7.909	7.955	7.930
North Metro Fire District Pension Fund	0.500	0.500	0.500	0.500
North Metro Fire District Bonds	0.300	--	--	--
North Range Metro #1	--	--	60.000	60.000
Prairie Center Metro #1	--	--	--	--
Prairie Center Metro #4	--	--	--	--
Prairie Center Metro #5	--	--	--	--
Rangeview Library FKA Adams County Library	1.388	1.391	1.387	1.394
Riverdale Dunes #1	50.000	45.000	45.000	45.000
Sable-Altura Fire District No. 11	6.095	3.753	7.000	7.000
South Adams Fire District No. 4	3.264	4.300	4.300	4.300
S. Adams Water and Sanitation District	3.508	3.467	3.215	3.292
Southeast Weld County Fire District No. 5	3.264	5.764	5.764	5.764
Todd Creek Farms #2	30.000	18.000	16.500	15.000
Todd Creek Village Parks and Rec.	--	--	10.000	10.000
Urban Drainage and Flood Control District	0.521	0.531	0.533	0.538
Urban Drainage and Flood Control District South Platte	0.069	0.071	0.065	0.066
Wright Farms Metropolitan District	23.000	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, 2010, the latest date for which information is available. The year is the levy year.

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

2005	2006	2007	2008	2009	2010
27.578	27.562	27.264	27.215	27.284	27.408
11.666	18.000	18.000	18.000	18.000	18.295
39.244	45.562	45.264	45.215	45.284	45.703
26.804	26.974	26.899	26.809	26.824	26.883
6.650	6.650	6.650	6.650	6.650	6.650
3.280	3.280	3.280	3.280	3.280	3.206
10.210	10.210	10.210	10.210	10.210	10.210
47.900	47.900	47.900	69.900	72.900	73.900
6.410	6.257	6.338	8.907	8.907	8.907
3.314	3.314	3.159	1.800	1.800	36.000
9.295	11.795	11.795	11.795	11.795	11.795
44.000	44.000	44.000	44.000	44.000	44.000
1.383	1.288	--	--	--	--
--	--	--	--	--	--
61.725	61.725	61.725	61.725	71.025	71.025
46.368	46.368	46.368	46.368	55.000	54.932
--	--	--	--	--	--
25.000	25.000	25.000	25.000	25.000	25.000
18.000	18.000	18.000	18.000	18.000	18.000
42.653	42.827	42.827	42.827	42.827	42.827
0.607	0.550	0.487	0.540	0.425	0.425
3.350	3.221	0.746	1.306	1.338	1.339
27.000	27.000	27.000	27.000	27.000	27.000
--	--	--	--	--	--
46.500	46.500	45.500	46.529	49.000	53.500
44.255	44.255	46.500	53.475	57.475	59.475
35.000	35.000	35.000	35.000	35.000	42.500
5.500	4.500	4.500	4.500	4.500	4.500
3.788	3.620	3.387	3.275	3.645	3.559
0.714	0.719	0.773	0.818	0.849	0.906
8.135	11.179	11.301	11.268	11.307	11.225
0.500	0.500	0.500	0.500	0.500	0.500
--	--	--	1.400	1.400	1.400
60.000	60.000	60.000	63.000	69.400	69.400
--	--	35.000	35.000	60.000	60.000
--	--	35.000	35.000	60.000	60.000
--	--	50.000	50.000	50.000	50.000
1.388	3.659	3.504	3.659	3.659	3.659
45.000	31.200	31.700	31.700	38.000	38.000
7.000	21.000	21.000	21.000	21.000	21.000
4.300	4.300	4.300	4.300	4.300	4.300
3.102	3.102	3.100	3.102	3.102	3.102
5.764	5.764	5.764	5.764	5.764	5.764
15.000	11.000	11.000	11.000	11.000	11.000
10.000	10.000	10.000	10.000	10.000	10.000
0.532	0.542	0.507	0.528	0.508	0.523
0.065	0.066	0.061	0.063	0.061	0.053
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	Capital Leases						
2002	35,152	-	317,483,880	2,137,396,515	-	-	58,930,000	2,737,074	56,192,926	2.63%	N/A	1,676
2003	38,667	-	360,129,914	2,492,971,304	-	-	57,435,000	3,651,784	53,783,216	2.16%	N/A	1,485
2004	43,307	-	432,454,650	3,439,225,246	-	-	55,560,000	4,483,068	51,076,932	1.49%	N/A	1,283
2005	48,499	-	498,017,400	4,019,101,942	-	-	102,840,000	7,006,855	95,833,145	2.38%	N/A	2,120
2006	51,144	-	604,947,210	5,026,253,194	3,775,000	-	100,245,000	5,858,303	94,386,697	1.88%	N/A	2,034
2007	56,119	-	686,549,400	5,852,578,745	3,645,000	-	170,445,000	8,522,578	161,922,422	2.77%	N/A	3,102
2008	64,826	-	767,392,030	6,597,400,683	3,510,000	815,702	181,940,000	11,023,999	170,916,001	2.59%	N/A	2,873
2009	65,927	26,652	798,034,830	6,961,802,362	3,370,000	959,612	176,075,000	11,070,420	165,004,580	2.37%	9.39%	2,736
2010	69,622	27,508	808,267,730	6,778,134,057	3,230,000	952,078	169,920,000	11,492,174	158,427,826	2.34%	8.27%	2,501
2011	71,581	20,348	781,026,806	6,832,444,892	3,080,000	390,790	163,525,000	11,578,516	151,946,484	2.22%	10.43%	2,333

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.

Assessed and Actual Values are values as certified by the Adams, Broomfield and Weld County Assessor's Offices.

