

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

CROWLEY COUNTY SCHOOL DISTRICT

NUMBER RE-1-J

REPORT ON EXAMINATION

JUNE 30, 2012

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

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REPORT ON EXAMINATION

June 30, 2012

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CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
ROSTER OF SCHOOL OFFICIALS  
June 30, 2012

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BOARD OF EDUCATION

Patricia Florez	President
Orlando Terrones	Vice-President
Daryl Geringer	Secretary
Leif Berg	Treasurer
Carolyn Beckett	Member
Jodell O'Leary	Member
William Gray	Member

SCHOOL OFFICIALS

Scott Cuckow	Superintendent
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FINANCIAL SECTION

164 E. MAIN  
TRINIDAD, COLORADO 81082  
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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, the business-type activities, 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, 2012, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Crowley County School District Number RE-1-J as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2012, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through x and 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements as a whole. 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 financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements, schedules, state required schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Debra, Waller & Co., Inc.*

November 14, 2012



MANAGEMENT'S DISCUSSION AND ANALYSIS

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

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, 2012. 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 Districts assets exceeded its liabilities at the close of the fiscal year by \$6,035,735 (net assets). Of this amount \$2,111,765 (unrestricted net assets) may be used to meet the District's ongoing obligations. This is a decrease in the net assets over the 2011 audit.
- The District's business type activity (which is food services activities) had unrestricted net assets of \$33,057 at the conclusion of the 2012 audit. This is an increase from the previous year's net assets.
- At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$2.3 million which was a decrease of \$180,051 from the previous year. Much of this decrease came from less funds received for State Equalization and a bus purchase.
- The long term debt obligation of the district increased significantly during the course of the past few 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 \$40,000. The obligation with Well Fargo (less any applicable interest) is \$506,542 for the HVAC upgrade. The debt instrument to the First National Bank of Ordway for the asbestos abatement project is \$32,185 as of May 2012. The total annual payment including interest for all three debt issues is approximately \$132,000.
- The District continued to have adequate resources available to meet their ongoing appropriations during the current fiscal year.

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

**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 seventh 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 District's 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 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:***

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

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.

*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.

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

***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, 2012 of \$6,073,143. Of the District's \$7,067,862 in assets over 60 percent (or \$4,309,963) 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 \$2,144,822 may be used to meet the District's ongoing financial obligations. This amount was decreased around six 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 decreased to \$6.0 million.

The business type activities groupings have decreased over the past fiscal year. During fiscal year 2011-2012 the district subsidized the food services program by a transfer of \$10,000. The District expects to fund the same amount in 2012-2013.

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

	Table 1 Net Assets					
	Governmental Activities 2011-2012	Business Type Activities 2011-2012	Total 2011-2012	Governmental Activities 2010-2011	Business Type Activities 2010-2011	Total 2010-2011
<b>Assets</b>						
Current and Other Assets	\$2,706,693	\$43,359	\$2,750,049	\$2,874,943	\$36,451	\$2,911,394
Capital Assets	\$4,313,453	\$ 4,352	\$4,317,813	\$4,422,266	\$4,951	\$4,427,207
<b>TOTAL ASSETS</b>	<b>\$7,020,151</b>	<b>\$47,711</b>	<b>\$7,067,862</b>	<b>\$7,297,199</b>	<b>\$41,402</b>	<b>\$7,338,601</b>
<b>Liabilities</b>						
Current Liabilities	\$ 540,850	\$10,302	\$ 551,152	\$ 612,798	\$13,897	\$ 626,695
Long-Term Liabilities	\$ 443,567	\$ .00	\$ 443,567	\$ 506,542	\$ .00	\$ 506,542
<b>Total Liabilities</b>	<b>\$ 984,417</b>	<b>\$10,302</b>	<b>\$ 994,719</b>	<b>\$1,119,340</b>	<b>\$13,897</b>	<b>\$1,133,237</b>
<b>Net Assets</b>						
Investment in capital assets Net of related debt	\$3,799,069	\$ 4,352	\$3,803,421	\$3,740,153	\$ 4,352	\$3,745,104
Restricted for						
Tabor Reserve	\$ 105,400	\$ .00	\$ 105,400	\$ 116,800	\$ .00	\$116,800
Debt Reserve	\$ 2,726	\$ .00	\$ 2,726	\$ 50,806	\$ .00	\$ 50,806
Insurance Reserve	\$ 16,774	\$ .00	\$ 16,774			
Unrestricted	\$2,111,765	\$33,057	\$2,144,822	\$2,270,100	\$23,153	\$2,292,654
<b>Total Net Assets</b>	<b>\$6,035,734</b>	<b>\$37,409</b>	<b>\$6,073,143</b>	<b>\$6,177,859</b>	<b>\$27,505</b>	<b>\$6,205,364</b>

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, 2012**

EXPENSES	Total	Total	Variance	Percentage
	2010-2011	2011-2012		Change
<b>Expenses</b>				
Instructional Staff	\$2,409,309	\$2,446,515	37,206	1.54
Supporting Services:				
Students	\$182,134	\$184,953	2,819	1.55
Instructional Staff	\$84,944	\$57,401	-27,543	-32.42
District Administration	\$270,881	\$302,298	31,417	11.60
School Administration	\$334,018	\$265,825	-68,193	-20.41
Business	\$57,614	\$69,373	11,759	20.41
Operations & Maintenance	\$481,102	\$328,936	-152,166	-31.63
Transportation	\$227,588	\$294,781	67,193	29.52
Central	\$111,900	\$156,516	44,616	39.87
Facilities				
Capital Outlay	\$7,384	\$7,140	-244	-3.30
Interest on Long-Term Liabilities	\$33,587	\$27,204	-6,383	-19.00
Food Service	\$168,827	\$171,841	3,014	1.78
<b>Total Expenses</b>	<b>\$4,369,288</b>	<b>\$4,312,783</b>	<b>-56,505</b>	<b>-1.29</b>

REVENUES	Total	Total	Variance	Percentage
	2010-2011	2011-2012		Change
<b>Revenues</b>				
Program revenues:				
Charges For Services	\$30,071	\$51,506	21,435	71.28
Operating Grants & Contributions	\$862,168	\$630,617	-231,551	-26.86
Capital Grants and Contributions				
General Revenues:				
Property Taxes	\$552,887	\$584,019	31,132	5.63
Specific Ownership Taxes	\$63,266	\$64,506	1,240	1.96
State Equalization	\$2,938,148	\$2,800,493	-137,655	-4.68
Earnings on Investments	\$20,037	\$18,184	-1,853	-9.25
Other Revenues	\$114,507	\$31,237	-83,270	-72.72
Transfers				
<b>Total Revenues</b>	<b>\$4,581,084</b>	<b>\$4,180,562</b>	<b>-400,522</b>	<b>-8.74</b>

