

cPa **DIXON, WALLER & CO., INC.**

CROWLEY COUNTY SCHOOL DISTRICT

NUMBER RE-1-J

REPORT ON EXAMINATION

JUNE 30, 2010

DIXON, WALLER & CO., INC.

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REPORT ON EXAMINATION

June 30, 2010

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CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
ROSTER OF SCHOOL OFFICIALS
June 30, 2010

BOARD OF EDUCATION

Michael Apker	President
Kay Markus	Vice-President
Patricia Florez	Secretary
Leif Berg	Treasurer
Orlando Terrones	Member
Daryl Geringer	Member
William Gray	Member

SCHOOL OFFICIALS

John C. McCleary	Superintendent
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FINANCIAL SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

Board of Education
Crowley County School District Number RE-1-J
Ordway, Colorado 81063

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and the major fund of Crowley County School District Number RE-1-J as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Crowley County School District Number RE-1-J's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Crowley County School District Number RE-1-J as of June 30, 2010, and the changes in financial position 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 November 15, 2010 on our consideration of Crowley County School District Number RE-1-J'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 important for assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages i through x and 30 through 33, 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 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 Crowley County School District Number RE-1-J's basic financial statements. The combining and individual fund financial statements, schedules, and state required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, schedules, and state required schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dignan, Waller & Co., Inc.

November 15, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

Management of Crowley County School District RE1-J offers readers the basic financial statements. This narrative is an overview and analysis of the financial activities of the District for the year ended June 30, 2010. The focus of the information is on the primary government (general) fund. Most of the expenditures and revenue for the district reside in the general fund.

The District has adopted the financial reporting model promulgated by the Government Accounting Standards Board (GASB). In accordance with GASB Statement No. 34, Basic Financial Statement and Management Discussion and Analysis for State and Local Governments, the District is not required to restate prior periods for the purposes of providing comparative information. A comparative analysis of the government wide information is presented.

Financial Highlights

- In governmental activities, The District's assets exceeded its liabilities at the close of the fiscal year by \$5,967,164 (net assets). Of this amount \$1,966,715 (unrestricted net assets) may be used to meet the District's ongoing obligations. This is an increase in the net assets over the 2009 audit.
- The District's business type activity (which is food services activities) had unrestricted net assets of \$16,539 at the conclusion of the 2010 audit. This is a slight increase from the previous year's net assets.
- The District entered into a long term lease with Wells Fargo Leasing to have a performance based agreement for energy savings to the district. This included extensive renovation of the districts heating and cooling systems and other cost saving measures.
- At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$2.2 million which was an increase of \$325,093 from the previous year. Much of this increase came from cutting staff, careful spending and facility energy savings.
- The long term debt obligation of the district increased significantly during the course of the past three fiscal years. This is due to the capital improvements made to all the facilities to insure energy savings. Prior to these projects, the only long term debt instrument was from the 1992 remodeling and renovation project. The capital long term debt for this debt financing is \$110,000. The obligation with Well Fargo (less any applicable interest) is \$624,306 for the HVAC upgrade. The debt instrument to the First National Bank of Ordway for the asbestos

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

abatement project is \$96,555 as of May 2010. A telephone lease with Century Tel has a balance of \$5,971 at June 30, 2010. The total annual payment including interest for all four debt issues is approximately \$262,146.

- The District continued to have adequate resources available to meet their ongoing appropriations during the current fiscal year.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the district's basic financial statements. Comparison to the prior year's activity is normally provided in this document. This is the fifth presentation of management's discussion and analysis comparison data. Crowley County School District's basic financial statements are comprised of three components: 1) district wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-Wide Financial Statements

The District wide statements report information about the District as a whole using accounting methods similar to those used by the private sector. The statement of net assets includes all of the Districts assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or expended.

The two District-wide statements report the District's net assets and how they have changed. Net assets, the difference between the district's assets and liabilities are one way to measure the district's financial health or position. The difference between assets and liabilities is reported as net assets. Over time,

Changes in net assets may serve as a useful indicator of whether the financial position of the district is improving or declining.

The District-wide statements are divided into two categories: Governmental activities and Business type activities.

Governmental activities:

Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. The School Finance Act of 1994, as amended, made up of property taxes and state

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

equalization, finances most of these activities. This information is comprised of all of the following designated purpose grant funds, capital reserve, and insurance reserve and debt services funds.

Business Type activities:

The District charges fees to help cover the costs of certain services it provides. This information is comprised from the food services fund.

Fund Financial Statements

The fund financial statements provide detailed information about the District's funds, focusing on its most significant funds or "major" funds, not the District as a whole. Fund financial statements are designed to demonstrate compliance with finance related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Crowley County School District uses fund accounting to ensure and demonstrate compliance.

All of the funds of the district can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds: Most of the District's basic services are reported in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district wide statements. The District's enterprise fund (a type of proprietary fund) is the same as its business type activities but provide more detailed and additional information such as cash flows. Internal service funds (the other kind of proprietary funds) are used to report activities that provide supplies and services for its other programs and activities. The District uses an enterprise fund to account for its food services operation. The district does not have any internal service funds.

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Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

Fiduciary Funds: The District is the agent, or fiduciary, for assets that belong to others. The district is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district wide financial statements because it cannot use these assets to finance its operation. The District uses fiduciary funds to account for its pupil activity fund.

Notes to the Financial Statements

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

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

Financial Analysis of the District as a Whole

The District had total net assets on June 30, 2010 of \$5,993,527. Of the District's \$7,366,313 in assets over 63 percent (or \$4,670,297) were reflected as investments in capital assets (including land, sites, buildings, vehicles, infrastructure, and machinery/equipment). The District uses capital assets to provide services to students; consequently, these assets are not available to meet future spending. The unrestricted net asset amount of \$1,983,254 may be used to meet the District's ongoing financial obligations. This amount was increased around 20 percent from the previous fiscal year.

On the following page is the first table which reflects the changes in net assets for the district. As can be seen the government wide activities net assets have increased to \$5.9 million.

The business type activities groupings have decreased over the past fiscal year. During fiscal year 2009-2010 the district subsidized the food services program by a transfer of \$13,500. The District expects to fund the same amount in 2010-2011.

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Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

Table 1
Net Assets

	Governmental Activities 2009-2010	Business Type Activities 2009-2010	Total 2009-2010	Governmental Activities 2008-2009	Business Type Activities 2008-2009	Total 2008-2009
Assets						
Current and Other Assets	\$2,651,883	\$30,004	\$ 2,681,887	\$2,356,534	\$21,633	\$ 2,378,167
Capital Assets	\$4,674,602	\$9,824	\$ 4,684,426	\$4,879,573	\$14,699	\$ 4,894,272
TOTAL ASSETS	\$7,326,485	\$39828	\$ 7,366,313	\$7,236,107	\$36,332	\$ 7,272,439
Liabilities						
Current Liabilities	\$751,688	\$13,465	\$ 765,153	\$791,854	\$11,189	\$ 803,043
Long-Term Liabilities	\$607,633	\$.00	\$ 607,633	\$741,090	\$.00	\$ 791,854
Total Liabilities	\$1,359,321	\$13,465	\$ 1,372,786	\$1,532,944	\$11,189	\$ 1,544,133
Net Assets						
Investment in capital assets Net of related debt	\$3,823,641	\$9,824	\$3,833,465	\$3,887,945	\$14,699	\$3,902,644
Restricted for						
Tabor Reserve	\$ 125,000	\$ 0.00	\$ 125,000	\$ 124,100	\$ 0.00	\$ 124,100
Debt Reserve	\$ 51,500	\$ 0.00	\$ 51,500	\$ 51,500	\$ 0.00	\$ 51,500
Unrestricted	\$1,966,715	\$16,539	\$ 1,983,254	\$1,634,582	\$10,444	\$ 1,645,026
Insurance	\$308		\$ 308	\$ 5,036		\$ 5,036
Total Net Assets	\$ 5,967,164	\$ 26,363	\$5,993,527	\$ 5,703,163	\$ 25,143	\$5,728,306

The changes in the net operations of the District are illustrated in this table above. The District made significant strides in trying to manage costs in the areas of instruction for students. The District has undergone major student enrollment declines over the past budget years. This is reflected in the amount of revenue received by the District especially in the funds received through state equalization. The following charts illustrate the impact during the two recent fiscal years.