Notes: Information on personal income not available for years 2002 - 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
2002	1,480,000	3,134,454	4,614,454	36,278,255	12.72%
2003	1,495,000	3,053,242	4,548,242	41,140,482	11.06%
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	69,464,112	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%

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

Computation of maximum debt allowed:

	2002	2003	2004	2005
Taxable assessed valuation	317,483,880	360,129,914	432,454,650	498,017,400
Plus: Tax Increment Financing District Property	-	2,049,050	2,245,710	3,417,910
Total Assessed Valuation	317,483,880	362,178,964	434,700,360	501,435,310
Legal debt limit percentage	25%	25%	25%	25%
Legal debt limit	<u>\$ 79,370,970</u>	<u>\$ 90,544,741</u>	<u>\$ 108,675,090</u>	<u>\$ 125,358,828</u>

Amount of Debt Outstanding

General obligation bonds payable	58,930,000	57,435,000	55,560,000	102,840,000
Certificates of Participation	-	-	-	-
Unused legal debt margin	<u>\$ 20,440,970</u>	<u>\$ 33,109,741</u>	<u>\$ 53,115,090</u>	<u>\$ 22,518,828</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.

2006	2007	2008	2009	2010	2011
\$ 604,947,210	\$ 686,549,400	\$ 767,392,030	\$ 798,034,830	\$ 808,267,730	\$ 781,026,806
8,782,160	11,941,060	18,309,090	20,338,300	22,148,100	33,401,494
613,729,370	698,490,460	785,701,120	818,373,130	830,415,830	814,428,300
25%	25%	25%	25%	25%	25%
<u>\$ 153,432,343</u>	<u>\$ 174,622,615</u>	<u>\$ 196,425,280</u>	<u>\$ 204,593,283</u>	<u>\$ 207,603,958</u>	<u>\$ 203,607,075</u>

100,245,000	170,445,000	181,940,000	176,075,000	169,920,000	163,525,000
3,775,000	3,645,000	3,510,000	3,370,000	3,230,000	3,080,000
<u>\$ 49,412,343</u>	<u>\$ 532,615</u>	<u>\$ 10,975,280</u>	<u>\$ 25,148,283</u>	<u>\$ 34,453,958</u>	<u>\$ 37,002,075</u>

School District 27J  
Estimated Overlapping General Obligation Debt  
(Unaudited)

Overlapping Entity	Outstanding General Obligation Debt	Net Outstanding General Obligation Debt Chargeable to Properties within the District	
		Percent	Amount
Airways Business Center Metropolitan District		100.00	\$ 2,370,037
Aspen Hills Metropolitan District		100.00	1,065,000
Belle Creek Metropolitan District		100.00	4,995,000
BNC Metropolitan District #1		100.00	2,830,571
BNC Metropolitan District #2		100.00	5,000,000
Brighton Crossing Metropolitan District		100.00	13,480,000
Brighton, City of		100.00	2,465,000
Bromley Park Metropolitan District #2		100.00	11,175,000
Bromley Park Metropolitan District #3		100.00	20,055,000
Buffalo Ridge Metropolitan District		100.00	9,772,400
Buffalo Run Mesa Metropolitan District		100.00	5,902,902
Central Colorado Ground Water Subdistrict		7.63	17,236,252
Commerce City North Infrastructure GID		100.00	90,090,000
Eagle Shadow Metropolitan District #1		100.00	3,408,886
Fronterra Village Metropolitan District		100.00	14,735,000
Great Rock Water and Sanitation District		100.00	5,470,153
Hazeltine Heights Water and Sanitation		100.00	345,337
Heritage Todd Creek Metro District		100.00	27,882,000
Hi-Land Acres Water and Sanitation District		100.00	71,122
Larkridge Metropolitan District #1		100.00	9,790,000
North Range Metropolitan District #1		100.00	31,740,000
North Range Village Metropolitan District		100.00	8,415,000
Northwest Metropolitan District #2		0.04	993,753
Potomac Farms Metropolitan District		100.00	5,377,548
Riverdale Dunes Metropolitan District		100.00	2,697,482
Riverdale Peaks II Metropolitan District		100.00	3,085,000
Todd Creek Farms Metropolitan District #2		100.00	1,700,000
Well Augmentation Subdistrict of the Central Colorado Water Conservancy District		0.63	14,934,600
Total			<u>\$ 317,083,043</u>

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

School District 27J  
Principal Employers  
Current Year  
(Unaudited)

<u>Employer</u>	<u>Industry</u>	<u>2010 Number of Employees</u>	<u>Percent of Total Employment</u>
Adams County	Government	1,823	33%
School District 27J	Education	1,365	24%
Platte Valley Medical	Healthcare	653	12%
Super Wal-mart	Retail	315	6%
Vestas	Manufacturing	280	5%
City of Brighton	Government	245	4%
Super Target	Retail	200	4%
K-Mart Distribution Center	Distribution Center	186	3%
United Power	Utility	161	3%
King Soopers	Retail	150	3%
Valley Bank & Trust	Financial Institute	110	2%
Metalwest	Manufacturing	105	2%
Total		5,593	100%

NOTES: The principal employers data is as of December 31, 2010, 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
2002	232,261	65,151	297,412	598,654	49.68%
2003	262,489	67,465	329,954	661,278	49.90%
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%

SOURCE: School District 27J Nutrition Services.