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

Some of the more significant changes are illustrated as:

- The cost of all government activities this year was \$4,312,783 which represents a decrease over the prior fiscal year. The cost for support instructional services, school administration, and operation and maintenance 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 \$700 which decreased over the immediate prior fiscal year.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$490,847. 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 \$2,800,493 in State Equalization revenue from the School Finance Act (1994). The local share of funding was \$697,946.
- The Business type activities are those associated with the Food Services Program. This program had revenues of \$171,745 with a \$10,000 transfer to the fund from the general fund in 2011-2012. The expenses for the same time period were \$171,841 which resulted in a net gain of \$9,904 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 Special Education 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, 2012 the districts tabor reserve was set at \$105,400 a decrease of \$11,400 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



**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

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, 2012 amounts to \$4,309,963

Table 4						
Crowley County School District RE 1-J						
Capital Assets						
(Net of Depreciation)						
	Governmental Activities June 30, 2011	Business-Type Activities June 30, 2011	Total June 30, 2011	Governmental Activities June 30, 2012	Business-Type Activities June 30, 2012	Total June 30, 2012
Land & Sites	\$222,797	-	\$222,797	\$222,797	-	\$222,797
Buildings & Improvements	\$7,280,888	-	\$7,280,888	\$7,280,888	-	\$7,280,888
Equipments & Vehicles	\$1,218,865	\$81,156	1,300,021	\$1,172,731	\$83,197	\$1,255,928
Construction in Progress	-	-	-	\$65,277	-	\$65,277
Accum Depr	(\$4,311,280)	(\$76,205)	(\$4,387,485)	(\$4,436,082)	(\$78,845)	(\$4,514,927)
<b>Total Capital Assets</b>	<b>\$4,411,270</b>	<b>\$4,951</b>	<b>\$4,416,221</b>	<b>\$4,305,611</b>	<b>\$4,352</b>	<b>\$4,309,963</b>

**Long Term Debt**

At the end of the fiscal year (June 30, 2012) the District had the following schedule in long term obligations. The asbestos lease long term debt with First National Bank of Ordway will be around \$32,185 in June of 2012. The energy lease with Wells Fargo is a twelve year payment that will conclude in 2018 (\$506,742). The district had compensated personnel absences in the amount of \$66,417 for the fiscal year ending June 30, 2012.

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

Schedule of Long Term Debt:

First National Bank, Ordway	2007 Asbestos Abatement	Matures 2012	\$ 32,185.00
	2007 HVAC. Energy	Matures 2018	\$ 506,742.00
Wells Fargo Lease	Project		
Compensated Absences	Accrued Staff Leave	2012	\$ 66,417.00

### **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, in 2007 the fall count was 500.5 and in 2011 the fall count was 482. 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 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.

**Crowley County School District RE-1J  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

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:

Scott Cuckow  
Superintendent of Schools  
Crowley County School District RE-1J  
1001 Main Street  
Ordway, CO 81063

BASIC FINANCIAL STATEMENTS

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
STATEMENT OF NET ASSETS  
June 30, 2012

	Governmental Activities	Business Type Activities	Total
<u>ASSETS</u>			
Cash and Investments	2,609,264	40,032	2,649,296
Accounts Receivable	-	2,920	2,920
Allowance for Doubtful Accounts	-	(1,500)	(1,500)
Accrued Revenue	54,646	-	54,646
Property Taxes Receivable	42,000	-	42,000
Other Receivables	783	-	783
Inventories	-	1,907	1,907
Capital Assets	8,741,693	83,197	8,824,890
Accumulated Depreciation	(4,436,082)	(78,845)	(4,514,927)
Unamortized Issue Costs	7,847	-	7,847
<u>Total Assets</u>	<u>7,020,151</u>	<u>47,711</u>	<u>7,067,862</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	18,934	-	18,934
Accrued Salaries	333,741	10,302	344,043
Accrued Interest	17,476	-	17,476
Compensated Absences	66,417	-	66,417
Deferred Revenue	9,122	-	9,122
Debt Payable – Current	95,160	-	95,160
Debt Payable – Long Term	443,567	-	443,567
<u>Total Liabilities</u>	<u>984,417</u>	<u>10,302</u>	<u>994,719</u>
 <u>NET ASSETS</u>			
Invested in Capital Assets Net of Related Debt	3,799,069	4,352	3,803,421
Restricted for:			
TABOR Reserve	105,400	-	105,400
Unrestricted	2,131,265	33,057	2,164,322
 <u>TOTAL NET ASSETS</u>	<u>6,035,734</u>	<u>37,409</u>	<u>6,073,143</u>

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

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>FUNCTIONS</b>						
Instructional Services	2,446,515	449,512	-	(1,978,170)	-	(1,978,170)
Supporting Services:						
Students	184,953	-	-	(184,953)	-	(184,953)
Instructional Staff	57,401	-	-	(57,401)	-	(57,401)
District Administration	302,298	-	-	(302,298)	-	(302,298)
School Administration	265,825	-	-	(265,825)	-	(265,825)
Business	69,373	-	-	(69,373)	-	(69,373)
Operation & Maintenance Of Facilities	328,936	-	-	(328,238)	-	(328,238)
Transportation	294,781	41,335	-	(253,446)	-	(253,446)
Central Facilities	156,516	-	-	(156,516)	-	(156,516)
Capital Outlay	7,140	-	-	(7,140)	-	(7,140)
Interest on Long Term Liabilities	27,204	-	-	(27,204)	-	(27,204)
<b>Total Governmental Activities</b>	<b>4,140,942</b>	<b>490,847</b>	<b>-</b>	<b>(3,630,564)</b>	<b>-</b>	<b>(3,630,564)</b>
<b>Business Type Activities:</b>						
Food Services	171,841	139,723	-	-	(143)	(143)
<b>Total School District</b>	<b>4,312,783</b>	<b>630,570</b>	<b>-</b>	<b>(3,630,564)</b>	<b>(143)</b>	<b>(3,630,707)</b>
		<b>General Revenues</b>				
		Property Taxes Levied for General Purposes		584,019	-	584,019
		Specific Ownership Taxes Equalization		64,506	-	64,506
		Earnings on Investments		2,800,493	-	2,800,493
		Other Revenues		18,184	47	18,231
		Transfers		31,237	-	31,237
		<b>Total General Revenues &amp; Transfers</b>		<b>(10,000)</b>	<b>10,000</b>	<b>-</b>
		<b>Change in Net Assets</b>		<b>3,488,439</b>	<b>10,047</b>	<b>3,498,486</b>
		<b>Net Assets, Beginning</b>		<b>(142,125)</b>	<b>9,904</b>	<b>(132,221)</b>
		<b>Net Assets, Ending</b>		<b>6,177,859</b>	<b>27,505</b>	<b>6,205,364</b>
				<b>6,035,734</b>	<b>37,409</b>	<b>6,073,143</b>