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

EXPENSES	Total	Total	Variance	Percentage
	2009-2010	2008-2009		Change
Expenses				
Instructional Staff	\$2,631,098	\$2,640,360	\$-9,262	-3.5%
Supporting Services:				
Students	\$147,829	\$211,331	\$-63,502	-30.05%
Instructional Staff	\$100,761	\$82,959	\$17,802	21.46%
District Administration	\$296,239	\$331,816	\$-35,577	10.72%
School Administration	\$277,235	\$270,596	\$6,639	2.45%
Business	\$56,486	\$59,898	\$-3,412	-5.70%
Operations & Maintenance	\$541,368	\$509,552	\$31,816	6.24%
Transportation	\$236,829	\$228,379	\$8,450	3.70%
Central	\$111,284	\$172,950	\$-61,666	-35.66%
Facilities		\$82,079	\$-82,079	-100%
Capital Outlay		2,866	\$-2,866	-100%
Interest on Long-Term				
Liabilities	\$38,193	\$45,506	-7,313	-16.70%
Food Service	\$163,854	\$189,895	-26,041	-13.71%
Total Expenses	\$4,601,176	\$4,828,187	\$-227,011	-4.70%

REVENUES	Total	Total	Variance	Percentage
	2009-2010	2008-2009		Change
Revenues				
Program revenues:				
Charges For Services	\$38,428	\$49,525	\$-11,097	-22.41%
Operating Grants & Contributions	\$683,925	\$578,462	\$105,463	18.23%
Capital Grants and Contributions		\$56,285	\$-56,285	-100%
General Revenues:				
Property Taxes	\$545,787	\$549,505	\$-3,718	-.68%
Specific Ownership Taxes	\$71,683	\$80,556	-8,873	-11%
State Equalization	\$3,357,936	\$3,331,085	\$26,851	.81%
Earnings on Investments	\$38,825	\$44,610	-5,785	-12.97%
Other Revenues	\$129,813	\$160,389	\$-30,576	-19.03%
Transfers				
Total Revenues	\$4,866,397	\$4,850,417	\$15,980	.33%

Some of the more significant changes are illustrated as:

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

- The cost of all government activities this year was \$4,601,176 which represents a decrease over the prior fiscal year. The cost for support instructional services and school administration decreased during the fiscal year.
- Some of the costs of the District are financed by users of district facilities and programs and that amounted to \$2,928 which decreased over the immediate prior fiscal year.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$567,879. All of the Title programs are funded from the federal level administered by the State.
- Most of the Districts costs however, are financed by the District and State taxpayers. This portion of governmental activities was financed with \$3,357,936 in State Equalization revenue from the School Finance Act (1994). The local share of funding was \$786,180.
- The Business type activities are those associated with the Food Services Program. This program had revenues of \$151,574 with a \$13,500 transfer to the fund from the general fund in 2009-2010. The expenses for the same time period were \$163,854 which resulted in a net gain of \$1,220 for the fund.

Financial Analysis of the District's Funds

The District's budget is prepared according to Colorado law and it's based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

- Significant cuts have continued to be made for this and the current school year in an attempt to make strides towards a balanced budget and reflecting the changing demographics of the school district. The cuts were made in areas of school personnel and trying to utilize our staff in a more efficient matter and allow for little duplication of services to our students yet providing a quality, academically enriched atmosphere for them. High school and middle school share a teacher and the elementary cut a half time position.
- The District must maintain a 3 percent emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At June 30, 2010 the districts tabor reserve was set at \$125,000 an increase of \$900 from the previous year.
- During the 2008-2009 school year and beyond the district has embarked on a series of positive facility upgrades and improvements. Chief among these are: 1) the HVAC system to bring modern heating and cooling units to the high school and the elementary; 2) New windows for the high school and the elementary replacing windows that were at least twenty five to fifty years old; 3) renovate the interior lighting for all classrooms in the district;

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

4) an ambitious asbestos removal project to insure that our facilities are safe for staff and students; 5) installing security cameras through a collaborative effort with Crowley County; 6) addition of lighting and concession/restroom facilities to the Crowley County Baseball fields in cooperation with Crowley County.

Capital Assets and Debt Administration

The Districts investment in capital assets for its governmental and business type activities as of June 30, 2010 amounts to \$4,670,247

Table 4						
Crowley County School District RE I-J						
Capital Assets						
(Net of Depreciation)						
	Government Activities June 30, 2010	Business-type Activities June 30, 2010	Total June 30, 2010	Government Activities June 30, 2009	Business-type Activities June 30, 2009	Total June 30, 2009
Land & Sites	\$ 222,797	-	\$ 222,797	\$ 233,819	-	\$ 233,819
Buildings & improvements	\$ 7,280,888	-	\$7,280,888	\$ 7,283,175	-	\$7,283,175
Equipment	\$	\$81,156	\$ 81,156	\$	\$81,156	\$ 81,156
Vehicles	\$ 1,207,965	-	\$1,207,965	\$ 1,299,866	-	\$1,1299,866
Accum Depr	(\$4,051,177)	(\$71,332)	(4, 122,509)	(\$3,937,287)	(\$66,457)	(4, 003,744)
Construction in Prog						
Total Capital Assets	\$ 4,660,473	\$9,824	\$4,670,247	\$ 4,879,573	\$14,699	\$4,894,272

Long Term Debt

At the end of the fiscal year (June 30, 2010) the District had the following schedule in long term obligations. The American National Bank is an on-going long term debt instituted in 1992 to do facility upgrades in the district. This obligation matures in 2011. The district has set aside the final payment on this debt in the amount of \$51,500. This amount is reflected in the audit in the Debt Services Fund. The asbestos lease long term debt with First National Bank of Ordway will be around \$96,555 in June of 2010. The energy lease with Wells Fargo is a twelve year payment that will conclude in 2018 (\$210,000). The telephone lease has a balance of \$5,971 at year end. The district had compensated personnel absences in the amount of \$68,692 for the fiscal year ending June 30, 2010.

Attached below is the schedule of long term debt for the district:

Schedule of Long Term Debt:

American National Bank Lease	1992 Facility Improvements	Matures 2011	\$ 110,000.00
First National Bank, Ordway	2007 Asbestos Abatement	Matures 2009	\$ 96,555.00
Wells Fargo Lease	2007 HVAC. Energy	Matures	\$ 624,306.00

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

	Project	2018		
Century Tel	Phone System	2010	\$	5,971.00
Compensated Absences	Accrued Staff Leave		\$	68,692.00

Economic Factors Bearing on the District's Future

The factors that will affect next year's budget are the same items that have impacted Crowley County School District for the past fiscal years: special education costs, dwindling local resources, declining student enrollment, aging buildings, increased transportation costs and increased state and federal mandates.

The largest impact to the school district remains declining student enrollment. This is a problem that impacts all surrounding school districts and is not indigenous to Crowley County alone. In 1996 Crowley County School District had a fall student count of 642 students, and in 2007 the fall count was 500.5. The years have seen a steady decline in the number of students. This can be attributed to several factors; however, chief among them would be the stagnant economy and the issue to non completers. Many of our fixed costs remain the same or escalate and with the declining student enrollment and resulting decline in state equalization dollars it makes budgeting and allocations even more challenging.

One item that affects the district is the rising number of special education students. We have had an increase in therapeutic foster homes in the county. Many of these placements require specialized assistance from the district with no resulting funds that follow those requirements. Several of these placements need services for emotionally disturbed youth and require intense one on one service. We have been able to handle the special transportation and rearrange our busing schedules to accommodate this.

The cost of transporting our students is economically straining the district. At this time, over fifty percent of our students are eligible for transportation services. The increased costs of fuel, salaries and equipment make this a problem for the district. The state transportation revenue has not kept pace with costs the district faces in meeting this expense.