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

Function	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instructional	606,803	646,121	729,014	843,126	933,998	979,248	1,072,245	992,444	919,545
Support Services									
Pupil Services	39,260	37,195	36,391	45,795	48,925	52,183	61,404	78,105	81,368
Instructional Staff	22,588	22,526	23,763	22,688	22,977	32,834	39,484	38,561	23,580
General administration	2,000	3,000	3,400	3,600	4,000	5,400	6,400	7,070	6,570
School administration	54,088	51,438	55,125	59,313	73,750	79,188	84,006	106,301	106,094
Operations and maintenance	59,300	57,250	62,250	67,750	80,750	85,250	92,750	108,938	93,600
Pupil transportation	35,502	42,065	49,563	56,001	63,440	74,002	83,503	85,691	85,500
Business supporting services	8,000	8,500	9,000	10,000	10,000	13,000	14,000	14,750	12,000
Central supporting services	16,030	15,155	15,655	16,093	22,569	23,475	25,150	28,525	23,410
Nutrition Services	30,224	27,000	26,000	27,811	34,498	45,250	49,248	59,748	68,623
Enterprise Operations	12,179	20,568	22,932	17,461	11,786	19,945	23,790	24,325	34,616
Community Services	4,657	5,063	7,283	7,377	5,563	9,626	9,282	11,033	9,033
Facilities Acquisition/Construction	2,000	2,000	2,000	1,800	2,800	3,000	3,000	3,650	2,400
Pupil Activities	-	-	-	1,625	2,494	1,000	1,000	1,000	1,000
Total	892,631	937,881	1,042,376	1,180,440	1,317,550	1,423,401	1,565,262	1,560,139	1,467,339

NOTES: FTE's include all employees paid from all funds. Information for prior years is unavailable.

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>
2001/2002	6,575	363.27	18.10
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

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
2001/2002	\$26,500-\$53,252	\$29,950-\$63,775	\$36,105-\$65,526	130	145	2
2002/2003	\$28,185-\$56,637	\$31,854-\$67,829	\$38,400-\$69,691	161	163	2
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
	<u>Average Salary</u>					
2001/2002	\$42,750					
2002/2003	\$44,957					
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					

SOURCE: District Records

School District 27J  
School Building Information  
June 30, 2011  
(Unaudited)

	Enrollment for the 2010/11 School Year	Recommended Capacity <sup>1</sup>	Capacity Used in 2010/11	Years Constructed/ Renovated <sup>2</sup>
Henderson (PK-6)	570	737	77.34%	1969/1998
North (PK-5)	383	463	82.72%	1998
Northeast (PK-5)	628	657	95.59%	1973/1999
Pennock (K-5)	681	825	82.55%	2003
Second Creek (K-6)	576	825	69.82%	2003
South (K-5)	572	577	99.13%	1969/2000
Southeast (PK-5)	623	743	83.85%	1963/1995
Thimmig (K-6)	618	825	74.91%	2002
Turnberry (PK-6)	696	835	83.35%	2008
Westridge (PK-6)	824	825	99.88%	2007
Total Elementary Schools	6,171	7,312	84.40%	
<u>MIDDLE SCHOOLS (6-8)</u>				
Vikan	603	609	99.01%	1961/2002
Overland Trail	690	659	104.70%	1984/2000/2005
Prairie View Middle School	771	850	90.71%	2008
Stuart Middle School	546	850	64.24%	2009
Total Middle Schools	2,610	2,968	87.94%	
<u>HIGH SCHOOL (9-12)</u>				
Brighton High School	1,647	1,700	96.88%	1955/1991/2005
Prairie View High School	1,541	1,800	85.61%	1973
Brighton Heritage Academy	120	330	36.36%	2006
Total for High School	3,308	3,830	86.37%	2002
Total in District Buildings (K-12)	12,089	14,110	85.68%	
Charters (Not In District Buildings)	2,858	3,330	85.83%	

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 139 vehicles, of which 103 are buses or multi-passenger vans.

SOURCE: District Records

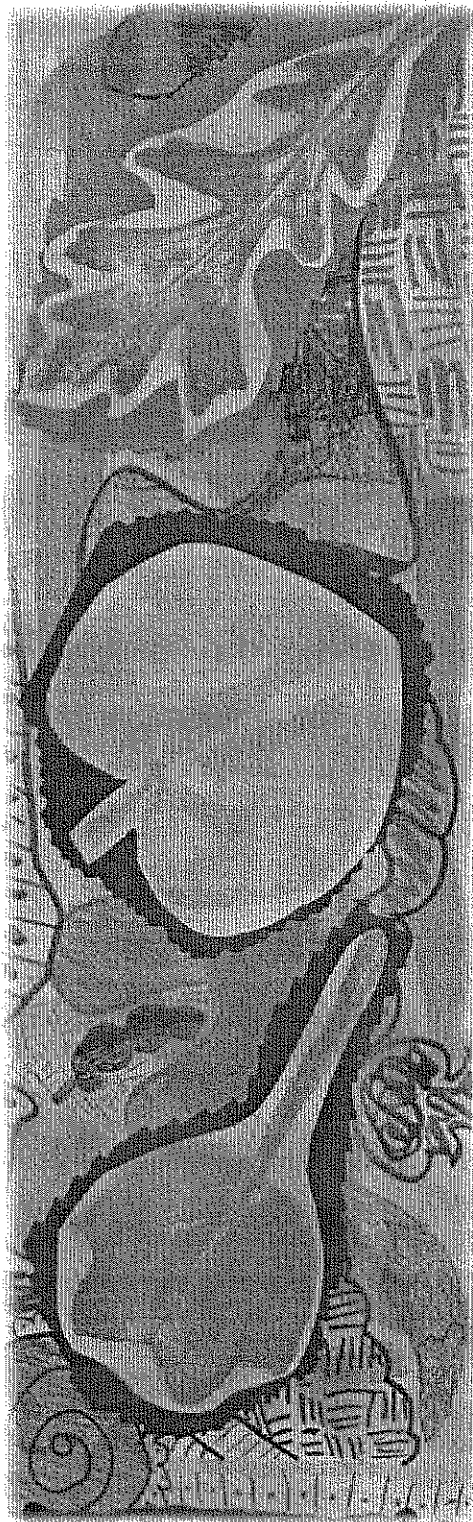
School District 27J  
Enrollment and Funded Pupil Count by Grade  
Last Ten Fiscal Years  
(Unaudited)