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, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Investments	2,363,579	245,685	2,609,264
Accounts Receivable	-	-	-
Accrued Revenue	54,646	-	54,646
Due from Other Funds	-	-	-
Property Taxes Receivable	42,000	-	42,000
Receivables – Other	783	-	783
Deposits	-	-	-
<u>Total Assets</u>	<u>2,461,008</u>	<u>245,685</u>	<u>2,706,693</u>
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>Liabilities</u>			
Accounts Payable	18,934	-	18,934
Accrued Salaries	333,741	-	333,741
Due to Other Funds	-	-	-
Other Payables	-	-	-
Deferred Revenue:			
Local Sources	-	-	-
Property Taxes	31,000	-	31,000
Other Governments	9,122	-	9,122
<u>Total Liabilities</u>	<u>392,797</u>	<u>-</u>	<u>392,797</u>
<u>FUND BALANCES:</u>			
Restricted for:			
Emergencies	105,400	-	105,400
Preschool	-	-	-
Committed for:			
Insurance	16,774	-	16,774
Capital Outlay	-	-	-
Assigned for:			
Debt Service	-	2,726	2,726
Capital Outlay	-	242,959	242,959
Unassigned	1,946,037	-	1,946,037
<u>Total Fund Balances</u>	<u>2,068,211</u>	<u>245,685</u>	<u>2,313,896</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>			
	<u>2,461,008</u>	<u>245,685</u>	<u>2,706,693</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, 2012

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

<u>Total Fund Balance – Governmental Funds</u>	2,313,896
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$8,741,693 and the accumulated depreciation is \$4,436,082.	4,305,611
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.	31,000
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(538,727)
Unamortized bond issue cost is not reported in the funds.	7,847
Accrued interest payable is not reported as a liability in the funds.	(17,476)
Compensated absences are not reported as a liability in the funds.	<u>(66,417)</u>
<u>TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES</u>	<u>6,035,734</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, 2012

	General	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Property Taxes	572,019	-	572,019
Specific Ownership Taxes	64,506	-	64,506
Earnings on Investments	17,994	190	18,184
Other Local Sources	60,528	-	60,528
State Aid	2,898,494	-	2,898,494
Federal Aid	383,086	-	383,086
Allocation to Reserves	-	-	-
<u>Total Revenues</u>	<u>3,996,627</u>	<u>190</u>	<u>3,996,817</u>
<u>EXPENDITURES</u>			
Current:			
Instructional Services	2,235,634	-	2,235,634
Supporting Services:			
Students	184,953	-	184,953
Instructional Staff	57,401	-	57,401
District Administration	298,237	-	298,237
School Administration	265,825	-	265,825
Business	69,373	-	69,373
Operation & Maintenance of Facilities	466,251	-	466,251
Transportation	263,867	-	263,867
Central Facilities	156,516	-	156,516
Facilities	-	-	-
Debt Service:			
Principal Retirement	-	132,390	132,390
Interest and Fiscal Charges	-	29,281	29,281
Capital Outlay	-	7,140	7,140
<u>Total Expenditures</u>	<u>3,998,057</u>	<u>168,811</u>	<u>4,166,868</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(1,430)</u>	<u>(168,621)</u>	<u>(170,051)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	(373,500)	363,500	(10,000)
<u>Total Other Financing Sources (Uses)</u>	<u>(373,500)</u>	<u>363,500</u>	<u>(10,000)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(374,930)</u>	<u>194,879</u>	<u>(180,051)</u>
<u>FUND BALANCES, Beginning</u>	<u>2,443,141</u>	<u>50,806</u>	<u>2,493,947</u>
<u>FUND BALANCES, Ending</u>	<u>2,068,211</u>	<u>245,685</u>	<u>2,313,896</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, 2012

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

Net Change in Fund Balances – Total Governmental Funds (180,051)

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	154,407	
Loss on Disposition	-	
Depreciation Expense	<u>(260,066)</u>	(105,659)

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. 12,000

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.

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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	132,390	
Accrued Interest	2,077	
Issue Cost and Amortization	<u>(3,139)</u>	

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (142,125)

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, 2012

	<u>Business-Type Activities</u> Food Service Fund
<u>ASSETS</u>	
Current Assets:	
Cash and Investments	40,032
Due from Other Funds	-
Accounts Receivable	2,920
Allowance for bad debts	(1,500)
Deposits	-
Inventories	1,907
<u>Total Current Assets</u>	<u>43,359</u>
Capital Assets:	
Equipment	83,197
Less Accumulated Depreciation	(78,845)
<u>Net Capital Assets</u>	<u>4,352</u>
<u>Total Assets</u>	<u>47,711</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	-
Accrued Salaries	10,302
Due to Other Funds	-
<u>Total Liabilities</u>	<u>10,302</u>
Net Assets:	
Invested in Capital Assets	4,352
Unrestricted	33,057
<u>TOTAL NET ASSETS</u>	<u>37,409</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, 2012

	<u>Business-Type Activities</u> Food Service Fund
<u>OPERATING REVENUES:</u>	
Charges for Services:	
Food Sales	31,975
Other	-
<u>Total Operating Revenues</u>	<u>31,975</u>
<u>OPERATING EXPENDITURES:</u>	
Salaries	51,653
Employee Benefits	16,350
Purchased Services – Professional	-
Purchased Services – Property	3,863
Purchased Services – Other	-
Supplies and Materials	82,645
Capital Outlay	3,424
Other	47
Commodities	11,219
Depreciation	2,640
<u>Total Expenditures</u>	<u>171,841</u>
<u>INCOME (LOSS) FROM OPERATIONS</u>	<u>(139,866)</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
Federal Aid:	
School Lunches	109,056
School Breakfast	21,378
Commodities	6,601
Interest Earned	47
State Aid:	
School Lunches	2,688
<u>Total Non-Operating Revenues (Expenses)</u>	<u>139,770</u>
<u>NET INCOME (LOSS) BEFORE TRANSFERS</u>	<u>(96)</u>
<u>OPERATING TRANSFERS FROM GENERAL FUND</u>	<u>10,000</u>
<u>CHANGE IN NET ASSETS</u>	<u>9,904</u>
<u>NET ASSETS, Beginning</u>	<u>27,505</u>
<u>NET ASSETS, Ending</u>	<u>37,409</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, 2012