The District has not been able to pass any bond issues or mill levy overrides to help supplement the drain on general fund revenues in repairing and renovating the aging buildings. All of the major renovations have been paid by outside foundations or grants obtained by the district. The need for a debt service bond issue is severe and the board has expressed serious consideration to approach the voters to help alleviate the continued drain on program area development to finance the needed improvements to facilities. The assessed valuation of

**Crowley County School District RE-1J
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2010**

Crowley County School District could never meet the bonding capacity to construct a modernized school. The choices at this point are to continue to improve our existing facilities. If the district makes the needed payments for the energy upgrade and the existing refinanced debt that would "free" up needed revenue to help maintain and expand program development for our student body.

The board, under recommendation from the District Accountability Committee, did undertake a major renovation to the energy distribution systems for the district. This project was finished in December of 2008 and we anticipate having cost savings and a more climate friendly facility for both students and staff.

Contacting the District's Financial Management

This financial report was prepared by the District Superintendent, and is designed to provide a general overview of the Crowley County School District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

John C. McCleary
Superintendent of Schools
Crowley County School District RE-1J
117 W. 3rd
Ordway, CO 81063

BASIC FINANCIAL STATEMENTS

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J

STATEMENT OF NET ASSETS

June 30, 2010

	Governmental Activities	Business Type Activities	Total
<u>ASSETS</u>			
Cash and Investments	2,508,186	22,021	2,530,207
Accounts Receivable	5,140	3,893	9,033
Allowance for Doubtful Accounts	-	(2,900)	(2,900)
Accrued Revenue	108,020	-	108,020
Property Taxes Receivable	25,529	-	25,529
Other Receivables	5,008	-	5,008
Inventories	-	6,990	6,990
Other Assets – Deposits	-	-	-
Capital Assets	8,711,650	81,156	8,792,806
Accumulated Depreciation	(4,051,177)	(71,332)	(4,122,509)
Unamortized Issue Costs	14,129	-	14,129
<u>Total Assets</u>	<u>7,326,485</u>	<u>39,828</u>	<u>7,366,313</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	58,881	3,824	62,705
Accrued Salaries	363,969	9,641	373,610
Accrued Interest	21,918	-	21,918
Compensated Absences	68,692	-	68,692
Deferred Revenue	9,029	-	9,029
Debt Payable – Current	229,199	-	229,199
Debt Payable – Long Term	607,633	-	607,633
<u>Total Liabilities</u>	<u>1,359,321</u>	<u>13,465</u>	<u>1,372,786</u>
<u>NET ASSETS</u>			
Invested in Capital Assets Net of Related Debt	3,823,641	9,824	3,833,465
Restricted for:			
TABOR Reserve	125,000	-	125,000
Insurance	308	-	308
Debt	51,500	-	51,500
Unrestricted	<u>1,966,715</u>	<u>16,539</u>	<u>1,983,254</u>
<u>TOTAL NET ASSETS</u>	<u>5,967,164</u>	<u>26,363</u>	<u>5,993,527</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Investments	2,439,854	68,332	2,508,186
Accounts Receivable	5,140	-	5,140
Accrued Revenue	108,020	-	108,020
Due from Other Funds	9,448	-	9,448
Property Taxes Receivable	25,529	-	25,529
Receivables -- Other	5,008	-	5,008
Deposits	-	-	-
<u>Total Assets</u>	<u>2,592,999</u>	<u>68,332</u>	<u>2,661,331</u>
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>Liabilities</u>			
Accounts Payable	58,881	-	58,881
Accrued Salaries	363,969	-	363,969
Due to Other Funds	-	9,448	9,448
Other Payables	-	-	-
Deferred Revenue:			
Local Sources	-	-	-
Property Taxes	15,000	-	15,000
Other Governments	9,029	-	9,029
<u>Total Liabilities</u>	<u>446,879</u>	<u>9,448</u>	<u>456,327</u>
<u>FUND BALANCES:</u>			
Reserved for:			
Emergencies	125,000	-	125,000
Debt	-	51,500	51,500
Insurance	308	-	308
Capital Outlay	-	-	-
Unreserved:			
Designated for:			
Subsequent Years' Expenditures	2,020,812	7,384	2,028,196
Undesignated, Reported in:			
Special Revenue Funds	-	-	-
<u>Total Fund Balances</u>	<u>2,146,120</u>	<u>58,884</u>	<u>2,205,004</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>			
	<u>2,592,999</u>	<u>68,332</u>	<u>2,661,331</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2010

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

<u>Total Fund Balance – Governmental Funds</u>	2,205,004
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$8,711,650 and the accumulated depreciation is \$4,051,177.	4,660,473
Property tax revenue is recognized when earned (claim to resources established) rather than when “available”. All of the deferred property tax revenue is not available.	15,000
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(836,832)
Unamortized bond issue cost is not reported in the funds.	14,129
Accrued interest payable is not reported as a liability in the funds.	(21,918)
Compensated absences are not reported as a liability in the funds.	<u>(68,692)</u>
<u>TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES</u>	<u>5,967,164</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Property Taxes	545,087	-	545,087
Specific Ownership Taxes	71,683	-	71,683
Earnings on Investments	38,794	3	38,797
Other Local Sources	167,622	-	167,622
State Aid	3,471,475	-	3,471,475
Federal Aid	419,459	-	419,459
Allocation to Reserves	-	-	-
<u>Total Revenues</u>	<u>4,714,120</u>	<u>3</u>	<u>4,714,123</u>
<u>EXPENDITURES</u>			
Current:			
Instructional Services	2,423,359	-	2,423,359
Supporting Services:			
Students	147,829	-	147,829
Instructional Staff	100,761	-	100,761
District Administration	296,727	-	296,727
School Administration	277,235	-	277,235
Business	56,486	-	56,486
Operation & Maintenance of Facilities	583,900	-	583,900
Transportation	187,397	-	187,397
Central Facilities	111,284 -	- -	111,284 -
Debt Service:			
Principal Retirement	150,243	-	150,243
Interest and Fiscal Charges	40,309	-	40,309
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>4,375,530</u>	<u>-</u>	<u>4,375,530</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>338,590</u>	<u>3</u>	<u>338,593</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(13,500)	-	(13,500)
<u>Total Other Financing Sources (Uses)</u>	<u>(13,500)</u>	<u>-</u>	<u>(13,500)</u>
<u>NET CHANGE IN FUND BALANCES</u>	325,090	3	325,093
<u>FUND BALANCES, Beginning</u>	<u>1,821,030</u>	<u>58,881</u>	<u>1,879,911</u>
<u>FUND BALANCES, Ending</u>	<u>2,146,120</u>	<u>58,884</u>	<u>2,205,004</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
 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, 2010

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

Net Change in Fund Balances – Total Governmental Funds 325,093

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated used lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays	76,578	
Loss on Disposition	(16,538)	
Depreciation Expense	<u>(279,140)</u>	(219,100)

Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities.

Deferred property tax revenues increased this year. 700

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences decreased by this amount. 3,539

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of issue cost and premiums are recognized when the debt is issued in governmental funds, whereas, these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

Debt Proceeds		-
Debt Payments		154,796
Accrued Interest		2,116
Issue Cost and Amortization		<u>(3,143)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 264,001