Grade	Oct 1 2001	Oct 1 2002	Oct 1 2003	Oct 1 2004	Oct 1 2005	Oct 1 2006	Oct 1 2007	Oct 1 2008	Oct 1 2009	Oct 1 2010	Ten Year Average Class Size
Colo. Preschool Proj.	115.0	145.0	98.0	98.0	145.0	190.0	206.0	371.0	339.0	333.0	204.0
Special Ed. Preschool	74.0	106.0	112.0	159.0	186.0	183.0	186.0	229.0	218.0	228.0	168.1
K	536.0	584.0	754.0	842.0	955.0	991.0	1,123.0	1,237.0	1,303.0	1,361.0	968.6
1	553.0	608.0	701.0	863.0	1,004.0	1,065.0	1,126.0	1,220.0	1,318.0	1,369.0	982.7
2	455.0	597.0	687.0	776.0	907.0	1,022.0	1,104.0	1,185.0	1,253.0	1,333.0	931.9
3	537.0	521.0	664.0	781.0	834.0	975.0	1,094.0	1,150.0	1,219.0	1,286.0	906.1
4	525.0	595.0	595.0	730.0	855.0	916.0	1,040.0	1,130.0	1,171.0	1,221.0	877.8
5	552.0	574.0	664.0	706.0	831.0	954.0	957.0	1,106.0	1,141.0	1,190.0	867.5
6	496.0	596.0	688.0	754.0	753.0	873.0	965.0	984.0	1,093.0	1,152.0	835.4
7	539.0	557.0	703.0	758.0	836.0	832.0	920.0	947.0	996.0	1,090.0	817.8
8	493.0	594.0	570.0	752.0	825.0	884.0	844.0	931.0	981.0	977.0	785.1
9	499.0	546.0	615.0	641.0	818.0	982.0	1,116.0	1,028.0	1,144.0	1,161.0	855.0
10	451.0	503.0	529.0	560.0	585.0	742.0	868.0	907.0	849.0	971.0	696.5
11	400.0	401.0	464.0	466.0	509.0	475.0	625.0	712.0	758.0	719.0	552.9
12	350.0	401.0	384.0	397.0	434.0	505.0	456.0	605.0	702.0	698.0	493.2
Ungraded	-	-	-	-	-	-	-	-	-	-	0.0
Total Enrollment	6,575.0	7,328.0	8,228.0	9,283.0	10,477.0	11,589.0	12,630.0	13,742.0	14,485.0	15,089.0	10,942.6
Adjustments to calculate Funded Pupil Count											
CPP (.5 FTE)	(57.5)	(72.5)	(49.0)	(49.0)	(72.5)	(92.5)	(101.0)	(183.0)	(167.0)	(159.5)	(100.4)
Spec Ed Preschool (.5 FTE)	(37.5)	(53.0)	(56.0)	(79.0)	(92.5)	(91.5)	(93.0)	(114.5)	(109.0)	(114.0)	(84.0)
Kindergarten (.5 FTE)	(252.0)	(292.0)	(377.0)	(421.0)	(477.0)	(495.0)	(560.0)	(616.0)	(650.0)	(680.5)	(482.1)
Part-time students (.5 FTE)	(4.5)	(5.5)	(5.5)	(15.0)	(17.5)	(7.5)	(4.5)	(10.5)	(9.5)	(3.0)	(8.3)
Out-of-district students	16.5	15.0	15.0	31.0	26.0	16.0	24.0	-	-	-	17.9
Non-eligible students	(65.0)	(36.0)	(35.0)	(10.0)	(21.0)	(42.0)	(72.0)	(63.0)	(57.0)	(67.0)	(46.8)
Other students	12.0	37.0	83.0	24.0	40.0	68.5	64.0	36.5	44.0	54.5	46.4
Total FPC	<u>6,187.0</u>	<u>6,921.0</u>	<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>10,281.8</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.

# Compliance Section



Diana Pedde  
Second Creek Elementary

**Independent Auditor's 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 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, 2011, and have issued our report thereon dated December 7, 2011. Our report includes a reference to 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. Other auditors audited the financial statements of Bromley East Charter School, Belle Creek Charter School, Landmark Academy at Reunion, Foundations Academy, or Eagle Ridge Academy, 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 on separately by those auditors. The financial statements of Belle Creek Charter School, Eagle Ridge Academy, Bromley East Charter School and Capital Facility Fee Foundation, which are discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered School District 27J's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Findings 2011-01 and 2011-02 that we consider to be significant deficiencies in internal control over financial reporting. 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.

### **Compliance and Other Matters**

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

We noted certain other matters that we reported to management of School District 27J in a separate letter dated December 7, 2011.

School District 27J's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit School District 27J's responses and, accordingly, we express no opinion on them.

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

*Clifton Henderson LLP*

Greenwood Village, Colorado  
December 7, 2011

**Independent Auditor's Report on Compliance with Requirements That Could Have a Direct  
and Material Effect on Each Major Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133**

Board of Education  
School District 27J  
Brighton, Colorado

**Compliance**

We have audited the compliance of School District 27J 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 its major federal programs for the year ended June 30, 2011. School District 27J's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of School District 27J's management. Our responsibility is to express an opinion on School District 27J's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about School District 27J's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of School District 27J's compliance with those requirements.

In our opinion, School District 27J complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-03, 2011-04, and 2011-05.

## Internal Control Over Compliance

The management of School District 27J is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered School District 27J's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the entity'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.

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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-03, 2011-04, and 2011-05. *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.

School District 27J's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit School District 27J's responses and, accordingly, we express no opinion on them.