	<u>Business-Type Activities</u>
	<u>Food Service</u>
	<u>Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from Customers	31,202
Payments to Employees	(68,700)
Payments to Vendors	<u>(94,508)</u>
<u>Net Cash Provided by (Used In) Operating Activities</u>	<u>(132,006)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>	
Federal Aid – School Lunches	130,434
State Aid – School Lunches	2,688
Transfers From Other Funds	<u>10,000</u>
<u>Net Cash from Non-Capital Financing Activities</u>	<u>143,122</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Fixed Assets	<u>(2,041)</u>
<u>Net Cash from Capital and Related Financing Activities</u>	<u>(2,041)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Earnings	<u>47</u>
<u>Net Cash from Investing Activities</u>	<u>47</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	9,122
<u>CASH AND CASH EQUIVALENTS, Beginning of Year</u>	<u>30,910</u>
<u>CASH AND CASH EQUIVALENTS, End of Year</u>	<u>40,032</u>
<u>RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Operating Income (Loss)	(139,866)
<u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</u>	
Depreciation	2,640
Commodities	11,219
Bad Debts	-
(Increase) Decrease in Paid Inventory	(1,631)
(Increase) Decrease in Accounts Receivable	(773)
(Increase) Decrease in Other Assets	-
Increase (Decrease) in Accounts Payable	(2,898)
Increase (Decrease) in Accrued Salaries Payable	(697)
Increase (Decrease) in Compensated Absences	-
Increase (Decrease) in Due to Others	-
<u>Net Cash Provided by (Used) in Operating Activities</u>	<u>(132,006)</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>	
Donated Commodities Acquired from USDA	6,601
Donated Commodities Used	<u>(11,219)</u>
<u>Total Noncash Investing, Capital, and Financing Activities</u>	<u>(4,618)</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, 2012

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	<u>Pupil Activity Fund</u>
<u>ASSETS</u>	
Cash and Investments	<u>67,593</u>
<u>Total Assets</u>	<u>67,593</u>
<u>LIABILITIES</u>	
Deposits Held for Others	<u>67,593</u>
<u>Total Liabilities</u>	<u>67,593</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, 2012

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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 and No. 62

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. GASB Statement No. 62 codifies the applicable pre-November 30, 1989 standards and is effective for periods beginning after December 15, 2011. It will be the applicable standard for proprietary fund financial reporting in the upcoming fiscal year.



CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

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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, 2012

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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, 2012

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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 2011 but uncollected in 2012 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2012 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, 2012

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.

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.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2012

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K.    Constitutional Amendment (continued)

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, 2012 the District reserved \$105,400 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 2011 property tax calendar for Crowley County was as follows:

Levy Date	December 15, 2011
Lien Date	January 1, 2012
Tax Bills Mailed	January 1, 2012
First Installment Due	February 28, 2012
Second Installment Due	June 15, 2012
If Paid in Full, Due	April 30, 2012
Tax Sale – 2010 Delinquent Property Taxes	October 25, 2011

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, 2012, the District has recorded an estimated liability of \$66,417 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Accumulated Sick Leave	<u>66,674</u>	<u>18,981</u>	<u>19,238</u>	<u>66,417</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N.    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.

O.    GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. GASB Statement No. 54 (Continued)

Fund Balance Classification Policies and Procedures (Continued)

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Insurance Reserve Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>					
Inventories	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
<u>Restricted:</u>					
Emergencies	105,400	-	-	-	105,400
Preschool	-	-	-	-	-
<u>Committed:</u>					
Capital Outlay	-	-	-	-	-
Insurance	-	16,774	-	-	16,774
<u>Assigned:</u>					
Debt Service	-	-	-	2,726	2,726
Capital Outlay	-	-	242,959	-	242,959
<u>Unassigned</u>	<u>1,946,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,946,037</u>
<u>Total Fund Balances</u>	<u>2,051,437</u>	<u>16,774</u>	<u>242,959</u>	<u>2,726</u>	<u>2,313,896</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2012

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 governmental 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>Eliminations</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	363,500	-
Other Governmental Funds	<u>-</u>	<u>363,500</u>
	<u>363,500</u>	<u>363,500</u>

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).



CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2012

NOTE 3      BUDGETARY INFORMATION (Continued)

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.

At June 30, 2012, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,456,238	2,526,832
Cash with County Treasurer	6,395	-
Cash on Hand	200	-
<u>Total Cash and Deposits</u>	<u>2,712,833</u>	<u>2,776,832</u>

As presented above, deposits with a bank balance of \$2,526,832 and a carrying balance of \$2,456,238 as of June 30, 2012 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Investments

At June 30, 2012, the District had the following investments:

	<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST	State Pool	41 Day Avg.	4,056

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.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2012

NOTE 4      CASH AND INVESTMENTS (Continued)

Investments (Continued)

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.

NOTE 5      CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Governmental Activities</u>				
<u>Capital Assets Being Depreciated</u>				
Land & Sites	222,797	-	-	222,797
Buildings & Site Improvements	7,280,888	-	-	7,280,888
Equipment & Vehicles	1,218,865	89,130	135,264	1,172,731
Construction in Progress	-	65,277	-	65,277
<u>Total Capital Assets</u>	<u>8,722,550</u>	<u>154,407</u>	<u>135,264</u>	<u>8,741,693</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building & Site Improvements	3,258,066	214,918	-	3,472,984
Equipment & Vehicles	1,053,214	45,148	135,264	963,098
<u>Total Accumulated</u> <u>Depreciation</u>	<u>4,311,280</u>	<u>260,066</u>	<u>135,264</u>	<u>4,436,082</u>
<u>Governmental Activities</u>				
<u>Capital Assets, Net</u>	<u>4,411,270</u>	<u>(105,659)</u>	<u>-</u>	<u>4,305,611</u>
 <u>Business Type Activities</u>				
<u>Capital Assets Being</u>				
<u>Depreciated</u>				
Equipment	81,156	2,041	-	83,197
<u>Total Capital Assets Being</u> <u>Depreciated</u>	<u>81,156</u>	<u>2,041</u>	<u>-</u>	<u>83,197</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Equipment	76,205	2,640	-	78,845
<u>Total Accumulated Depreciation</u>	<u>76,205</u>	<u>2,640</u>	<u>-</u>	<u>78,845</u>
<u>Business Type Activities, Net</u>	<u>4,951</u>	<u>(599)</u>	<u>-</u>	<u>4,352</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