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	<u>Business-Type Activities</u> Food Service Fund
<u>ASSETS</u>	
Current Assets:	
Cash and Investments	22,021
Due from Other Funds	-
Accounts Receivable	3,893
Allowance for bad debts	(2,900)
Deposits	-
Inventories	<u>6,990</u>
<u>Total Current Assets</u>	<u>30,004</u>
Capital Assets:	
Equipment	81,156
Less Accumulated Depreciation	(71,332)
<u>Net Capital Assets</u>	<u>9,824</u>
<u>Total Assets</u>	<u>39,828</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	3,824
Accrued Salaries	9,641
Due to Other Funds	-
<u>Total Liabilities</u>	<u>13,465</u>
Net Assets:	
Invested in Capital Assets	9,824
Unrestricted	<u>16,539</u>
<u>TOTAL NET ASSETS</u>	<u>26,363</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	<u>Business-Type Activities</u> Food Service <u>Fund</u>
<u>OPERATING REVENUES:</u>	
Charges for Services:	
Food Sales	35,500
Other	-
<u>Total Operating Revenues</u>	<u>35,500</u>
<u>OPERATING EXPENDITURES:</u>	
Salaries	47,404
Employee Benefits	14,177
Purchased Services – Professional	-
Purchased Services – Property	3,154
Purchased Services – Other	1,697
Supplies and Materials	79,192
Capital Outlay	488
Other	344
Commodities	12,523
Depreciation	4,875
<u>Total Expenditures</u>	<u>163,854</u>
<u>INCOME (LOSS) FROM OPERATIONS</u>	<u>(128,354)</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
Federal Aid:	
School Lunches	90,622
School Breakfast	11,381
Commodities	11,648
Interest Earned	28
State Aid:	
School Lunches	2,395
<u>Total Non-Operating Revenues (Expenses)</u>	<u>116,074</u>
<u>NET INCOME (LOSS) BEFORE TRANSFERS</u>	<u>(12,280)</u>
<u>OPERATING TRANSFERS FROM GENERAL FUND</u>	<u>13,500</u>
<u>CHANGE IN NET ASSETS</u>	<u>1,220</u>
<u>NET ASSETS, Beginning</u>	<u>25,143</u>
<u>NET ASSETS, Ending</u>	<u>26,363</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	<u>Business-Type Activities</u> Food Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from Customers	36,622
Payments to Employees	(61,216)
Payments to Vendors	<u>(82,861)</u>
<u>Net Cash Provided by (Used In) Operating Activities</u>	<u>(107,455)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>	
Federal Aid – School Lunches	102,003
State Aid – School Lunches	2,395
Transfers From Other Funds	<u>13,500</u>
<u>Net Cash from Non-Capital Financing Activities</u>	<u>117,898</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Fixed Assets	_____ -
<u>Net Cash from Capital and Related Financing Activities</u>	_____ -
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Earnings	_____ 28
<u>Net Cash from Investing Activities</u>	_____ 28
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	10,471
<u>CASH AND CASH EQUIVALENTS, Beginning of Year</u>	<u>11,550</u>
<u>CASH AND CASH EQUIVALENTS, End of Year</u>	<u>22,021</u>
<u>RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Operating (Loss)	(128,354)
<u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</u>	
Depreciation	4,875
Commodities	12,523
Bad Debts	-
(Increase) Decrease in Inventory	103
(Increase) Decrease in Accounts Receivable	1,122
(Increase) Decrease in Other Assets	-
Increase (Decrease) in Accounts Payable	1,911
Increase (Decrease) in Accrued Salaries Payable	365
Increase (Decrease) in Compensated Absences	-
Increase (Decrease) in Due to Others	_____ -
<u>Net Cash Provided by (Used) in Operating Activities</u>	<u>(107,455)</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>	
Donated Commodities Acquired from USDA	11,648
Donated Commodities Used	<u>(12,523)</u>
<u>Total Noncash Investing, Capital, and Financing Activities</u>	<u>(875)</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2010

	<u>Pupil Activity Fund</u>
<u>ASSETS</u>	
Cash and Investments	51,188
<u>Total Assets</u>	<u>51,188</u>
<u>LIABILITIES</u>	
Deposits Held for Others	51,188
<u>Total Liabilities</u>	<u>51,188</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Crowley County School District Number RE-1-J (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

The District operates under an elected Board of Education with seven members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Crowley County School District Number RE-1-J. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards board (GASB) Statement No. 14 (as amended by Statement No. 39), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

B. GASB Statement No. 20

Under GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", all proprietary funds continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The District has chosen not to apply future FASB standards for its proprietary fund.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- Major Governmental Funds

General Fund – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

- Proprietary Funds – Business – Type Activities

Enterprise Funds – used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

Food Service Fund – this fund accounts for all financial activities associated with the District's school breakfast and lunch programs

F. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. All other securities are recorded at fair value. It is the intention of investing to maximize interest income, and securities are selected according to their risk, marketability, and diversification. For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

G. Receivables

Property taxes levied in 2009 but uncollected in 2010 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2010 are recorded as deferred revenue, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

I. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund and Capital Reserve Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 7, 1995 the registered voters approved a ballot resolution authorizing Crowley County School District Number RE-1-J to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased without the consent of the voters.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2010 the District reserved \$125,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

L. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2009 property tax calendar for Crowley County was as follows:

Levy Date	December 15, 2009
Lien Date	January 1, 2010
Tax Bills Mailed	January 1, 2010
First Installment Due	February 28, 2010
Second Installment Due	June 15, 2010
If Paid in Full, Due	April 30, 2010
Tax Sale – 2008 Delinquent Property Taxes	October 25, 2009

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Accumulated Staff Leave

Compensated absences are made up of accumulated sick leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2010, the District has recorded an estimated liability of \$68,692 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Accumulated Sick Leave	<u>72,231</u>	<u>18,393</u>	<u>21,932</u>	<u>68,692</u>

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

	<u>Due to</u>	<u>Due from</u>
<u>Eliminations</u>		
General Fund	-	<u>9,448</u>
Other governmental Funds	<u>9,448</u>	-
	<u>9,448</u>	<u>9,448</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 BUDGETARY INFORMATION

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Fund, and Fiduciary Funds.
6. Budgets for the General, Special Revenue, Debt Service, Capital Projects, Enterprise Funds, and Fiduciary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 CASH AND INVESTMENTS

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 the aggregate uninsured deposits.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2010

NOTE 4 CASH AND INVESTMENTS (Continued)

Deposits (Continued)

At June 30, 2010, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	301,500	301,500
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,229,220	2,309,811
Cash with County Treasurer	46,324	-
Cash on Hand	225	-
<u>Total Cash and Deposits</u>	<u>2,577,269</u>	<u>2,611,311</u>

As presented above, deposits with a bank balance of \$2,309,811 and a carrying balance of \$2,229,220 as of June 30, 2010 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Investments

At June 30, 2010, the District had the following investments:

	<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST	State Pool	41 Day Avg.	4,126

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

Credit Risk – State Law limits the type of investments allowable. The investment of COLOTRUST is rated AAA by Standard and Poor's, Fitch, and Moody's.

Concentration of Credit Risk – the District has no policy restricting the amount that can be invested in any issuer.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2010

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Capital Assets Being</u>				
<u>Depreciated</u>				
Land & Sites	233,819	-	11,022	222,797
Buildings & Site Improvements	7,283,175	54,708	56,995	7,280,888
Equipment & Vehicles	<u>1,299,866</u>	<u>21,870</u>	<u>113,771</u>	<u>1,207,965</u>
<u>Total Capital Assets</u>	<u>8,816,860</u>	<u>76,578</u>	<u>181,788</u>	<u>8,711,650</u>
 <u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Site Improvements	2,886,512	212,912	56,276	3,043,148
Equipment & Vehicles	<u>1,050,775</u>	<u>66,228</u>	<u>108,974</u>	<u>1,008,029</u>
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>3,937,287</u>	<u>279,140</u>	<u>165,250</u>	<u>4,051,177</u>
 <u>Governmental Activities</u>				
<u>Capital Assets, Net</u>	<u>4,879,573</u>	<u>(202,562)</u>	<u>16,538</u>	<u>4,660,473</u>
 <u>Business Type Activities</u>				
<u>Capital Assets Being</u>				
<u>Depreciated</u>				
Equipment	<u>81,156</u>	-	-	<u>81,156</u>
<u>Total Capital Assets Being</u>				
<u>Depreciated</u>	<u>81,156</u>	-	-	<u>81,156</u>
 <u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Equipment	<u>66,457</u>	<u>4,875</u>	-	<u>71,332</u>
<u>Total Accumulated Depreciation</u>	<u>66,457</u>	<u>4,875</u>	-	<u>71,332</u>
 <u>Business Type Activities, Net</u>	<u>14,699</u>	<u>(4,875)</u>	-	<u>9,824</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Regular Programs	211,278
Student Support	-
Instructional Support	-
General Administration Support	922
School Administration Support	-
Business Support Services	-
Operations and Maintenance	17,508
Transportation	<u>49,432</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>279,140</u>

Business - Type Activities:

Food Services	<u>4,875</u>
<u>Total Depreciation Expense – Business Type Activities</u>	<u>4,875</u>

NOTE 6 PENSION PLAN

The District contributes to the Public Employees' Retirement Association of Colorado (PERA), a cost-sharing multiple-employer defined benefit pension plan. PERA provides retirement and disability benefits and survivor benefits to eligible beneficiaries annually adjusted for cost-of-living-increases. Colorado revised Statutes (Title 24, Article 510) provides authority for the operation of the plan. The plan is administered by a 16 member Board of Trustees of which 14 are elected by the membership. PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERA.