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

*Clifton Gunderson LLP*

Greenwood Village, Colorado  
December 7, 2011

## SCHOOL DISTRICT 27J

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2011

#### Section I—Summary of Auditor's Results

##### Financial Statements

Type of auditor's report issued:

Unqualified

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: Unqualified

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)
84.391	Special Education – Grants to States (IDEA, Part B), Recovery Act
84.392	Special Education – Grants to States (IDEA Preschool), Recovery Act
84.010	Title I Grants to Local Education Agencies
84.389	Title I Grants to Local Education Agencies, Recovery Act
84.318	Education Technology State Grants
84.386	Education Technology State Grants, Recovery Act
84.394	State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (Education Stabilization Fund)
84.410	Education Jobs Fund (Ed Jobs), Recovery Act

Dollar threshold used to distinguish between type A and type B programs

\$348,343

Auditee qualified as low-risk auditee?

☐ yes ☒ no

## SCHOOL DISTRICT 27J

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2011

#### PART II—FINDINGS RELATED TO FINANCIAL STATEMENTS

##### **Finding 2011-01**

##### **Significant Deficiency**

*Criteria:* GASB Statement No. 33 defines voluntary nonexchange transactions as transactions which result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (for example, certain grants and private donations). In the absence of certain time and eligibility requirements, such transactions should be recognized when received. Revenue that is received and unspent will be shown as restricted fund balance rather than be recognized as deferred revenue.

*Condition:* During testing of grants revenue and related deferred revenue, we found that funds received from the Capital Facility Fee Foundation, which qualify as voluntary nonexchange revenues in the amount of \$1,825,000, were improperly recorded as deferred revenue.

*Cause:* Ineffective internal controls over the recording of voluntary nonexchange revenue.

*Effect:* The District did not recognize revenue in the amount of \$1,825,000 in its General Fund. A correction was made to reclass this amount from deferred revenue to revenue.

*Recommendation:* The District should implement processes that ensure that revenue is recognized in the proper period.

*Views of responsible officials and planned corrective actions:* The District will recognize all revenue from voluntary nonexchange transactions. Effective immediately.

## SCHOOL DISTRICT 27J

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) For the Year Ended June 30, 2011

#### **Finding 2011-02** **Significant Deficiency**

*Criteria:* Compensated absences accrual should be based on a reasonable estimate of expected costs.

*Condition:* During our review of the District's calculation of compensated absences, it was noted that the accrual for vacation was misstated by \$101,657 due to formula errors in supporting calculations for compensated absences. In addition, we noted that the employee agreements between the District and the Brighton Education Association and the Colorado Classified School Employees' Association Chapter 39 were not updated to reflect current rates used in the compensated absences calculations.

*Cause:* Ineffective reviews over the spreadsheets used in the calculation of the compensated absence accrual prior to recording in the financial statements. In addition, an ineffective review over the employment agreements to ensure that the cost of living adjustments were accurately reflected in the new agreements.

*Effect:* The District recorded an adjustment of \$101,657 to compensated absences.

*Recommendation:* The District should improve its controls relating to the calculation and review of the compensated absences accrual to ensure accuracy of the financial statements.

*Views of responsible officials and planned corrective actions:* The finance office has reviewed our procedures and added an internal review of the compensated absences spreadsheet prior to submittal. Effective immediately.

## SCHOOL DISTRICT 27J

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2011

#### PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

##### Finding 2011-03

###### US DEPARTMENT OF EDUCATION

Passed Through the Colorado Department of Education

Special Education – Grants to States (IDEA, Part B) – CFDA # 84.027

Special Education – Grants to States (IDEA Preschool) – CFDA # 84.173

Special Education – Grants to States (IDEA, Part B), Recovery Act – CFDA # 84.391

Special Education – Grants to States (IDEA Preschool), Recovery Act – CFDA # 84.392

##### Special Tests and Provisions

##### Significant Deficiency, Noncompliance

*Criteria:* Per OMB Circular A-133 requirements, an State Education Agency (SEA) must ensure that a charter school Local Education Agency (LEA) that opens for the first time or significantly expands its enrollment receives the funds under each covered program for which it is eligible. If a charter school LEA opens or expands by November 1, the SEA must allocate to the school the funds for which it is eligible no later than 5 months after the school first opens or significantly expands its enrollment.

An SEA must determine a new or expanding charter school LEA's eligibility based on actual enrollment or other eligibility data available on or after the date the charter school LEA opens or significantly expands. An SEA may not deny funding to a new or expanding charter school LEA due to the lack of prior-year data, even if eligibility and allocation amounts for other LEAs are based on prior-year data.

*Condition:* Through testing of special tests and provisions requirements relating to new charter schools and IDEA funding, it was determined that a new charter school for fiscal year 2011 did not receive IDEA federal funding due to lack of prior year data.

*Cause:* Program personnel were not informed of the OMB Circular A-133 requirements as they apply to Federal funding of new or significantly expanded charter schools.

*Effect:* The District did not provide IDEA funding to an eligible charter school. The District failed to comply with OMB Circular A-133 requirements as they relate to special tests and provisions for the IDEA program.

*Questioned Costs:* None.

*Recommendation:* The program personnel should ensure procedures over special tests and provisions are properly in place to meet federal requirements.

## SCHOOL DISTRICT 27J

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2011

*Views of responsible officials and planned corrective actions:* The District will provide IDEA funding to all charter schools. For schools new to the District the Director of Student Services will provide an estimated student count and the funding will be reconciled after receipt of final December student count. Effective immediately.