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NOTE 5      CAPITAL ASSETS (Continued)

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

Governmental Activities:

Regular Programs	211,138
Student Support	-
Instructional Support	-
General Administration Support	922
School Administration Support	-
Business Support Services	-
Operations and Maintenance	17,092
Transportation	<u>30,914</u>
<u>Total Depreciation Expense –Governmental Activities</u>	<u>260,066</u>

Business - Type Activities:

Food Services	<u>2,640</u>
<u>Total Depreciation Expense – Business Type Activities</u>	<u>2,640</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 14.75% from July 1, 2011 to December 31, 2011 and 15.65% 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, 2012

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NOTE 6      PENSION PLAN (Continued)

Funding Policy (Continued)

Year Ended June 30

2012	\$ 321,454
2011	\$ 309,891
2010	\$ 313,191

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, 2012 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, 2012, 2011, and 2010 were \$21,579, \$22,101 and \$23,851, 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, 2012

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, 2012.

An audited summary of the Colorado School District's Pool financial information at December 31, 2011 (latest information available) follows:

Total Assets	<u>39,778,591</u>
Total Liabilities	<u>17,080,062</u>
Total Equity	<u>22,698,529</u>
Revenue	10,512,634
Underwriting Expenses	<u>12,607,978</u>
Underwriting Gain (Loss)	(2,095,344)
Net Investment Income	953,971
Other Income	<u>136</u>
Net Income (Loss) Before Dividend	(1,141,237)
Dividend	<u>(1,500,000)</u>
Net Income	(2,641,237)
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>(170,617)</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>22,698,529</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2012

NOTE 10    FOOD SERVICE INVENTORIES

Food Service Fund inventories at June 30, 2012, consisted of USDA, purchased, and non-food amounting to \$770, \$567 and \$570, 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:

	<u>Balance</u> <u>7-1-2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-2012</u>
Certificates of Participation	40,000	-	40,000	-
Asbestos Abatement Lease	64,370	-	32,185	32,185
Capital Construction HVAC Lease	<u>566,747</u>	<u>-</u>	<u>60,205</u>	<u>506,542</u>
<u>Total</u>	<u>671,117</u>	<u>-</u>	<u>132,390</u>	<u>538,727</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 certificates of participation and the defeased debt were both paid in full at June 30, 2012

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2012

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 6/30/12, the District had drawn \$450,000 from the available lease funds and repaid \$417,815 of the funds drawn.

Minimum required lease payments are as follows:

<u>Year Ended:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2013	32,185	965	33,150
Less amount representing interest			<u>(965)</u>
Net Present Value of Minimum Lease Payments			<u>32,185</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>
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	4.60%	72,071	14,205	86,276
2017	4.60%	75,387	10,889	86,276
2018-2019	4.60%	161,335	11,215	<u>172,550</u>
				603,930
Less amount representing interest				<u>(97,388)</u>
Net Present Value of Minimum Lease Payments				<u>506,542</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

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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, 2012, 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, 2012. The joint venture summary audited financial information as of June 30, 2011 is as follows:

Total Assets	<u>3,058,924</u>
Liabilities	1,529,866
Net Assets	<u>1,529,058</u>
	<u>3,058,924</u>
Revenues	4,855,176
Expenditures	<u>4,723,366</u>
Excess (Deficiency)	<u>131,810</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.



CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2012

NOTE 15 INTERFUND BALANCES AND TRANSFERS

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

<u>Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Governmental Fund</u>		
General Fund	-	373,500
<u>Major Enterprise Fund</u>		
Food Service Fund	10,000	-
<u>NonMajor Fund</u>		
Debt Service	113,500	-
Capital Reserve Capital Projects	<u>250,000</u>	<u>          </u>
	<u>373,500</u>	<u>373,500</u>

Transfers were made from the General Fund to the Food Service Fund for the purpose of assisting food service operations. Transfers were made from the General Fund to the Debt Service Fund for the purpose of assisting in the payment of leases and to the Capital Reserve Capital Projects Fund for Capital Outlay.

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, 2012

	<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	553,189	553,189	572,019	18,830
Specific Ownership Taxes	71,682	71,682	64,506	(7,176)
Earnings on Investments	10,270	10,270	16,483	6,213
Delinquent Taxes & Interest	900	900	1,511	611
Other	70,125	70,125	60,528	(9,597)
<u>County Sources</u>				
Other	-	-	-	-
<u>State Sources</u>				
Equalization	2,829,684	2,829,684	2,800,493	(29,191)
Transportation	42,000	42,000	41,335	(665)
Vocational Education	25,000	25,000	31,800	6,800
Special Education	10,000	10,000	17,500	7,500
Capital Grants	-	-	-	-
Other	8,000	8,000	7,366	(634)
<u>Federal Sources</u>				
Other	<u>402,950</u>	<u>402,950</u>	<u>383,086</u>	<u>(19,864)</u>
<u>TOTAL REVENUES</u>	<u>4,023,800</u>	<u>4,023,800</u>	<u>3,996,627</u>	<u>(27,173)</u>
<u>EXPENDITURES</u>				
<u>Instruction</u>				
Regular Programs				
Salaries	1,435,756	1,435,756	1,409,636	26,120
Employee Benefits	405,818	405,818	389,506	16,312
Purchased Services - Professional	253,580	253,580	217,639	35,941
Purchased Services – Property	1,695	1,695	-	1,695
Purchased Services – Other	237,214	237,214	153,076	84,138
Supplies and Materials	76,276	76,276	52,733	23,543
Property	18,730	18,730	11,288	7,442
Other Objects	<u>3,780</u>	<u>3,780</u>	<u>1,756</u>	<u>2,024</u>
<u>Total Instruction</u>	<u>2,432,849</u>	<u>2,432,849</u>	<u>2,235,634</u>	<u>197,215</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, 2012