That report may be obtained by contacting PERA, 1300 Logan Street, Denver, Colorado, 80203.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary and the District is required to contribute at a stipulated rate. That rate was 12.95% from July 1, 2009 to December 31, 2009 and 13.85% thereafter. An additional portion of the District's contribution (1.02% of covered salary) is allocated for the Health Care Fund. Requirements for contribution percentage are established and may be changed by the PERA Board of Trustees. The District's contributions for the latest three years were equal to the required contributions for the periods and were as follows:

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 PENSION PLAN (Continued)

Funding Policy (Continued)

<u>Year Ended June 30</u>	
2010	\$ 313,191
2009	\$ 298,508
2008	\$ 275,072

NOTE 7 POSTEMPLOYMENT HEALTH-CARE BENEFITS

The District contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment HealthCare plan administered by PERA. The HCTF provides a HealthCare premium subsidy to PERA participating benefits 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 annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained by contacting PERA, 1300 Logan Street, Denver, Colorado 80203.

Funding Policy

The Crowley County School District Re-1-J is required to contribute at a rate of 1.02% of covered salary through June 30, 2010 for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Crowley County School District Re-1-J are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. The Crowley County School District Re-1-J's contributions to HCTF for the years ending June 30, 2010, 2009, and 2008 were \$23,851, \$24,350 and \$24,178, respectively, equal to their required contributions for each year.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 9 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the Insurance Reserve Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2010.

An audited summary of the Colorado School District's Pool financial information at December 31, 2009 (latest information available) follows:

Total Assets	<u>37,195,905</u>
Total Liabilities	<u>12,649,050</u>
Total Equity	<u>24,546,855</u>
Revenue	8,903,841
Underwriting Expenses	<u>10,254,215</u>
Underwriting Gain (Loss)	(1,350,374)
Net Investment Income	1,847,088
Other Income	<u>1,168</u>
Net Income (Loss) Before Dividend	497,882
Dividend	<u>-</u>
Net Income	497,882
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>(533,940)</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>24,546,855</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2010

NOTE 10 FOOD SERVICE INVENTORIES

Food Service Fund inventories at June 30, 2010, consisted of USDA, purchased, and non-food amounting to \$5,177, \$1,356 and \$457, respectively. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

NOTE 11 LONG-TERM DEBT

The District had changes in its long-term obligations as follows:

	Balance 7-1-2009	Additions	Deletions	Balance 6-30-2010
Telephone System Lease	10,525	-	4,554	5,971
Certificates of Participation	175,000	-	65,000	110,000
Asbestos Abatement Lease	126,771	-	30,216	96,555
Capital Construction HVAC Lease	<u>679,332</u>	-	<u>55,026</u>	<u>624,306</u>
<u>Total</u>	<u>991,628</u>	<u>-</u>	<u>154,796</u>	<u>836,832</u>

Advance Refunding

On May 15, 2003, the District obtained \$515,000 through a lease agreement with The Bank of Cherry Creek by issuing Certificates of Participation with an average interest rate of 3.82%. The net proceeds from the sale of the Certificates was used to provide funds to refund in advance of maturity the remaining \$510,000 outstanding Project Fixed Rate Certificates of Participation, Series 1992A, executed and delivered in connection with the District's participation in the Colorado Association of School Boards Lease Purchase Finance Program. Proceeds of \$512,550 were deposited with Wells Fargo Bank West, National Association, as the escrow agent for the payment on the refunded Certificates. As a result, the Series 1992A Certificates of Participation are considered defeased and the liability for those Certificates have been removed from the Districts general long term debt. The amount that remains outstanding on the defeased debt as of June 30, 2010 is \$145,000

Certificates of Participation:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6-30-2011	70,000	3,112	73,112
6-30-2012	<u>40,000</u>	<u>830</u>	<u>40,830</u>
	<u>110,000</u>	<u>3,942</u>	<u>113,942</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2010

NOTE 11 LONG-TERM DEBT (Continued)

Asbestos Abatement Lease

The District entered into a lease in 2007 with the First National Bank of Ordway for an asbestos abatement project. The District can draw down funds from the lease as the project progresses up to a maximum of \$450,000. The terms of the lease are one year with one lump sum payment on or before May 25, 2010 at an interest rate of 3.0% on the total amount drawn. As of 6/30/10, the District had drawn \$450,000 from the available lease funds and repaid \$353,445 of the funds drawn.

Minimum required lease payments are as follows:

<u>Year Ended:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2011	96,555	689	97,244
Less amount representing interest			<u>(689)</u>
Net Present Value of Minimum Lease Payments			<u>96,555</u>

Capital Construction HVAC Lease

The District entered into a lease in 2006 with Wells Fargo Bank for an energy efficiency HVAC project in the amount of \$782,232. The lease requires 12 annual payments of \$82,276 beginning on September 25, 2007, with an interest rate of 4.6%.

Minimum required lease payments are as follows:

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	4.60%	57,558	28,718	86,276
2012	4.60%	60,205	26,071	86,276
2013	4.60%	62,975	23,301	86,276
2014	4.60%	65,872	20,404	86,276
2015	4.60%	68,902	17,374	86,276
2016-2019	4.60%	308,794	36,311	<u>345,105</u>
				<u>776,485</u>
Less amount representing interest				<u>(152,179)</u>
Net Present Value of Minimum Lease Payments				<u>624,306</u>

Telephone System Lease

The District entered into a lease August of 2008 CIT for a telephone system in the amount of \$13,925. The lease requires 36 monthly payments of \$459.53 beginning September 21, 2008, with an interest rate of 11.55%.

Minimum required lease payments are as follows:

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	11.55%	5,086	428	5,514
2012	11.55%	885	13	<u>898</u>
				<u>6,412</u>
Less amount representing interest				<u>(441)</u>
Net Present Value of Minimum Lease Payments				<u>5,971</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2010

NOTE 12 LITIGATION

None.

NOTE 13 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The District participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE 14 JOINT VENTURES

Not reflected in the accompanying financial statements is the District's participation in the South Central Board of Cooperative Educational Services for Teacher Leadership (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2010. The joint venture summary audited financial information as of June 30, 2009 is as follows:

Total Assets	<u>2,725,090</u>
Liabilities	1,308,580
Net Assets	<u>1,416,510</u>
	<u>2,725,090</u>
Revenues	5,445,464
Expenditures	<u>5,425,570</u>
Excess (Deficiency)	<u>19,894</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and files a report with the Colorado State Auditor's office.

NOTE 15 INTERFUND BALANCES AND TRANSFERS

<u>INTERFUND BALANCES</u>	<u>Due To</u>	<u>Due From</u>
<u>MAJOR FUNDS</u>		
General Fund	-	9,448
<u>NONMAJOR FUNDS</u>		
Nonmajor Governmental Funds	<u>9,448</u>	-
	<u>9,448</u>	<u>9,448</u>

These interfund balances occurred due to expenditures paid on behalf of another fund. Interfund balances are expected to be paid within one year from the date of the financial statements.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 15 INTERFUND BALANCES AND TRANSFERS (Continued)

<u>Transfers</u>	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
<u>Major Governmental Fund</u>		
General Fund	-	13,500
<u>Major Enterprise Fund</u>		
Food Service Fund	<u>13,500</u>	<u>-</u>
	<u>13,500</u>	<u>13,500</u>