#### Finding 2011-04

##### US DEPARTMENT OF EDUCATION

Passed Through the Colorado Department of Education

Special Education – Grants to States (IDEA, Part B) – CFDA # 84.027

Special Education – Grants to States (IDEA Preschool) – CFDA # 84.173

Special Education – Grants to States (IDEA, Part B), Recovery Act – CFDA # 84.391

Special Education – Grants to States (IDEA Preschool), Recovery Act – CFDA # 84.392

#### **Matching, Level of Effort, Earmarking Significant Deficiency, Noncompliance**

*Criteria:* Per OMB Circular A-133 requirements, IDEA, Part B funds received by an LEA cannot be used, except under certain limited circumstances, to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds, or a combination of state and local funds, below the level of those expenditures for the preceding fiscal year. To meet this requirement, an LEA must expend, in any particular fiscal year, an amount of local funds, or a combination of state and local funds, for the education of children with disabilities that is at least equal, on either an aggregate or per capita basis, to the amount of local funds, or a combination of state and local funds, expended for this purpose by the LEA in the prior fiscal year.

*Condition:* Through testing of the maintenance of effort for the District, it was noted that the number of special education students in the District increased from fiscal year 2010 in fiscal year 2011, while the state and local funding for special education decreased from fiscal year 2010 to fiscal year 2011. Federal IDEA funding increased for the District from fiscal year 2010 to fiscal year 2011.

*Cause:* The District did not adequately monitor its maintenance of effort requirements.

*Effect:* Federal funds may have been used to supplant state and local funding instead of being used to supplement the funding.

*Questioned Costs:* Unknown.

*Recommendation:* The District should implement processes for monitoring its maintenance of effort with respect to Federal programs. The program administrators should identify state and local match requirements and exceptions to these requirements annually to ensure that Federal funds do not supplant state and local funds.

## SCHOOL DISTRICT 27J

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) For the Year Ended June 30, 2011

*Views of responsible officials and planned corrective actions:* The District agrees that there is a reduction of state and local expenditures from the preceding fiscal year. The District has been in contact with the Colorado Department of Education and has identified several allowable adjustments that explain the reduction. The District will complete quarterly reviews of expenditures and maintain a current list of allowable adjustments if necessary. Effective Immediately.

#### Finding 2011-05

##### US DEPARTMENT OF EDUCATION

Passed Through the Colorado Department of Education

Special Education – Grants to States (IDEA, Part B) – CFDA # 84.027

Special Education – Grants to States (IDEA Preschool) – CFDA # 84.173

Special Education – Grants to States (IDEA, Part B), Recovery Act – CFDA # 84.391

Special Education – Grants to States (IDEA Preschool), Recovery Act – CFDA # 84.392

#### Allowable Costs / Cost Principles

##### Significant Deficiency, Noncompliance

*Criteria:* Per OMB Circular A-87, when employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation, and they must reflect an after-the-fact distribution of the actual activity of each employee, must account for the total activity for which each employee is compensated, must be prepared at least monthly and must coincide with one or more pay periods, and must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

*Condition:* We tested 40 payroll transactions in the IDEA program for compliance with the requirements of OMB Circular A-87. Through this testing, we found that time and effort reports were not properly completed for four employees. We brought this matter to the attention of management, and the required reports were subsequently completed.

*Cause:* Lack of controls by District employees to meet the Federal requirements over supporting payroll transactions charged to Federal programs.

## SCHOOL DISTRICT 27J

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) For the Year Ended June 30, 2011

*Effect:* The salaries charged against the IDEA program for the employees noted above initially were not properly supported by after-the-fact time and effort procedures per A-87 requirements. After testing, the salaries charged were supported by time certifications.

*Questioned Costs:* None, due to the subsequent completion of the required reports.

*Recommendation:* The District should implement procedures necessary to ensure that the proper support exists for payroll transactions charged to Federal programs.

*Views of responsible officials and planned corrective actions:* The finance office will review our procedures for validating that these forms are completed on a timely basis to comply with the Federal guidelines. Will be completed by January 2, 2012.

## SCHOOL DISTRICT 27J

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### PRIOR YEAR FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2011

#### PART II—FINDINGS RELATED TO FINANCIAL STATEMENTS

##### **Finding 2010-01** **Material Weakness**

*Condition:* During testing of grants revenue, we found that revenue received by School District 27J (District) from the Capital Facility Fee Foundation to purchase water rights was netted against the related expenditure for the purchase instead of being recorded separately.

*Recommendation:* The District should improve its controls over the grant expenditure recording to ensure that revenue and related expenditures are properly reflected in the financial statements.

*Current Status:* This finding has been resolved for the fiscal year ending June 30, 2011.

##### **Finding 2010-02** **Significant Deficiency**

*Condition:* During review of the calculation of the property taxes receivable and deferred revenue, it was noted that the accrual was understated by about \$243,000 in the General Fund and understated by about \$161,000 in the Bond Redemption Fund.

*Recommendation:* The District should improve its controls relating to the calculation and review the property tax receivable and deferred revenue accrual to ensure accuracy of the financial statements.

*Current Status:* This finding has been resolved for the fiscal year ending June 30, 2011.

##### **Finding 2010-03** **Material Weakness**

*Condition:* During testing of grants revenue and related accrued and deferred revenue, we found several instances where the incorrect amounts of grant accrued or deferred revenue were recorded and did not reconcile to the Schedule of Expenditures of Federal Awards.

*Recommendation:* The District should improve its controls over the grant accrued and deferred revenue recording to ensure that amounts are properly reflected in the financial statements and are properly reconciled to the Schedule of Expenditures of Federal Awards.

*Current Status:* This finding has been resolved for the fiscal year ending June 30, 2011.

## SCHOOL DISTRICT 27J

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### PRIOR YEAR FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2011

#### **Finding 2010-04** **Significant Deficiency**

*Condition:* During testing of water rights additions, we found that water rights acquired during the year were also added to the Buildings category of capital assets.

*Recommendation:* The District should improve its controls relating to the recording of capital assets additions to ensure that amounts are properly recorded in the financial statements.

*Current Status:* This finding has been resolved for the fiscal year ending June 30, 2011.