<u>SUPPORTING SERVICES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>Student Supporting Services</u>				
Salaries	130,364	130,364	142,800	(12,436)
Employee Benefits	29,639	29,639	31,333	(1,694)
Purchased Services – Professional	750	750	-	750
Purchased Services – Property	250	250	-	250
Purchased Services – Other	2,050	2,050	2,061	(11)
Supplies and Materials	7,700	7,700	7,380	320
Property	1,105	1,105	1,186	(81)
Other Objects	200	200	193	7
<u>Total Student Supporting Services</u>	<u>172,058</u>	<u>172,058</u>	<u>184,953</u>	<u>(12,895)</u>
<u>Instructional Staff</u>				
Salaries	31,408	31,408	31,225	183
Employee Benefits	8,228	8,228	8,980	(752)
Purchased Services – Professional	1,600	1,600	2,631	(1,031)
Purchased Services – Property	200	200	-	200
Purchased Services – Other	750	750	572	178
Supplies and Materials	5,500	5,500	13,003	(7,503)
Property	1,000	1,000	927	73
Other Objects	200	200	63	137
<u>Total Instruction Staff</u>	<u>48,886</u>	<u>48,886</u>	<u>57,401</u>	<u>(8,515)</u>
<u>General Administration</u>				
Salaries	128,105	128,105	129,368	(1,263)
Employee Benefits	36,631	36,631	36,771	(140)
Purchased Services – Professional	9,100	9,100	7,537	1,563
Purchased Services – Property	-	-	-	-
Purchased Services – Other	121,170	121,170	87,188	33,982
Supplies and Materials	32,000	32,000	19,476	12,524
Property	1,500	1,500	3,973	(2,473)
Other Objects	11,650	11,650	13,924	(2,274)
<u>Total General Administration</u>	<u>340,156</u>	<u>340,156</u>	<u>298,237</u>	<u>41,919</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	185,940	185,940	187,774	(1,834)
Employee Benefits	64,228	64,228	65,984	(1,756)
Purchased Services – Professional	3,000	3,000	1,557	1,443
Purchased Services – Property	1,154	1,154	-	1,154
Purchased Services – Other	3,300	3,300	1,244	2,056
Supplies and Materials	13,765	13,765	7,843	5,922
Property	700	700	-	700
Other Objects	2,550	2,550	1,423	1,127
<u>Total School Administration</u>	<u>274,637</u>	<u>274,637</u>	<u>265,825</u>	<u>8,812</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, 2012

<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	44,405	44,405	48,567	(4,162)
Employee Benefits	10,650	10,650	13,606	(2,956)
Purchased Services – Professional	6,000	6,000	5,500	500
Purchased Services – Property	500	500	20	480
Purchased Services – Other	250	250	-	250
Supplies and Materials	1,500	1,500	1,680	(180)
Property	500	500	-	500
Other Objects	325	325	-	325
<u>Total Business Services</u>	<u>64,130</u>	<u>64,130</u>	<u>69,373</u>	<u>(5,243)</u>
<u>Operations and Maintenance</u>				
Salaries	129,225	129,225	113,448	15,777
Employee Benefits	38,333	38,333	33,772	4,561
Purchased Services – Professional	86,000	86,000	42,782	43,218
Purchased Services – Property	67,920	67,920	52,587	15,333
Purchased Services – Other	11,500	11,500	3,797	7,703
Supplies and Materials	251,500	251,500	217,592	33,908
Property	27,500	27,500	2,251	25,249
Other Objects	3,000	3,000	22	2,978
<u>Total Operations and Maintenance</u>	<u>614,978</u>	<u>614,978</u>	<u>466,251</u>	<u>148,727</u>
<u>Student Transportation</u>				
Salaries	84,667	84,667	83,013	1,654
Benefits	12,521	12,521	13,818	(1,297)
Purchased Services – Professional	3,100	3,100	1,341	1,759
Purchased Services – Property	47,000	47,000	32,272	14,728
Purchased Services – Other	4,750	4,750	4,734	16
Supplies and Materials	70,700	70,700	45,473	25,227
Property	84,000	84,000	82,947	1,053
Other Objects	2,000	2,000	269	1,731
<u>Total Student Transportation</u>	<u>308,738</u>	<u>308,738</u>	<u>263,867</u>	<u>44,871</u>
<u>Central Support</u>				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services – Professional	70,000	70,000	64,130	5,870
Purchased Services – Property	500	500	5,830	(5,330)
Purchased Services – Other	-	-	-	-
Supplies and Materials	36,750	36,750	23,139	13,611
Property	25,000	25,000	63,417	(38,417)
Other Objects	-	-	-	-
<u>Total Central Support</u>	<u>132,250</u>	<u>132,250</u>	<u>156,516</u>	<u>(24,266)</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, 2012

SUPPORTING SERVICES (Continued)	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance -
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>TOTAL SUPPORTING SERVICES</u>	 <u>1,955,833</u>	 <u>1,955,833</u>	 <u>1,762,423</u>	 <u>193,410</u>
 <u>Debt Service</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <u>Appropriated Reserves</u>	 <u>1,684,042</u>	 <u>1,684,042</u>	 <u>-</u>	 <u>1,684,042</u>
 <u>TOTAL EXPENDITURES</u>	 <u>6,072,724</u>	 <u>6,072,724</u>	 <u>3,998,057</u>	 <u>2,074,667</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>(2,048,924)</u>	 <u>(2,048,924)</u>	 <u>(1,430)</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds From Debt	-	-	-	-
Transfers	<u>(385,000)</u>	<u>(385,000)</u>	<u>(373,500)</u>	<u>11,500</u>
	<u>(385,000)</u>	<u>(385,000)</u>	<u>(373,500)</u>	<u>11,500</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	 <u>(2,433,924)</u>	 <u>(2,433,924)</u>	 <u>(374,930)</u>	
 <u>FUND BALANCE, July 1</u>	 <u>2,433,924</u>	 <u>2,433,924</u>	 <u>2,443,141</u>	
 <u>FUND BALANCE, June 30</u>	 <u>-</u>	 <u>-</u>	 <u>2,068,211</u>	

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES



### Non-Major Governmental Funds

Capital Reserve Capital Projects 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, 2012

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and Investments	2,726	242,959	245,685
Accounts Receivable	-	-	-
Accrued Revenue	-	-	-
Due from Other Funds	-	-	-
Property Taxes Receivable	-	-	-
Receivables – Other	-	-	-
<u>Total Assets</u>	<u>2,726</u>	<u>242,959</u>	<u>245,685</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	-	-	-
Accrued Salaries	-	-	-
Due to Other Funds	-	-	-
Other Payables	-	-	-
Deferred Revenue:			
Local Sources	-	-	-
Property Taxes	-	-	-
Other Governments	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances:</u>			
Restricted for:			
Debt Service	-	-	-
Assigned for:			
Debt Service	2,726	-	2,726
Capital Outlay	-	242,959	-
Unassigned	-	-	-
<u>Total Fund Balance</u>	<u>2,726</u>	<u>242,959</u>	<u>245,685</u>
 <u>TOTAL LIABILITIES &amp; FUND BALANCES</u>	 <u>2,726</u>	 <u>242,959</u>	 <u>245,685</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, 2012