Transfers were made from the General Fund to the Food Service Fund for the purpose of assisting food service operations.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<u>Local Sources</u>				
Property Taxes	589,338	546,946	545,087	(1,859)
Specific Ownership Taxes	72,698	80,556	71,683	(8,873)
Earnings on Investments	13,500	14,130	38,794	24,664
Delinquent Taxes & Interest	450	900	1,496	596
Other	82,000	114,125	166,126	52,001
<u>County Sources</u>				
Other	-	-	-	-
<u>State Sources</u>				
Equalization	3,381,560	3,357,702	3,357,936	234
Transportation	40,500	42,000	45,236	3,236
Vocational Education	25,000	25,000	54,089	29,089
Special Education	16,000	10,000	12,500	2,500
Capital Grants	-	-	-	-
Other	3,000	3,000	1,714	(1,286)
<u>Federal Sources</u>				
Other	347,866	344,819	419,459	74,640
<u>Allocation to Capital Reserve/ Insurance Reserve Funds</u>				
	(440,481)	(200,000)	-	200,000
<u>Total Revenues</u>	<u>4,131,431</u>	<u>4,339,178</u>	<u>4,714,120</u>	<u>374,942</u>
<u>EXPENDITURES</u>				
<u>Instruction</u>				
Regular Programs				
Salaries	1,513,728	1,598,245	1,613,847	(15,602)
Employee Benefits	415,426	432,322	383,268	49,054
Purchased Services - Professional	99,050	111,050	100,436	10,614
Purchased Services - Property	1,800	1,800	-	1,800
Purchased Services - Other	160,928	284,790	232,282	52,508
Supplies and Materials	95,977	90,100	66,771	23,329
Property	33,050	33,050	24,209	8,841
Other Objects	5,500	5,550	2,546	3,004
<u>Total Instruction</u>	<u>2,325,459</u>	<u>2,556,907</u>	<u>2,423,359</u>	<u>133,548</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2010

<u>SUPPORTING SERVICES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
<u>Student Supporting Services</u>	<u>Original</u>	<u>Final</u>		
Salaries	131,539	133,723	114,582	19,141
Employee Benefits	29,929	30,767	24,709	6,058
Purchased Services – Professional	750	750	-	750
Purchased Services – Property	250	250	-	250
Purchased Services – Other	6,292	7,542	4,412	3,130
Supplies and Materials	13,750	13,500	3,303	10,197
Property	1,250	1,355	823	532
Other Objects	1,200	200	-	200
<u>Total Student Supporting Services</u>	<u>184,960</u>	<u>188,087</u>	<u>147,829</u>	<u>40,258</u>
<u>Instructional Staff</u>				
Salaries	54,622	54,622	72,555	(17,933)
Employee Benefits	10,933	10,933	15,154	(4,221)
Purchased Services – Professional	1,600	1,600	2,736	(1,136)
Purchased Services – Property	200	200	-	200
Purchased Services – Other	4,137	4,137	-	4,137
Supplies and Materials	5,978	8,578	9,316	(738)
Property	1,000	1,000	1,000	-
Other Objects	200	200	-	200
<u>Total Instruction Staff</u>	<u>78,670</u>	<u>81,270</u>	<u>100,761</u>	<u>(19,491)</u>
<u>General Administration</u>				
Salaries	128,356	128,356	123,070	5,286
Employee Benefits	31,548	31,548	30,890	658
Purchased Services – Professional	9,100	9,100	7,379	1,721
Purchased Services – Property	-	-	-	-
Purchased Services – Other	35,750	119,165	111,333	7,832
Supplies and Materials	18,500	18,500	11,898	6,602
Property	1,500	1,500	571	929
Other Objects	14,000	14,000	11,586	2,414
<u>Total General Administration</u>	<u>238,754</u>	<u>322,169</u>	<u>296,727</u>	<u>25,442</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	191,934	191,934	191,671	263
Employee Benefits	72,059	72,059	67,776	4,283
Purchased Services – Professional	3,750	3,750	931	2,819
Purchased Services – Property	1,200	1,654	455	1,199
Purchased Services – Other	4,650	4,650	628	4,022
Supplies and Materials	10,215	14,665	13,515	1,150
Property	1,100	1,100	155	945
Other Objects	3,655	3,655	2,104	1,551
<u>Total School Administration</u>	<u>288,563</u>	<u>293,467</u>	<u>277,235</u>	<u>16,232</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2010

<u>SUPPORTING SERVICES (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Business Services</u>				
Salaries	44,175	44,175	44,453	(278)
Employee Benefits	10,650	10,650	10,168	482
Purchased Services – Professional	6,000	6,000	-	6,000
Purchased Services – Property	500	500	50	450
Purchased Services – Other	250	250	152	98
Supplies and Materials	1,500	1,500	1,338	162
Property	500	500	-	500
Other Objects	-	325	325	-
<u>Total Business Services</u>	<u>63,575</u>	<u>63,900</u>	<u>56,486</u>	<u>7,414</u>
<u>Operations and Maintenance</u>				
Salaries	183,000	193,000	162,867	30,133
Employee Benefits	53,306	54,391	41,682	12,709
Purchased Services – Professional	70,500	70,500	58,525	11,975
Purchased Services – Property	53,000	53,000	35,978	17,022
Purchased Services – Other	19,500	19,500	7,258	12,242
Supplies and Materials	248,500	248,500	207,941	40,559
Property	17,400	18,810	69,357	(50,547)
Other Objects	3,000	3,000	292	2,708
<u>Total Operations and Maintenance</u>	<u>648,206</u>	<u>660,701</u>	<u>583,900</u>	<u>76,801</u>
<u>Student Transportation</u>				
Salaries	81,530	83,852	89,162	(5,310)
Benefits	14,181	14,241	19,611	(5,370)
Purchased Services – Professional	2,700	3,100	2,317	783
Purchased Services – Property	30,000	30,000	40,137	(10,137)
Purchased Services – Other	4,250	4,250	1,510	2,740
Supplies and Materials	73,200	73,200	34,591	38,609
Property	1,000	1,000	-	1,000
Other Objects	2,000	2,000	69	1,931
<u>Total Student Transportation</u>	<u>208,861</u>	<u>211,643</u>	<u>187,397</u>	<u>24,246</u>
<u>Central Support</u>				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services – Professional	95,000	95,000	78,282	16,718
Purchased Services – Property	3,500	3,500	-	3,500
Purchased Services – Other	-	-	-	-
Supplies and Materials	46,250	46,250	30,300	15,950
Property	6,200	6,200	2,702	3,498
Other Objects	-	-	-	-
<u>Total Central Support</u>	<u>150,950</u>	<u>150,950</u>	<u>111,284</u>	<u>39,666</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
SUPPORTING SERVICES (Continued)				
<u>Facilities Acquisition and Construction</u>				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	-	-	-	-
Property	-	-	-	-
Other Objects	-	-	-	-
<u>Total Facilities Acquisition and Construction</u>	-	-	-	-
 <u>TOTAL SUPPORTING SERVICES</u>	<u>1,862,539</u>	<u>1,972,187</u>	<u>1,761,619</u>	<u>210,568</u>
 <u>Debt Service</u>	-	-	<u>190,552</u>	<u>(190,552)</u>
 <u>Appropriated Reserves</u>	<u>1,831,803</u>	<u>1,617,614</u>	-	<u>1,617,614</u>
 <u>TOTAL EXPENDITURES</u>	<u>6,019,801</u>	<u>6,146,708</u>	<u>4,375,530</u>	<u>1,771,178</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(1,888,370)</u>	<u>(1,807,530)</u>	<u>338,590</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds From Debt	-	-	-	-
Transfers	<u>(20,000)</u>	<u>(13,500)</u>	<u>(13,500)</u>	-
	<u>(20,000)</u>	<u>(13,500)</u>	<u>(13,500)</u>	-
 <u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	<u>(1,908,370)</u>	<u>(1,821,030)</u>	<u>325,000</u>	
 <u>FUND BALANCE, July 1</u>	<u>1,908,370</u>	<u>1,821,030</u>	<u>1,821,030</u>	
 <u>PRIOR PERIOD ADJUSTMENT</u>	-	-	-	
 <u>FUND BALANCE, June 30</u>	-	-	<u>2,146,120</u>	

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Special Revenue Funds

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

Capital Reserve Fund – This fund is authorized by Colorado School Law and is funded by allocated revenues from the General Fund. It is used to fund ongoing capital needs such as site acquisition, building additions and equipment purchases.