#### **Finding 2010-05** **Significant Deficiency**

*Condition:* During our review the District's calculation of compensated absences, it was noted that the accrual for vacation was overstated by \$411,017. In addition, we noted that the employee agreements between the District and the Brighton Education Association and the Colorado Classified School Employees' Association Chapter 39 were not updated to reflect current rates used in the compensated absences calculations.

*Recommendation:* The District should improve its controls relating to the calculation and ensure that a review of the compensated absences accrual is performed to ensure the accuracy of the financial statements.

*Current Status:* Repeated as Finding 2011-02.

#### **Finding 2010-06** **Significant Deficiency**

*Condition:* The District completed the schedule of expenditures of federal awards on the second to last day of audit fieldwork.

*Recommendation:* The District needs controls in place to ensure the schedule of expenditures of federal awards is available towards the beginning of the audit process to ensure the correct programs and correct expenditure figures are subject to testing.

*Current Status:* This finding has been resolved for the fiscal year ending June 30, 2011.

## SCHOOL DISTRICT 27J

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### PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

#### PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

##### Finding 2010-07

###### US DEPARTMENT OF EDUCATION

Passed Through the Colorado Department of Education

Special Education – Grants to States (IDEA, Part B) – CFDA # 84.027

Special Education – Grants to States (IDEA Preschool) – CFDA # 84.173

Special Education – Grants to States (IDEA, Part B), Recovery Act – CFDA # 84.391

Special Education – Grants to States (IDEA Preschool), Recovery Act – CFDA # 84.392

Title I Grants to Local Educational Agencies – CFDA # 84.010

Title I Grants to Local Educational Agencies, Recovery Act – CFDA # 84.389

##### Cash Management, Reporting

##### Significant Deficiency, Noncompliance

*Condition:* During testing of Cash Management and Reporting compliance requirements, we found that a separate review for cash management and reporting requirements submitted to CDE was not in place at the District. In addition, we found that reimbursement requests and reports submitted to CDE were not always supported by proper documentation. Specifically:

- Requests for reimbursement and the '09-'10 ARRA Interim Expenditure Reporting requirements submitted to CDE were not reviewed by someone other than preparer.
- One request for reimbursement that was tested for IDEA Part B ARRA was not properly supported by expenditures paid prior to the date of the reimbursement request.
- One request for reimbursement submitted to CDE for Title I that was tested was not reviewed by someone other than the preparer.
- The IDEA Part B ARRA End of Year Report submitted to CDE was reviewed by someone other than the preparer. However, we found that the amount reported for indirect costs during the year did not agree to the general ledger detail, as the general ledger included 2009 indirect costs that could not be included in the End of Year Report.

*Recommendation:* We recommend that the District implement a review and approval process for all requests for reimbursement and other reports submitted. We also recommend that the District retain supporting documentation for all information reported in the requests for reimbursements and reports submitted to CDE.

*Current Status:* This finding has been resolved for the fiscal year ending June 30, 2011.

## SCHOOL DISTRICT 27J

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### PRIOR YEAR FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2011

#### Finding 2010-08

##### US DEPARTMENT OF EDUCATION

Passed Through the Colorado Department of Education

Special Education – Grants to States (IDEA, Part B) – CFDA # 84.027

Special Education – Grants to States (IDEA Preschool) – CFDA # 84.173

Special Education – Grants to States (IDEA, Part B), Recovery Act – CFDA # 84.391

Special Education – Grants to States (IDEA Preschool), Recovery Act – CFDA # 84.392

##### Subrecipient Monitoring

##### Significant Deficiency, Noncompliance

*Condition:* The District provides funds to its charter schools for the IDEA grants. Our testing noted that four employees at two charter schools did not submit time certifications for their employees to support the payroll amounts charged to the grant. In addition, we found that the District did not follow up with the charter schools to obtain this missing documentation.

*Current Status:* This finding has been resolved for the fiscal year ending June 30, 2011.

#### Finding 2010-09

##### US DEPARTMENT OF EDUCATION

Passed Through the Colorado Department of Education

Title I Grants to Local Educational Agencies – CFDA # 84.010

Title I Grants to Local Educational Agencies, Recovery Act – CFDA # 84.389

##### Procurement, Suspension and Debarment

##### Significant Deficiency, Noncompliance

*Condition:* During testing of Procurement, Suspension, and Debarment compliance requirements, it was found that the EPLS.gov website was not reviewed to verify that the vendor tested was not suspended or debarred. It was noted through our verification that the vendor was not listed on the website as being suspended or debarred; however, the District did not conduct this verification. It was noted that the Finance Department e-mailed the grant administrators during the year to emphasize this requirement; however, the grant administrator did not verify review the website to ensure compliance for the vendor tested.

*Recommendation:* We recommend that the District implement a policy to ensure that vendors paid \$25,000 or more from federal funds are not suspended or debarred prior to entering into a contract. The District should either review the EPLS.gov website and retain a screen print from the website documenting this verification or add a clause or condition to the contract with the vendor so the vendor certifies to the District that the vendor is not suspended or debarred.

*Current Status:* This finding has been resolved for the fiscal year ending June 30, 2011.

## SCHOOL DISTRICT 27J

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### PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

#### Finding 2010-10

##### US DEPARTMENT OF EDUCATION

Passed Through the Colorado Department of Education

Special Education – Grants to States (IDEA, Part B) – CFDA # 84.027

Special Education – Grants to States (IDEA Preschool) – CFDA # 84.173

Special Education – Grants to States (IDEA, Part B), Recovery Act – CFDA # 84.391

Special Education – Grants to States (IDEA Preschool), Recovery Act – CFDA # 84.392

#### **Allowable Costs/Cost Principles**

#### **Significant Deficiency, Noncompliance**

*Condition:* Through testing of payroll allowable costs for the IDEA program, we found that one employee did not complete the semi-annual time certification for the time periods selected until requested for testing.