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>REVENUES:</u>			
Property Taxes	-	-	-
Specific Ownership Taxes	-	-	-
Earnings on Investments	91	99	190
Other Local Sources	-	-	-
State Aid	-	-	-
Federal Aid	-	-	-
Allocation to Reserves	-	-	-
<u>Total Revenues</u>	<u>91</u>	<u>99</u>	<u>190</u>
<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	132,390	-	132,390
Interest and Fiscal Charges	29,281	-	29,281
Capital Outlay	-	7,140	7,140
<u>Total Expenditures</u>	<u>161,671</u>	<u>7,140</u>	<u>168,811</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(161,580)</u>	<u>(7,041)</u>	<u>(168,621)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	113,500	250,000	363,500
<u>Total Other Financing Sources (Uses)</u>	<u>113,500</u>	<u>250,000</u>	<u>363,500</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(48,080)</u>	<u>242,959</u>	<u>194,879</u>
<u>FUND BALANCES, Beginning</u>	<u>50,806</u>	<u>-</u>	<u>50,806</u>
<u>FUND BALANCES, Ending</u>	<u>2,726</u>	<u>242,959</u>	<u>245,685</u>

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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Property Tax	-	-	-
Earnings on Investments	<u>30</u>	<u>91</u>	<u>61</u>
<u>Total Revenues</u>	<u>30</u>	<u>91</u>	<u>61</u>
 <u>EXPENDITURES</u>			
Debt Service:			
Principal Retirement	150,479	132,390	18,089
Interest and Fiscal Charges	5,030	29,281	(24,251)
Other	-	-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>155,509</u>	<u>161,671</u>	<u>(6,162)</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	 (155,479)	 (161,580)	
 <u>OTHER FINANCING SOURCES (USES):</u>			
Transfers	<u>125,000</u>	<u>113,500</u>	<u>(11,500)</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 (30,479)	 (48,080)	
 <u>FUND BALANCES, July 1</u>	 <u>30,479</u>	 <u>50,806</u>	
 <u>FUND BALANCES, June 30</u>	 <u>-</u>	 <u>2,726</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 CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Revenues</u>			
Earnings on Investments	200	99	(101)
Other Local Sources	-	-	-
Allocated Revenues – General Fund	-	-	-
<u>Total Revenue</u>	<u>200</u>	<u>99</u>	<u>(101)</u>
 <u>Expenditures</u>			
Land and Land Sites	-	-	-
Buildings Improvements	250,222	7,140	243,082
Equipment	-	-	-
Vehicle - Other	-	-	-
Other	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Contingency Reserves	-	-	-
<u>Total Expenditures</u>	<u>250,222</u>	<u>7,140</u>	<u>243,082</u>
 <u>Revenues Over (Under) Expenditures</u>	 (250,022)	 (7,041)	
 <u>Other Financing Sources (Uses)</u>			
Transfers	250,000	250,000	
 <u>Net Change in Fund Balances</u>	 (22)	 242,959	
 <u>FUND BALANCE, July 1</u>	 <u>22</u>	 <u>-</u>	
 <u>FUND BALANCE, June 30</u>	 <u>-</u>	 <u>242,959</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>OPERATING REVENUES</u>			
Charges for Services:			
Food Sales	33,950	31,975	(1,975)
Other	-	-	-
<u>Total Operating Revenues</u>	<u>33,950</u>	<u>31,975</u>	<u>(1,975)</u>
<u>OPERATING EXPENSES</u>			
Salaries	53,000	51,653	1,347
Employee Benefits	15,983	16,350	(367)
Purchased Services – Professional	-	-	-
Purchased Services – Property	2,000	3,863	(1,863)
Purchased Services - Other	2,600	-	2,600
Supplies and Materials	103,117	82,645	20,472
Capital Outlay	2,700	3,424	(724)
Other	1,800	47	1,753
Commodities	-	11,219	(11,219)
Depreciation	-	2,640	(2,640)
<u>Total Expenses</u>	<u>181,200</u>	<u>171,841</u>	<u>9,359</u>
<u>INCOME (LOSS) FROM OPERATIONS</u>	<u>(147,250)</u>	<u>(139,866)</u>	
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Federal Aid:			
School Lunches	92,000	109,056	17,056
School Breakfast	13,000	21,378	8,378
Commodities	15,000	6,601	(8,399)
Interest Earned	50	47	(3)
State Aid:			
School Lunches	3,200	2,688	(512)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>123,250</u>	<u>139,770</u>	<u>16,520</u>
<u>NET INCOME (LOSS) BEFORE</u>			
<u>OPERATING TRANSFERS</u>	(24,000)	(96)	
<u>OPERATING TRANSFERS FROM GENERAL FUND</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<u>NET INCOME (LOSS)</u>	(14,000)	9,904	
<u>NET ASSETS, Beginning</u>	<u>14,000</u>	<u>27,505</u>	
<u>NET ASSETS, Ending</u>	<u>-</u>	<u>37,409</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, 2012

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	<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>134,875</u>	<u>(75,125)</u>
<u>Total Additions</u>	<u>210,000</u>	<u>134,875</u>	<u>(75,125)</u>
<u>DEDUCTIONS:</u>			
Activity Expenditures	210,000	120,405	89,595
Contingency	-	-	-
<u>Total Deductions</u>	<u>210,000</u>	<u>120,405</u>	<u>89,595</u>
Net Increase (Decrease) in Deposits Held for Others	-	14,470	
Deposits Held for Others – Beginning of Year	-	<u>53,123</u>	
Deposits Held for Others – End of Year	-	<u>67,593</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 -	0001 - 0999 Total Expenditures & Other Uses =	6700 - 6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>				
10 General Fund	2,422,825	3,458,868	3,830,256	2,051,437
18 Risk Mgmt Sub-Fund of General Fund	20,315	61,048	64,589	16,774
19 Colorado Preschool Program Fund	0	103,211	103,211	0
Subtotal	2,443,140	3,623,127	3,998,055	2,068,212
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
21 Capital Reserve Spec Revenue Fund	0	0	0	0
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
31 Bond Redemption Fund	0	0	0	0
39 Non-Voter Approved Debt Service Fund	50,807	113,591	161,671	2,726
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	-0	250,099	7,140	242,959
TOTALS	2,493,947	3,986,817	4,166,867	2,313,897
<b>Proprietary</b>				
51 Food Service Fund	27,504	181,746	171,841	37,409
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	27,504	181,746	171,841	37,409
<b>Fiduciary</b>				
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	53,123	134,875	120,405	67,593
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
TOTALS	53,123	134,875	120,405	67,593

\*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.

Bolded Balance Sheet Report  
What mirror the combined balance sheet pages from your audit.