Debt Service Fund

This fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Proprietary Fund – Business – Type Activities

Enterprise Funds – used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

Food Service Fund – This fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

Agency Fund

Pupil Activity – This fund is used to account for assets held by the District in a trustee capacity or as an agent for others.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	<u>Debt Service</u>	<u>Capital Reserve</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and Investments	51,500	16,832	68,332
Accounts Receivable	-	-	-
Accrued Revenue	-	-	-
Due from Other Funds	-	-	-
Property Taxes Receivable	-	-	-
Receivables – Other	-	-	-
<u>Total Assets</u>	<u>51,500</u>	<u>16,832</u>	<u>68,332</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	-	-	-
Accrued Salaries	-	-	-
Due to Other Funds	-	9,448	9,448
Other Payables	-	-	-
Deferred Revenue:			
Local Sources	-	-	-
Property Taxes	-	-	-
Other Governments	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>9,448</u>	<u>9,448</u>
 <u>Fund Balances:</u>			
Designated for:			
Debt Service	51,500	-	51,500
Undesignated	<u>-</u>	<u>7,384</u>	<u>7,384</u>
<u>Total Fund Balance</u>	<u>51,500</u>	<u>7,384</u>	<u>58,884</u>
 <u>TOTAL LIABILITIES & FUND BALANCES</u>	 <u>51,500</u>	 <u>16,832</u>	 <u>68,332</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	<u>Debt Service</u>	<u>Capital Reserve</u>	<u>Total Non-Major Governmental Funds</u>
<u>REVENUES:</u>			
Property Taxes	-		-
Specific Ownership Taxes	-	-	-
Earnings on Investments	-	-	-
Other Local Sources	-	3	3
State Aid	-	-	-
Federal Aid	-	-	-
Allocation to Reserves	-	-	-
<u>Total Revenues</u>	-	3	3
<u>EXPENDITURES:</u>			
Current:			
Instructional Services	-	-	-
Supporting Services:			
Students	-	-	-
Instructional Staff	-	-	-
District Administration	-	-	-
School Administration	-	-	-
Business	-	-	-
Operation & Maintenance of Facilities	-	-	-
Transportation	-	-	-
Central	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Capital Outlay	-	-	-
<u>Total Expenditures</u>	-	-	-
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	-	3	3
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	-	-
<u>Total Other Financing Sources (Uses)</u>	-	-	-
<u>NET CHANGE IN FUND BALANCES</u>	-	3	3
<u>FUND BALANCES, Beginning</u>	51,500	7,381	58,881
<u>FUND BALANCES, Ending</u>	51,500	7,384	58,884

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Property Tax	-	-	-
Earnings on Investments	-	-	-
<u>Total Revenues</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>EXPENDITURES</u>			
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Other	-	-	-
Contingency	-	-	-
<u>Total Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	-	-	
 <u>FUND BALANCES, July 1</u>	<u>-</u>	<u>51,500</u>	
 <u>FUND BALANCES, June 30</u>	<u>-</u>	<u>51,500</u>	

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL RESERVE FUND
SPECIAL REVENUE FUND
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Revenues</u>			
Earnings on Investments	100	3	(97)
Other Local Sources	-	-	-
Allocated Revenues – General Fund	<u>200,000</u>	<u>-</u>	(200,000)
<u>Total Revenue</u>	<u>200,100</u>	<u>3</u>	<u>(200,097)</u>
<u>Expenditures</u>			
Land and Land Sites	-	-	-
Buildings Improvements	8,000	-	8,000
Equipment Other than Vehicles	5,369	-	5,369
Vehicle - Other	-	-	-
Other	-	-	-
Debt Service:			
Principal Retirement	185,000	-	185,000
Interest and Fiscal Charges	8,863	-	8,863
Contingency Reserves	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>207,232</u>	<u>-</u>	<u>207,232</u>
<u>Revenues Over (Under) Expenditures</u>	(7,132)	3	
<u>FUND BALANCE, July 1</u>	<u>7,132</u>	<u>7,381</u>	
<u>FUND BALANCE, June 30</u>	<u>-</u>	<u>7,384</u>	

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
 FOOD SERVICES – PROPRIETARY FUND TYPE
 SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>OPERATING REVENUES</u>			
Charges for Services:			
Food Sales	33,750	35,500	1,750
Other	-	-	-
<u>Total Operating Revenues</u>	<u>33,750</u>	<u>35,500</u>	<u>1,750</u>
<u>OPERATING EXPENSES</u>			
Salaries	61,300	47,404	13,896
Employee Benefits	16,168	14,177	1,991
Purchased Services – Professional	-	-	-
Purchased Services – Property	2,000	3,154	(1,154)
Purchased Services - Other	2,000	1,697	303
Supplies and Materials	83,000	79,192	3,808
Capital Outlay	3,100	488	2,612
Other	1,732	344	1,388
Commodities	-	12,523	(12,523)
Depreciation	-	4,875	(4,875)
<u>Total Expenses</u>	<u>169,300</u>	<u>163,854</u>	<u>5,446</u>
<u>INCOME (LOSS) FROM OPERATIONS</u>	<u>(135,550)</u>	<u>(128,354)</u>	
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Federal Aid:			
School Lunches	95,000	90,622	(4,378)
School Breakfast	14,000	11,381	(2,619)
Commodities	-	11,648	11,648
Interest Earned	50	28	(22)
State Aid:			
School Lunches	2,700	2,395	(305)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>111,750</u>	<u>116,074</u>	<u>4,324</u>
<u>NET INCOME (LOSS) BEFORE</u>			
<u>OPERATING TRANSFERS</u>	(23,800)	(12,280)	
<u>OPERATING TRANSFERS FROM GENERAL FUND</u>	13,500	13,500	-
<u>NET INCOME (LOSS)</u>	(10,300)	1,220	
<u>NET ASSETS, Beginning</u>	10,300	25,143	
<u>NET ASSETS, Ending</u>	<u>-</u>	<u>26,363</u>	

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
PUPIL ACTIVITY AGENCY FUND
SCHEDULE OF ACTIVITIES BUDGET AND ACTUAL
BUDGET AND ACTUAL
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>ADDITIONS:</u>			
Earnings on Investments	-	-	-
Other Local Sources	<u>210,000</u>	<u>162,193</u>	<u>(47,807)</u>
<u>Total Additions</u>	<u>210,000</u>	<u>162,193</u>	<u>(47,807)</u>
 <u>DEDUCTIONS:</u>			
Activity Expenditures	210,000	162,938	47,062
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Deductions</u>	<u>210,000</u>	<u>162,938</u>	<u>47,062</u>
Net Increase (Decrease) in Deposits Held for Others	-	(745)	
Deposits Held for Others – Beginning of Year	<u>-</u>	<u>51,933</u>	
Deposits Held for Others – End of Year	<u><u>-</u></u>	<u><u>51,188</u></u>	

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

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)

Bolded Balance Sheet

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	Total Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	1,815,995	4,510,381	4,180,563	2,145,812
18 Risk Mgmt Sub-Fund of General Fund	5,036	78,306	83,033	308
19 Colorado Preschool Program Fund	0	111,934	111,934	0
Subtotal	1,821,030	4,700,620	4,375,530	2,146,120
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Capital Reserve Spec Revenue Fund	7,381	3	0	7,384
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
24 Full Day Kindergarten Mill Levy Override	0	0	0	0
25 Transportation Fund	0	0	0	0
30 Debt Service Fund	51,500	0	0	51,500
31 Bond Redemption Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
TOTALS	1,879,912	4,700,623	4,375,530	2,205,005
Proprietary				
51 Food Service Fund	25,143	165,074	163,854	26,363
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
TOTALS	25,143	165,074	163,854	26,363
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	51,933	162,193	162,938	51,188
79 GASB 34: Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	51,933	162,193	162,938	51,188

*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.