*Recommendation:* We recommend the program administrators institute procedures to comply with Federal Cost principles. The District should ensure that time certifications, or time and effort reports, are completed for all employees to support the amount of salaries and benefits charged to the IDEA program.

*Current Status:* Repeated as Finding 2011-05.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2011

	Federal CFDA Number	Federal Expenditures
<i>US Department of Agriculture:</i>		
Passed through State Department of Education:		
School Breakfast Program	10.553	\$ 380,105
National School Lunch Program	10.555	2,140,306
Summer Food Service Program for Children	10.559	49,470
Fresh Fruits and Vegetables Program	10.582	6,277
<b>Total US Department of Agriculture</b>		<b>\$ 2,576,158</b>
<i>US Department of Education:</i>		
Passed through State Department of Education:		
Title I, Part A (401011)	84.010	\$ 663,432
Title I - ARRA (438911)	84.389	290,081
Title I - Summer School (501015)	84.010	100,587
Title I - Recruitment and Retention (501075)	84.010	24,107
Title I - Recruitment and Retention (501012)	84.010	26,065
Family Literacy Grant (501011)	84.010	8,416
Title IIA - Teacher Quality (436511)	84.367	224,401
Title IID - Technology (431811)	84.318	2,393
Title IID - ARRA (438611)	84.386	11,780
Title IID - ARRA - EETT (538611)	84.386	101,088
Title III - English Language (436511)	84.365	127,514
Title III - Reading Strategies (736511)	84.365	13,665
Title III - Math and Science Project (436611)(536600)	84.366	8,622
Title IV - Safe & Drug Free (84186)	84.186	9,621
McKinney - Vento ARRA (538711)	84.387	30,653
Title VIB - Handicapped / IDEA - Part B (402711)	84.027	2,089,337
Title VIB - Extended School Year / IDEA - Part B (402701)	84.027	186
Title VIB - IDEA B ARRA (439111)	84.391	930,608
Title VIB - Handicapped / IDEA - Preschool (417311)	84.173	28,657
Title VIB - Handicapped/ IDEA Preschool ARRA (439211)	84.392	66,102
Landmark Startup Grant (628209)	84.282	20,484
Eagle Ridge Startup Grant (628211)	84.284	194,819
Education Jobs Fund - ARRA (441000)	84.410	2,714,285
Education Stabilization Fund - ARRA (439400)	84.394	1,042,204
Passed through Colorado Community College System		
Carl Perkins (404811)	84.048	48,088
<b>Total US Department of Education</b>		<b>\$ 8,777,195</b>
<i>Center for Disease Control</i>		
Passed through Tri County Health		
Tri-County Health Grant (706910)	93.069	\$ 6,656
Tri-County Wellness (772411)	93.069	93,357
Tri-County PE (772412)	93.069	18,051
<i>National Science Foundation</i>		
Passed through University of Colorado at Denver		
Rocky Mountain Math Grant (707609)	47.076	440
<i>US Department of Labor:</i>		
Project Lead the Way (726008)	17.260	60,035
Project Lead the Way, Summer Project (726010)	17.260	(242)
<i>US Department of Interior</i>		
Passed through Adams County:		
U.S. Fish and Wildlife Service	15.227	79,768
<b>Total Center for Disease Control, National Science Foundation, US Department of Labor and Interior</b>		<b>\$ 258,065</b>
<b>Total Federal Assistance</b>		<b>\$ 11,611,418</b>

**SCHOOL DISTRICT 27J, COLORADO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2011**

**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 2011 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 \$350,414 were recorded as a federal source of School lunch revenue in the Food Service Fund. Commodity donations of \$350,414 were recorded as food and milk expenses in the Food Service Fund.

12/16/2011  
11:20 AM

Colorado Department of Education  
Fiscal Year 2010-2011  
Colorado School District/BOCES  
Auditor's Integrity Report

ADAMS BRIGHTON 27J  
District Code: 0040

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	4,620,920	80,984,332	73,135,505
18	Risk Mgmt Sub-Fund of General Fund	877,780	873,163	12,469,746
19	Colorado Preschool Program Fund	13,227	1,634,457	545,115
	Subtotal	5,511,927	83,491,951	1,647,684
11	Charter School Fund	1,020,459	24,436,140	75,989,017
20,26-29	Special Revenue Fund	888,741	1,373,406	13,014,861
21	Capital Reserve Spec Revenue Fund	0	0	856,749
22	Govt Designated-Purpose Grants Fund	-0	8,440,844	494,113
23	Pupil Activity Special Revenue Fund	937,015	3,372,369	1,768,035
24	Full Day Kindergarten Mill Levy Override	0	0	0
25	Transportation Fund	0	0	0
30	Debt Service Fund	0	0	0
31	Bond Redemption Fund	11,492,174	14,378,674	1,965,637
39	Non-Voter Approved Debt Service Fund	0	0	1,047,142
41	Building Fund	9,120,183	70,414	0
42	Special Building Fund	0	0	0
43	Capital Reserve Capital Projects Fund	0	0	0
	TOTALS	28,970,499	135,563,799	36,212,251
Proprietary				
51	Food Service Fund	1,462,167	4,520,496	1,363,160
50	Other Enterprise Funds	0	0	0
64 (63)	Risk-Related Activity Fund	271,323	693,326	344,118
60,65-69	Other Internal Service Funds	0	0	0
	TOTALS	1,733,490	5,213,822	1,707,278
Fiduciary				
70	Other Trust and Agency Funds	0	0	0
72	Private Purpose Trust Fund	63,044	2,125	61,065
73	Agency Fund	0	0	0
74	Pupil Activity Agency Fund	0	0	0
79	GASB 34:Permanent Fund	0	0	0
85	Foundations	1,718,349	223,653	178,367
	TOTALS	1,781,394	225,778	239,432

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

From submitted data file: fd0040.52a

Program: fdrdh.sqr

File: fd0040.dha FINAL