Deac/ Balded Bal Sheet Codes	-----Governmental-----					-----Proprietary-----					-----Fiduciary-----		
	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 Fund 51 (Food)	Enterprise Funds 51 (Food)	Enterprise Funds 52-59	Other Risk-Related Activity Funds 63-64	Internal Service Funds 65-69 (60)	Agency Funds 72-79	Trust & Agency Funds 72-79	Foundations Fund 85
<b>ASSETS</b>													
Cash and Investments (8100-8104,8111)	2,357,184	0	0	0	2,726	40,032	0	0	0	0	67,593	0	2,710,494
Cash with Fiscal Agent (8105)	6,395	0	0	0	0	0	0	0	0	0	0	0	6,395
Other Investment Accounts (8112-8113)	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes Receivable (8121,8122)	42,000	0	0	0	0	0	0	0	0	0	0	0	42,000
Interfund Loans Receivable (8131,8132)	0	0	0	0	0	0	0	0	0	0	0	0	0
Intergovernmental Accounts Rec (8141)	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Accounts Receivable (8142)	54,646	0	0	0	0	0	0	0	0	0	0	0	54,646
Other Receivables (8151-8154,8161)	782	0	0	0	0	1,420	0	0	0	0	0	0	2,202
Inventories (8171,8172,8173)	0	0	0	0	0	1,907	0	0	0	0	0	0	1,907
Prepaid Expenses (8181,8182)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Assets (8191-8194,8199)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sites (8211)	0	0	0	0	0	0	0	0	0	0	0	0	0
Site Improvements (8221)	0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated Depreciation on Site Improvements (8222)	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings (8231-8234)	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	4,352	0	0	0	0	0	0	4,352
<b>Total Assets</b>	<b>2,461,008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,726</b>	<b>47,711</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67,593</b>	<b>0</b>	<b>2,821,997</b>
<b>LIABILITIES &amp; FUND EQUITY</b>													
<b>LIABILITIES</b>													
Interfund Payables (7401,7402)	0	0	0	0	0	0	0	0	0	0	0	0	0
Intergovernmental Payables (7411)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payables (7421-7423)	18,934	0	0	0	0	0	0	0	0	0	0	0	18,934
Contracts Payable (7431-7433)	0	0	0	0	0	0	0	0	0	0	0	0	0
Bonds Payables (7441-7445,7451,7452,7455)	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Expenses (7461)	333,741	0	0	0	0	10,302	0	0	0	0	0	0	344,043
Payroll Ded. and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Revenue (7481)	31,000	0	0	0	0	0	0	0	0	0	0	0	31,000
Grants Deferred Revenue (7482)	9,122	0	0	0	0	0	0	0	0	0	0	0	9,122
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-Term Liabilities (7521,7531,7561,7590)	0	0	0	0	0	0	0	0	0	0	0	0	0
Compensated Absences (7541,)	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>392,796</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,302</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>403,098</b>

Note: Fund 90 District Debt Accounts 7511 through 7519 are not shown on this report

Must mirror the combined balance sheet pages from your audit.

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

Desc/ 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 Enterprise Funds 61-64	Risk-Related Activity Funds 65-69	Internal Service Funds 65-69	Agency Funds Funds 72-79	Trust & Agency Funds Funds 72-79	Foundations Fund 85	Totals
FUND EQUITY															
Non-spendable Fund Balance (6710)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Fund Balance (6720)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tabor 3% Emergency Reserve (6721)	105,400	0	0	0	0	0	0	0	0	0	0	0	0	0	105,400
TABOR Multi Year Obligations (6722)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (Letter of Credit or Real Estate) (6723)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve (6724)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Full Day Kindergarten Reserve (6725)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve (6726)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance (6750)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Fund Balance (6760)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned Fund Balance (6770)	1,962,812	0	0	0	2,726	242,959	37,409	0	0	0	0	67,593	0	0	2,313,499
Invested in Capital Assets, Net of Related Debt (6790)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets (6791)	0	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	0
Prior-Period Adjustment (6880)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	2,068,212	0	0	0	2,726	242,959	37,409	0	0	0	0	67,593	0	0	2,418,699
Total Liabilities & Fund Equity	2,461,008	0	0	0	2,726	242,959	47,711	0	0	0	0	67,593	0	0	2,821,997

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

SINGLE AUDIT SECTION

164 E. MAIN  
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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, 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, 2012, which collectively comprise the Crowley County School District Number RE-1-J's basic financial statements and have issued our report thereon dated November 14, 2012. 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

Management of Crowley County School District Number RE-1-J, is responsible for establishing and maintaining effective 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 2012-1. 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*.

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.



Trinidad, Colorado  
November 14, 2012

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

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 could have a direct and material effect on each of Crowley County School District Number RE-1-J's major federal programs for the year ended June 30, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## 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.

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 14, 2012



CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012

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SECTION I - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

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

Internal Control Over Financial Reporting

A significant deficiency was disclosed by the audit; there were no material weaknesses identified.

Noncompliance Material to 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.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Report on Compliance for 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 findings requiring disclosure in accordance with OMB Circular A-133 section 510(a) were disclosed by the audit.

Major Programs

National School Lunch	10.555
National School Breakfast	10.553

Dollar Threshold to Distinguish Type A and Type B Programs

\$300,000

Qualification as low-risk auditee

The District did qualify as a low-risk auditee for fiscal year 2011/2012.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012

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(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

Item 2012-1

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.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

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<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>State Code Number</u>	<u>2012 Expenditures</u>
<u>U.S. Department of Education</u>			
(Passed Through the Colorado Department of Education)			
TITLE I, ECEA Education Handicapped Children	84.010	4010	243,412
TITLE I, District Improvement	84.010	5010	85,106
EDUCATION JOBS FUND	84.410	4410	3,550
REAP	84.365	4365	2,256
TITLE II, A	84.367	4367	29,444
Carl Perkins	84.048	4048	<u>19,318</u>
<u>Total U.S. Department of Education</u>			<u>383,086</u>
<u>U.S. Department of Agriculture</u>			
(Passed Through Colorado Department of Education)			
National School Breakfast	10.553	4553	109,056
National School Lunch	10.555	4555	21,378
(Passed Through Colorado Department of Human Services)			
Food Distribution (Food Donations Program)	10.555	4550	<u>6,601</u>
<u>Total U.S. Department of Agriculture</u>			<u>137,035</u>
<u>TOTAL EXPENDITURES</u>			<u>520,121</u>

CROWLEY COUNTY SCHOOL DISTRICT NUMBER RE-1-J  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

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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.