-----Governmental-----Proprietary-----Fiduciary-----

Desc/ Boided Bal Sheet Codes	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 21-29	Debt Service Funds 31-39	Capital Projects Funds 41-49	Enterprise Fund 51 (food)	Enterprise Funds 52-59	Other Funds 63-64	Risk-Related Activity Funds 65-69	Internal Service Funds 69-80	Trust & Agency Funds Funds 72-79	Foundations Fund 85	Totals
ASSETS														
Cash and Investments	2,393,530	0	0	16,832	51,500	0	22,021	0	0	0	0	51,188	0	2,635,071
(8100-8104,8111)														
Cash with Fiscal Agent	46,324	0	0	0	0	0	0	0	0	0	0	0	0	46,325
(8105)														
Other Investment Accounts	5,008	0	0	0	0	0	0	0	0	0	0	0	0	5,008
(8112-8115)														
Taxes Receivable	25,529	0	0	0	0	0	0	0	0	0	0	0	0	25,529
(8121,8122)														
Interfund Loans Receivable	9,448	0	0	0	0	0	0	0	0	0	0	0	0	9,448
(8131,8132)														
Intergovernmental Accounts Rec	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(8141)														
Grants Accounts Receivable	108,020	0	0	0	0	0	0	0	0	0	0	0	0	108,020
(8142)														
Other Receivables	5,140	0	0	0	0	0	993	0	0	0	0	0	0	6,132
(8151-8154,8161)														
Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(6172,8172,8173)														
Prepaid Expenses	0	0	0	0	0	0	6,990	0	0	0	0	0	0	6,990
(8181,8182)														
Other Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(8191-8194,8199)														
Sites	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(8211)														
Site Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(8221)														
Accumulated Depreciation on Site Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(8222)														
Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(8231-8234)														
Machinery and Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(8241,8242,8251)														
Total Assets	2,592,999	0	0	16,833	51,500	0	39,829	0	0	0	0	51,188	0	2,752,348
LIABILITIES & FUND EQUITY														
LIABILITIES														
Interfund Payables	0	0	0	9,448	0	0	0	0	0	0	0	0	0	9,448
(7401,7402)														
Intergovernmental Payables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(7411)														
Other Payables	58,882	0	0	0	0	0	3,824	0	0	0	0	0	0	62,705
(7421-7423)														
Contracts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(7431-7433)														
Bonds Payables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(7441-7445,7451,7452,7455)														
Accrued Expenses	363,969	0	0	0	0	0	9,641	0	0	0	0	0	0	373,610
(7461)														
Payroll Ded. and Withholdings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(7471-7473)														
Deferred Revenue	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
(7481)														
Grants Deferred Revenue	9,029	0	0	0	0	0	0	0	0	0	0	0	0	9,029
(7482)														
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(7491,7492,7499)														
Long-Term Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(7521,7531,7561,7590)														
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(7541,)														
Note: Fund 90 District Debt Accounts 7511 through 7519 are not shown on this report														
Total Liabilities	446,879	0	0	9,448	0	0	13,465	0	0	0	0	51,188	0	469,793

Must mirror the combined balance sheet pages from your audit.

Desc/ Balded Bal Sheet Codes	Governmental					Proprietary					Fiduciary			Totals
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 21-29	Debt Service Funds 31-39	Capital Projects Funds 41-49	Enterprise Fund 51 (food)	Enterprise Funds 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 65-69(60)	Trust & Agency Funds Funds 72-79	Foundations Fund 85		
FUND EQUITY														
Res. for: Inv, Prepaid Exp, Enc (6751,6752,6753)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserved Fund Balances (6759)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved Fund Balances (6760)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved for TABOR 3% Reserved (6761)	125,000	0	0	0	0	0	0	0	0	0	0	0	0	125,000
Reserved for TABOR Multi-Year (6762)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Designated Fund Balance (6763)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Renewal Reserve (6764)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (Restricted Under GASB 54) (6765)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk Related Activity Reserve (Restricted Under GASB 54) (6766)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full Day Kindergarten Reserve (6767)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (6768)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unreserved Fund Balance (6770)	2,021,120	0	0	7,384	51,500	26,363	0	0	0	51,188	0	0	2,157,555	
Invest. in Cap. Assets (fund 51) (6790)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets (fund 51) (6791)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets (6792)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior-Period Adjustment (6880)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	2,146,120	0	0	7,384	51,500	26,363	0	0	0	51,188	0	0	2,282,555	
Total Liabilities & Fund Equity	2,592,999	0	0	16,833	51,500	39,828	0	0	0	51,188	0	0	2,752,348	
For Each Fund Type: Do Assets=Liability+Fund Equity	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	Yes:OK	

SINGLE AUDIT SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

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*

To the Board of Education
Crowley County School District Number RE-1-J
Ordway, CO 81063

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 Crowley County School District Number RE-1-J, as of and for the year ended June 30, 2010, which collectively comprise the Crowley County School District Number RE-1-J's basic financial statements and have issued our report thereon dated November 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crowley County School District Number RE-1-J's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crowley County School District Number RE-1-J's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Crowley County School District Number RE-1-J'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, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. See Item 2010-1. 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 Crowley County School District Number RE-1-J'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*.

Crowley County School District Number RE-1-J's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Crowley County School District Number RE-1-J's response and, accordingly, we express no opinion on it.

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.

Ridgway, Waller & Co., Inc.

Trinidad, Colorado
November 15, 2010

164 E. MAIN
TRINIDAD, COLORADO 81082
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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

To the Board of Education
Crowley County School District Number RE-1-J
Ordway, CO 81063

Compliance

We have audited the compliance of Crowley County School District Number RE-1-J, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Crowley County School District Number RE-1-J'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 Crowley County School District Number RE-1-J's management. Our responsibility is to express an opinion on Crowley County School District Number RE-1-J'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 Crowley County School District Number RE-1-J'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 Crowley County School District Number RE-1-J's compliance with those requirements.

In our opinion, Crowley County School District Number RE-1-J, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Crowley County School District Number RE-1-J, 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 Crowley County School District Number RE-1-J'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 Crowley County School District Number RE-1-J'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 over compliance 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.

Crowley County School District Number RE-1-J's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Crowley County School District Number RE-1-J's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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.



Trinidad, Colorado
November 15, 2010

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

SUMMARY OF AUDITOR'S RESULTS:

Report

An unqualified report has been issued on the financial statements of Crowley County School District Number RE-1-J.

Control Deficiencies – Financial Statements

Conditions were disclosed by the audit. None are considered to be material weaknesses.

Noncompliance – Financial Statements

No instances of noncompliance in amounts material to the financial statements of Crowley County School District Number RE-1-J were disclosed by the audit.

Control Deficiencies – Federal Awards

No conditions were disclosed by the audit that are considered to be a material weakness.

Report on Compliance - Major Programs

An unqualified report has been issued on Crowley County School District Number RE-1-J's compliance for major programs.

Audit Findings

No audit findings requiring disclosure in accordance with OMB Circular A-133 section 510 were disclosed by the audit.

Major Programs

Title I	84.010
Title I ARRA	84.389

Dollar Threshold to Distinguish Type A and Type B Programs

\$300,000

Qualification as low-risk auditee

The District did not qualify as a low-risk auditee for fiscal year 2009/2010.

FINDINGS - GAGAS

Item 2010-1

Crowley County School District Number RE-1-J has an inherent problem it shares with other entities in that it has a limited number of personnel performing accounting and administrative functions. Therefore, a proper separation of duties and responsibilities is not possible.

(Continued)

FINDINGS - FEDERAL AWARDS

None.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2010

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>State Code Number</u>	<u>2010 Expenditures</u>
<u>U.S. Department of Education</u> (Passed Through Colorado Department of Education)			
TITLE I, Part A	84.010	4010	273,164
TITLE I, ARRA, Part A	84.389	4389	80,267
Drug Free Schools	84.186	4186	4,119
TITLE II, Part A – Prof. Development	84.367	4367	54,158
TITLE II, D – ED Tech: Formula	84.318	4318	1,900
ARRA TITLE II, D – ED Tech: Formula	84.386	4386	3,960
Carl Perkins	84.048	4048	<u>1,891</u>
<u>Total U.S. Department of Education</u>			<u>419,459</u>
<u>U.S. Department of Agriculture</u> (Passed Through Colorado Department of Education)			
National School Breakfast	10.553	4553	11,151
National School Lunch	10.555	4555	90,622
(Passed Through Colorado Department of Human Services)			
Food Distribution (Food Donations Program)	10.550	4555	<u>11,648</u>
<u>Total U.S. Department of Agriculture</u>			<u>113,421</u>
<u>TOTAL EXPENDITURES</u>			<u>532,880</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

NOTE 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Crowley County School District Number RE-1-J and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.